

CITY OF NEW BEDFORD, MASSACHUSETTS

ANNUAL FINANCIAL REPORT

JUNE 30, 2011

CITY OF NEW BEDFORD, MASSACHUSETTS

June 30, 2011

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Honorable Mayor and Members
of the City Council
City of New Bedford
New Bedford, Massachusetts

Independent Auditors' Report

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of New Bedford, Massachusetts, as of and for the year ended June 30, 2011 (except for the New Bedford 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 New Bedford's management.

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 consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City of New Bedford's internal control over financial reporting. Accordingly, we express no opinion. 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, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of New Bedford, Massachusetts, as of June 30, 2011 (except for the New Bedford Contributory Retirement System which is as of and for the year ended December 31, 2010), and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Continued

In accordance with *Government Auditing Standards*, we have also issued a separate report dated February 7, 2012 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is 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 and budgetary comparison information on pages 3 through 13 and 81 through 88 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 New Bedford's basic financial statements. The supplementary statements and schedules on pages 92 through 110 are presented for purposes of additional analysis and are not a required part of the basic financial statements. The supplementary statements and schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The schedule of funding progress and employers' contributions on pages 89 through 91 have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Hague, Sabady & Co. PC

February 7, 2012

CITY OF NEW BEDFORD, MASSACHUSETTS

Management's Discussion and Analysis (MD&A)

Year Ended June 30, 2011

The management of the **City of New Bedford, Massachusetts** (City), offers readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2011 and 2010. We encourage readers to consider the information presented here in conjunction with additional information found within the body of the audit.

FINANCIAL Highlights:

- The assets of the City exceeded liabilities at June 30, 2011 and 2010, respectively, by \$144,459,018 and \$142,455,179 (restated). Of this amount, \$(15,384,204) represents unrestricted net assets at June 30, 2011 and \$16,013,894 at June 30, 2010 (restated).
- The City's total net assets increased by \$2,003,839 for the fiscal year ended June 30, 2011.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$16,719,742. As of June 30, 2010 ending fund balances for governmental funds were \$24,281,266 (restated).
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$12,445,904 or 4.4% of total general fund expenditures.
- The City's total long term debt (including compensated absences and capital lease liabilities) decreased by \$8,020,452 from \$249,116,568 to \$241,096,116 during the current fiscal year. The key factors in this decrease is that the City has incurred new debt totaling \$6,628,741, pay downs were made totaling \$10,683,623 and the state subsidized principal payments totaled \$3,009,504 through the Massachusetts Water Pollution Trust.
- The City considered its water and airport activities to be business-type in nature beginning in 2007. The business-type activities increased the City's net assets by \$4,443,972.

OVERVIEW OF FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's 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 the City's finances, in a manner similar to a private-sector business.

The *statement of net assets* presents information on all of the City's 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 of the City is improving or deteriorating.

Continued

CITY OF NEW BEDFORD, MASSACHUSETTS

Management's Discussion and Analysis (MD&A)

Year Ended June 30, 2011

The *statement of activities* presents information showing how the City'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, (i.e., uncollected taxes and earned but unused vacation leave).

The government-wide financial statements of the City are divided into three categories:

- **Governmental activities** - Governmental activities of the City such as general government, public works, public safety, education, community and economic development, and culture and recreation are reported here. Property taxes, state aid, local fees and charges finance most of these activities.
- **Business-type activities** - Business-type activities of the City such as water and airport are reported here. Charges for services finance most of these activities.
- **Component units** - The government-wide financial statements not only include the governmental and business-type activities (known as the primary government) but also legally separate entities. There are five legally separate component unit entities included in this report, which are the Greater New Bedford Regional Refuse Management District, the Harbor Development Corporation, the Greater New Bedford Workforce Investment Board, the New Bedford Redevelopment Authority and The New Bedford Contributory Retirement System.

The government-wide financial statements can be found on pages 14 through 18 of this report.

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. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental, proprietary, and fiduciary funds. Fiduciary funds for the City consist of the pension trust fund, the private purpose trust funds and the agency funds. The proprietary funds for the City are the water and airport and internal service or medical claims trust funds. All other activities of the City are included in the governmental 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, government fund financial statements focus on *near-term inflows and outflows 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 the evaluation of a government's near term financing 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 funds* with similar 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 decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate the comparison between *governmental funds* and *governmental activities*.

Continued

CITY OF NEW BEDFORD, MASSACHUSETTS

Management's Discussion and Analysis (MD&A)

Year Ended June 30, 2011

The City maintains many governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the general fund and wastewater fund which are considered major funds. Data from all of the other governmental funds, which are considered non-major funds, are combined into a single aggregated presentation. Individual fund data for these nonmajor governmental funds is provided in the form of combining statements, which are not required but are supplementary information.

The City adopts an annual budget for its general and wastewater funds. A budgetary comparison statement has been provided to demonstrate compliance with those budgets.

The governmental fund financial statements can be found on pages 19 through 20 of this report. The budgetary statements can be found on pages 81 through 83 and 86 of this report.

Proprietary funds: The City maintains two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its water and airport operations. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among various functions. The City uses internal services funds to account for the purchasing of supplies, medical and life insurance. Because these services predominantly benefit governmental rather than business-type functions, they have been included within *governmental activities* in the government-wide financial statements. The accrual basis of accounting is used for the proprietary fund.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide information for the enterprise fund consisting of the water and airport operations as well as the internal service fund which are considered major funds.

The City adopts an annual budget for its water and airport funds. A budgetary comparison statement has been provided to demonstrate compliance with those budgets.

The proprietary fund financial statements can be found on pages 23 through 26 of this report. The budgetary statements can be found on pages 84 through 85 of this report.

Fiduciary funds: Fiduciary funds are used to account for resources held for the benefit of parties outside the government. The City is the trustee, or fiduciary, for its employees' pension plan. It is also responsible for other assets that, because of a trust arrangement, can be used only for the trust beneficiaries and the agency fund. The City is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the City's fiduciary activities are reported in a separate statement of fiduciary net assets and a statement of changes in fiduciary net assets. These activities are excluded from the City's governmental-wide financial statements because the City cannot use these assets to finance its operations. The accounting used for fiduciary funds is the accrual basis of accounting.

The fiduciary funds financial statements can be found on pages 27 through 28 of this report.

CITY OF NEW BEDFORD, MASSACHUSETTS

Management's Discussion and Analysis (MD&A)

Year Ended June 30, 2011

Notes to the 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. The notes to the financial statements can be found on pages 29 through 80 of this report.

Other information: In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning all legally adopted budgets. The City appropriates an annual appropriation budget for the general, water, airport and wastewater funds. Budgetary comparison schedules are presented to demonstrate compliance with the budget on pages 81 through 88.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City, assets exceeded liabilities by \$144,459,018 as of June 30, 2011 and \$142,455,179 as of June 30, 2010 (restated).

The largest portion of the City's net assets reflects its investment in capital assets (e.g., land and improvements, buildings and improvements, vehicles, furniture and equipment and construction in progress, etc.) less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to its residents; consequently, these assets are *not* available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The City's financial position is the product of several financial transactions including the net results of activities, the acquisition and payment of debt, the acquisition and disposal of capital assets, and the depreciation of capital assets.

Net Assets as of June 30, 2011 and June 30, 2010 (Government-wide level)

	Governmental Activities		Business-Type Activities		Total	
	2011	2010	2011	2010	2011	2010
Assets:						
Current and other assets	\$ 140,446,049	\$ 131,721,244	\$ 6,034,912	\$ 4,079,697	\$ 146,480,961	\$ 135,800,941
Capital assets	330,329,981	319,474,528	65,581,618	64,628,416	395,911,599	384,102,944
Total Assets	\$ 470,776,030	\$ 451,195,772	\$ 71,616,530	\$ 68,708,113	\$ 542,392,560	\$ 519,903,885
Liabilities:						
Current liabilities	\$ 82,648,977	\$ 85,698,384	\$ 2,749,995	\$ 2,762,263	\$ 85,398,972	\$ 88,460,647
Long-term liabilities	280,910,198	255,840,400	31,624,372	33,147,659	312,534,570	288,988,059
Total Liabilities	\$ 363,559,175	\$ 341,538,784	\$ 34,374,367	\$ 35,909,922	\$ 397,933,542	\$ 377,448,706
Net Assets:						
Investments in capital assets (net of debt)	\$ 93,682,092	\$ 89,721,878	\$ 32,876,583	\$ 30,165,100	\$ 126,558,675	\$ 119,886,978
Restricted	33,284,547	6,554,307	-	-	33,284,547	6,554,307
Unrestricted	(19,749,784)	13,380,803	4,365,580	2,633,091	(15,384,204)	16,013,894
Total Net Assets	\$ 107,216,855	\$ 109,656,988	\$ 37,242,163	\$ 32,798,191	\$ 144,459,018	\$ 142,455,179

** Total net assets for fiscal year ended June 30, 2010 have been restated - refer to restatement note (pages 78 and 79) in the financial statements for the explanation.

CITY OF NEW BEDFORD, MASSACHUSETTS

Management's Discussion and Analysis (MD&A)

Year Ended June 30, 2011

An additional portion of the City's net assets \$33,284,547 represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets \$(15,384,204) may be used to meet the City's ongoing obligations to citizens and creditors.

The strength of the City is dependent upon the willingness of the citizenry to pay their bills when they are due, and the diligence of the Tax Collector to ensure that everyone complies with such dealings. As of June 30, 2011 and June 30, 2010 cash and investments consisted of \$63,401,316 and \$55,014,237 respectively.

At the end of fiscal year 2011, the City was not able to report positive balances in all three categories of net assets for its governmental activities, largely in part to a growing GASB Statement No.45 liability which requires the City to recognize additional liability which requires the City to recognize additional post employment benefit obligation on an annual basis. For year ended 2011, the City is able to report positive balances in all three categories of net assets for its business-type activities.

The City's net assets for its governmental funds decreased during the current fiscal year, due primarily to a deficiency of revenues over expenditures. Net income before transfers for business-type activities increased due to revenues in excess of expenditures in the amount of \$2,685,994.

Governmental activities: Governmental activities decreased the City's net assets by \$2,440,133 for fiscal year ended June 30, 2011.

Business-type activities: Business-type activities increased the City's net assets by \$4,443,972 for 2011.

Key elements of these increases/(decreases) are documented on the following page:

Changes in Net Assets for the period ending June 30, 2011 and June 30, 2010 (Government-wide level)

	Governmental Activities**		Business-Type Activities**		Total**	
	2011	2010	2011	2010	2011	2010
Revenues:						
Program revenues:						
Charges for service	\$ 42,004,443	\$ 39,961,056	\$ 12,202,097	\$ 10,069,967	\$ 54,206,540	\$ 50,031,023
Operating grants & contributions	91,297,826	83,185,782	-	-	91,297,826	83,185,782
Capital grants & contributions	16,383,975	11,933,307	-	-	16,383,975	11,933,307
General revenues:						
Property taxes	89,879,911	89,256,010			89,879,911	89,256,010
Motor vehicle excise	6,442,709	5,821,484			6,442,709	5,821,484
School building assistance	6,412,464	24,404,955			6,412,464	24,404,955
Tax liens, fines & other	4,283,417	5,076,894	-	-	4,283,417	5,076,894
Intergovernmental	126,124,510	129,568,750			126,124,510	129,568,750
Contributions & Donations	13,096,027	14,282,430			13,096,027	14,282,430
Earnings on investments	1,113,707	1,331,764			1,113,707	1,331,764
Other	3,912,012	5,528,329	241,748	226,299	4,153,760	5,754,628
Total revenues	400,951,001	410,350,761	12,443,845	10,296,266	413,394,846	420,647,027

Continued

CITY OF NEW BEDFORD, MASSACHUSETTS

Management's Discussion and Analysis (MD&A)

Year Ended June 30, 2011

Changes in Net Assets for the period ending June 30, 2011 and June 30, 2010 (Government-wide level)

	Governmental Activities**		Business-Type Activities**		Total**	
	2011	2010	2011	2010	2011	2010
Expenses:						
General Government	\$ 7,301,858	\$ 8,099,156	\$ -	\$ -	\$ 7,301,858	\$ 8,099,156
Public Safety	62,233,060	62,830,473			62,233,060	62,830,473
Public Works	43,441,860	43,883,715			43,441,860	43,883,715
Education	234,870,891	239,945,952			234,870,891	239,945,952
Community and economic development	11,810,060	7,660,218			11,810,060	7,660,218
Health & human services	9,808,893	9,668,681			9,808,893	9,668,681
Municipal airport	19,131	3,996			19,131	3,996
Culture and recreation	7,421,876	7,028,715			7,421,876	7,028,715
Debt service (interest)	8,622,421	9,399,343			8,622,421	9,399,343
Debt administrative fees	-	63,113			-	63,113
Miscellaneous	9,056,400				9,056,400	-
State and county charges	7,046,706	6,687,713			7,046,706	6,687,713
Water			8,927,363	8,685,987	8,927,363	8,685,987
Airport			830,488	850,492	830,488	850,492
Total expenses	401,633,156	395,271,075	9,757,851	9,536,479	411,391,007	404,807,554
Increase (decrease) in net assets before transfers	(682,155)	15,079,686	2,685,994	759,787	2,003,839	15,839,473
Transfers of Capital Assets net of Debt from Governmental Activities	(3,756,786)	5,025,029	3,756,786	(5,025,029)	-	-
Fund deficits raised					-	-
Transfers from other funds	1,998,808	1,990,491	(1,998,808)	(1,990,491)	-	-
Bond proceeds from advance refunding	-	554,000	-	16,000	-	570,000
Increases (decrease) in net assets	(2,440,133)	22,649,206	4,443,972	(6,239,733)	2,003,839	16,409,473
Net assets - beginning **	109,656,988	87,007,782	32,798,191	39,037,924	142,455,179	126,045,706
Net assets - ending	\$ 107,216,855	\$ 109,656,988	\$ 37,242,163	\$ 32,798,191	\$ 144,459,018	\$ 142,455,179

** This category was restated - Refer to restatement note (pages 78 and 79) for explanation.

The majority of general revenues are tax collections from the City's taxpayers. This amount represented 38% of the total general revenues of \$251 million. The operating grants are also a significant source of revenue for the City. The total operating grants for fiscal year ended June 30, 2011 amounted to \$91,297,826 of which \$63,122,434 were received for education.

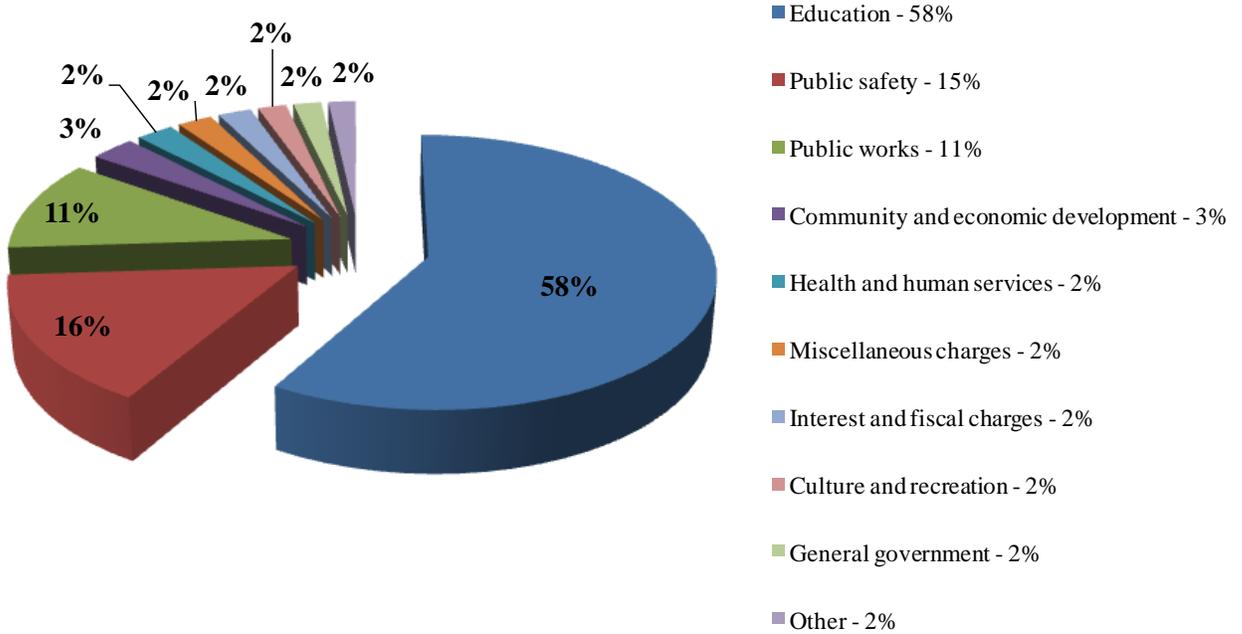
The most significant expense of the City is education which represented 45% of total expenses, followed by public safety at 11%.

CITY OF NEW BEDFORD, MASSACHUSETTS

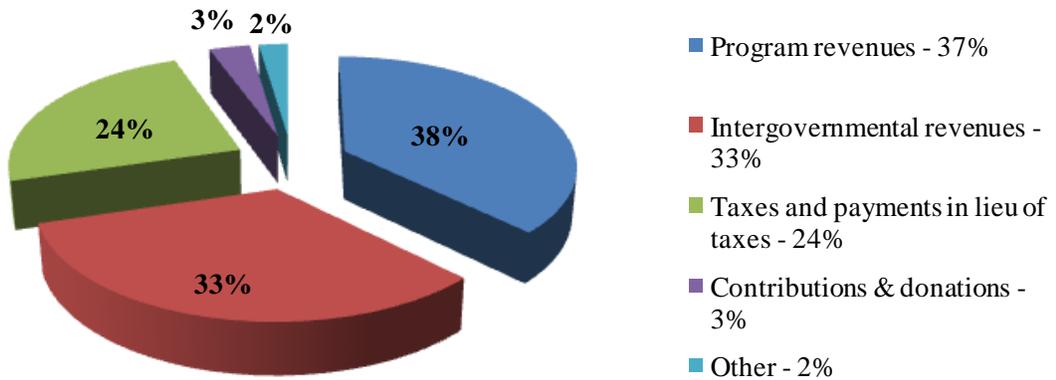
Management's Discussion and Analysis (MD&A)

Year Ended June 30, 2011

Expenses - Governmental Activities - Fiscal Year 2011



Revenues - Governmental Activities - Fiscal Year 2011



CITY OF NEW BEDFORD, MASSACHUSETTS

Management's Discussion and Analysis (MD&A)

Year Ended June 30, 2011

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 the City's governmental funds is to provide information on the near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the City's financing requirements.

The City's governmental funds reported combined ending fund balances of \$16,769,742 for fiscal year ended June 30, 2011 and \$24,281,266 for fiscal year ended June 30, 2010 (restated). This decrease in fiscal year ended June 30, 2011, totaling \$7,511,524 is primarily due to a deficiency of revenues over expenditures, particularly within the capital project funds.

Fiscal year 2011 was the City's initial year of implementation of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. The implementation of this standard has changed the fund balance components into nonspendable, restricted, committed assigned and unassigned. These components deficit the relative strength of the spending constraints placed on the purposes for which resources can be used. Please refer to Note 2 "Summary of Significant Accounting Policies" for definitions of fund balance components under the new standard.

Additionally, under the new standard, the City's stabilization funds are reported within the general funds as committed for economic stabilization purposes upon approval of the City Council. During fiscal year 2011, the stabilization fund earned \$10,193 of investment income and had net transfers in of \$1,036,855 to finish the year with a fund balance of \$5,726,798.

During 2011, the total governmental funds reported amounts of \$7,436,126 within the spendable fund balance category, \$15,207,830 within the restricted fund balance category, \$10,631,963, within the committed fund category, \$8,628 within the assigned fund balance category, and \$(16,514,805) within the assigned fund balance category. Please refer to Note 13 "Fund Balance Classification Details" for a detailed breakdown of the components within each category.

Proprietary funds. The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. The Internal Service Fund is categorized as a governmental activity because it services primarily governmental-type funds. The water and airport funds had net assets of \$26,435,694 and \$10,806,469 as of June 30, 2011 and \$25,462,015 and \$7,336,176 as of June 30, 2010 (restated), respectively.

Budgetary Highlights

General Fund. The major revenue and expenditures categories which changed are briefly summarized as follows:

Revenues and Other Sources:

Total budgeted revenues were increased by \$882,835, over the original budget.

Expenditures and Other Uses:

Total budgeted appropriations were increased by \$2,844,184 over the original budget.

The significant appropriations which changed are as follows:

- General government unclassified was increased by \$1,225,157.
- Police Department appropriations were increased by \$740,314.
- Health and Life Insurance - policy was increased by \$1,450,500.
- Education appropriations were decreased by \$1,500,000.

CITY OF NEW BEDFORD, MASSACHUSETTS

Management's Discussion and Analysis (MD&A)

Year Ended June 30, 2011

Budgetary Highlights (Continued)

The major differences between the actual results of the general fund and the final amended budget are as follows:

- Total revenues were \$361,257 higher than budgeted due to the following.
 - \$200,893 more collected than anticipated for motor vehicle excise.
 - \$271,373 more collected than anticipated for traffic revenues.
 - \$419,588 more collected than anticipated for miscellaneous and other revenues.
 - \$250,801 less collected than anticipated for in state aid.

- Total expenditures were lower than anticipated by \$1,383,348 due to the following:
 - Police spent \$662,734 less than budgeted
 - \$137,172 less spent than budgeted for general government
 - \$147,357 less spent than budgeted in the debt service line item

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 amounted to \$395,911,599 (net of accumulated depreciation). This investment in capital assets includes land, buildings and system, improvements, machinery and equipment, construction in progress and animals, etc. The total increase in the City's investment in capital assets for the current year was 3.07 percent.

Major capital asset events during the current fiscal year included the Lincoln Elementary and Keith Middle School projects.

**Capital Assets Net of Accumulated Depreciation
June 30, 2011**

	2011			2010		
	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total
Land	\$ 3,152,935	\$ 735,522	\$ 3,888,457	\$ 3,152,935	\$ 735,522	\$ 3,888,457
Easements		962,500	962,500		962,500	962,500
Construction in progress	59,487,286		59,487,286	47,048,892		47,048,892
Infrastructure in progress	5,401,830	3,756,786	9,158,616	1,628,706		1,628,706
Infrastructure, net	49,830,289	53,575,101	103,405,390	46,870,259	55,616,758	102,487,017
Land improvements, net	298,710	526,125	824,835	316,754	557,206	873,960
Buildings and improvements, net	198,945,292	1,631,155	200,576,447	204,955,852	1,672,086	206,627,938
Machinery and equipment, net	9,410,028	4,206,919	13,616,947	9,778,694	4,814,256	14,592,950
Office equipment and furniture, net	1,081,690	15,337	1,097,027	1,596,096	20,762	1,616,858
Computer equipment, net	876,419	29,252	905,671	1,269,919	48,525	1,318,444
Library books and textbooks, net	595,611		595,611	955,391		955,391
Automobiles, net	1,228,405	142,921	1,371,326	1,876,314	200,801	2,077,115
Animals, net	21,486		21,486	24,716		24,716
Total capital assets	\$ 330,329,981	\$ 65,581,618	\$ 395,911,599	\$ 319,474,528	\$ 64,628,416	\$ 384,102,944

Additional information on the City's capital assets can be found on Note 5 on pages 52 through 55 of this report.

CITY OF NEW BEDFORD, MASSACHUSETTS

Management's Discussion and Analysis (MD&A)

Year Ended June 30, 2011

Long-term debt: The City had total bonded debt outstanding of \$225,019,956 as of June 30, 2011 and \$232,084,342 as of June 30, 2010. The full faith and credit of the City backs this entire amount. Of this amount \$32,292,316 relates to the business type activities.

During the current year the City's total debt decreased by \$7,064,386. This resulted because the City incurred new debt totaling \$6,678,741 and pay downs totaled \$13,693,127 during the fiscal year ended June 30, 2011.

Additional information on the City's long-term debt can be found in Note 12 on pages 65 through 73 of this report.

Economic Factors and Next Year's Budget and Rates

Fiscal Outlook

The City's efforts to operate responsibly within financial constraints imposed by the recession of 2008 will continue in the year ahead. The City's 2013 operating budget will be developed based on the following assumptions: flat/negligible growth in state aid; a modest decline in total assessed property valuations; no increase in the tax levy; no use of reserves; and the continued realization of cost-saving from efficiencies in the delivery of essential services.

Securing sufficient state aid has been, and will continue to be, a challenge for the City. State aid in 2012 was boosted by a state supplemental appropriation of \$ 1,406,840 arriving in Q4. As of this writing, expectations are that the Commonwealth will provide a total aid amount in 2013 commensurate with the 2012 amount including the Q4 supplemental aid.

Property tax valuations will continue to await a return to more robust economic growth and increased market activity. Total assessed valuations fell from \$6,007,643,530 in 2011 to \$5,675,527,230 in 2012. However, present 2013 expectations are for a less pronounced decline.

The City's 2013 operating budget will maintain the current tax levy. The City did not raise the tax levy by the statutorily available 2 ½ percent for 2011 and 2012 in order to foster economic growth. This effective freeze in the tax levy has generated excess levy capacity of \$ 4,673,289. This figure represents revenue that may be captured by the City in the event of extraordinary fiscal challenges arising in the future. In the absence of extraordinary future circumstances, it is the City's intention to sustain its 2013 operations with no increase in the tax levy.

Existing reserves will continue to be safeguarded in 2013. The City appropriated \$3,199,535 in Free Cash to the Stabilization Fund in 2011 and on June 30, 2011 had Free Cash certified at \$ 1,313,236. The City intends to use reserves sparingly and only for one-time expenditures. The Stabilization Fund on June 30, 2011 held a balance of \$4,446,000. A planned appropriation to the Fund of \$1,313,000 will bring the balance to 5.759 million. The Stabilization Fund on June 30, 2011 held a balance of \$5,851,526. Management plans to appropriate this year's balance of free cash of \$1,313,326 to the fund.

The City will continue to explore opportunities to streamline its operations, reduce duplicative activities, and consolidate departments with the intent of generating efficiencies. The MUNIS information management system, presently being installed and tested, will allow for more detailed tracking of expenditures and better decision-making about the allocation of resources.

Economic Outlook

New Bedford continues to rank as the top-grossing fishing port in the nation in terms of catch value for a total of nearly \$ 306 million in landings of 133 million pounds of products and a yield of approximately \$1 billion in benefit to the local economy. More than 4,400 people are employed by New Bedford's commercial port, making it the City's greatest economic asset.

CITY OF NEW BEDFORD, MASSACHUSETTS

Management's Discussion and Analysis (MD&A)

Year Ended June 30, 2011

Economic Factors and Next Year's Budget and Rates (continued):

New Bedford is also the hub of several maritime industries in the Northeast. A center of marine research, New Bedford is now poised to become the beneficiary of recent advances in offshore wind energy technology as the officially designated staging area for the nation's first offshore wind energy project.

In 2010 the Massachusetts Clean Energy Center conducted exhaustive study of Massachusetts ports with the potential to host the offshore wind developments. Development of a new facility in New Bedford was determined to be the most practicable alternative among all Massachusetts ports to capturing the current (so-called "Cape Wind" project) and prospective offshore wind energy construction/staging projects.

The South Terminal, a \$35 million port facility now in its final environmental permitting phase, will host the staging and assembly operations for offshore wind turbine components and cabling. Once operations are underway, the South Terminal will host 130 permanent new jobs and boost household income in Bristol County, including New Bedford, by nearly \$15 million annually.

With extensive deepwater access, numerous waterfront parcels suitable for marine industrial purposes, and extensive interstate highway connections, New Bedford is also poised to become a leading multi-modal freight/short-sea shipping center. Short-sea shipping will create 800 jobs in the region and generate \$117 million in annual economic activity. Import/export trade will generate 50 jobs per vessel trip and \$200,000 in economic activity per trip.

The City is continuing to engage in significant other economic development initiatives including the development of the Acushnet Avenue International Market Place. This project will create a new urban gateway to the City's North End. With substantial state support, \$5 million in Phase I construction will commence in April 2012.

The variety of economic development initiatives underway greatly increases the prospects for recovery from the 2008 recession, a return to robust economic activity, and a strengthened fiscal condition for the City of New Bedford.

Requests for Information

This financial report is designed to provide a general overview of the City of New Bedford, Massachusetts' 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 Mayor's Office, 133 Williams Street, New Bedford, Massachusetts.

CITY OF NEW BEDFORD, MASSACHUSETTS

Statement of Net Assets

June 30, 2011

	Primary Government			Component Units		
	Governmental Activities	Business-Type Activities	Total	Greater New Bedford Regional Refuse Management District	Non Major Component Units	Total Component Units
ASSETS						
Unrestricted cash and investments	\$ 50,338,091	\$ 4,744,917	\$ 55,083,008	\$ 838,615	\$ 1,169,742	\$ 2,008,357
Restricted cash and investments	8,318,308		8,318,308	16,053,326		16,053,326
Accounts receivable, net of allowance	28,603,743	1,038,979	29,642,722	697,302	651,012	1,348,314
Taxes receivable, net	27,883,140		27,883,140			-
Loans receivable, net	17,418,619		17,418,619			-
Health plan contributions receivable, net	2,808		2,808			-
Due from other funds	4,269,902		4,269,902			-
Due from other governments			-	26,076	5,411	31,487
Intra-entity receivable	1,986,974		1,986,974			-
Receivable from external parties	-		-		477,108	477,108
Inventories and prepaid expenses	318,394	248,973	567,367	59,652	35,160	94,812
Other assets - current	288,361	2,043	290,404			-
Deferred asset advance refunding, net of amortization	1,015,092		1,015,092			-
Other assets - noncurrent	2,617		2,617	35,050		35,050
Capital assets:						
Land	3,152,935	735,522	3,888,457	6,235,025	1,055,944	7,290,969
Landfill			-	6,394,822		6,394,822
Construction in progress	59,487,286		59,487,286	-	7,551,409	7,551,409
Infrastructure in progress	5,401,830	3,756,786	9,158,616			-
Easements		962,500	962,500			-
Land improvements, net	298,710	526,125	824,835	123,180	8,391,239	8,514,419
Infrastructure, net	49,830,289	53,575,101	103,405,390			-
Building and improvements, net	198,945,292	1,631,155	200,576,447	125,642	6,021,052	6,146,694
Office equipment and furniture, net	1,081,690	15,337	1,097,027	6,142	2,369	8,511
Computer equipment, net	876,419	29,252	905,671	4,201		4,201
Library books and textbooks, net	595,611		595,611			-
Automobiles, net	1,228,405	142,921	1,371,326		62,227	62,227
Machinery and equipment, net	9,410,028	4,206,919	13,616,947	716,242	17,938	734,180
Animals, net	21,486		21,486			-
Total capital assets	330,329,981	65,581,618	395,911,599	13,605,254	23,102,178	36,707,432
Total Assets	\$ 470,776,030	\$ 71,616,530	\$ 542,392,560	\$ 31,315,275	\$ 25,440,611	\$ 56,755,886

The accompanying notes are an integral part of this statement

Continued

CITY OF NEW BEDFORD, MASSACHUSETTS

Statement of Net Assets

June 30, 2011

	Primary Government			Component Units		
	Governmental Activities	Business-Type Activities	Total	Greater New Bedford Regional Refuse Management District	Non Major Component Units	Total Component Units
LIABILITIES						
Accounts payable and accrued expenses	\$ 23,458,497	\$ 331,619	\$ 23,790,116	\$ 101,427	\$ 422,929	\$ 524,356
Retainage payable	870,606		870,606		-	-
Due to other governments	613,907		613,907	26,076	-	26,076
Intra-entity payable	-		-		1,986,974	1,986,974
Due to other funds	4,596,331	-	4,596,331			-
Payable to external parties			-		30,000	30,000
Accrued interest	2,792,408	390,335	3,182,743		-	-
Deposits held	165,901		165,901		15,000	15,000
Payroll withholdings	129,607		129,607			
Deferred Revenue	-		-		102,749	102,749
Other liabilities	197,785	112	197,897		-	-
Long-term liabilities:			-			-
Portion due or payable within one year:			-			-
Claims incurred but not reported	2,314,145		2,314,145			-
Deposits held in custody			-	213,422		213,422
Bonds and notes payable	42,341,480	1,725,618	44,067,098	465,000	-	465,000
Capital leases	31,899	22,384	54,283			-
Compensated Absences	5,136,411	279,927	5,416,338		14,555	14,555
Portion due or payable in more than one year:			-			-
Accrued closure/post-closure costs				4,823,034		4,823,034
Bonds and notes payable	191,451,346	30,566,698	222,018,044	483,354	-	483,354
Other post-employment benefit liability	79,089,520	821,467	79,910,987	835,100		835,100
Capital leases	30,756	-	30,756			-
Compensated Absences	10,338,576	236,207	10,574,783		130,991	130,991
Total liabilities	<u>\$ 363,559,175</u>	<u>\$ 34,374,367</u>	<u>\$ 397,933,542</u>	<u>\$ 6,947,413</u>	<u>\$ 2,703,198</u>	<u>\$ 9,650,611</u>
NET ASSETS						
Invested in capital assets, net of related debt	\$ 93,682,092	\$ 32,876,583	\$ 126,558,675	\$ 12,691,950	\$ 23,099,809	\$ 35,791,759
Restricted	33,284,547	-	33,284,547	8,694,428	(1,855,032)	6,839,396
Unrestricted	(19,749,784)	4,365,580	(15,384,204)	2,981,484	1,492,636	4,474,120
Total net assets	<u>\$ 107,216,855</u>	<u>\$ 37,242,163</u>	<u>\$ 144,459,018</u>	<u>\$ 24,367,862</u>	<u>\$ 22,737,413</u>	<u>\$ 47,105,275</u>

The accompanying notes are an integral part of this statement

CITY OF NEW BEDFORD, MASSACHUSETTS

Statement of Activities

For the Year Ended June 30, 2011

	<u>Program Revenues</u>				
	<u>Expenses</u>	<u>Indirect Expense Allocation</u>	<u>Fees, Fines, and Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Governmental Activities:					
General government	\$ 5,011,170	\$ 2,290,688	\$ 4,892,501	\$ 195,844	\$ -
Public safety	48,616,800	13,616,260	8,221,095	4,317,235	1,179,759
Public works	41,200,336	2,241,524	19,500,463	8,131,004	9,486,154
Health and human services	6,396,563	3,412,330	4,576,786	2,715,789	-
Education	185,794,405	49,076,486	3,582,992	63,122,434	2,291,978
Community and economic development	11,810,060	-	208,932	10,915,763	1,307,197
Culture and recreation	6,132,072	1,289,804	1,009,591	371,347	-
Municipal airport	19,131	-	12,083	1,528,410	2,118,887
Pension benefits	22,079,203	(22,079,203)	-	-	-
Health and other insurance	49,847,889	(49,847,889)	-	-	-
Miscellaneous	9,056,400	-	-	-	-
State and county charges	7,046,706	-	-	-	-
Debt service:					
Administrative fees	-	-	-	-	-
Interest and fiscal charges	8,622,421	-	-	-	-
Total governmental activities	<u>401,633,156</u>	<u>-</u>	<u>42,004,443</u>	<u>91,297,826</u>	<u>16,383,975</u>
Business-Type Activities:					
Water	8,927,363	-	11,474,583	-	-
Airport	830,488	-	727,514	-	-
Total business-type activities	<u>9,757,851</u>	<u>-</u>	<u>12,202,097</u>	<u>-</u>	<u>-</u>
Total primary government	<u>411,391,007</u>	<u>-</u>	<u>54,206,540</u>	<u>91,297,826</u>	<u>16,383,975</u>
Component Units:					
Greater New Bedford Regional Refuse Management District	4,314,025	-	3,905,209	-	-
Non-major component units	8,977,263	-	2,866,329	5,756,881	733,703
Total component units	<u>13,291,288</u>	<u>-</u>	<u>6,771,538</u>	<u>5,756,881</u>	<u>733,703</u>
Total City of New Bedford	<u>\$ 424,682,295</u>	<u>\$ -</u>	<u>\$ 60,978,078</u>	<u>\$ 97,054,707</u>	<u>\$ 17,117,678</u>

The accompanying notes are an integral part of this statement

CITY OF NEW BEDFORD, MASSACHUSETTS

Statement of Activities

For the Year Ended June 30, 2011

	Governmental Activities	Business-Type Activities	Total	Regional Refuse District	Component Units	Component Units
Governmental Activities:						
General government	\$ (2,213,513)	\$ -	\$ (2,213,513)	\$ -	\$ -	\$ -
Public safety	(48,514,971)		(48,514,971)			-
Public works	(6,324,239)		(6,324,239)			-
Health and human services	(2,516,318)		(2,516,318)			-
Education	(165,873,487)		(165,873,487)			-
Community and economic development	621,832		621,832			-
Culture and recreation	(6,040,938)		(6,040,938)			-
Municipal airport	3,640,249		3,640,249			-
Pension benefits	-		-			-
Health and other insurance	-		-			-
Miscellaneous	(9,056,400)		(9,056,400)			-
State and county charges	(7,046,706)		(7,046,706)			-
Debt service:	-		-			-
Administrative fees	-		-			-
Interest and fiscal charges	(8,622,421)		(8,622,421)			-
Total governmental activities	<u>(251,946,912)</u>		<u>(251,946,912)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Business-Type Activities:						
Water		2,547,220	2,547,220			
Airport		<u>(102,974)</u>	<u>(102,974)</u>			
Total business-type activities	<u>-</u>	<u>2,444,246</u>	<u>2,444,246</u>			
Total primary government	<u>(251,946,912)</u>	<u>2,444,246</u>	<u>(249,502,666)</u>			
Component Units:						
Greater New Bedford Regional Refuse Management District				(408,816)		(408,816)
Non-major component units					379,650	379,650
Total component units	<u>-</u>		<u>-</u>	<u>(408,816)</u>	<u>379,650</u>	<u>(29,166)</u>
Total City of New Bedford	<u>\$ (251,946,912)</u>	<u>\$ 2,444,246</u>	<u>\$ (249,502,666)</u>	<u>\$ (408,816)</u>	<u>\$ 379,650</u>	<u>\$ (29,166)</u>

The accompanying notes are an integral part of this statement

CITY OF NEW BEDFORD, MASSACHUSETTS

Statement of Activities

For the Year Ended June 30, 2011

	Net (Expense) Revenue and Changes in Net Assets					
	Primary Government			Component Units		
	Governmental Activities	Business-Type Activities	Total	Greater New Bedford Regional Refuse District	Nonmajor Component Units	Total Component Units
General revenues:						
Real estate and personal property, net of reserve for abatements	\$ 89,879,911	\$ -	\$ 89,879,911	\$ -	\$ -	\$ -
Motor vehicle and other excise taxes	6,442,709		6,442,709			-
School building assistance	6,412,464		6,412,464			-
Distribution - School Aid	106,123,635		106,123,635			-
Distribution - Lottery	19,457,251		19,457,251			-
Distribution - Additional Aid	-		-			-
Distribution - Urban redevelopment						-
Exemptions - Veterans, blind, surviving spouse & elderly	528,703		528,703			-
State owned land	14,921		14,921			-
Tax foreclosures	2,685,756		2,685,756			-
Penalties and interest on taxes	1,171,587		1,171,587			-
Fines and forfeitures	182,871	-	182,871			-
County revenues						-
Earnings on Investments	1,113,707		1,113,707	379,815	23,710	403,525
Payments in lieu of taxes	243,203		243,203			-
Contributions and donations	13,096,027		13,096,027			-
Miscellaneous	3,912,012	241,748	4,153,760		180,692	180,692
Total general revenues	251,264,757	241,748	251,506,505	379,815	204,402	584,217
Transfers/Special Items:						
Transfers between funds - operating	1,998,808	(1,998,808)	-			-
Special Item - Transfer of Capital Asset Net of Debt from Governmental Activities - Airport	(3,756,786)	3,756,786	-			-
Special Item - Transfer of Capital Asset Net of Debt from Governmental Activities - Water	-	-	-			-
Special Item - Proceeds From Advance Refunding	-	-	-			-
Special Item - Bond Proceeds	-	-	-			-
Special Item - NBRA - Loss on sale of Healy St Property					(472,602)	(472,602)
Change in net assets	(2,440,133)	4,443,972	2,003,839	(29,001)	111,450	82,449
Net assets-beginning, restated	109,656,988	32,798,191	142,455,179	24,396,863	22,625,963	47,022,826
Net assets-ending	\$ 107,216,855	\$ 37,242,163	\$ 144,459,018	\$ 24,367,862	\$ 22,737,413	\$ 47,105,275

The accompanying notes are an integral part of this statement

CITY OF NEW BEDFORD, MASSACHUSETTS

Balance Sheet
Governmental Funds

June 30, 2011

	<u>General Fund</u>	<u>Wastewater</u>	<u>Non-Major Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash and investments, unrestricted	\$ 20,095,906	\$ 3,814,825	\$ 21,757,655	\$ 45,668,386
Cash, restricted	-	8,318,308	-	8,318,308
Receivables, net:	-			
Real estate and personal property taxes	5,027,890		-	5,027,890
Tax liens and foreclosures	21,236,073		-	21,236,073
Motor vehicle and boat excise	1,643,874		-	1,643,874
User charges receivables	-	1,799,274	-	1,799,274
Departmental and other	8,145,341	26,189	-	8,171,530
Loans receivable	-		20,878,265	20,878,265
Other receivables	372,676		352,985	725,661
Special assessments	1,575	286,786	-	288,361
Due from federal or state government	389,963		18,645,224	19,035,187
Due from other funds	4,187,104	4,987	77,811	4,269,902
Intraentity receivable	1,986,974		-	1,986,974
Inventories	-	71,476	-	71,476
Other assets	2,617			2,617
Land inventory	-		246,918	246,918
Total assets	<u>\$ 63,089,993</u>	<u>\$ 14,321,845</u>	<u>\$ 61,958,858</u>	<u>\$ 139,370,696</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Warrants payable	3,610,945	671,876	2,974,201	7,257,022
Accounts payable and accrued expenses	11,035,453	539,812	4,227,028	15,802,293
Retainage payable	-		870,606	870,606
Bonds and notes payable	-		30,005,125	30,005,125
Interim loan payable	-		11,060,061	11,060,061
Due to other funds	1,801,279	2,679,600	115,452	4,596,331
Deposits held	3,347		162,554	165,901
Due to other governments	-		613,907	613,907
Payroll withholdings	129,607			129,607
Other Liabilities	197,414		371	197,785
Deferred revenue	26,141,406	2,112,249	23,648,661	51,902,316
Total liabilities	<u>42,919,451</u>	<u>6,003,537</u>	<u>73,677,966</u>	<u>122,600,954</u>
Fund balances:				
Nonspendable	1,990,321	71,476	5,374,329	7,436,126
Restricted	-	4,389,001	10,818,829	15,207,830
Committed	5,726,798	3,857,831	1,047,334	10,631,963
Assigned	7,519	-	1,109	8,628
Unassigned	12,445,904	-	(28,960,709)	(16,514,805)
Total fund balances	<u>20,170,542</u>	<u>8,318,308</u>	<u>(11,719,108)</u>	<u>16,769,742</u>
Total liabilities and fund balances	<u>\$ 63,089,993</u>	<u>\$ 14,321,845</u>	<u>\$ 61,958,858</u>	<u>\$ 139,370,696</u>

The accompanying notes are an integral part of this statement

CITY OF NEW BEDFORD, MASSACHUSETTS

Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds

For the Year Ended June 30, 2011

	General Fund	Wastewater	Non-Major Governmental Funds	Total Governmental Funds
REVENUE				
Real estate and personal property taxes	\$ 88,635,177	\$ -	\$ -	\$ 88,635,177
Motor vehicle and other excise	6,389,451		-	6,389,451
School Building Authority reimbursement	-		6,412,464	6,412,464
Tax liens and foreclosures	1,564,609		-	1,564,609
Penalties and interest on taxes	1,171,587		-	1,171,587
Licenses and permits	2,043,090		-	2,043,090
Fines and forfeitures	182,871		-	182,871
Investment income	87,805	177,022	840,531	1,105,358
Intergovernmental - operating	158,179,669	6,139,299	50,827,307	215,146,275
Intergovernmental - capital grants	2,291,978		14,063,854	16,355,832
Charges for services	14,900,008	18,895,106	2,714,376	36,509,490
Other - indirects	1,058,366		-	1,058,366
Special Assessments and betterments	442		-	442
Payments in lieu of taxes	243,203		-	243,203
Miscellaneous	292,401	349,127	3,289,367	3,930,895
Total revenues	277,040,657	25,560,554	78,147,899	380,749,110
EXPENDITURES				
General government	5,412,605		2,140,761	7,553,366
Public safety	37,361,457		5,396,230	42,757,687
Education	134,589,936		45,305,653	179,895,589
Public works	12,039,271	11,400,968	21,158,248	44,598,487
Community and economic development	-		11,581,020	11,581,020
Health and human services	4,274,537		1,149,869	5,424,406
Municipal Airport	-		3,775,917	3,775,917
Culture and recreation	3,875,883		873,366	4,749,249
Pension benefits	22,079,203		-	22,079,203
Health and other insurance	37,578,611		-	37,578,611
Miscellaneous	9,056,400		-	9,056,400
State and county charges	7,046,706			7,046,706
Debt service:				
Principal payments	5,765,325	6,206,805	60,000	12,032,130
Interest and costs	2,990,948	5,768,464	-	8,759,412
Total expenditures	282,070,882	23,376,237	91,441,064	396,888,183
Excess (deficiency) of revenues over expenditures	(5,030,225)	2,184,317	(13,293,165)	(16,139,073)
OTHER FINANCING SOURCES (USES)				
Bond proceeds	-		6,628,741	6,628,741
Transfers in	8,567,739	5,268,730	1,460,134	15,296,603
Transfers out	(5,558,745)	(6,335,568)	(1,403,482)	(13,297,795)
Total other financing sources and uses	3,008,994	(1,066,838)	6,685,393	8,627,549
Net change in fund balances	(2,021,231)	1,117,479	(6,607,772)	(7,511,524)
Fund balances-beginning, restated	22,191,773	7,200,829	(5,111,336)	24,281,266
Fund balances-ending	\$ 20,170,542	\$ 8,318,308	\$ (11,719,108)	\$ 16,769,742

The accompanying notes are an integral part of this statement

CITY OF NEW BEDFORD, MASSACHUSETTS

Reconciliation of Governmental Funds Balance Sheet
Total Fund Balances to the Statement of Net Assets

June 30, 2011

Total governmental fund balances	\$ 16,769,742
Record allowance for doubtful accounts that are financial resources, for the governmental funds	(4,612,252)
Record advance refunding and related amortization that are not reported in the governmental funds	1,015,092
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	330,329,980
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	51,902,316
Internal service funds are used by management to account for health insurance and workers' compensation activities.	
The assets and liabilities of the internal service funds are included in the governmental activities in the Statement of Net Assets.	1,959,186
In the statement of activities, interest is accrued on outstanding long-term debt, whereas in governmental funds interest is not reported until due.	(2,792,408)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds	
Bonds and notes payable	(192,727,639)
Compensated absences	(15,474,987)
Capital leases	(62,655)
Other postemployment benefits	<u>(79,089,520)</u>
Net assets of governmental activities	<u>\$ 107,216,855</u>

The accompanying notes are an integral part of this statement

CITY OF NEW BEDFORD, MASSACHUSETTS

Reconciliation of the Statement of Revenues, Expenditures and Changes in
Fund Balances and Governmental Funds to the Statement of Activities

For the Year Ended June 30, 2011

Net change in fund balances - total governmental funds	\$ (7,511,524)
To record allowance for doubtful accounts that are resources for governmental funds	\$ (186,261)
Record advance refunding and related amortization that are not reported in the governmental funds	(166,418)
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 reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	10,855,453
Revenues 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.	7,283,776
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. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	5,435,288
In the statement of activities, interest is accrued on outstanding long-term debt, whereas in governmental funds interest, is not reported until due.	303,409
The other postemployment benefit expense reported in the statement of activities requires the use of current financial resources and is not reported as an expenditure in the governmental funds	(20,243,890)
Some expenses reported in the Statement of Activities, such as compensated absences, do not require current financial resources and, therefore, are not reported as expenditures in the governmental funds.	954,936
Internal service funds are used by management to account for health insurance and workers' compensation activities.	
The net activity of internal service funds is reported with Governmental Activities	<u>835,098</u>
Change in net assets of governmental activities	<u>\$ (2,440,133)</u>

The accompanying notes are an integral part of this statement

CITY OF NEW BEDFORD, MASSACHUSETTS

Statement of Net Assets - Proprietary Funds

June 30, 2011

	Business-Type Activities			Governmental
	Water	Airport	Total	Activities - Internal Service Funds
ASSETS				
Current assets:				
Cash	\$ 2,973,658	\$ 182,024	\$ 3,155,682	\$ 4,669,705
Investments	1,589,235		1,589,235	
User charges receivable, net	1,017,859		1,017,859	
Other receivables, net	10,339	10,781	21,120	
Deposits with others			-	2,808
Inventory	248,973		248,973	
Other Assets	2,043		2,043	
Total current assets	5,842,107	192,805	6,034,912	4,672,513
Non-current assets:				
Land	600,000	135,522	735,522	
Easements	962,500		962,500	
Infrastructure in progress	-	3,756,786	3,756,786	
Infrastructure, net	49,087,838	4,487,263	53,575,101	
Land improvements, net		526,125	526,125	
Building and improvements, net	43,129	1,588,026	1,631,155	
Machinery and equipment, net	3,996,892	210,027	4,206,919	
Office equipment and furniture, net	15,244	93	15,337	
Computer equipment, net	3,052	26,200	29,252	
Automobiles, net	120,508	22,413	142,921	
Total non-current assets	54,829,163	10,752,455	65,581,618	-
Total assets	\$ 60,671,270	\$ 10,945,260	\$ 71,616,530	\$ 4,672,513
LIABILITIES				
Current liabilities:				
Warrants payable	\$ 79,845	\$ 13,968	\$ 93,813	\$ 3,420
Accounts payable and accrued expenses	234,075	3,731	237,806	395,762
Accrued interest	390,335		390,335	
Bonds payable	1,725,618		1,725,618	
Capital leases	22,384		22,384	
Compensated absences	265,354	14,573	279,927	
Other liabilities	112		112	
Claims incurred but not reported			-	2,314,145
Total current liabilities	2,717,723	32,272	2,749,995	2,713,327
Non-current liabilities:				
Bonds payable	30,566,698		30,566,698	
Compensated absences	222,699	13,508	236,207	
Other post-employment liability	728,456	93,011	821,467	
Total non-current liabilities	31,517,853	106,519	31,624,372	-
Total liabilities	\$ 34,235,576	\$ 138,791	\$ 34,374,367	\$ 2,713,327
NET ASSETS				
Invested in capital assets, net of related debt	\$ 22,124,128	\$ 10,752,455	\$ 32,876,583	
Restricted	-		-	
Unrestricted - airport operating fund		54,014	54,014	
Unrestricted - water operating fund	1,720,357		1,720,357	
Unrestricted - water stabilization fund	2,591,209		2,591,209	1,959,186
Total net assets	\$ 26,435,694	\$ 10,806,469	\$ 37,242,163	\$ 1,959,186

The accompanying notes are an integral part of this statement

CITY OF NEW BEDFORD, MASSACHUSETTS

Statement of Revenues, Expenses and Changes in Net Assets - Proprietary Funds

For the Year Ended June 30, 2011

	Business-Type Activities			Governmental Activities - Internal Service Funds
	Water	Airport	Total	
OPERATING REVENUES				
Charges for services	\$ 11,390,326	\$ 727,514	\$ 12,117,840	\$ -
Utility liens and penalties	84,257		84,257	
Contributions (employee and employer)			-	49,903,863
Miscellaneous	241,748		241,748	
Total operating revenues	<u>11,716,331</u>	<u>727,514</u>	<u>12,443,845</u>	<u>49,903,863</u>
OPERATING EXPENSES				
Salaries and benefits	2,899,083	272,077	3,171,160	32,432
Services and supplies	2,423,386	172,498	2,595,884	51,380
Capital Outlay	40,321		40,321	
Depreciation expense	2,452,705	385,913	2,838,618	
Health and other insurance			-	48,993,302
Total operating expenses	<u>7,815,495</u>	<u>830,488</u>	<u>8,645,983</u>	<u>49,077,114</u>
Operating income (loss)	<u>3,900,836</u>	<u>(102,974)</u>	<u>3,797,862</u>	<u>826,749</u>
NONOPERATING REVENUES (EXPENSES)				
Investment earnings	348		348	8,349
Debt administrative costs	(29,389)		(29,389)	
Debt service - interest payments	(1,082,827)		(1,082,827)	
Total nonoperating revenue (expenses)	<u>(1,111,868)</u>	<u>-</u>	<u>(1,111,868)</u>	<u>8,349</u>
Income (loss) before transfers	<u>2,788,968</u>	<u>(102,974)</u>	<u>2,685,994</u>	<u>835,098</u>
TRANSFERS				
Transfers out - operating	(1,815,289)	(183,519)	(1,998,808)	
Transfers in - capital	-	3,756,786	3,756,786	
Transfers in - water stabilization fund	2,590,861		2,590,861	
Transfers out - water stabilization fund	(2,590,861)		(2,590,861)	
Total Transfers	<u>(1,815,289)</u>	<u>3,573,267</u>	<u>1,757,978</u>	<u>-</u>
Change in net assets	973,679	3,470,293	4,443,972	835,098
Total net assets-beginning, restated	<u>25,462,015</u>	<u>7,336,176</u>	<u>32,798,191</u>	<u>1,124,088</u>
Total net assets-ending	<u>\$ 26,435,694</u>	<u>\$ 10,806,469</u>	<u>\$ 37,242,163</u>	<u>\$ 1,959,186</u>

The accompanying notes are an integral part of this statement

CITY OF NEW BEDFORD, MASSACHUSETTS

Statement of Cash Flows
Proprietary Funds

For the Year Ended June 30, 2011

	<u>Business-Type Activities</u>			<u>Governmental Activities - Internal Service Funds</u>
	<u>Water</u>	<u>Airport</u>	<u>Total</u>	
Cash flows from operating activities:				
Cash received from employee and employer contributions and governmental units	\$ -	\$ -	\$ -	\$ 51,540,285
Cash received from customers	11,472,169	736,135	12,208,304	
Payments from/(to) suppliers and employees	(5,147,965)	(420,335)	(5,568,300)	(48,683,773)
Internal activity-payments from (to) other funds	-	-	-	(1,426,637)
Net cash provided (used) by operating activities	<u>6,324,204</u>	<u>315,800</u>	<u>6,640,004</u>	<u>1,429,875</u>
Cash flows from noncapital financing activities:				
Transfers in (out)	<u>(1,815,289)</u>	<u>3,573,267</u>	<u>1,757,978</u>	
Net cash provided by noncapital financing activities	<u>(1,815,289)</u>	<u>3,573,267</u>	<u>1,757,978</u>	<u>-</u>
Cash flows from capital and related financing activities:				
Purchases and construction of capital assets	(35,034)	(3,756,786)	(3,791,820)	
Principal paid on capital debt	(1,660,997)		(1,660,997)	
Interest paid on capital debt	(1,158,891)		(1,158,891)	
Debt administrative costs	<u>(29,389)</u>		<u>(29,389)</u>	
Net cash used by capital and related financing activities	<u>(2,884,311)</u>	<u>(3,756,786)</u>	<u>(6,641,097)</u>	<u>-</u>
Cash flows from investing activities:				
Purchase of investments	(1,589,235)		(1,589,235)	
Interest and dividends	348		348	8,349
Net cash used by investing activities	<u>(1,588,887)</u>	<u>-</u>	<u>(1,588,887)</u>	<u>8,349</u>
Net increase in cash and cash equivalents	35,717	132,281	167,998	1,438,224
Balances-beginning of the year	<u>2,937,941</u>	<u>49,743</u>	<u>2,987,684</u>	<u>3,231,481</u>
Balances-end of the year	<u>\$ 2,973,658</u>	<u>\$ 182,024</u>	<u>\$ 3,155,682</u>	<u>\$ 4,669,705</u>
Displayed as:				
Cash and short-term investments	<u>\$ 2,973,658</u>	<u>\$ 182,024</u>	<u>\$ 3,155,682</u>	<u>\$ 4,669,705</u>
Total cash and short-term investments	<u>\$ 2,973,658</u>	<u>\$ 182,024</u>	<u>\$ 3,155,682</u>	<u>\$ 4,669,705</u>

The accompanying notes are an integral part of this statement

CITY OF NEW BEDFORD, MASSACHUSETTS

Statement of Cash Flows
Proprietary Funds

For the Year Ended June 30, 2011

	<u>Business-Type Activities</u>			Governmental
	<u>Water</u>	<u>Airport</u>	<u>Total</u>	Activities - Internal Service Funds
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:				
Operating income (loss)	\$ 3,900,836	\$ (102,974)	\$ 3,797,862	\$ 826,749
Adjustments to reconcile operating income to net cash provided (used) by operating activities:				
Depreciation expense	2,452,705	385,913	2,838,618	
Change in assets and liabilities:				
(Increase) decrease in user charges receivables, net	(41,837)		(41,837)	
(Increase) decrease in utility liens	(221,404)		(221,404)	
(Increase) decrease other receivables, net	19,079	8,621	27,700	
(Increase) decrease other assets	(2,043)		(2,043)	
(Increase) decrease due from other funds			-	1,612,500
(Increase) decrease inventory, net	39,602		39,602	
(Increase) decrease in escrow funds held			-	23,922
Increase (decrease) warrants and accounts payable	(33,050)	7,757	(25,293)	393,341
Increase (decrease) in other post-employment benefits	174,728	21,300	196,028	
Increase (decrease) in capital leases	(21,220)		(21,220)	
Increase (decrease) in compensated absences	56,806	(4,817)	51,989	
Increase (decrease) in other liabilities	2		2	
Increase (decrease) in incurred but not reported			-	(1,426,637)
Net cash provided (used) by operating activities	<u>\$ 6,324,204</u>	<u>\$ 315,800</u>	<u>\$ 6,640,004</u>	<u>\$ 1,429,875</u>

The accompanying notes are an integral part of this statement

Continued
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CITY OF NEW BEDFORD, MASSACHUSETTS

Statement of Net Assets
Fiduciary Funds and Similar Component Units

June 30, 2011

	Pension Trust Fund (As of December 31, 2010)	Private Purpose Trust Funds	Agency	Total
Assets				
Cash and short-term investments	\$ 15,445,411	\$ 379,276	\$ 5,335,273	\$ 21,159,960
Investments	213,757,733	-		213,757,733
Receivables, net of allowance or uncollectibles:				
Employee	5,014			5,014
Interest and dividends	401,198			401,198
Other	208,135		4,106	212,241
Due from external parties - primary government			330,238	330,238
Due from other governments	253,710			253,710
Total assets	<u>\$ 230,071,201</u>	<u>\$ 379,276</u>	<u>\$ 5,669,617</u>	<u>\$ 236,120,094</u>
Liabilities				
Warrants payable		\$ 10,200	\$ 458,057	\$ 468,257
Accounts payable and accrued expenses	894,652		100,719	995,371
Payable to external parties - primary government			3,809	3,809
Deposits Held	932,355		5,107,032	6,039,387
Total liabilities	<u>1,827,007</u>	<u>10,200</u>	<u>5,669,617</u>	<u>7,506,824</u>
Net Assets				
Held in trust for pension benefits and other purposes	<u>\$ 228,244,194</u>	<u>\$ 369,076</u>	<u>\$ -</u>	<u>\$ 228,613,270</u>

The accompanying notes are an integral part of this statement

CITY OF NEW BEDFORD, MASSACHUSETTS

Statement of Changes in Fiduciary Net Assets
Fiduciary Funds and Similar Component Units

For the Year Ended June 30, 2011

	Pension Trust Fund (As of December 31, 2010)	Private Purpose Trust Funds	Total
<u>Additions:</u>			
Contributions:			
Employer	\$ 25,929,170	\$ -	\$ 25,929,170
Employee	7,783,043		7,783,043
Miscellaneous Income	10,675	365,065	375,740
Total contributions	33,722,888	365,065	34,087,953
Net investment income:			
Dividends and interest	4,921,234	5,493	4,926,727
Net appreciation in fair value of investments	21,956,190	(4,950)	21,951,240
Gain (Loss) on sale of investments	1,748,698	1,943	1,750,641
Total investment income	28,626,122	2,486	28,628,608
Less investment expense	1,786,742	-	1,786,742
Net investment income	26,839,380	2,486	26,841,866
Intergovernmental	1,344,375		1,344,375
Total Additions	61,906,643	367,551	62,274,194
<u>Deductions:</u>			
Retirement benefits	35,277,803		35,277,803
Administration	418,761	10,661	429,422
Transfers, reimbursements and refunds	2,748,825		2,748,825
Total Deductions	38,445,389	10,661	38,456,050
<u>Other Financing Sources (Uses):</u>			
Transfers in		-	-
Transfers out		-	-
Total Other Financing Sources (Uses)	-	-	-
Change in Net Assets	23,461,254	356,890	23,818,144
Net Assets at Beginning of Year	204,782,940	12,186	204,795,126
Net Assets at End of Year	\$ 228,244,194	\$ 369,076	\$ 228,613,270

The accompanying notes are an integral part of this statement

CITY OF NEW BEDFORD, MASSACHUSETTS

Notes to the Financial Statements

June 30, 2011

Note 1. Summary of Significant Accounting Policies

The accompanying basic financial statements of the City of New Bedford (the City) are presented in conformity with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board (GASB).

A. Reporting Entity

The City of New Bedford is a Massachusetts municipal corporation with a Mayor-Council form of government. These financial statements present the City (the primary government) and its component units. The component units are legally separate entities that are included in the City's reporting entity because of the significance of their operating or financial relationships with the City.

Discretely Presented Component Units:

This component unit is reported in a separate column to emphasize that it is legally separate from the City, but is included because the City is financially accountable for and is able to impose its will on the organization. Unless otherwise indicated, the notes to the basic financial statements pertain to primary government because certain disclosures of the component unit are not significant relative to the primary government. A description of the component unit, criteria for inclusion and its relationship with the City is as follows:

Greater New Bedford Regional Refuse Management District is an inter-municipal landfill benefitting the City of New Bedford and the adjacent Town of Dartmouth. The Refuse District is governed by a six member committee, three of whom are appointed by the City and three of whom shall be appointed by the Town of Dartmouth. Although legally separate, the Greater New Bedford Regional Refuse Management District is reported on the government-wide financial statements as a component unit. Separate financial statements for the Greater New Bedford Regional Refuse Management District are not included in this financial statement presentation. These financial statements could be obtained by contacting the Greater New Bedford Regional Refuse Management District.

The Harbor Development Commission was established under the Acts of 1957 as a Public Instrumentality to develop and market both the New Bedford Harbor as well as the waterfront properties. The Harbor Development Commission manages the local marina, harbors and waterways on behalf of the City. The Commission is made up of seven members, of which the mayor is the chairperson and six other appointed members. Although legally separate, the Harbor Development Commission is reported on the government-wide financial statements as a non-major component unit. Separate financial statements for the Harbor Development Commission are not included in this financial statement presentation. These financial statements could be obtained by contacting the Harbor Development Commission.

Department of Workforce Development Administration (DWDA)/New Directions was established pursuant to the Job Training Partnership Act of 1982, 29 U.S.C. Sec. 1501 *et seq.* to provide employment training programs to eligible individuals. Although legally separate, Department of Workforce Development Administration (DWDA) is reported on the government-wide financial statements as a non-major component unit. Separate financial statements for Department of Workforce Development Administration (DWDA) are not included in this financial statement presentation. These financial statements could be obtained by contacting New Directions.

CITY OF NEW BEDFORD, MASSACHUSETTS

Notes to the Financial Statements

June 30, 2011

Note 1. Summary of Significant Accounting Policies (Continued)

A. Reporting Entity (Continued)

The Redevelopment Authority was organized under the provisions of Massachusetts General Laws 121B. The purpose of the Authority is to engage in urban renewal projects and other related work. The Redevelopment Authority is reported on the government-wide financial statements as a non-major component unit. Separate financial statements for the Redevelopment Authority are not included in this financial statement presentation. These financial statements could be obtained by contacting the Redevelopment Authority.

Blended Component Units:

The following component units have been presented as blended component units (included in the primary government) because the component unit provides services entirely or almost entirely for the benefit of the City.

The Contributory Retirement System (CRS) is a defined benefit contributory retirement plan covering employees of the City and certain other entities. The City Auditor is an ex-officio member of the System's Board and the City is the largest employer in the System. The Retirement System accounts for resources available to be used for payment of pension benefits. The Retirement System is reported on the Fiduciary Fund financial statements, as a similar component unit

Government-Wide and Fund Financial Statements

The City's basic financial statements include both government-wide (reporting the City as a whole) and fund financial statements (reporting the City's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type. The City's public safety, parks, library and recreation, public works, wastewater, and general administrative services are classified as governmental activities. The City's water and airport services are classified as business-type activities.

B. Government-Wide Statements

In the government-wide Statement of Net Assets, the governmental column is presented on a consolidated basis by column, and are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The City's net assets are reported in three parts - invested in capital assets, net of related debt; restricted net assets; and unrestricted net assets. The City first utilizes restricted resources to finance qualifying activities.

The government-wide Statement of Activities reports both the gross and net cost of each of the City's functions (police, fire, public works, etc.). The functions are also supported by general government revenues (property, sales and use taxes, certain intergovernmental revenues, fines, permits and charges, etc.)

Continued

CITY OF NEW BEDFORD, MASSACHUSETTS

Notes to the Financial Statements

June 30, 2011

Note 1. Summary of Significant Accounting Policies (Continued)

B. Government-Wide Statements (Continued)

The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with function (police, public works, community and economic development, etc.). Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants.

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds. However, fiduciary funds are not included in the government-wide statements since these assets are held for the benefit of private parties and pension participants, and cannot be used to satisfy obligations of the primary government. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements.

The net costs (by function) are normally covered by general revenue (property, sales taxes, intergovernmental revenues, interest income, etc.)

The government-wide focus is more on the sustainability of the City as an entity and the change in the City's net assets resulting from the current year's activities.

C. Fund Financial Statements

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though fiduciary funds are excluded from the government-wide statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the financial statements. Non-major funds are aggregated and displayed in a single column.

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 or enterprise fund are at least 10 percent of the corresponding element (assets, liabilities; etc.) for all funds of the category or type (total governmental or total enterprise funds) and,
- If the total assets, liabilities, revenues or expenditures/expense of the individual governmental fund or enterprise fund are at least 5 percent of the corresponding element for all governmental and enterprise combined.

Additionally, any other governmental or enterprise fund that management believes is of particular significance to the basic financial statements may be reported as a major fund.

Internal service funds and fiduciary funds are reported by fund type.

Continued

CITY OF NEW BEDFORD, MASSACHUSETTS

Notes to the Financial Statements

June 30, 2011

Note 1. Summary of Significant Accounting Policies (Continued)

C. Fund Financial Statements (Continued)

The following funds are used by the City:

Governmental Funds

The focus of the governmental funds' measurement (in the fund statements) is upon determination of the financial position and changes in financial position (sources, uses and balances of financial resources) rather than upon net income. The following is a description of the governmental funds of the City:

- a. **General fund** is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund.
- b. **Special revenue funds** are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.
- c. **Capital projects funds** are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by business-type/proprietary funds).
- d. **Permanent funds** contain resources that are legally restricted to the extent that only earnings may be used for purposes that support the reporting government's programs.

Proprietary Funds

The focus of proprietary fund measurement is upon determination of operating income, changes in net assets, financial position, and cash flows. The accounting principles generally accepted in the United States applicable are those similar to businesses in the private sector. The following is a description of the proprietary funds of the City:

- a. **Enterprise funds** are required to be used to account for operations for which a fee is charged to external users for goods and services and the activity is financed with debt that is solely secured by a pledge of the net revenues, has third party requirements that the cost of providing services, including capital costs, be recovered with fees and charges or establishes fees and charges based on a pricing policy designed to recover similar costs.
- b. **Internal service funds** are used to account for the financing of goods or services provided by an activity to other departments, funds or component units of the City on a cost-reimbursement basis.

Fiduciary Funds

Fiduciary Funds are used to report assets held in a trustee or agency capacity for others and therefore are not available to support City programs. The reporting focus is on net assets and changes in net assets and are reported using accounting principles similar to proprietary funds.

- a. **Private purpose trust funds** are used to account for trust arrangements, other than those properly reported in the permanent fund under which principal and investment income exclusively benefits individual, private organizations or other governments.
- b. **Agency funds** are used to account for assets held in a purely custodial capacity.

Continued

CITY OF NEW BEDFORD, MASSACHUSETTS

Notes to the Financial Statements

June 30, 2011

Note 1. Summary of Significant Accounting Policies (Continued)

C. Fund Financial Statements (Continued)

The emphasis in fund financial statements is on the major funds in either the governmental or business-type activities categories. Nonmajor funds by category are summarized into a single column. GASB No. 34 sets forth minimum criteria (percentage of assets, liabilities, revenues or expenditures/expenses of either fund category of the governmental and enterprise combined) for the determination of major funds.

The City's internal service fund is presented in the proprietary fund financial statements. Because the principal users of the internal services are the City's governmental activities, the financial statement of the internal service fund is consolidated into the governmental column when presented in the government-wide financial statements.

The City's fiduciary funds are presented in the fiduciary fund financial statements by type (pension, private purpose and agency). Since by definition these assets are being held for the benefit of a third party (other local governments, private parties, pension participants, etc.) and cannot be used to address activities or obligations of the government, these funds are not incorporated into the government-wide statements.

D. Measurement Focus and Basis of Accounting

Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

Accrual

The governmental and business-type activities in the government-wide financial statements and the proprietary and fiduciary fund financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

Under this basis of accounting and measurement focus, the City applies (a) all GASB pronouncements and (b) FASB Statements and Interpretations, APB Opinions, and Accounting Research Bulletins issued on or before November 30, 1989, except those that conflict with a GASB pronouncement.

Modified Accrual

The governmental fund financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual, i.e., both measurable and available. Available means collectible within the current period or within 60 days after year end. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. The exception to this general rule is that principal and interest on general obligation long-term debt, if any, is recognized when due.

E. Financial Statement Amounts

Cash and Cash Equivalents

The City has defined cash and cash equivalents to include cash on hand, demand deposits and highly liquid investments with a maturity of three months or less when purchased.

Continued

CITY OF NEW BEDFORD, MASSACHUSETTS

Notes to the Financial Statements

June 30, 2011

Note 1. Summary of Significant Accounting Policies (Continued)

E. Financial Statement Amounts (Continued)

Investments

Investments, including deferred compensation and pension funds, are stated at fair value. Fair values are based on quotations from the national securities exchange. Purchases and sales of investments are recorded on the trade date. Transactions unsettled as of year-end are recorded as prepaid for securities purchased and as receivables for securities sold.

Real Estate, Personal Property Taxes, Tax Liens and Tax Foreclosures

Real and personal property taxes are based on values levied (assessed) and lienied as of each January 1st of every year. Real estate and personal property taxes levied are recorded as receivables in the fiscal year of the levy.

Real estate tax liens are processed six months after the close of the valuation year on delinquent properties and are recorded as receivables in the fiscal year they are processed.

Tax liens may be subject to foreclosure if the tax liens are not paid in accordance with the period required by the law (M.G.L. Ch.60, §50). Foreclosure proceedings are processed by the Treasurer or other tax lien custodian. Foreclosed properties can be then sold through advertised public auction or held for use by the City.

Real estate receivables are secured via the tax lien process and are considered 100% collectible. Accordingly, an allowance for uncollectible is not reported.

Personal property taxes cannot be secured through the lien process. The allowance for uncollectible is estimated based on historical trends and specific account analysis.

Motor Vehicle Excise

Motor vehicle excise taxes are assessed annually for each vehicle registered and are recorded as receivables in the fiscal year of the levy. The Commonwealth is responsible for reporting the number of vehicles registered and the fair values of those vehicles. The tax calculation is the fair value of the vehicle multiplied by \$25 per \$1,000 of value.

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

Departmental and Other

Departmental and other receivables consist primarily of public safety details and emergency management service fees that are recorded as receivables in the fiscal year accrued. The allowance of uncollectible is estimated based on historical trends and specific account analysis.

Usage Receivables

Receivables are recorded at net realizable value when earned under the accrual basis and modified basis of accounting. The allowance of uncollectible is based on historical trends and specific account analysis.

Special Assessments

The costs incurred on completed special projects that have been assessed to the benefitted taxpayers which have not been paid. These receivables are considered 100% collectible and therefore do not report an allowance for uncollectible.

Continued

CITY OF NEW BEDFORD, MASSACHUSETTS

Notes to the Financial Statements

June 30, 2011

Note 1. Summary of Significant Accounting Policies (Continued)

E. Financial Statement Amounts (Continued)

Intergovernmental

Various federal and state grants for operating and capital purposes are applied for and received annually. For non-expenditure driven grants, receivables are recorded as soon as all eligibility requirements imposed by the provider have been met. For expenditure driven grants, receivables are recorded 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 uncollectible.

Loans

The City administers loan programs that provide housing assistance to residents and capital needs assistance for small businesses. Upon issuance, a receivable is recorded for the principal amount of the loan.

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

Inventory

The cost of supplies and other inventory items as recorded is an expenditure at the time of purchase (purchase method). Inventory balances were on hand at June 30, 2011 and are included in the water and wastewater funds.

Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, bridges, curbs, gutters, streets, sidewalks, and drainage systems) are reported in the applicable governmental activities column in the government-wide financial statements. Capital assets purchased or acquired with an aggregated original cost of \$10,000 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Net interest costs related to construction projects are capitalized during the related period. Such costs were not considered material during fiscal 2011. Donated capital assets are valued at their estimated fair value at the time recorded.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not included in fixed assets.

CITY OF NEW BEDFORD, MASSACHUSETTS

Notes to the Financial Statements

June 30, 2011

Note 1. Summary of Significant Accounting Policies (Continued)

E. Financial Statement Amounts (Continued)

Capital Assets (Continued)

Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Building	20-50 years
Water and sewer system	30-50 years
Other infrastructure	10-50 years
Improvements	10-20 years
Machinery and equipment (office, computer)	5-10 years
Library and Textbooks	3-10 years
Automobiles	5 years

GASB No. 34 required the City to report and depreciate new infrastructure assets effective June 30, 2002. Infrastructure assets include roads, bridges, underground pipe (other than related to utilities), traffic signals, etc. These infrastructure assets are likely to be the largest asset class of the City. Neither their historical cost nor related depreciation had historically been reported in the financial statements. The retroactive reporting of infrastructure was subject to an extended implementation period and was first effective for fiscal year ending 2007.

Governmental Fund Financial Statements

Capital assets costs are recorded as expenditures in the acquiring fund in the fiscal year of the purchase.

Vested or accumulated vacation and sick leave, which will be liquidated with expendable available financial resources are reported as expenditures and fund liabilities.

Long-Term Debt

Long-term debt is reported as liabilities in the government-wide and propriety fund statement of net assets. Material bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method.

Deferred Revenue

Deferred revenue at the governmental fund financial statement level represents billed receivables that do not meet the available criteria in accordance with the current financial resources measurement focus and the modified accrual basis of accounting.

Compensated Absences

Employees are granted sick and vacation leave in varying amounts. Upon retirement, termination or death, eligible employees are compensated for unused sick and vacation leave (subject to certain limitations) at specific payment rates established by controls, regulations or policy.

Compensated absence liabilities related to both governmental and business-type activities are normally paid from the funds reporting payroll and related expenditures.

Government-Wide and Propriety Fund Financial Statements

Vested or accumulated vacation and sick leave are reported as liabilities and expensed as incurred.

Continued

CITY OF NEW BEDFORD, MASSACHUSETTS

Notes to the Financial Statements

June 30, 2011

Note 1. Summary of Significant Accounting Policies (Continued)

E. Financial Statement Amounts (Continued)

Encumbrances

Encumbrance accounting, under which purchase orders, contracts and other commitments for fund expenditures are recorded in order to reserve portions of applicable appropriations, is employed in governmental funds.

Net Assets and Classifications

Government -Wide Financial Statements

Net assets is displayed in three components:

- a. Invested in capital assets, net of related debt - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or borrowings that are attributable to the acquisition, construction or improvements of those assets.
- b. Restricted net assets - Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments, or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net assets - All other net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.

It is the policy of the City of New Bedford to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

Fund Statements

Governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a restricted purpose. In accordance with GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* fund balance will be displayed in the following classifications depicting the relative strength of the spending constraints placed on the purposes for which resources can be used:

- *Nonspendable fund balance* - amounts that are not in spendable form (such as inventory) or are required to be maintained intact (such as the corpus of an endowment fund).
- *Restricted fund balance* - amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.
- *Committed fund balance* - amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purposes unless the government takes the same highest-level action to remove or change the constraint.
- *Assigned fund balance* - amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority.
- *Unassigned fund balance* - amounts that are available for any purpose; these amounts are reported only in the general fund.

Continued

CITY OF NEW BEDFORD, MASSACHUSETTS

Notes to the Financial Statements

June 30, 2011

Note 1. Summary of Significant Accounting Policies (Continued)

E. Financial Statement Amounts (Continued)

Revenues

Substantially all governmental fund revenues are accrued. Property taxes are billed and collected within the same period in which the taxes are levied. As required by GASB No. 33 when recording grant revenues, the provider recognizes liabilities and expenses and the recipient recognizes receivables and revenue when the applicable eligibility requirements, including time requirements, are met. Resources transmitted before the eligibility requirements are met are reported as advances by the provider and deferred revenue by the recipient.

Expenditures

Expenditures are recognized when the related fund liability is incurred.

Interfund Activity

Interfund Receivables and Payables

During the course of its operations, transactions occur between and within individual funds that may result in amounts owed between funds.

Government-Wide Financial Statements:

Transaction of a buyer/seller nature between and within governmental funds and internal service funds are eliminated from the governmental activities in the statements of net assets. Any residual balances outstanding between the governmental activities and business-type activities are reported in the statement of net assets as internal balances.

Fund Financial Statements:

Transaction of a buyer/seller nature between and within funds are not eliminated from the individual fund statements. Receivables and payables resulting from these transactions are classified as "due from other funds" or "due to other funds" on the balance sheet.

Interfund Transfers

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

Government-Wide Financial Statements:

Transfers between and within governmental funds and internal service funds are not eliminated from the governmental activities in the statement of net assets. Any residual balances outstanding between the governmental and business-type activities are reported in the statement of activities as "transfers, net".

Fund Financial Statements:

Transfers between and within funds are not eliminated from the individual fund statements and are reported as "transfers in and transfers out".

CITY OF NEW BEDFORD, MASSACHUSETTS

Notes to the Financial Statements

June 30, 2011

Note 1. Summary of Significant Accounting Policies (Continued)

E. Financial Statement Amounts (Continued)

Claims and Judgments

The City is uninsured with respect to risks including, but not limited to, property damages, personal injury and workers' compensation. In the fund financial statements, expenditures for claims and judgments are recorded on the basis of whether the liability has matured in the current period. Expenditures for workers' compensation are recorded when paid. Settlements relating to condemnation proceedings are reported when the liability is estimable. In the government-wide financial statements the estimated liability for all claims and judgments is recorded as a liability and as an expense.

Use of Estimates

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

Fund Deficit and Appropriation Deficits

Several individual fund deficits existed at June 30, 2011 in the governmental funds. These deficits will be funded by future administration plans; bond issues and available fund balances.

F. Operating Revenues and Expenses

Operating revenues and expenses for proprietary funds are those that result from providing services and producing and delivering goods and/or services. It also includes all revenues and expenses not related to capital and related financing, noncapital financing, or investing activities.

Note 2. Compliance and Accountability

Budget Requirements, Accounting and Reporting

Requirements for all funds:

- A. Annual budgets are adopted for all City funds. Under state law, the Mayor submits an annual budget to Council for consideration and approval no later than July 15. Such budget is based on expected expenditures by program within a fund and estimated resources by source for all funds.
- B. By Charter the Mayor must submit an annual appropriation ordinance to City Council. This ordinance builds upon the tax budget of the previous July and is updated for any estimated revisions as well as year-end encumbrances and may include any additional information requested by Council. Council may subsequently amend such ordinance. Amendments to the appropriation ordinance during 2011 were approved by the City Council as provided by the Charter.
- C. For day-to-day management control, expenditures plus encumbrances may not exceed the budget at the expenditure-type (i.e., personal services, other operations and maintenance, etc.) level of each cost center (activity within a program within a fund). The Mayor may transfer unencumbered appropriations within programs within funds.
- D. Appropriation control (City Council appropriate budget) is by program (i.e., safety, leisure, health, etc.) within a fund. City Council may, by ordinance, transfer amounts among programs within and between funds. Budgetary comparison schedules are presented in the Supplemental Section as Required Supplemental Information. The budgetary basis is the modified accrual basis of accounting with encumbrances included as actual expenditures.

Continued

CITY OF NEW BEDFORD, MASSACHUSETTS

Notes to the Financial Statements

June 30, 2011

Note 2. Compliance and Accountability (Continued)

	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>	<u>Other Financing Sources</u>	<u>Other Financing Uses</u>
<u>Major Governmental Funds</u>				
General Fund	\$ 4,187,104	\$ 396,246	\$ 5,368,204	\$ 3,396,065
Wastewater Funds	4,987	2,679,600	5,268,730	6,335,568
City & School Stabilization Funds	-	1,405,033	3,199,535	2,162,680
<u>Non-Major Governmental Funds</u>				
Capital Projects	1,043	38	132,745	75,512
Special Revenue Funds	76,768	115,414	1,327,298	1,121,916
Permanent Funds	-	-	91	206,054
<u>Proprietary Funds</u>				
Internal Service Funds	-	-	-	-
Water	-	-	2,590,861	4,406,150
Airport	-	-	-	183,519
<u>Fiduciary Funds</u>				
Agency	330,238	3,809		
Private Purpose Trust Funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Totals	<u>\$ 4,600,140</u>	<u>\$ 4,600,140</u>	<u>\$ 17,887,464</u>	<u>\$ 17,887,464</u>

In addition to the sources and uses above, \$3,756,786 was recorded as a financing source for the airport enterprise fund for capital assets purchased from governmental funds (thus resulting in an increase in net assets within the airport enterprise fund).

Cash and investments as of June 30, 2011 are classified in the accompanying financial statements as follows:

Cash and investments - Governmental Activities	\$ 58,656,399
Cash and investments - Business Type Activities	4,744,917
Cash and investments - Pension Trust Fund	229,203,144
Cash and investments - City Private Purpose Trust Funds	379,276
Cash and investments - Agency Funds	<u>5,335,273</u>
Total cash and investments	<u>\$ 298,319,009</u>

CITY OF NEW BEDFORD, MASSACHUSETTS

Notes to the Financial Statements

June 30, 2011

Note 3. Cash, Cash Equivalents and Investments

Cash and cash Equivalents

Deposits are in various financial institutions and are carried at cost or fair value in the case of pooled deposits for trust funds. The carrying value is separately displayed on the state of net assets as "Cash and Investments". Petty cash is included in the presentation of cash on the statement of net assets in the amount of \$1,850 on June 30, 2011.

Custodial credit risk for deposits is the risk that, in the event of failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party.

At year end, the City's carrying amount of deposits for the primary government private purpose trust funds and the agency funds was \$59,585,862, including \$1,850 of petty cash and the bank balance was \$66,380,089. Of the bank balance \$3,056,282 was covered by Federal Depository Insurance, \$6,855,071 was covered by Depositors Insurance Fund and \$47,146,569 was held in collateralized accounts. The remaining balance of \$9,322,167 was held in uncollateralized accounts. At June 30, 2011 the city's unreconciled book-to-bank variance is \$58,652.

At year end the City's carrying amount of deposits for the pension trust fund was \$16,243,999 and the bank balance was \$15,445,411. Of the bank balance \$500,000 was covered by Federal Depository Insurance. The remaining balance of \$15,743,999 was held in uncollateralized accounts.

The City has not experienced any losses of funds in excess of federally insured limits held in any financial institutions. Management fees that the City is not exposed to any significant credit risk related to cash.

Investments

Investments are stated at fair value for investment pools and historical costs for all other investments. The majority of investment activity is conducted through contracted investment management firms and held in pooled trust fund accounts in the City's name.

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. See below for ratings of the investments held by the City of New Bedford as of June 30, 2011.

Concentration of credit risk is the risk of loss attributed to the magnitude of the City's investment in a single issuer. The investments listed below were issued by various financial institutions. See below for investments that represent 5% or more of the total investments held by the City of New Bedford as of June 30, 2011.

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates.

Continued

CITY OF NEW BEDFORD, MASSACHUSETTS

Notes to the Financial Statements

June 30, 2011

Note 3. Cash, Cash Equivalents and Investments (Continued)

Foreign currency risk is the risk that exchange rates effect the valuation of an investment. Although these investments are not denominated in a foreign currency, the underlying securities are denominated in various foreign currencies. The amount of investments which include foreign investments are listed below.

Information about the sensitivity of the fair values of the City's investments to market rate fluctuations is provided by the following table that shows the distribution of the City's investments by maturity utilizing the specific identification method:

Total Investments by Investment Type and Moody Ratings

<u>Investment Type</u>	<u>Total Amount</u>	<u>Maximum Maturity</u>	* <u>Maximum Investment in One Issuer</u>	<u>Moody's Rating</u>
<i>Primary Government, Private Purpose and Agency Funds</i>				
Fixed Income	\$ 52,535	1 year	N/A	AAA
Fixed Income	108,638	3 years	N/A	AA2
Fixed Income	55,286	3 years	N/A	A3
Fixed Income	212,477	<1 year	N/A	Unrated
Common Stock	336,847	N/A	N/A	N/A
Equities	462,861	1 year	N/A	Unrated
Equities	59,540	2 years	N/A	Unrated
Equities	45,900	3 years	N/A	Unrated
Government Securities	1,359,965	11 years	N/A	AAA
Government Securities	615,382	30 years	N/A	Unrated
Common Stock - Foreign	53,705	N/A	N/A	N/A
Common Stock - Emerging	28,311	N/A	N/A	N/A
Real Estate	1,877	N/A	N/A	N/A
Fixed Income - Bond Mutual Funds	425,529	15 years	N/A	A2
Fixed Income - Bond Mutual Funds	293,625	12 years	N/A	N/A
Mutual Funds - Fixed	2,078,429	N/A	N/A	N/A
Mutual Funds - Equity	2,989,859	N/A	N/A	N/A
Alternative Investments	375,808	N/A	N/A	N/A
Tangible Assets	3,326	N/A	N/A	N/A
Certificate of Deposits	<u>4,411,558</u>	11 years	N/A	Unrated
Subtotal	<u>\$ 13,971,458</u>			

CITY OF NEW BEDFORD, MASSACHUSETTS

Notes to the Financial Statements

June 30, 2011

Note 3. Cash, Cash Equivalents and Investments (Continued)

Investment Type	Total Amount	Maximum Maturity	* Maximum investment in one issuer	Moody Rating
<i>Pension Trust Fund</i>				
Bond Paying Periodic Income	\$ 385,767	10 years	N/A	A1
Bond Paying Periodic Income	900,984	26 years	N/A	A2
Bond Paying Periodic Income	902,997	28 years	N/A	A3
Bond Paying Periodic Income	162,139	4 years	N/A	AA1
Bond Paying Periodic Income	1,298,107	28 years	N/A	AA2
Bond Paying Periodic Income	267,151	30 years	N/A	AA3
Bond Paying Periodic Income	1,077,928	4 years	N/A	AAA
Bond Paying Periodic Income	637,798	24 years	N/A	B1
Bond Paying Periodic Income	489,900	20 years	N/A	B2
Bond Paying Periodic Income	1,068,651	20 years	N/A	B3
Bond Paying Periodic Income	2,021,210	56 years	5.20%	BA1
Bond Paying Periodic Income	717,845	9 years	N/A	BA2
Bond Paying Periodic Income	2,042,878	21 years	5.26%	BA3
Bond Paying Periodic Income	1,134,699	56 years	N/A	BAA1
Bond Paying Periodic Income	1,410,087	55 years	N/A	BAA2
Bond Paying Periodic Income	2,801,751	55 years	7.21%	BAA3
Bond Paying Periodic Income	221,856	13 years	N/A	CA
Bond Paying Periodic Income	688,525	25 years	N/A	CAA1
Bond Paying Periodic Income	259,775	15 years	N/A	CAA2
Bond Paying Periodic Income	106,851	8 years	N/A	NA
Bond Paying Periodic Income	415,163	13 years	N/A	NR
Bond Paying Periodic Income	120,880	18 years	N/A	WR
CMO	76,264	38 years	N/A	AA1
CMO	239,513	38 years	N/A	AA2
CMO	77,345	37 years	N/A	AA3
CMO	848,198	40 years	N/A	AAA
CMO	139,712	25 years	N/A	B3
CMO	174,214	26 years	N/A	CAA1
CMO	87,554	26 years	N/A	CAA2
CMO	110,366	26 years	N/A	CAA3
CMO	1,839,067	40 years	N/A	NA
CMO	127,508	26 years	N/A	NR
Convertible Bonds	425,556	28 years	N/A	A2
Convertible Bonds	38,375	21 years	N/A	A3
Convertible Bonds	4,944	25 years	N/A	AA3
Convertible Bonds	4,744	25 years	N/A	BA2
Convertible Bonds	203,344	14 years	N/A	BA3
Convertible Bonds	390,938	4 years	N/A	N/A
Common Stock	77,214,526	N/A	36.12%	N/A

* Maximum investment in one issuer labeled as N/A are less than 5% of total investments for any single issues within that category.

Continued

CITY OF NEW BEDFORD, MASSACHUSETTS

Notes to the Financial Statements

June 30, 2011

Note 3. Cash, Cash Equivalents and Investments (Continued)

Investment Type	Total Amount	Maximum Maturity	* Maximum investment in one issuer	Moody Rating
<i>Pension Trust Fund</i>				
Government Issues	1,010,595	1 year	N/A	AA1
Government Issues	5,513,217	29 years	14.19%	AAA
Government Issues	777,756	5 years	N/A	BAA1
Government Issues	68,942	2 years	N/A	BAA3
Government Issues	128,607	1 years	N/A	NA
Hedge Funds	12,869,473	N/A	6.02%	N/A
Municipals	25,279	39 years	N/A	A1
Municipals	99,563	46 years	N/A	A2
Municipals	149,919	18 years	N/A	A3
Municipals	44,190	37 years	N/A	AA1
Municipals	357,208	29 years	N/A	Aa3
Municipals	209,455	35 years	N/A	Baa3
Mortgage Passthrough Pool	5,395,447	88 years	13.77%	AAA
Other Assets	363,581	24 years	N/A	AAA
Other Assets	120,475	24 years	N/A	A2
Other Assets	181,869	5 years	N/A	AA2
Other Assets	296,161	8 years	N/A	N/A
Other Assets	187,432	23 years	N/A	BAA2
Other Assets	16,059,430	N/A	7.51%	N/A
Pooled Equities - Capital	12,713,761	N/A	5.95%	N/A
Pooled Real Estate	14,791,881	N/A	6.92%	N/A
Pooled Equities - Diversified Growth	41,258,382	N/A	19.30%	N/A
Subtotal	<u>\$ 213,757,733</u>			
Total City of New Bedford	<u>\$ 227,729,191</u>			

* Maximum investment in one issuer labeled as N/A are less than 5% of total investments for any single issues within that category.

CITY OF NEW BEDFORD, MASSACHUSETTS

Notes to the Financial Statements

June 30, 2011

Note 3. Cash, Cash Equivalents and Investments (Continued)

Total Investments by Investment Type and S&P Ratings:

<u>Investment Type</u>	<u>Total Amount</u>	<u>Maximum Maturity</u>	<u>Maximum Investment in One Issuer</u>	<u>S&P Rating</u>
*				
<i>Primary Government, Private Purpose and Agency Funds</i>				
Fixed Income	\$ 52,535	1 year	N/A	AAA
Fixed Income	53,494	2 years	N/A	AA
Fixed Income	55,144	3 years	N/A	AA+
Fixed Income	55,286	3 years	N/A	A
Fixed Income	212,477	<1 year	N/A	Unrated
Common Stock	336,847	N/A	N/A	N/A
Equities	462,861	1 year	N/A	Unrated
Equities	59,540	2 years	N/A	Unrated
Equities	45,900	3 years	N/A	Unrated
Government Securities	749,225	11 years	N/A	AAA
Government Securities	603,982	28 years	N/A	N/A
Government Securities	622,140	30 years	N/A	Unrated
Common Stock - Foreign	53,705	N/A	N/A	N/A
Common Stock - Emerging	28,311	N/A	N/A	N/A
Real Estate	1,877	N/A	N/A	N/A
Fixed Income - Bond Mutual Funds	719,154	15 years	N/A	A
Mutual Funds - Fixed	2,078,429	N/A	N/A	N/A
Mutual Funds - Equity	2,989,859	N/A	N/A	N/A
Alternative Investments	375,808	N/A	N/A	N/A
Tangible Assets	3,326	N/A	N/A	N/A
Certificate of Deposits	<u>4,411,558</u>	3 years	N/A	Unrated
Subtotal	<u>\$ 13,971,458</u>			

* Maximum investment in one issuer labeled as N/A are less than 5% of total investments for any single issues within that category.

Continued

CITY OF NEW BEDFORD, MASSACHUSETTS

Notes to the Financial Statements

June 30, 2011

Note 3. Cash, Cash Equivalents and Investments (Continued)

<u>Investment Type</u>	<u>Total Amount</u>	<u>Maximum Maturity</u>	<u>* Maximum investment in one issuer</u>	<u>S&P Rating</u>
<i>Pension Trust Fund</i>				
Bond Paying Periodic Income	\$ 1,230,486	30 years	N/A	A
Bond Paying Periodic Income	1,201,779	28 years	N/A	A-
Bond Paying Periodic Income	254,845	9 years	N/A	A+
Bond Paying Periodic Income	308,509	10 years	N/A	AA
Bond Paying Periodic Income	101,806	8 years	N/A	AA-
Bond Paying Periodic Income	1,217,933	28 years	N/A	AA+
Bond Paying Periodic Income	433,194	4 years	N/A	AAA
Bond Paying Periodic Income	1,203,253	20 years	N/A	B
Bond Paying Periodic Income	579,438	25 years	N/A	B-
Bond Paying Periodic Income	2,072,625	20 years	5.33%	B+
Bond Paying Periodic Income	462,153	26 years	N/A	BB
Bond Paying Periodic Income	803,238	24 years	N/A	BB-
Bond Paying Periodic Income	319,705	25 years	N/A	BB+
Bond Paying Periodic Income	1,682,357	55 years	N/A	BBB
Bond Paying Periodic Income	4,578,653	56 years	11.79%	BBB-
Bond Paying Periodic Income	824,566	28 years	N/A	BBB+
Bond Paying Periodic Income	21,263	3 years	N/A	CC
Bond Paying Periodic Income	124,063	3 years	N/A	CCC
Bond Paying Periodic Income	200,594	13 years	N/A	CCC-
Bond Paying Periodic Income	376,585	12 years	N/A	CCC+
Bond Paying Periodic Income	1,022,005	34 years	N/A	NA
Bond Paying Periodic Income	113,892	13 years	N/A	NR
Convertible Bonds	425,556	28 years	N/A	A-
Convertible Bonds	43,319	25 years	N/A	A+
Convertible Bonds	181,094	5 years	N/A	B
Convertible Bonds	33,450	14 years	N/A	BB
Convertible Bonds	4,744	25 years	N/A	BB-
Convertible Bonds	32,988	4 years	N/A	CCC
Convertible Bonds	282,900	1 year	N/A	NA
Convertible Bonds	63,850	< 1 year	N/A	NR
CMO	226,883	38 years	N/A	A
CMO	424,905	40 years	N/A	A-
CMO	56,801	39 years	N/A	A+
CMO	75,294	38 years	N/A	AA
CMO	802,113	40 years	N/A	AAA
CMO	27,977	24 years	N/A	BB-
CMO	25,523	24 years	N/A	BB+
CMO	77,345	37 years	N/A	BBB
CMO	92,664	38 years	N/A	BBB+
CMO	110,366	26 years	N/A	CC
CMO	732,982	36 years	N/A	CCC
CMO	770,918	38 years	N/A	NA
CMO	295,971	26 years	N/A	NR
Common Stock	77,214,526	N/A	36.12%	N/A

Continued

CITY OF NEW BEDFORD, MASSACHUSETTS

Notes to the Financial Statements

June 30, 2011

Note 3. Cash, Cash Equivalents and Investments (Continued)

<u>Investment Type</u>	<u>Total Amount</u>	<u>Maximum Maturity</u>	<u>* Maximum investment in one issuer</u>	<u>S&P Rating</u>
<i>Pension Trust Fund</i>				
Bond Paying Periodic Income	\$ 1,230,486	30 years	N/A	A
Bond Paying Periodic Income	1,201,779	28 years	N/A	A-
Bond Paying Periodic Income	254,845	9 years	N/A	A+
Bond Paying Periodic Income	308,509	10 years	N/A	AA
Bond Paying Periodic Income	101,806	8 years	N/A	AA-
Bond Paying Periodic Income	1,217,933	28 years	N/A	AA+
Bond Paying Periodic Income	433,194	4 years	N/A	AAA
Bond Paying Periodic Income	1,203,253	20 years	N/A	B
Bond Paying Periodic Income	579,438	25 years	N/A	B-
Bond Paying Periodic Income	2,072,625	20 years	5.33%	B+
Bond Paying Periodic Income	462,153	26 years	N/A	BB
Bond Paying Periodic Income	803,238	24 years	N/A	BB-
Bond Paying Periodic Income	319,705	25 years	N/A	BB+
Bond Paying Periodic Income	1,682,357	55 years	N/A	BBB
Bond Paying Periodic Income	4,578,653	56 years	11.79%	BBB-
Bond Paying Periodic Income	824,566	28 years	N/A	BBB+
Bond Paying Periodic Income	21,263	3 years	N/A	CC
Bond Paying Periodic Income	124,063	3 years	N/A	CCC
Bond Paying Periodic Income	200,594	13 years	N/A	CCC-
Bond Paying Periodic Income	376,585	12 years	N/A	CCC+
Bond Paying Periodic Income	1,022,005	34 years	N/A	NA
Bond Paying Periodic Income	113,892	13 years	N/A	NR
Convertible Bonds	425,556	28 years	N/A	A-
Convertible Bonds	43,319	25 years	N/A	A+
Convertible Bonds	181,094	5 years	N/A	B
Convertible Bonds	33,450	14 years	N/A	BB
Convertible Bonds	4,744	25 years	N/A	BB-
Convertible Bonds	32,988	4 years	N/A	CCC
Convertible Bonds	282,900	1 year	N/A	NA
Convertible Bonds	63,850	< 1 year	N/A	NR
CMO	226,883	38 years	N/A	A
CMO	424,905	40 years	N/A	A-
CMO	56,801	39 years	N/A	A+
CMO	75,294	38 years	N/A	AA
CMO	802,113	40 years	N/A	AAA
CMO	27,977	24 years	N/A	BB-
CMO	25,523	24 years	N/A	BB+
CMO	77,345	37 years	N/A	BBB
CMO	92,664	38 years	N/A	BBB+
CMO	110,366	26 years	N/A	CC
CMO	732,982	36 years	N/A	CCC
CMO	770,918	38 years	N/A	NA
CMO	295,971	26 years	N/A	NR
Common Stock	77,214,526	N/A	36.12%	N/A

Continued

CITY OF NEW BEDFORD, MASSACHUSETTS

Notes to the Financial Statements

June 30, 2011

Note 3. Cash, Cash Equivalents and Investment (Continued)

<u>Investment Type</u>	<u>Total Amount</u>	<u>Maximum Maturity</u>	<u>* Maximum investment in one issuer</u>	<u>S&P Rating</u>
<i>Pension Trust Fund</i>				
Government Issues	777,756	5 years	N/A	A
Government Issues	903,522	< 1 year	N/A	AA-
Government Issues	107,073	1 year	N/A	AA+
Government Issues	5,513,217	29 years	N/A	AAA
Government Issues	68,942	2 years	14.19%	BBB
Government Issues	128,607	1 years	N/A	NA
Hedge Funds	12,869,473	N/A	6.02%	N/A
Municipals	120,915	30 years	N/A	A
Municipals	153,846	46 years	N/A	A+
Municipals	68,389	29 years	N/A	AA
Municipals	196,860	29 years	N/A	AA-
Municipals	91,959	20 years	N/A	AA+
Municipals	44,190	37 years	N/A	AAA
Municipals	209,455	35 years	N/A	BB
Mortgage Passthrough Pool	5,395,447	88 years	13.89%	AAA
Other Assets	177,279	8 years	N/A	A
Other Assets	41,019	8 years	N/A	AA
Other Assets	187,432	23 years	N/A	BBB-
Other Assets	200,276	6 years	N/A	NA
Other Assets	16,059,430	N/A	7.51%	N/A
Pooled Equities - Capital	12,713,761	N/A	5.95%	N/A
Pooled Real Estate	14,791,881	N/A	6.92%	N/A
Preferred Stock		N/A		N/A
Pooled Equities - Diversified Growth	<u>41,258,382</u>	N/A	19.30%	N/A
Subtotal	<u>\$ 213,757,733</u>			
	-			
Total City of New Bedford	<u><u>\$ 227,729,191</u></u>			

* Maximum investment in one issuer labeled as N/A are less than 5% of total investments for any single issues within that category.

CITY OF NEW BEDFORD, MASSACHUSETTS

Notes to the Financial Statements

June 30, 2011

Note 3. Cash, Cash Equivalents and Investments (Continued)

The following investments represent investments other than investments in the United States.

<u>Investment Type</u>	<u>Currency</u>	<u>Total Amount</u>	<u>Maximum Maturity</u>	<u>Description</u>
<i>Foreign Currency Risk</i>				
<i>Primary Government, Private Purpose and Agency Funds</i>				
Common Stock - Foreign	N/A	\$ 8,176	N/A	Columbia Acorn International Fund
Common Stock - Foreign	N/A	14,863	N/A	Columbia Marsico Int'l Opportunities
Common Stock - Foreign	N/A	15,023	N/A	Harbor International Fund
Common Stock - Foreign	N/A	1,140	N/A	Potash Corp Sask Inc
Common Stock - Foreign	N/A	3,978	N/A	Rio Tinto PLC
Common Stock - Foreign	N/A	5,335	N/A	Royal Dutch Shell PLC
Common Stock - Foreign	N/A	5,190	N/A	Tyco Intl Ltd
Common Stock - Emerging Markets	N/A	28,311	N/A	Lazard Funds Inc
Mutual Funds - Foreign	Various	943	N/A	Columbia Acorn Int'l Fund
Mutual Funds - Foreign	Various	1,809	N/A	Columbia International Value Fund
Mutual Funds - Foreign	Various	1,849		Columbia Marsico Intl Opportunities
Mutual Funds - Emerging Markets	Various	<u>4,470</u>		Columbia Emerging Markets Fund
Subtotal		<u>\$ 91,087</u>		

CITY OF NEW BEDFORD, MASSACHUSETTS

Notes to the Financial Statements

June 30, 2011

Note 3. Cash, Cash Equivalents and Investments (Continued)

Foreign Currency Risk

<u>Investment Type</u>	<u>Currency</u>	<u>Total Amount</u>	<u>Maximum Maturity</u>	<u>Description</u>
<i>Pension Trust Fund</i>				
Bond Paying Periodic Income	New Zealand dollar	\$ 994,891	9/28/2015	General Electric Capital Corpn
Bond Paying Periodic Income	New Zealand dollar	87,891	9/26/2016	General Electric Capital Corpn
Bond Paying Periodic Income	Icelandic króna	301,271	9/10/2012	Intl BK Recon + Develop
Bond Paying Periodic Income	Thai baht	39,533	4/7/2020	Barclays Financial LLC
Bond Paying Periodic Income	Brazilian real	946,005	3/5/2014	Citibank NA
Government Issues	Mexican peso	299,924	12/20/2012	Mexico (United Mexican States)
Government Issues	Mexican peso	477,831	12/15/2016	Mex Bonds Desarr Fix Rt
Government Issues	Canadian dollar	903,522	12/2/2011	Ontario Prov CDA
Government Issues	Canadian dollar	107,073	12/3/2012	Saskatchewan Prov CDA
Government Issues	Canadian dollar	227,612	9/1/2011	Alberta Mun Fing Corp.
Government Issues	Norwegian krone	273,476	5/19/2017	Norwegian Government
Government Issues	Canadian dollar	672,641	6/1/2012	Canada Govt
Government Issues	Canadian dollar	207,471	6/1/2012	Canada Govt
Government Issues	Canadian dollar	225,548	1/9/2012	British Columbia Prov CDA
Government Issues	Icelandic króna	68,942	5/17/2013	Iceland (Rep)
Government Issues	Icelandic króna	15,305	3/15/2011	Rikisvixill
Government Issues	Icelandic króna	91,138	7/22/2011	Rikisbref
Government Issues	Icelandic króna	22,163	8/24/2012	Rikisbref
Subtotal		<u>\$5,962,237</u>		
Total City of New Bedford		<u>\$ 6,053,324</u>		

CITY OF NEW BEDFORD, MASSACHUSETTS

Notes to the Financial Statements

June 30, 2011

Note 4. Receivables

Real estate and personal property taxes are based on values assessed as of each January 1. Taxes due and unpaid after the respective dates are subject to interest and penalties. The City has the right to begin the lien process on property on which taxes have not been paid after one year following the due date and subsequently foreclose on such property.

Real estate, personal property and other excise tax levies are recorded as receivables and revenue in the fiscal year of the levy. Also, any amounts collected within 60 days after year-end are considered revenue. Taxes collected in advance are considered deferred revenue.

Utility receivables charged for both water and sewer usage is recorded based on billings of the cycle which the sections of the City's meters are read. Utility billing occurs quarterly and when unpaid is added to the property owners tax bill as a water and/or sewer lien.

As part of the Community Development Program, the City administers loan programs that provide housing assistance to residents and capital needs assistance for small businesses. Certain of these loans are deferred and forgiven if provisions of the loans are met; others are collectible over the term of the mortgage.

	Governmental Activities					Business-Type Activities	
	General	Wastewater	City & School	Other Non-Major	Total	Water	Airport
			Stabilization	Governmental	Governmental		
Receivables:							
Real estate and personal property taxes	\$ 5,027,890	\$ -	\$ -	\$ -	\$ 5,027,890	\$ -	\$ -
Tax liens and foreclosures	21,236,073	-	-	-	21,236,073		
Motor vehicle and boat excise	1,643,874	-	-	-	1,643,874		
User charges receivables	-	1,799,274	-	-	1,799,274	1,157,859	
Accrued interest	-	-	-	-	-		
Departmental and other	8,145,341	26,189	-	-	8,171,530		
Loans receivable	-	-	-	20,878,265	20,878,265		
Other receivables	372,676	-	-	352,985	725,661	10,339	11,231
Special assessments	1,575	286,786	-	-	288,361		
Due from federal or state government	389,963	-	-	18,645,224	19,035,187		
Gross receivables	36,817,392	2,112,249	-	39,876,474	78,806,115	1,168,198	11,231
Less: allowance for uncollectable	(758,527)	(394,079)		(3,459,646)	(4,612,252)	(140,000)	(450)
Net total receivables	\$ 36,058,865	\$ 1,718,170	\$ -	\$ 36,416,828	\$ 74,193,863	\$ 1,028,198	\$ 10,781

CITY OF NEW BEDFORD, MASSACHUSETTS

Notes to the Financial Statements

June 30, 2011

Note 5. Capital Assets and Depreciation

Capital asset activity for the year ended June 30, 2011 was as follows:

	Beginning Balance	Restatement	Beginning Balance Restated	Increases	Decreases	Ending Balance
<u>Governmental Activities:</u>						
Not Being Depreciated:						
Land	\$ 3,152,935	\$ -	\$ 3,152,935	\$ -	\$ -	\$ 3,152,935
Construction in progress	47,048,892		47,048,892	12,438,394		59,487,286
Infrastructure in progress	3,494,090	(1,865,384)	1,628,706	9,134,807	5,361,683	5,401,830
Subtotal	53,695,917	(1,865,384)	51,830,533	21,573,201	5,361,683	68,042,051
Other Capital Assets:						
Infrastructure	151,959,602	410,031	152,369,633	5,361,683		157,731,316
Land improvements	362,551		362,551			362,551
Buildings and improvements	291,114,624		291,114,624			291,114,624
Machinery and equipment	44,708,865		44,708,865	1,724,711		46,433,576
Office equipment and furniture	13,934,448	8,077	13,942,525	112,065		14,054,590
Computer equipment	9,218,758		9,218,758	140,823		9,359,581
Library books and textbooks	9,998,550		9,998,550	79,281		10,077,831
Automobiles	9,300,397	89,640	9,390,037			9,390,037
Animals	54,859		54,859			54,859
Subtotal	530,652,654	507,748	531,160,402	7,418,563	-	538,578,965
Accumulated Depreciation:						
Infrastructure	105,495,274	4,100	105,499,374	2,401,653		107,901,027
Land improvements	45,797		45,797	18,044		63,841
Buildings and improvements	86,158,772		86,158,772	6,010,560		92,169,332
Machinery and equipment	34,930,171		34,930,171	2,093,377		37,023,548
Office equipment and furniture	12,345,621	808	12,346,429	626,471		12,972,900
Computer equipment	7,948,839		7,948,839	534,323		8,483,162
Library books and textbooks	9,043,159		9,043,159	439,061		9,482,220
Automobiles	7,504,759	8,964	7,513,723	647,909		8,161,632
Animals	30,143		30,143	3,230		33,373
Subtotal	263,502,535	13,872	263,516,407	12,774,628	-	276,291,035
Net other capital assets	267,150,119	493,876	267,643,995	(5,356,065)	-	262,287,930
Net capital assets	\$ 320,846,036	\$ (1,371,508)	\$ 319,474,528	\$ 16,217,136	\$ 5,361,683	\$ 330,329,981

CITY OF NEW BEDFORD, MASSACHUSETTS

Notes to the Financial Statements

June 30, 2011

Note 5. Capital Assets and Depreciation (Continued)

Capital asset activity for the year ended June 30, 2011 was as follows:

	Beginning Balance	Restatement	Beginning Balance Restated	Increases	Decreases	Ending Balance
<u>Business-Type Activities - Water:</u>						
Not Being Depreciated:						
Land	\$ 600,000	\$ -	\$ 600,000	\$ -	\$ -	\$ 600,000
Infrastructure in progress	849,677	(849,677)	-			-
Easements	962,500		962,500			962,500
Subtotal	2,412,177	(849,677)	1,562,500	-	-	1,562,500
Other Capital Assets:						
Infrastructure	90,040,931	849,677	90,890,608			90,890,608
Buildings and improvements	48,811		48,811			48,811
Machinery and equipment	5,930,395		5,930,395	10,734		5,941,129
Office equipment and furniture	96,935		96,935			96,935
Computer equipment	49,471		49,471			49,471
Automobiles	629,367	67,216	696,583	24,300		720,883
Subtotal	96,795,910	916,893	97,712,803	35,034	-	97,747,837
Accumulated Depreciation:						
Infrastructure	39,964,041	8,497	39,972,538	1,830,232		41,802,770
Buildings and improvements	4,706		4,706	976		5,682
Machinery and equipment	1,404,065		1,404,065	540,172		1,944,237
Office equipment and furniture	76,397		76,397	5,294		81,691
Computer equipment	37,626		37,626	8,793		46,419
Automobiles	526,415	6,722	533,137	67,238		600,375
Subtotal	42,013,250	15,219	42,028,469	2,452,705	-	44,481,174
Net other capital assets	54,782,660	901,674	55,684,334	(2,417,671)	-	53,266,663
Net capital assets	\$ 57,194,837	\$ 51,997	\$ 57,246,834	\$ (2,417,671)	\$ -	\$ 54,829,163

Continued

CITY OF NEW BEDFORD, MASSACHUSETTS

Notes to the Financial Statements

June 30, 2011

5. Capital Assets and Depreciation (continued)

Capital asset activity for the year ended June 30, 2011 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<u>Business-Type Activities - Airport:</u>				
Not Being Depreciated:				
Infrastructure in progress	\$ -	\$ 3,756,786	\$ -	\$ 3,756,786
Land	135,522			135,522
Subtotal	135,522	3,756,786	-	3,892,308
Other Capital Assets:				
Infrastructure	6,250,721			6,250,721
Land improvements	621,822			621,822
Buildings and improvements	2,240,420			2,240,420
Machinery and equipment	887,281			887,281
Computer & Equipment	52,400			52,400
Automobiles	74,710			74,710
Office equipment and furniture	5,294			5,294
Subtotal	10,132,648	-	-	10,132,648
Accumulated Depreciation:				
Infrastructure	1,552,034	211,424		1,763,458
Land improvements	64,615	31,082		95,697
Buildings and improvements	612,439	39,955		652,394
Machinery and equipment	599,355	77,899		677,254
Computer and equipment	15,720	10,480		26,200
Automobiles	37,355	14,942		52,297
Office equipment and furniture	5,070	131		5,201
Subtotal	2,886,588	385,913	-	3,272,501
Net other capital assets	7,246,060	(385,913)	-	6,860,147
Net capital assets	\$ 7,381,582	\$ 3,370,873	\$ -	\$ 10,752,455

CITY OF NEW BEDFORD, MASSACHUSETTS

Notes to the Financial Statements

June 30, 2011

Depreciation was charged to functions as follows:

Governmental Activities:

General Government	\$ 2,933,196
Public Safety	1,507,531
Education	6,176,523
Public Works	652,754
Public Works WW	259,254
Community and Economic Development	292,730
Health and Human Services	260,907
Culture and Recreation	<u>691,733</u>

Total Governmental Activities \$ 12,774,628

-

Business-Type Activities:

Water	\$ 2,452,705
Airport	<u>385,913</u>

Total Business-Type Activities \$ 2,838,618

CITY OF NEW BEDFORD, MASSACHUSETTS

Notes to the Financial Statements

June 30, 2011

Note 6. Pensions and Other Post Employment Benefits

The City of New Bedford contributes to the City of New Bedford's Contributory Employees' Retirement System, which is a single-employer public employee retirement system (PERS), as established under Chapter 32 of the General Laws of the Commonwealth of Massachusetts.

Effective January 1, 1996, the Contributory Retirement System of the City of New Bedford adopted Governmental Accounting Standards Board Statement No. 25 ("GASB-25"): "Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans." GASB-25 is intended to enhance the understandability and usefulness of pension information included in the financial reports of state and local governmental pension plans.

Effective July 1, 1998, Chapter 17 of the Acts of 1997 (COLA Legislation) was adopted. The result of the adoption of Chapter 17 is to increase the retirement allowance pension or annuity by the percentage as determined by the Commissioner of Social Security or 3%, whichever is less. The maximum pension benefit on which a COLA may be granted is \$12,000. All retirees, disabled retirees and beneficiaries that have been receiving benefit payments for at least one year as of July 1st are eligible for the adjustment.

All COLA's granted to members prior to July 1, 1998 and after 1981 are deemed to be an obligation of the State and are not the liability of the Retirement System.

A. Summary of Significant Accounting Policies

Basis of Accounting

The City of New Bedford's Contributory Employees' Retirement System's financial statements are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions to each Plan are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of each plan.

Investment income is recognized as earned by the pension plan. The net appreciation (depreciation) in the fair value of investments held by the pension plan is recorded as an increase (decrease) to investment income based on the valuation of investments as of the balance sheet date.

The City accepted Section 22(1)(b1/2) of Chapter 32 of the Massachusetts General Laws in 1990. The City must establish a funding schedule designed to fully fund the retirement system and to reduce the unfunded actuarial accrued liability of the system to zero as of June 30, 2040. Any system for which a funding schedule has been adjusted and approved may receive annual pension funding grants from the Commonwealth.

Operating Cycle

The accounting records of the Retirement System are maintained on a calendar year basis in accordance with the standards and procedures established by the Commissioner of Public Employee Retirement Administration Commission.

Continued

CITY OF NEW BEDFORD, MASSACHUSETTS

Notes to the Financial Statements

June 30, 2011

Note 6. Pensions and Other Post Employment Benefits

Method Used to Value Assets

Cash deposits are carried at cost which approximates market. Investments in bonds and notes are stated at amortized cost which approximates market. Investments in stock are recorded at market value.

B. Plan Description

All full-time employees, other than teachers, whose employment commences prior to age sixty-five are eligible to participate in the City of New Bedford's Contributory Employees' Retirement System. Teachers and certain administrative employees of the School Department participate in a contributory retirement plan administered by the Massachusetts Teachers' Retirement Board. The City does not contribute to this plan.

The Retirement Board exercises jurisdiction to determine an employee's eligibility for membership in cases involving part time service. The participants contribute specified percentages of their annual compensation to the plan. The City's contribution is determined by the Division of Public Employee Retirement Administration ("PERA") on a cost of benefits approach and, for the year ended June 30, 2011, was \$25,817,836.

As of December 31, 2010, employee membership data related to the pension plan was as follows:

	<u>Group 1</u>	<u>Group 2 & 4</u>	<u>Total</u>
Active members	1,554	426	1,980
Inactive members	448	19	467
Retired members	<u>1,156</u>	<u>611</u>	<u>1,767</u>
Total membership	<u><u>3,158</u></u>	<u><u>1,056</u></u>	<u><u>4,214</u></u>

Under the provisions of the City's pension plan, pension benefits vest after ten years of creditable service. If the employees are terminated involuntarily, benefits vest after six years of creditable service if the employee became a member of a public employee retirement system before January 1, 1978. An employee may retire at age 55 and receive annual pension benefits. The pension plan also provides for death and disability benefits. An employee's annual pension is determined by multiplying his average salary by a benefit rate related to his age and job classification at retirement and the resulting product by his creditable years of employment service. His average salary is the average of his highest three consecutive years' salary or the average salary from his last three years of service, if not consecutive. For most employees, the average of the last three years' salary will be their highest average salary. The amount determined by the benefit formula cannot exceed 80% of the employee's average salary as described above.

CITY OF NEW BEDFORD, MASSACHUSETTS

Notes to the Financial Statements

June 30, 2011

Note 6. Pensions and Other Post Employment Benefits (Continued)

C. Retirement Groups

For retirement purposes employees are classified as Group 1, 2 or 4 employees:

Group 1 Officials and general employees including clerical, administrative and technical workers, laborers, mechanics and all others not otherwise classified. Participants within this group are eligible to retire at age 55.

Group 2 Electricians not classified in Group 1 or 4. Participants within this group are eligible to retire at age 55.

Group 4 Members of police, fire and electric light departments not classified in Group 1 or 2. Participants within this group are eligible to retire at age 45.

D. Funding Policy

Under provisions of State statutes, each employee is required to contribute 5% of his basic pay (exclusive of overtime) to a special fund. For certain employees without continuous service who are reemployed on or after January 1, 1975 and for all employees hired on or after January 1, 1975 but prior to 1984, the contribution rate is 7%. For employees hired from 1984 through June 30, 1996 the contribution rate is 8%. For employees hired after July 1, 1996 the contribution rate is 9%. For all employees hired on or after January 1, 1979 there is an additional contribution of 2% of salary in excess of \$30,000. In addition, the City must provide annual contributions sufficient to satisfy the actuarially determined contribution requirements as mandated by state statutes. Administrative costs of the Retirement System are financed through investment earnings.

In 2008, the City adopted GASB Statement No. 50, *Pension Disclosures*. This new standard now requires entities to report the results of the most recent actuarial valuation in the footnotes. This information was previously only required to be reported as required supplementary information. The most recent actuarial valuation of the City's Contributory Retirement System was prepared under the direction of Public Employee Retirement Administration Commission (PERAC) as of January 1, 2010. The standardized measure of the unfunded actuarial accrued liability as of January 1, 2010, is as follows:

Actuarial accrued liability:

	<u>January 1, 2010</u> (unaudited)
Active members	\$ 225,515,664
Retirees, beneficiaries, disabilities and inactives currently receiving benefits	320,099,134
Cost of living adjustment	_____
Total actuarial accrued liability	545,614,798
Net assets available for benefits, at market	<u>226,978,870</u>
Unfunded actuarial accrued liability	<u>\$ 318,635,928</u>

Continued

CITY OF NEW BEDFORD, MASSACHUSETTS

Notes to the Financial Statements

June 30, 2011

Note 6. Pensions and Other Post Employment Benefits (Continued)

E. Contributions Required and Contributions Made

Periodic employer contributions to the pension plan are determined on an actuarial basis using the entry age normal actuarial cost method. Normal cost is funded on a current basis. The unfunded actuarial accrued liability is funded over a 30-year period. Periodic contributions for both normal cost and the amortization of the unfunded actuarial accrued liability are based on the level percentage of payroll on an open group method. The remaining amortization period at December 31, 1998, was 29 years. The funding strategy for normal cost and the unfunded actuarial accrued liability should provide sufficient resources to pay employee pension benefits on a timely basis.

Total contributions to the pension plan in 2011 amounted to \$28,459,009 of which \$22,079,203 and \$6,379,806 were made by the City of New Bedford and its employees, respectively. The contributed amounts were actuarially determined as described above on a fiscal year basis. For year 2011 the contribution amount of \$25,817,836 was based on an actuarial valuation as of January 1, 2009. The pension contributions represent funding for normal cost and the amortization of the unfunded actuarial accrued liability. Contributions made by the City of New Bedford and its employees represent 31% and 9% respectively, of covered payroll for the year.

The covered payroll for the Contributory Retirement System for the year ending December 31, 2010 was approximately \$72,076,397. The City's total payroll for all employees who contribute to the Contributing Retirement System was approximately \$80,630,709 for the same period. Covered payroll refers to all compensation paid by the City to active employees covered by the City of New Bedford PERS on which contributions to the pension are based.

In addition, teachers, certain administrators, and other professional of the School Department participate in a contributory defined benefit plan administered by the Massachusetts Teachers' Retirement System. The City has no obligation to contribute to this plan. The Commonwealth funds plan benefits to the extent that funding is not provided through employee contributions. The Commonwealth's contributed \$28,933,816 for benefits "on-behalf" of the school department for the year ended June 30, 2011. The amount was recorded as revenue and as an expenditure in the general fund in accordance with GASB-24.

The computation of the pension contribution requirements for 2007 was based on the same (a) actuarial assumptions, (b) benefit provisions, and (c) other significant factors as used to determine pension contribution requirements in the previous year.

F. Trend Information

	Net assets available for benefits as a percentage of the actuarial accrued liability applicable to the City's employees	Unfunded actuarial accrued liability as a percentage of the City's annual covered payroll	City's contribution to the pension plan as a percentage of annual covered payroll
2010	37.5%	385.6%	30.63%
2009	37.5%	385.6%	27.6%
2008	46.8%	355.0%	28.6%
2007	44.9%	298.4%	25.9%
2006	44.9%	335.8%	24.5%
2005	46.1%	225.4%	20.8%
2004	46.1%	247.9%	18.7%
2003	51.4%	179.2%	17.6%
2002	51.4%	204.1%	19.1%
2001	51.4%	198.0%	26.5%

Continued

CITY OF NEW BEDFORD, MASSACHUSETTS

Notes to the Financial Statements

June 30, 2011

Note 7. Other Employee Benefits

A. Other Postemployment Benefits

Plan Description

In addition to the pension benefits described above, the City provides health and life insurance benefits to retirees, their dependents and beneficiaries in accordance with Chapter 32B of Massachusetts General Laws under various contributory plans. Specific benefit provisions and contribution rates are established by collective-bargaining agreements, state laws, and City ordinance. All benefits are provided through third-party insurance carriers and health maintenance organizations that administer, assume, and pay all claims for specific plans. The Plan does not issue a standalone financial report since there are no assets legally segregated for the sole purpose of paying benefits under the Plan.

Funding Policy

The contribution requirements of Plan members and the City are established and may be amended by the City. Twenty-five percent of the calculated contribution is paid by the retirees through pension benefit deductions. The remainder of such cost is funded by the City. The City contributes 100% towards a \$5,000 term life insurance premium. The City currently contributes enough money to the Plan to satisfy current obligations on a pay-as-you-go basis. The costs of administering the Plan are paid by the City.

Annual OPEB and Net OPEB Obligation

The District's annual OPEB cost (expense) is calculated based on the annual required contribution (ARC) of the employer, an actuarially determined amount that is calculated in accordance with the parameters set forth in GASB Statement 45. The amount that was actuarially determined by using the Projected Unit Credit Cost Method. Under this method the annual contribution consists of two pieces: Normal Cost plus a payment towards the unfunded accrued liability. The normal cost is similarly determined as the present value of the portion of the projected benefit attributable to the current year. The unfunded accrued liability is the accrued liability less the value of any plan assets. The level percent amortization method was utilized to determine the current year ARC. The following table shows the elements of the City's annual OPEB cost for the year, the amount actually paid on behalf of the Plan, and changes in the City's net OPEB obligation to the Plan for the year ended June 30, 2011:

	<u>Amount</u>
Annual required contribution	\$ 35,052,581
Interest on net OPEB obligation	2,081,487
Amortization credit on NOO	(1,718,458)
Payments against the ARC	<u>(14,975,692)</u>
Annual OPEB cost (expense)	<u>\$ 20,439,918</u>
Increase in net OPEB obligations	20,439,918
Net OPEB obligation at beginning of year	<u>59,471,069</u>
Net OPEB obligation at end of year	<u>\$ 79,910,987</u>

CITY OF NEW BEDFORD, MASSACHUSETTS

Notes to the Financial Statements

June 30, 2011

Note 7. Other Employee Benefits (Continued)

A. Other Postemployment Benefits (continued)

The projection of benefits is based on the types of benefits provided under the substantive plan at the time of each valuation and on the pattern of sharing of benefit costs between the employer and plan members to that point. The projections of benefits for financial reporting purposes do not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between the employer and plan members in the future.

The actuarial calculations reflect a long-term perspective, actuarial method and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets.

Trend information regarding annual OPEB cost, the percentage of the annual OPEB cost contributed and the net OPEB obligation is as follows:

<u>Fiscal Year Ending</u>	<u>Annual OPEB Costs (AOPEC)</u>	<u>Percentage Of AOPEBC Contributed</u>	<u>Net OPEB Obligation</u>
June 30, 2011	\$ 35,415,610	56.61%	\$ 79,910,987

Funded Status and Funding Progress

As of July 1, 2011, the most recent actuarial valuation date, the Plan was 0% funded. The actuarial accrued liability for benefits was \$478,609,029. Amounts determined regarding the funded status of the Plan and the annual required contributions of the City are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress shows as required supplementary information disclosures required by GASB-43 for the OPEB Plan. This schedule presents the results of OPEB valuations as of June 30, 2011 and go-forward basis. The schedule will eventually provide additional multi-year trend information about whether the actuarial values of Plan assets are increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

The required schedule of funding progress (presented in the required supplementary information section) presents multi-year trend information about whether the actuarial value of Plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

The funded status of the Plan at June 30, 2011, to most recent actuarial valuation, was as follows:

<u>Actuarial Valuation Date</u>	<u>Reporting Year</u>	(A) <u>Actuarial Value of Assets</u>	(B) <u>Actuarial Accrued Liability (AAL) Individual Entry Age</u>	(B-A) <u>Unfunded (Overfunded) AAL (UAAL)</u>	(A/B) <u>Funded Ratio</u>	(C) <u>Covered Payroll</u>	((B-A)/C) <u>UAAL as a Percentage of Covered Payroll</u>
07/01/07	2008	\$ 0	\$ 478,609,029	\$ 478,609,029	0.0%	\$ 159,905,000	299.3%
07/01/09	2010	0	\$ 522,436,713	\$ 522,431,713	0.0%	n/a	n/a
07/01/11	2012	0	\$ 568,836,994	\$ 568,836,994	0.0%	n/a	n/a

CITY OF NEW BEDFORD, MASSACHUSETTS

Notes to the Financial Statements

June 30, 2011

7. Other Employee Benefits (continued)

A. Other Postemployment Benefits (continued)

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 health cost trend. Amounts determined regarding the funded status of the plan and the annual required contribution of the employer are subjected to continual revision as actual results are compared with past expectations and new estimates are made about the future.

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 member) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and Plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The significant methods and assumptions as of the latest actuarial valuation are as follows:

Valuation date:	July 1, 2011
Actuarial cost method:	Projected Unit Credit
Amortization period:	30-year level percent of pay assuming 4.5% increase, closed basis.
Remaining amortization period:	27 years as of July 1, 2011
Interest discount rate	Funded: 8.00% per year, net of investment expenses Unfunded: 3.5% per year, net of investment expenses
Participation:	85% of future retirees are assumed to participate in the retiree medical plan. 70% of future retirees are expected to elect life insurance.

Allocation of AOEBC

AOEBC costs were allocated to the City's functions as follows:

Governmental Activities:	
General government	\$ 2,380,069
Public Safety	23,847,906
Public Works	3,480,581
Education	44,357,863
Health and human services	2,913,399
Culture and recreation	<u>2,109,702</u>
Total AOEBC - governmental activities	<u>\$ 79,089,520</u>
Business-Type Activities:	
Water	\$ 728,456
Airport	<u>93,011</u>
Total AOEBC - business-type activities	<u>\$ 821,467</u>
Total AOEBC - government -wide	<u>\$ 79,910,987</u>

Continued

CITY OF NEW BEDFORD, MASSACHUSETTS

Notes to the Financial Statements

June 30, 2011

Note 8. Other Commitments

The City of New Bedford has entered into various capital leases for certain equipment totaling \$141,778, including interest. The following is a schedule of future minimum lease payments under capital leases together with the present value of the net minimum lease payments as of June 30, 2011:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Principal Payments</u>	<u>Interest Payments</u>	<u>Ending Balance</u>
<u>Governmental Activities</u>					
Altec Capital Services, LLC	\$ 87,150	\$ -	\$ 29,880	\$ -	\$ 57,270
Axion Business Technology	<u>7,404</u>	<u>-</u>	<u>2,019</u>	<u>-</u>	<u>5,325</u>
Total Governmental Activities	<u>\$ 94,554</u>	<u>\$ -</u>	<u>\$ 31,899</u>	<u>\$ -</u>	<u>\$ 62,655</u>
<u>Business - Types Activities</u>					
All American Investment Group	\$ 47,228	\$ -	\$ 21,220	\$ 2,392	\$ 23,612
Total Business - Type Activities	<u>\$ 47,228</u>	<u>\$ -</u>	<u>\$ 21,220</u>	<u>2,392</u>	<u>23,612</u>
<u>Total Business Type and Governmental Activities</u>	<u>\$ 141,782</u>	<u>\$ -</u>	<u>\$ 53,119</u>	<u>\$ 2,392</u>	<u>\$ 86,267</u>

<u>Year Ending June 30,</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Primary Government</u>
2012	\$ 31,900	\$ 23,612	\$ 55,512
2013	29,409	-	29,409
2014	<u>1,346</u>	<u>-</u>	<u>1,346</u>
Net minimum lease payments	\$ 62,655	\$ 23,612	\$ 86,267
Less: Amount representing interest	<u>-</u>	<u>(1,228)</u>	<u>(1,228)</u>
Present value of net minimum lease payments	<u>\$ 62,655</u>	<u>\$ 22,384</u>	<u>\$ 85,039</u>

The City has entered into various operating leases for rentals of building space, office space and equipment. Operating lease expenses totaled \$54,947 for 2011 for the governmental funds. The following is a schedule of minimum lease payments.

<u>Year Ending June 30,</u>	<u>Governmental Funds</u>
2012	\$ 27,400
2013	27,400
2014	<u>9,133</u>
	<u>\$ 63,933</u>

Continued

CITY OF NEW BEDFORD, MASSACHUSETTS

Notes to the Financial Statements

June 30, 2011

Note 9. Contingencies

A. Wastewater Capital Improvement Program

To date, the City has financed the Wastewater Capital Improvement Program, through direct loans from the Massachusetts Water Pollution Trust totaling approximately \$140 million, which loans were secured by the issuance of City Revenue Bonds pursuant to the General Resolution. In addition to the Trust loans, the City also has issued general obligation bond anticipation notes to finance those projects in the Wastewater Capital Improvement Program that are not eligible for financing from the Trust under Federal and Massachusetts law. Such bond anticipation notes will be repaid through general obligation bonds of the City or additional city revenue bonds.

In addition, the City anticipates that it may receive funding from certain state and federal grants and from the settlement of environmental Superfund litigation between the EPA and other parties (not including the City) related to the City's Inner Harbor.

The residual cost of the facility to be funded through user fees and tax levy cannot presently be determined. No provision for any liability that may result has been made in the basic financial statements.

The City of New Bedford has signed a consent decree with the Environmental Protection Agency ("EPA"), Commonwealth of Massachusetts Department of Environmental Protection ("DEP") and the Conservation Law foundation concerning the construction of waste treatment facilities, the reduction of combined sewer overflows and compliance with certain provisions of the Clean Water Act (the "Act"). The consent decree required, among other things, the building and full operation of a Secondary Treatment Plant by January 19, 1997. Based upon final specifications and the City's recommended plan for compliance, the City has estimated that total construction costs for the waste treatment program will be approximately \$193.2 million based on present day construction costs.

B. Sullivan's Ledge Escrow Fund

The City has received notice from the EPA that it may be liable, along with several third parties jointly and severally, for costs associated with the clean-up of pollutants at Sullivan's Ledge. Management has indicated that the City's liability for the clean-up of this dump site will be \$600,000 for the Sullivan's Ledge Middle Marsh area (Operable Unit #2), broken down into payments of \$300,000 in fiscal 1998 and \$300,000 in fiscal 1998 plus \$30,000 for fencing in fiscal 1993. For Operable Unit #1, negotiations are currently in progress. Settlement was reached with the government in November 1994 to provide maintenance at site. The City has agreed to appropriate in an escrow account \$15,000 per year beginning in fiscal 1998 for thirty years as financial security.

Operation and maintenance of the following activities beginning in year 1 for 30 years:

	<u>Yearly</u>	<u>30 Year Total</u>
Treatment Plant	\$ 227,000	\$ 6,825,000
Cap Maintenance	7,720	512,000
Fence Maintenance and Repair	2,400	159,000
Traffic Control (2 years)	<u>50,000</u>	<u>100,000</u>
	<u>\$ 287,120</u>	<u>\$ 7,596,000</u>

Continued

CITY OF NEW BEDFORD, MASSACHUSETTS

Notes to the Financial Statements

June 30, 2011

Note 9. Contingencies

C. City Commitment to Private Parties

The City will put \$700,000 into an interest bearing account that is exclusively available to the Group in the event that the City fails to adequately perform its in-kind service obligations. This \$700,000 would be deposited into the escrow on the following schedule: \$300,000 on July 1, 1998 and \$100,000 on July 1 of each consecutive year for four years. The principal and interest would remain in the account for 15 years. The City could then annually draw down the escrow in 1/15 increments.

Note 10. Lease Revenues

The City of New Bedford leases property on Hathaway Road to Johnson Turf and Golf Management, Inc. Areas of the land were designated part of the Sullivan Ledge Superfund site, as determined by the Environmental Protection Agency. The lease is for 35 years and began March 24, 2000 and is for \$120,000 per year less a credit of \$5,333 for unanticipated water consumption costs. In addition, this fee can be abated for individuals who had a membership to play at the Whaling City Golf Course during the 1999 calendar year up to a sum of \$100,000. The remaining fee will be adjusted annually by the consumer price index beginning in 2005.

The land was leased for the operation of an 18 hole public golf course. As stated in the lease agreement, the Whaling City Golf course is required to submit to the City of New Bedford, a certified annual audit of the financial records. The City received audited financial statements for 2007 and 2009 that were completed and delivered in the City's fiscal year 2011. Pending litigation to determine the amount of back and future rent due to the City is due and will be resolved in calendar year 2012. Audited financials of the golf course for 2011 have not been received.

Note 11. Joint Venture

The City of New Bedford, the Harbor Development Commission, and the Redevelopment Authority have joined in an agreement with the Whale's Tooth Parking Lot. The City of New Bedford owns this parcel of land and has bought all lighting and fixtures associated with the parking lot. The agreement between the parties is that the Harbor Development Commission will operate the parking lot and collect all parking lot revenues and will pay for all expenditures associated with the parking lot. When profits are generated from the parking lot operations, the Harbor Development Commission will begin to pay back the City of New Bedford for the fixtures and equipment that the City placed into service to operate the parking lot. Five percent of any revenue over budgeted expenditures will be remitted to the Redevelopment Authority for their involvement in the project.

Note 12. Debt

A. Primary Government

Under state law and by authorization of the City Council, the City is authorized to borrow on a temporary basis to fund the following:

- Current operating costs prior to the collection of revenues through the issuance of revenue or tax anticipation notes (RANS or TANS);
- Special Revenue, capital projects and enterprise fund costs incurred prior to obtaining permanent financing through the issuance of bond anticipation notes (BANS) and
- Federal and state aided capital projects and other program expenditures prior to receiving reimbursement through the issuance of federal and state aid anticipation notes (FAANS and SAANS).

Continued

CITY OF NEW BEDFORD, MASSACHUSETTS

Notes to the Financial Statements

June 30, 2011

Note 12. Debt (Continued)

A. Primary Government (Continued)

The City issued a \$16,000,000 Bond Anticipation Note, dated February 11, 2011, maturing February 10, 2012. This note was issued for the following:

\$ 1,000,000	Communication Equipment	\$ 15,000,000	Keith Middle School
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The City issued a \$7,392,500 Bond Anticipation Note, dated February 11, 2011, maturing February 10, 2012. This note was issued for Railroad Depot.

The City issued a \$6,612,625 Bond Anticipation Note, dated June 24, 2011, maturing February 10, 2012. This note was issued for the following:

\$ 31,000,000	Lincoln Elementary School	\$ 2,700,000	Building Remodeling & Maintenance
\$ 812,625	Airport Safety Insurance		

B. Long-Term Debt

C. Defeasance of Debt

In February 2008, the City issued \$22 million in General Obligation State Qualified Bonds with an average interest rate of 3.7% to advance refund \$21 million of outstanding 1998 and 2001 Series Bonds with an average interest rate of 4.6%. The net proceeds of \$22,969,719 (after payment of underwriting fees, insurance and other insurance costs) were used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the 1998 and 2001 bonds. As a result, the 1998 and 2001 bonds are considered to be defeased and the liability of those bonds has been removed from the government-wide statement of net assets.

In an attempt to take advantage of favorable interest rates, in April 2010 the City issued \$14.96 million in General Obligation State Qualified Bonds with an average interest rate of 4.0% to advance refund \$15.69 million of outstanding 2001 Series Bonds with an average interest rate of 5.0%. The net proceeds of \$16,955,393 (after payment of underwriting fees, insurance and other insurance costs) were used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the 2001 bonds. As a result, the 2001 bonds are considered to be defeased and the liability of those bonds has been removed from the government-wide statement of net assets.

The advance refunding of 2008 and 2010 resulted in a difference between the acquisition price and the net carrying amount of the old debt of \$1,939,000. This difference was reported in the accompanying financial statements as an addition to bonds payable and is being charged to operations through the year 2021 using the effective-interest method. The City completed the advance refunding to reduce its total debt service payments over the next 10 years and to obtain an economic gain (difference between the present values of the old and the new debt service payments) of \$1,877,713.

Through advance refunding, the city has defeased certain general obligation bonds by placing the proceeds of the new refunding bonds in an irrevocable escrow account to provide for all future debt service payments on the old bonds. As of June 30, 2011, \$47,360,000 of bonds outstanding are considered defeased in relation to the governmental funds.

Continued

CITY OF NEW BEDFORD, MASSACHUSETTS

Notes to the Financial Statements

June 30, 2011

Note 12. Debt (Continued)

D. Sources and Uses of Funds

The sources and uses of funds required for the transaction are shown below:

Sources

Principal amount of the Bonds	\$ 14,960,000
Original issue premium	2,010,252
Accrued interest	<u>155,000</u>
Total sources	<u>\$ 17,125,252</u>

Uses

Purchase price of the SLGS	\$
Purchased with bond proceeds	16,800,393
Purchased with Debt Service Funds	155,000
Beginning cash deposit to the escrow account	1
Underwriter's discount	70,460
Costs of issuance	95,350
Contingency	<u>4,048</u>
Total uses	<u>\$ 17,125,252</u>

CITY OF NEW BEDFORD, MASSACHUSETTS

Notes to the Financial Statements

June 30, 2011

Note 12. Debt (Continued)

The City has the following bond anticipation notes payable outstanding at June 30, 2011:

	<u>Balance 6/30/10</u>	<u>Additions Renewals</u>	<u>Retirements</u>	<u>Balance 6/30/11</u>	<u>Issuance Date</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Interest Paid</u>
Capital Projects:								
Bond Anticipation Note	\$ 21,000,000	\$ -	\$ 21,000,000	\$ -	02/12/10	02/11/11	1.75%	\$ 366,479
Bond Anticipation Note	-	6,612,625		6,612,625	06/24/11	02/10/12	1.50%	
Bond Anticipation Note	-	7,392,500		7,392,500	02/11/11	02/10/12	1.95%	
Bond Anticipation Note	-	16,000,000		16,000,000	02/11/11	02/10/12	1.50%	
Bond Anticipation Note	<u>7,431,250</u>		<u>7,431,250</u>	<u>-</u>	02/12/10	02/11/11	2.00%	<u>148,212</u>
Total Capital Projects	<u>\$ 28,431,250</u>	<u>\$ 30,005,125</u>	<u>\$ 28,431,250</u>	<u>\$ 30,005,125</u>				<u>\$ 514,691</u>
General Fund:								
Revenue Anticipation Note	\$ -	\$ 1,000,000	\$ 1,000,000	\$ -	09/24/10	06/30/11	1.25%	9,583
Revenue Anticipation Note		<u>11,000,000</u>	<u>11,000,000</u>	<u>-</u>	09/24/10	06/30/11	1.50%	<u>126,500</u>
Total General Fund	<u>\$ -</u>	<u>\$ 12,000,000</u>	<u>\$ 12,000,000</u>	<u>\$ -</u>				<u>\$ 136,083</u>
Total Primary Government	<u>\$ 28,431,250</u>	<u>\$ 42,005,125</u>	<u>\$ 40,431,250</u>	<u>\$ 30,005,125</u>				<u>\$ 650,774</u>

CITY OF NEW BEDFORD, MASSACHUSETTS

Notes to the Financial Statements

June 30, 2011

Note 12. Debt (Continued)

Changes in balances of long-term liabilities including current portion are as follows:

	Maturities Dates	Balance 06/30/10	Additions	Advance Refunding Net of Refunding	City Retirements	State Subsidies	Balances 06/30/11	Balance Due in 2012
Governmental Activities								
4.00-6.00% G.O. Bond	04/15/96-04/15/13	\$ 1,030,000	\$ -	\$ -	\$ 265,000	\$ -	\$ 765,000	\$ 260,000
4.60-5.80% Note	10/01/97-10/01/16	4,145,000			605,000		3,540,000	610,000
4.25-5.00% G.O. Bond	10/14/98-10/01/18	5,544,000			599,000		4,945,000	604,000
4.25-5.50% G.O. Bond	05/01/02-05/01/21	32,096,000			2,445,000		29,651,000	2,241,000
4.25-6.00% Revenue Refunding Bond	02/01/97-02/01/16	4,605,000			3,417	1,161,583	3,440,000	1,035,000
4.00-5.25% Revenue Bond	02/01/98-02/01/99	94,935,000			2,012,138	1,792,862	91,130,000	4,085,000
4.00-6.00% Revenue Bond	08/01/01-08/01/31	4,523,850			118,614	30,236	4,375,000	155,000
HUD 108 - 2003-A	02/01/04-08/01/22	1,370,000			105,000		1,265,000	105,000
3.125-5.00% State Qualified G.O. Bond	03/15/06-09/15/25	8,260,000			760,000		7,500,000	590,000
.85% Revenue Bond	07/15/06-07/15/25	500,451			26,807		473,644	27,349
.85% Revenue Bond	02/15/07-02/15/27	4,800,877			136,339		4,664,538	139,521
Pool 11 MWPAT 03-36A	03/18/09 - 7/15/2035	586,101			16,384		569,717	16,786
General Obligation State Qualified Bond	02/15/07-02/15/27	14,030,000			995,000		13,035,000	1,005,000
General Obligation Series A Bonds	02/14/08-10/1/2027	13,020,000			595,000		12,425,000	605,000
General Obligation Series A Bonds	02/14/08-10/1/2022	3,790,000			5,000		3,785,000	335,000
General Obligation State Qualified 2010	02/11/10-06/30/35	3,944,750			274,750		3,670,000	285,000
General Obligation State Qualified	03/18/09-07/15/28	950,000			85,000		865,000	85,000
2.4 % Revenue Bond	07/08/10-07/15/2040		6,628,741		-		6,628,741	152,699
Compensated Absences		16,429,923			954,936		15,474,987	5,136,411
Capital Leases, restated		94,554			31,899		62,655	31,899
Total governmental activities		\$ 214,655,506	\$ 6,628,741	\$ -	\$ 10,034,284	\$ 2,984,681	\$ 208,265,282	\$ 17,504,665

CITY OF NEW BEDFORD, MASSACHUSETTS

Notes to the Financial Statements

June 30, 2011

Note 12. Debt (Continued)

Changes in balances of long-term liabilities including current portion are as follows (continued):

	Maturities Dates	Balance 06/30/10	Additions	Advance Refunding Net of Refunding	City Retirements	State Subsidies	Balances 06/30/11	Balance Due in 2012
Business-Type Activities								
4.00-6.00% G.O. Bond	04/15/96-04/15/13	\$ 2,060,000	\$ -	\$ -	\$ 315,000	\$ -	\$ 1,745,000	\$ 325,000
4.25-5.50% G.O. Bond	05/01/02-05/01/21	1,180,000			111,000		1,069,000	105,000
.85% Revenue Bond	08/01/03-08/01/24	1,688,675			82,711	24,823	1,581,141	109,743
.85% Revenue Bond	02/01/05-08/01/24	1,704,929			88,495		1,616,434	90,910
.85% Revenue Bond	02/01/05-08/01/24	3,357,836			174,993		3,182,843	179,759
2% MWPAT Bond	12/14/06 - 7/15/26	357,507			17,834		339,673	18,195
2% MWPAT Bond	12/14/06-07/15/26	5,295,586			264,175		5,031,411	269,513
.85% Revenue Bond	12/14/06-07/15/26	7,682,530			335,716		7,346,814	342,498
General Obligation State Qualified 2010	03/18/09-07/15/28	10,626,250			246,250		10,380,000	285,000
Compensated Absences		464,145	51,989				516,134	279,927
Capital Leases, restated		43,604			21,220		22,384	0
Total business-type activities		34,461,062	51,989	0	1,657,394	24,823	32,830,834	2,005,545
Total governmental plus business-type activities		\$ 249,116,568	\$ 6,680,730	\$ -	\$ 11,691,678	\$ 3,009,504	\$ 241,096,116	\$ 19,510,210

In prior years the general fund, wastewater, water and the library special revenue funds have been used to liquidate long-term debt.

CITY OF NEW BEDFORD, MASSACHUSETTS

Notes to the Financial Statements

June 30, 2011

Note 12. Debt (Continued)

Debt service requirements to maturity for long-term debt:

	Total Principal	Total Interest	Total Debt	Less: Total Subsidized Payments (MWPAT)	Total City Debt Service
2012	\$ 14,061,973	\$ 9,997,559	\$ 24,059,532	\$ 6,028,405	\$ 18,031,127
2013	14,283,098	9,278,927	23,562,025	5,894,859	17,667,166
2014	15,128,623	8,367,284	23,495,907	5,681,306	17,814,601
2015	15,208,429	7,736,660	22,945,089	5,541,476	17,403,613
2016	15,574,211	7,079,570	22,653,781	5,390,552	17,263,229
2017	15,543,400	6,444,984	21,988,384	5,255,470	16,732,914
2018	15,311,377	5,760,915	21,072,292	5,096,208	15,976,084
2019	15,711,548	5,168,299	20,879,847	4,956,886	15,922,961
2020	15,517,219	4,313,404	19,830,623	4,825,560	15,005,063
2021	15,248,411	3,438,576	18,686,987	4,683,318	14,003,669
2022	11,745,129	2,558,747	14,303,876	4,537,905	9,765,971
2023	11,712,389	2,057,778	13,770,167	4,386,180	9,383,987
2024	11,605,909	1,567,209	13,173,118	4,190,002	8,983,116
2025	11,882,586	1,035,136	12,917,722	4,067,070	8,850,652
2026	10,919,992	775,874	11,695,866	4,068,939	7,626,927
2027	2,810,918	492,175	3,303,093	121,471	3,181,622
2028	1,792,401	412,651	2,205,052	115,849	2,089,203
2029	1,737,691	354,652	2,092,343	110,068	1,982,275
2030	1,302,513	301,259	1,603,772	104,072	1,499,700
2031	1,338,795	250,937	1,589,732	93,138	1,496,594
2032	1,080,347	206,073	1,286,420	-	1,286,420
2033	1,127,175	167,920	1,295,095	-	1,295,095
2034	1,164,285	127,290	1,291,575	-	1,291,575
2035	1,206,684	85,220	1,291,904	-	1,291,904
2036	544,381	41,475	585,856	-	585,856
2037	278,244	31,713	309,957	-	309,957
2038	285,003	24,954	309,957	-	309,957
2039	291,926	18,031	309,957	-	309,957
2040	299,018	10,939	309,957	-	309,957
2041	306,281	3,675	309,956	-	309,956
2042	-	-	-	-	-
	<u>\$ 225,019,956</u>	<u>\$ 78,109,886</u>	<u>\$ 303,129,842</u>	<u>\$ 75,148,734</u>	<u>\$ 227,981,108</u>

Debt service requirements to maturity for short-term debt:

	Total Principal	Total Interest	Total Debt
2012	<u>\$ 30,005,125</u>	<u>\$ 445,356</u>	<u>\$ 30,450,481</u>

Continued

CITY OF NEW BEDFORD, MASSACHUSETTS

Notes to the Financial Statements

June 30, 2011

Note 12. Debt (Continued)

Authorized and unissued debt at June 30, 2011, is as follows:

Purpose	Date Authorized	Original Amount Authorized	FY10 Authorized/ Unissued	Restatement of Authorized/ Unissued	Prior Year Issued/Retired Rescinded Paid	Restated FY10 Authorized/ Unissued
WW Treatment Facility	8/27/90	\$ 14,000,000	\$ 9,000,000	\$ -	\$ -	\$ 9,000,000
WW Treatment Facility	6/21/91	224,300,000	73,215,000			73,215,000
Normandin Middle School	5/1/00	39,200,000	558,004			558,004
Keith Middle School	5/1/00	53,784,000	38,784,000			38,784,000
Land Development	3/1/01	480,000	215,000			215,000
Keith Middle School	8/1/01	11,659,600	9,622,656			9,622,656
Campbell Elementary/Middle School	5/1/02	47,200,000	45,700,000			45,700,000
Winslow Elementary School	5/1/02	17,000,000	16,000,000			16,000,000
Water Projects	7/1/02	8,455,000	1,755,448			1,755,448
DeValles Elementary School	6/1/03	11,000,000	10,680,000			10,680,000
Sewer Separation	6/1/03	2,850,000	274,644	2,575,356		2,850,000
West End Sewer Separation	6/25/04	21,608,000	21,282,644			21,282,644
West End Sewer Separation Phase V	7/27/05	2,500,000	290,029			290,029
Mount Pleasant Street/Sawyer Street Area Project	8/23/05	2,500,000	2,500,000			2,500,000
Hannigan School	9/14/06	3,000,000	3,000,000			3,000,000
Keith Middle School - Contamination Cleanup	12/1/06	34,564,165	34,564,165			34,564,165
Brooks Elementary School	12/21/06	21,766,800	20,766,800			20,766,800
Lincoln Elementary School	12/21/06	26,105,200	3,610,734			3,610,734
Quittacas Infrastructure Energy	7/16/09	5,500,000	516,047			516,047
Repair Bond	7/23/09	3,000,000	2,000,000			2,000,000
Communication Bond	3/16/11	1,000,000				
Airport Improvement Bond	12/10/10	16,583,000	-			-
High Hill & Quittacas	6/14/01	845,450	-	845,450	(804,850)	40,600
MWPATDW-00-12	11/26/02	2,440,553	-	2,440,553	(2,336,890)	103,663
		<u>\$571,341,768</u>	<u>\$ 294,335,171</u>	<u>\$ 5,861,359</u>	<u>\$ (3,141,740)</u>	<u>\$ 297,054,790</u>

CITY OF NEW BEDFORD, MASSACHUSETTS

Notes to the Financial Statements

June 30, 2011

Note 12. Debt (Continued)

Authorized and unissued debt at June 30, 2011, is as follows (continued):

Purpose	Current Year				Net Unissued
	FY11 Authorized	Issued/ Retired Rescinded	Less: Outstanding BANS	FY11 Payment	
WW Treatment Facility	\$ -	\$ -	\$ -	\$ -	\$ 9,000,000
WW Treatment Facility					73,215,000
Normandin Middle School					558,004
Keith Middle School		(23,784,000)	(15,000,000)		-
Land Development					215,000
Keith Middle School		(9,622,656)			-
Campbell Elementary/Middle School					45,700,000
Winslow Elementary School					16,000,000
Water Projects					1,755,448
DeValles Elementary School					10,680,000
Sewer Separation					2,850,000
West End Sewer Separation					21,282,644
West End Sewer Separation Phase V					290,029
Mount Pleasant Street/Sawyer Street Area Project					2,500,000
Hannigan School					3,000,000
Keith Middle School - Contamination Cleanup		(13,956,708)	(7,392,500)		13,214,957
Brooks Elementary School					20,766,800
Lincoln Elementary School		(156,749)	(3,100,000)		353,985
Quittacas Infrastructure Energy					516,047
Repair Bond			(1,700,000)		300,000
Communication Bond	1,000,000		(1,000,000)		-
Airport Improvement Bond	16,583,000		(812,625)		15,770,375
High Hill & Quittacas					40,600
MWPATDW-00-12					103,663
	<u>\$ -</u>	<u>\$(47,520,113)</u>	<u>\$ (29,005,125)</u>	<u>\$ -</u>	<u>\$ 238,112,552</u>

CITY OF NEW BEDFORD, MASSACHUSETTS

Notes to the Financial Statements

June 30, 2011

Note 13. Fund Balance Classification Details

The components of fund balance for the City's governmental funds as of June 30, 2011 are as follows:

	Major Funds		Non-Major Funds				Total
	General Fund	Wastewater	Special Revenue	Capital Projects	Nonexpendable Trusts	Expendable Trusts	
Fund Balances:							
Nonspendable:							
Long-term receivable - discretely presented component units	\$ 1,986,974	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,986,974
Deposits held	3,347						3,347
Corpus of cemetery perpetual care fund					4,016,748		4,016,748
Corpus of other endowment funds					1,110,663		1,110,663
Inventory		71,476					71,476
Land Inventory			246,918				246,918
Restricted for:							
General government activity			341,909		7,684		349,593
Public safety operations			502,868				502,868
Educational purposes			329,383		574,857	5,586	909,826
Public works			11,007				11,007
Community housing and development			622,594				622,594
Health and human services			237,431			-	237,431
Municipal airport			9,941				9,941
Recreational and other purposes			154,870		1,942,585	4,294	2,101,749
Zoo						56	56
New Bedford cable access			2,283,585				2,283,585
Cemetery perpetual care			384,246				384,246
Sullivan's ledge escrow			994,778				994,778
Municipal waterways improvement			152,648				152,648
School lunch operations			1,465,858				1,465,858
Special education instructional and tuition costs			298,405				298,405
Library			267,657				267,657
Normandin middle school construction project				77,097			77,097
Route 18 rehabilitation project				148,121			148,121
Wastewater debt service		2,834,748					2,834,748
Wastewater renewal and replacement		1,554,253					1,554,253
Highways			1,369				1,369

CITY OF NEW BEDFORD, MASSACHUSETTS

Notes to the Financial Statements

June 30, 2011

Note 13. Fund Balance Classification Details (Continued)

The components of fund balance for the City's governmental funds as of June 30, 2011 are as follows:

	Major Funds		Non-Major Funds			Total
	General Fund	Wastewater	Special Revenue	Capital Projects	Nonexpendable Trusts	
Committed to:						
Economic stabilization	\$ 5,726,798	\$ -	\$ -	\$ -	\$ -	\$ -
Emergency board-up of vacant buildings			122,185			
Maintenance and operation of the NB Railyard and Rail Crossing			101,429			
Equipment purchases				455		
Autometer read project				581,661		
Landfill closure project				22,244		
River road project				11,690		
DPI sewer project				174,620		
West end cement lining project				14,803		
Parking garage rehab project				18,247		
Wastewater special projects		1,488,824				
Wastewater operations		2,369,007				
Assigned to:						
Emergency Medical Services	7,519					
Wastewater End Pressure				1,109		
Unassigned:	12,445,904		(34,348)	(28,414,592)	(511,769)	(16,514,805)
	<u>\$ 20,170,542</u>	<u>\$ 8,318,308</u>	<u>\$ 8,494,733</u>	<u>\$ (27,364,545)</u>	<u>\$ 7,140,768</u>	<u>\$ 9,936</u>
						<u>\$ 16,769,742</u>

At June 30, 2011, the balance of the stabilization fund is \$5,726,798 and is reported as committed fund balance within the general fund. The stabilization fund balance can be used for economic stabilization purposes upon approval of the City Council.

At June 30, 2011, significant negative unassigned balances are reported within the capital projects funds. This can be attributed to the city's short-term borrowing within those funds combined with the changes in fund balance classifications required by GASB 54. These negative balances will be alleviated by the proceeds from future long-term borrowing that relate to these projects.

CITY OF NEW BEDFORD, MASSACHUSETTS

Notes to the Financial Statements

June 30, 2011

Note 14. Fund Deficit

The components of fund balance for the City's governmental funds as of June 30, 2011 are as follows:

Capital Project Funds:	<u>Fund Deficit</u>	<u>Less MWPAT Interim Loan O/S & BAN's O/S</u>	<u>Net Deficit</u>
Building R&M 2.9 Mill Bond	\$ 1,206,164	\$ (2,700,000)	\$
Keith Middle School	12,082,729	(15,000,000)	
Lincoln Elementary School	3,012,607	(3,100,000)	
Railroad Depot	6,714,067	(7,392,500)	
19.3 SRF-CSO Project	3,578,896	(9,149,283)	
5.5M SRF QTP Energy Improv	1,704,365	(1,910,778)	
Sea Lab	381		381 *
Airport Safety Insurance	<u>115,381</u>	<u>(812,625)</u>	<u> </u>
Total Capital Projects Funds	<u>\$ 28,414,592</u>	<u>\$ (40,065,186)</u>	<u>\$ 136,352</u>
 Special Revenue:			
Federal & State Grants:			
VAWA Stop FFY10	\$ 660	\$	\$ 660 *
ATF Operation OT	169		169 *
Recovery Act Bryne JAG FFY09	1,850		1,850 *
MA Municipal Police Staffing Grant	116		116 *
Underage Alcohol Enforcement Grant	43		43 *
AFG Dispatch CAD	28,304		28,304 *
NB Brownfield Assessment Grant	<u>2,262</u>	<u> </u>	<u>2,262 *</u>
Total Federal & State Grants	<u>\$ 33,404</u>	<u> </u>	<u>\$ 33,404</u>

* The deficit will require a future administrative plan to fund this deficit and eliminate it.

** The deficit will be eliminated by future bond issuance.

*** The deficit will be eliminated by reimbursements from the Commonwealth of Massachusetts or the federal government.

CITY OF NEW BEDFORD, MASSACHUSETTS

Notes to the Financial Statements

June 30, 2011

Note 14. Fund Deficit (Continued)

<u>Fund Name</u>	<u>Fund Deficit</u>	<u>Less MWPAT Interim Loan O/S & BAN's O/S</u>	<u>Net Deficit</u>
School Grants:			
Career Majors	\$ <u>101</u>	\$ -	\$ <u>101</u> *
Total School Grants	\$ <u>101</u>	\$ -	\$ <u>101</u>
Other Special Revenue			
School Athletics Revolving	\$ <u>843</u>	\$ -	\$ <u>843</u> *
Total Other Special Revenue	\$ <u>843</u>	\$ -	\$ <u>843</u>
Total Special Revenue	\$ <u>34,348</u>	\$ -	\$ <u>34,348</u>
Total Fund Equity	\$ <u>28,448,940</u>	\$ <u>(40,065,186)</u>	\$ <u>34,729</u>

* The deficit will require a future administrative plan to fund this deficit and eliminate.

CITY OF NEW BEDFORD, MASSACHUSETTS

Notes to the Financial Statements

June 30, 2011

Note 15. Restatement

In some instances beginning fund balance/net assets have been restated as a result of adjustments made to correct or reclassify prior year balances. Such adjustments, summarized by fund type are as follows:

Governmental Funds:

	General Fund	Capital Projects
Beginning balance, July 1, 2010	\$ 17,556,484	\$ (16,525,571)
To restate fund balance for prior year cash variance	(16,298)	
To restate amount due to CONB from NBRA to actual at year end	(28,228)	
To correct ARRA reimbursements in CSO and Quitticas Projects		(3,284,549)
Beginning balance, July 1, 2010, restated	\$ 17,511,958	\$ (19,810,120)

Proprietary Funds:

	Airport	Water
Beginning balance, July 1, 2010	\$ 7,336,176	\$ 25,501,622
To restate capital assets to actual at year end		(8,497)
To correct capital leases		16,890
To correct long-term debt balance at beginning of year		(48,000)
Beginning balance, July 1, 2010, restated	\$ 7,336,176	\$ 25,462,015

CITY OF NEW BEDFORD, MASSACHUSETTS

Notes to the Financial Statements

June 30, 2011

Note 15. Restatement (Continued)

The following were the restatements that occurred at the Government-Wide level. This includes the adjustments above plus any additional adjustments.

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Beginning balance, July 1, 2010	\$ 114,404,125	\$ 32,837,798
Restatements, per above	(3,329,075)	(39,607)
To correct long-term debt balance at beginning of year	48,000	
To correct capital leases	(94,554)	
To restate capital assets at beginning of year	<u>(1,371,508)</u>	
Beginning balance, July 1, 2010, restated	<u>\$ 109,656,988</u>	<u>\$ 32,798,191</u>

Note 16. Risk Management

The City is exposed to various risks of loss related to general liability, property and casualty, workers' compensation, unemployment and employee health and life insurance claims.

Buildings are fully insured against fire, theft, and natural disaster to the extent that losses exceed \$100,000 per incident. The City is self insured for other general liability; however, Chapter 258 of the MGL limits the liability to a maximum of \$100,000 per claimant in all matters except actions relating to Federal civil rights, eminent domain and breach of contract. The City is also self-insured for unemployment and workers' compensation.

The City provides a variety of health benefits to employees. The partially self-insured Harvard plans paid through an established internal service fund based on total claims. Employees contribute 25% of the cost of healthcare with the remainder paid by the City. The City also provides health and life insurance benefits to certain retirees, as discussed in note 7.

Liabilities for self-insured judgments and claims are recorded in the entity wide financial statements if it is probable that a loss has been incurred and the amount can be reasonably estimated. The City accounts for its self-insurance costs that have matured in the general, wastewater, water and airport funds in the fund-basis statements.

The City has established a liability for health claims based on actual amounts paid two months subsequent to year-end (provided by the third-party administrator) and an estimate of future claims based on historical trends.

The City has established a liability for judgments and claims on a case-by-case review of all known claims, estimates of losses incurred but not reported, incremental costs incurred only because of claims, historical trends of previous years, and attorneys' estimates of pending matters and lawsuits in which the City is involved.

CITY OF NEW BEDFORD, MASSACHUSETTS

Notes to the Financial Statements

June 30, 2011

Note 16. Risk Management (Continued)

Changes in the self insurance liability for the year ended June 30, 2011 is as follows:

Health Claims, Beginning of Year	\$ 3,740,782
Incurred Claims	48,993,302
Payments of claims attributable to events of the fiscal year:	
Health	<u>(50,419,939)</u>
Health Claims, End of Year	<u>\$ 2,314,145</u>

There are numerous cases pending in courts throughout the Commonwealth, where the City of New Bedford is a defendant. In the opinion of the City Solicitor, none of the pending litigation is likely to result in final judgments against the City that would materially affect its financial position.

Note 17. Subsequent Events

For purposes of determining the effects of subsequent events on these financial statements, management has evaluated events subsequent to June 30, 2011 and through March 7, 2012, the date on which the financial statements were available to be issued.

On Oct. 27, 2011 Governor Deval Patrick signed a \$169 million supplemental budget bill that provides significant investments in job creation projects across the Commonwealth and delivers \$65 million in local aid to cities and towns. The City received \$1,406,840 from this supplemental budget.

On December 22, 2011 based on unaudited balance sheets the Department of Revenue certified "free cash" as of July 1, 2011 for the general fund in the amount of \$1,313,236; for the water enterprise fund in the amount of \$1,881,099; airport enterprise fund in the amount of \$164,325. This certification was in accordance with the provisions of Massachusetts General Laws Chapter 59, section 23, as amended.

The City sold the following General Obligation Bond Anticipation Notes dated February 10, 2012:

\$7,353,000 Bond Anticipation Notes (Series A - Renewal - Taxable) payable June 15, 2012. Interest will be computed on a 30-day month, 360-day year basis (207/360).

\$4,100,000 Bond Anticipation Notes (Series B - Renewal - Tax Exempt) payable June 15, 2012. Interest will be computed on a 30-day month, 360-day year basis (207/360).

\$26,262,625 Bond Anticipation Notes (Series C - New Money and Renewal - Tax Exempt) payable February 8, 2013. Interest will be computed on a 30-day month, 360-day year basis (358/360).

CITY OF NEW BEDFORD, MASSACHUSETTS

Required Supplementary Information
Schedule of Revenues and Expenditures - (Non-GAAP Budgetary Basis)
Budget and Actual - General Fund

For the Year Ended June 30, 2011

	<u>Original Budget</u>	<u>Additional</u>				<u>Encumbrances</u>	<u>Variance</u>
	<u>Encumbrances</u>	<u>Budget</u>	<u>Appropriations</u>	<u>Total</u>	<u>Actual</u>	<u>Carried</u>	<u>Favorable</u>
	<u>Forward</u>	<u>As</u>	<u>and</u>	<u>Budgeted</u>		<u>Forward</u>	<u>(Unfavorable)</u>
		<u>Adopted</u>	<u>Transfers</u>				
Revenues:							
<i>Tax collections net of refunds:</i>							
Real estate and personal property taxes	\$ -	\$ 91,349,635	\$ 386,200	\$ 91,735,835	\$ 91,735,835	\$ -	\$ -
<i>Local Receipts:</i>							
Motor vehicle excise		5,061,467	218,533	5,280,000	5,480,893		200,893
Other excise collections		342,100	515,923	858,023	884,526		26,503
Penalties and interest		1,105,500	152,500	1,258,000	1,171,587		(86,413)
Payments in lieu of taxes		190,000	(40,000)	150,000	243,203		93,203
Charges for services:							
Trash		2,600	200	2,800	4,313		1,513
Departmental:							
School		2,105,000	(45,000)	2,060,000	1,819,265		(240,735)
Library		17,000	1,900	18,900	15,497		(3,403)
Cemeteries		519,963	(24,000)	495,963	349,033		(146,930)
Traffic		1,400,000	12,250	1,412,250	1,683,623		271,373
Other		9,887,237	756,448	10,643,685	11,063,273		419,588
Fines and forfeitures		200,000	-	200,000	182,871		(17,129)
Licenses and permits		2,228,000	22,000	2,250,000	2,043,090		(206,910)
Indirects		1,015,000	45,000	1,060,000	1,058,366		(1,634)
Earnings on investments		130,000	(55,000)	75,000	77,612		2,612
Miscellaneous recurring		75,000		75,000	198,072		123,072
Miscellaneous non-recurring			(48,000)	(48,000)	94,329		142,329
<i>Special assessments & betterments</i>			290	290	442		152
<i>Governmental revenue:</i>				-			
Federal				-	33,974		33,974
State		132,771,069	(1,016,409)	131,754,660	131,503,859		(250,801)
Total revenues	\$ -	\$ 248,399,571	\$ 882,835	\$ 249,282,406	\$ 249,643,663		\$ 361,257

See accompanying independent auditor's report and notes to required supplementary information

CITY OF NEW BEDFORD, MASSACHUSETTS

Required Supplementary Information
Schedule of Revenues and Expenditures - (Non-GAAP Budgetary Basis)
Budget and Actual - General Fund

For the Year Ended June 30, 2011

	<u>Original Budget</u>		<u>Additional Appropriations and Transfers</u>	<u>Total Budgeted</u>	<u>Actual</u>	<u>Encumbrances Carried Forward</u>	<u>Variance Favorable (Unfavorable)</u>
	<u>Encumbrances Carried Forward</u>	<u>Budget As Adopted</u>					
Expenditures:							
General government	\$ 350	\$ 5,577,950	\$ (20,876)	\$ 5,557,424	\$ 5,420,252	\$ -	\$ 137,172
General government unclassified:	-	7,240,937	1,225,157	8,466,094	8,405,625	-	60,469
Public safety:							
Police		21,279,128	740,314	22,019,442	21,356,708		662,734
Fire		13,205,716	35,300	13,241,016	13,228,596		12,420
EMS		2,064,469	195,750	2,260,219	2,221,575	7,519	31,125
Inspector of Buildings		598,480	(35,800)	562,680	554,578		8,102
Public works and facilities:							
Health and sanitation operations		773,527	35,945	809,472	809,472		-
Highways and streets		1,139,394	46,000	1,185,394	1,119,495		65,899
Public Facilities		9,596,255	164,406	9,760,661	9,678,396		82,265
Snow removal		300,000	131,908	431,908	431,908		-
Education:							
School Department		102,582,495	(1,500,000)	101,082,495	101,082,495		-
Other		4,573,560	-	4,573,560	4,573,560		-
Human services	1,689	3,813,350	507,350	4,322,389	4,274,537		47,852
Culture and recreation		3,126,526	(120,120)	3,006,406	2,908,286		98,120
Zoo		948,210	23,400	971,610	967,597		4,013
Debt service		9,546,758	7,646	9,554,404	9,407,047		147,357
Health and Life Insurance		36,150,000	1,450,000	37,600,000	37,578,612		21,388
Pension		22,048,522	30,681	22,079,203	22,079,203		-
Intergovernmental expenditures		7,124,015	(72,877)	7,051,138	7,046,706		4,432
Total expenditures	\$ 2,039	\$ 251,689,292	\$ 2,844,184	\$ 254,535,515	\$ 253,144,648	\$ 7,519	\$ 1,383,348
Excess (deficiency) of revenues over expenditures	\$ (2,039)	\$ (3,289,721)	\$ (1,961,349)	\$ (5,253,109)	\$ (3,500,985)	\$ (7,519)	\$ 1,744,605

See accompanying independent auditor's report and notes to required supplementary information

CITY OF NEW BEDFORD, MASSACHUSETTS

Required Supplementary Information
 Schedule of Revenues and Expenditures - (Non-GAAP Budgetary Basis)
 Budget and Actual - General Fund

For the Year Ended June 30, 2011

	<u>Original Budget</u>		<u>Additional</u>			<u>Encumbrances</u>	<u>Variance</u>
	<u>Encumbrances</u>	<u>Budget</u>	<u>Appropriations</u>	<u>Total</u>	<u>Actual</u>	<u>Carried</u>	<u>Favorable</u>
	<u>Carried</u>	<u>As</u>	<u>and</u>	<u>Budgeted</u>		<u>Forward</u>	<u>(Unfavorable)</u>
	<u>Forward</u>	<u>Adopted</u>	<u>Transfers</u>				
Other financing sources and (uses):							
Operating Transfers In	\$ -	\$ 3,289,721	\$ 2,170,535	\$ 5,460,256	\$ 5,368,143	\$ -	\$ (92,113)
Operating Transfers Out			(3,395,789)	(3,395,789)	(3,199,535)		196,254
Free Cash		-	3,199,535	3,199,535			(3,199,535)
Appropriation Deficit		-	(10,580)	(10,580)	-		10,580
Fund Deficits		-	(276)	(276)	(276)		-
Bills of Prior Years			(2,076)	(2,076)	-		2,076
Total Other financing sources and (uses)	\$ -	\$ 3,289,721	\$ 1,961,349	\$ 5,251,070	\$ 2,168,332	\$ -	\$ (3,082,738)
Excess (deficiency) of revenues and other sources over expenditures and other uses	\$ (2,039)	\$ -	\$ -	\$ (2,039)	\$ (1,332,653)	\$ (7,519)	\$ (1,338,133)

See accompanying independent auditor's report and notes to required supplementary information

CITY OF NEW BEDFORD, MASSACHUSETTS

Required Supplementary Information
 Schedule of Revenues and Expenditures - (Non-GAAP Budgetary Basis)
 Budget and Actual - Water Enterprise Fund

For the Year Ended June 30, 2011

	<u>Original Budget</u>		<u>Additional</u>	<u>Available for</u>	<u>Actual</u>	<u>Encumbrances</u>	<u>Variance</u>
	<u>Carried</u>	<u>Budget</u>	<u>Appropriations</u>	<u>Current Year</u>		<u>Carried</u>	<u>Favorable</u>
	<u>Forward</u>	<u>As</u>	<u>and</u>	<u>Expenditures</u>		<u>Forward</u>	<u>(Unfavorable)</u>
		<u>Adopted</u>	<u>Transfers</u>				
Revenues:							
Charges for services	\$ -	\$ 10,357,412	\$ -	\$ 10,357,412	11,176,592	\$ -	\$ 819,180
Utility liens and penalties		1,600		1,600	53,827		52,227
Other		16,200		16,200	66,185		49,985
Total Revenues	-	10,375,212	-	10,375,212	11,296,604	-	921,392
Expenditures:							
Salaries and Wages		2,727,650	-	2,727,650	2,667,549		60,101
Charges for Services	-	1,474,500	-	1,474,500	1,460,096		14,404
Materials and Supplies		1,034,500	-	1,034,500	944,909		89,591
Capital Outlay	-	463,000	-	463,000	75,354		387,646
Debt Service		2,709,458	-	2,709,458	2,673,713		35,745
Total Expenditures	-	8,409,108	-	8,409,108	7,821,621	-	587,487
Excess (deficiency) of revenues over expenditures	-	1,966,104	-	1,966,104	3,474,983	-	1,508,879
Other financing sources and (uses):							
Operating Transfers In			2,590,861	2,590,861			(2,590,861)
Operating Transfers Out		(1,966,104)	(2,590,861)	(4,556,965)	(4,273,405)		283,560
Total Other financing sources and (uses)	-	(1,966,104)	-	(1,966,104)	(4,273,405)	-	(2,307,301)
Excess (deficiency) of revenues and other sources over expenditures and other uses	\$ -	\$ -	\$ -	\$ -	\$ (798,422)	\$ -	\$ (798,422)

See accompanying independent auditor's report and notes to required supplementary information

CITY OF NEW BEDFORD, MASSACHUSETTS

Required Supplementary Information
 Schedule of Revenues and Expenditures - (Non-GAAP Budgetary Basis)
 Budget and Actual - Airport Enterprise Fund

For the Year Ended June 30, 2011

	<u>Original Budget</u>						
	<u>Encumbrances Carried Forward</u>	<u>Budget As Adopted</u>	<u>Additional Appropriations and Transfers</u>	<u>Available for Current Year Expenditures</u>	<u>Actual</u>	<u>Encumbrances Carried Forward</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:							
Charges for services	\$ -	\$ 587,965	\$ 96,000	\$ 683,965	\$ 730,369	\$ -	\$ 46,404
Total Revenues	-	587,965	96,000	683,965	730,369	-	46,404
Expenditures:							
Salaries and Wages		225,379	34,000	259,379	255,594		3,785
Charges for Services		127,201	9,900	137,101	128,194		8,907
Materials and Supplies		40,075	9,100	49,175	44,304		4,871
Total Expenditures	-	392,655	53,000	445,655	428,092	-	17,563
Excess (deficiency) of revenues over expen	-	195,310	43,000	238,310	302,277	-	63,967
Other financing sources and (uses):							
Operating Transfers In		-	-	-	-		-
Operating Transfers Out		(195,310)	(43,000)	(238,310)	(183,519)		54,791
Total Other financing sources and (uses)	-	(195,310)	(43,000)	(238,310)	(183,519)	-	54,791
Excess (deficiency) of revenues and other sources over expenditures and other uses	\$ -	\$ -	\$ -	\$ -	\$ 118,758	\$ -	\$ 118,758

See accompanying independent auditor's report and notes to required supplementary information

CITY OF NEW BEDFORD, MASSACHUSETTS

Required Supplementary Information
 Schedule of Revenues and Expenditures - (Non-GAAP Budgetary Basis)
 Budget and Actual - Wastewater Treatment Plant Special Revenue Fund

For the Year Ended June 30, 2011

	<u>Original Budget</u>						
	<u>Encumbrances Carried Forward</u>	<u>Budget As Adopted</u>	<u>Appropriations and Transfers</u>	<u>Available for Current Year Expenditures</u>	<u>Actual</u>	<u>Encumbrances Carried Forward</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:							
Charges for services	\$ -	\$18,195,475	\$ -	\$18,195,475	\$18,916,189	\$ -	\$ 720,714
Earnings on investments				-	172,597		172,597
Other Departmental				-	349,129		349,129
Total Revenues		<u>18,195,475</u>	<u>-</u>	<u>18,195,475</u>	<u>19,437,915</u>		<u>1,242,440</u>
Expenditures:							
Salaries and Wages		1,674,000		1,674,000	1,560,191	-	113,809
Charges for Services		8,524,482		8,524,482	8,738,944	-	(214,462)
Materials and Supplies	4,137	407,000		411,137	389,839	-	21,298
Capital Outlay		430,000		430,000	213,235	-	216,765
Debt Service		1,664,636		1,664,636	1,588,690	-	75,946
Total Expenditures	<u>4,137</u>	<u>12,700,118</u>	<u>-</u>	<u>12,704,255</u>	<u>12,490,899</u>	<u>-</u>	<u>213,356</u>
Excess (deficiency) of revenues over expenditures	(4,137)	5,495,357	-	5,491,220	6,947,016	-	1,455,796
Other financing sources and (uses):							
Operating Transfers In			-	-	-		-
Operating Transfers Out		(5,495,357)	-	(5,495,357)	(6,335,568)		(840,211)
Total Other financing sources and (uses)	<u>-</u>	<u>(5,495,357)</u>	<u>-</u>	<u>(5,495,357)</u>	<u>(6,335,568)</u>		<u>(840,211)</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	<u>\$ (4,137)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (4,137)</u>	<u>\$ 611,448</u>	<u>\$ -</u>	<u>\$ 615,585</u>

See accompanying independent auditor's report and notes to required supplementary information

CITY OF NEW BEDFORD, MASSACHUSETTS

Required Supplementary Information
Notes to Schedule of Revenues, Expenditures/Expenses and Changes
in Fund Balance - Budget and Actual - Budgetary Basis

For the Year Ended June 30, 2011

Budgetary - GAAP Reporting Reconciliation

The accompanying Combined Statement of Revenues, Expenditures or Expenses - Budget and Actual (Non-GAAP Budgetary Basis) - General Fund, Water and Airport Enterprise Funds and Wastewater Treatment Plant Special Revenue Fund are presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major difference between the budgetary basis and the Generally Accepted Accounting Principles ("GAAP") basis are that:

- A) Revenues are recorded when received in cash (budgetary basis) as opposed to when susceptible to accrual (GAAP basis), except for real estate and personal property taxes which are recorded when committed;
- B) Expenditures/expenses are recorded when paid in cash (budgetary basis) as opposed to when liability is incurred (GAAP basis);
- C) Encumbrances are reported as expenditures/expenses (budgetary basis) as opposed to a reservation of fund balance (GAAP basis).

Therefore, timing, perspective, and entity differences in the excess (deficiency) of revenues and other sources of financial resources and expenditures and other uses for the year ended June 30, 2011 are as follows:

	<u>Government Funds</u>		<u>Enterprise Funds</u>	
	<u>General Fund</u>	<u>Special Revenue Wastewater Operating</u>	<u>Water</u>	<u>Airport</u>
Revenues and other financing sources:				
GAAP Basis	\$ 282,398,668	\$ 19,416,830	\$ 11,716,331	\$ 4,484,300
Adjustments:				
Increase in real estate and personal property taxes to full accrual	1,536,049			
Reversal of deferred revenue			(419,727)	
Change in 60 day accrual	2,302			
Unbudgeted MTRB on-behalf payments	(28,933,816)			
Recognition of deferred revenue				2,406
Change in the allowance for bad debts				449
Revenue used to reimburse expenditures	8,664			(3,756,786)
Unbudgeted transfers	(61)	21,085		
Budgetary Basis	<u>\$ 255,011,806</u>	<u>\$ 19,437,915</u>	<u>\$ 11,296,604</u>	<u>\$ 730,369</u>

See accompanying independent auditors' report

CITY OF NEW BEDFORD, MASSACHUSETTS

Required Supplementary Information
Notes to Schedule of Revenues, Expenditures/Expenses and Changes
in Fund Balance - Budget and Actual - Budgetary Basis

For the Year Ended June 30, 2011

Budgetary - GAAP Reporting Reconciliation (continued)

	Government Funds		Enterprise Funds	
	General Fund	Special Revenue Wastewater Operating	Water	Airport
Expenditures and other financing uses:				
GAAP Basis	\$ 285,466,882	\$ 18,836,657	\$ 13,333,861	\$ 1,014,009
Adjustments:				
Unbudgeted MTRB on-behalf payments	(28,933,816)			
Unbudgeted transfers out	(196,254)			
Unbudgeted credits	7,647			
Unbudgeted expenditures charged to other funds			(39,602)	
Unbudgeted operating transfers			(132,745)	
Change in compensated absences			(56,807)	4,817
Unbudgeted change in inventory		(10,190)		
Unbudgeted change in post employment benefits				(21,300)
Principal paid on capital leases			21,220	
Principal paid on long term debt			1,636,174	
Additions to capital assets			35,034	
Depreciation expense			(2,452,705)	(385,916)
Change in accrued interest			(74,677)	
Change in OPEB			(174,728)	
Rounding			1	1
Budgetary Basis	<u>\$ 256,344,459</u>	<u>\$ 18,826,467</u>	<u>\$ 12,095,026</u>	<u>\$ 611,611</u>

Excess of Expenditures Over Appropriations

The legal level of control for which expenditures can not exceed appropriation is at the category level within a department (i.e., salaries, charges and services; supplies and materials; capital outlay; and debt service.)

In FY11, expenditures exceeded appropriations in the following categories:

Category	Deficit
Salaries	
Purchases	\$ 894
Labor Relations	456
City Clerk	651
Elections	425
Licensing	27
Planning	342
Clerk of Committee	40
Fire	7595
EMS	1290
Health	743
Veterans	354
Charges for Services	
Health Claims	125
Materials and Supplies	
Mayor	6
Treasurer	7
Total Appropriation Deficit	<u>\$ 12,955</u>

See accompanying independent auditors' report

CITY OF NEW BEDFORD, MASSACHUSETTS

Required Supplementary Information
Contributory Retirement System
Schedule of Funding Progress

For the Year Ended December 31, 2010

(UNAUDITED)

<u>Actuarial Valuation Date</u>	<u>Reporting Year</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability (AAL) Individual Entry Age</u>	<u>Unfunded (Overfunded) AAL (UAAL)</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAAL as a Percentage of Covered Payroll</u>
01/01/94	1993	84,143,582	189,485,031	105,341,449	44%	47,428,221	222%
01/01/94	1994	84,143,582	189,485,031	105,341,449	44%	60,048,850	175%
01/01/94	1995	84,143,582	189,485,031	105,341,449	44%	59,995,153	176%
01/01/94	1996	84,143,582	189,485,031	105,341,449	44%	57,638,616	183%
01/01/98	1997	133,140,386	248,033,340	114,892,954	54%	63,312,483	181%
01/01/98	1998	133,140,386	248,033,340	114,892,954	54%	57,639,014	199%
01/01/98	1999	133,140,386	248,033,340	114,892,954	54%	65,000,000	177%
01/01/98	2000	133,140,386	248,033,340	114,892,954	54%	68,936,441	167%
01/01/01	2001	157,129,409	305,813,631	148,684,222	51%	75,089,435	198%
01/01/01	2002	157,129,409	305,813,631	148,684,222	51%	72,843,21	204%
01/01/01	2003	157,129,409	305,813,631	148,684,222	51%	82,981,340	179%
01/01/04	2004	175,663,857	380,950,456	205,286,599	46%	75,414,151	272%
01/01/04	2005	175,663,857	380,950,456	205,286,599	46%	82,821,749	248%
01/01/04	2006	192,032,773	416,761,645	224,728,872	46%	87,993,734	255%
01/01/07	2007	210,446,468	469,061,751	258,615,283	45%	77,004,701	336%
01/01/07	2008	210,446,468	469,061,751	258,615,283	45%	86,659,224	298%
01/01/09	2009	196,465,884	516,132,737	319,666,853	38%	90,036,405	355%
01/01/10	2010	226,978,870	545,614,798	318,635,928	42%	82,625,990	386%
01/01/10	2011	226,978,870	545,614,798	318,635,928	42%	82,625,990	386%

Isolated analysis of the dollar amounts of net assets available for benefits, actuarial accrued liability, and unfunded actuarial accrued liability can be misleading. Expressing the net assets available for benefits as a percentage of the actuarial accrued liability provided one indication of the Plans' funding status on a going-concern basis. Analysis of this percentage over time indicates whether the system is becoming financially stronger or weaker. Generally, the greater this percentage, the stronger the Plan. Trends in unfunded actuarial accrued liability and annual covered payroll are both affected by inflation. Expressing the unfunded actuarial accrued liability as a percentage of annual covered payroll approximately adjusts for the effects of inflation and aids in the analysis of the progress made in accumulating sufficient assets to pay benefits when due. Generally, the smaller this percentage, the stronger the Plans.

Note: Actuarial valuations are only performed every three years. Accordingly, the information presented above is not comparative between years.

*Estimated

CITY OF NEW BEDFORD, MASSACHUSETTS

Required Supplementary Information
Contributory Retirement System
Schedule of Employer Contributions

For the Year Ended December 31, 2010

(UNAUDITED)

<u>Year Ended June 30</u>	<u>Annual Required Contributions</u>	<u>Year Ended December 31</u>	<u>Actual Contributions</u>	<u>Percentage Contributed</u>
1994	\$ 12,368,255	1993	\$ 11,991,216	97%
1995	10,930,599	1994	11,610,801	106%
1996	11,430,599	1995	11,344,309	99%
1997	10,833,227	1996	11,817,662	109%
1998	12,134,738	1997	12,652,023	104%
1999	10,717,334	1998	11,560,776	108%
2000	11,089,000	1999	11,089,000	100%
2001	11,474,000	2000	11,474,000	100%
2002	11,873,000	2001	11,873,000	100%
2003	14,336,000	2002	14,345,564	100%
2004	14,819,118	2003	14,569,050	98%
2005	16,148,800	2004	15,470,688	96%
2006	20,814,000	2005	18,288,018	88%
2007	18,848,697	2006	18,848,697	100%
2008	22,466,545	2007	22,484,125	100%
2009	25,877,801	2008	24,012,561	93%
2010	24,829,417	2009	24,747,734	99%
2011	25,817,836	2010	22,079,203	86%

Although annual required contributions are calculated on a fiscal year basis, the City of New Bedford Contributory Retirement System reports on a calendar year basis, therefore, some disparity may exist between required contributions and actual contributions due to this timing difference.

The information presented in the required supplementary schedules was determined as part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation follows.

The amount of the total actuarial accrued liability is based on a standardized measurement. The standardized measurement is the actuarial present value of credited projected benefits. This pension valuation method reflects the present value of estimated pension benefits that will be paid in future years as a result of employee services performed to date and is adjusted for the effects of projected salary increases. The standardized measurement of the actuarial accrued liability is intended to enable users of the financial statements to (a) assess the Plans' funding status on a going-concern basis, (b) assess progress made in accumulating sufficient assets to pay benefits when due, and (c) make comparisons among employers.

CITY OF NEW BEDFORD, MASSACHUSETTS

Required Supplementary Information
Contributory Retirement System
Schedule of Employer Contributions

For the Year Ended December 31, 2010

(UNAUDITED)

A variety of significant actuarial assumptions are used to determine the standardized measure of the pension benefit obligation. These assumptions are summarized below:

- The actuarial cost method used to determine liabilities and costs and to project future funding requirements is known as the Individual Entry Age Normal Cost Method. Under this method, the annual normal cost of the system is determined as the total of each member's level percentage of payroll necessary to fund all benefits expected to be paid if such percentage of each member's pay was and will be contributed from entry into the system until retirement, death or termination of employment. The actuarial liability on the valuation date is calculated as the amount which would be on hand if all prior normal costs had been fully funded at that date. The unfunded actuarial liability is the actuarial liability less the assets.
- Actuarial value of assets is market value.
- Mortality is assumed to be in accordance with the RP-2000 Mortality Table, with ages set forward two years for all disabled members.
- Ten percent of assumed deaths represent "in line of duty" deaths.
- Investment return on current assets and future contributions is assumed to be at the rate of 8.25% per year, compounded annually. This return includes interest, dividends and realized and unrealized gains.
- Salaries, including longevity, were assumed to increase 5.0% per year for each member.
- Cost-of-living increases have been assumed to be 3% of the lesser of the pension amount and \$12,000 per year.
- Rates of disablement are assumed to occur in accordance with a study conducted by PERAC with rates ranging from .01% to 1.25%.
- It is assumed that 55% of all disabilities are occupational for Group 1 and 2 members and that 90% of disabilities are occupational for Group 4 members.
- Rates of turnover (termination of employment before becoming eligible for retirement) are in accordance with a study conducted by PERAC with rates ranging from .0% to 1.50%.
- Retirement rates were assumed to range from 1% to 100% for various ages, positions within the government and genders.

The most recent actuarial valuation of the Plan was prepared as of January 1, 2010.

No changes in actuarial assumptions or benefit provisions that would significantly affect the valuation of the actuarial accrued liability occurred during 2011.

See accompanying independent auditors' report

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CITY OF NEW BEDFORD, MASSACHUSETTS

Supplementary Information
Major Governmental Funds - Wastewater
Combining Balance Sheet

June 30, 2011

ASSETS	<u>Operating</u>	<u>Special Projects</u>	<u>Debt Service</u>	<u>Total</u>
Cash	\$ 7,780,531	\$ 1,517,854	\$ 2,834,748	\$ 12,133,133
User charges receivable	1,799,274			1,799,274
Special assessments receivable	286,786			286,786
Department receivables	26,189			26,189
Inventory	71,476			71,476
Due from other funds	4,967	20		4,987
	<hr/>	<hr/>	<hr/>	<hr/>
Total assets	<u>\$ 9,969,223</u>	<u>\$ 1,517,874</u>	<u>\$ 2,834,748</u>	<u>\$ 14,321,845</u>
 LIABILITIES AND FUND BALANCES				
Liabilities:				
Warrants payable	\$ 642,826	\$ 29,050		\$ 671,876
Accounts payable and accrued expenses	539,812			539,812
Deferred revenue	2,112,249			2,112,249
Due to other funds	2,679,600			2,679,600
	<hr/>	<hr/>	<hr/>	<hr/>
Total liabilities	<u>5,974,487</u>	<u>29,050</u>	<u>-</u>	<u>6,003,537</u>
 Fund balances:				
Nonspendable	71,476	-	-	71,476
Restricted	1,554,253	-	2,834,748	4,389,001
Committed	2,369,007	1,488,824	-	3,857,831
Assigned	-	-	-	-
Unassigned	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total fund balance	<u>3,994,736</u>	<u>1,488,824</u>	<u>2,834,748</u>	<u>8,318,308</u>
	<hr/>	<hr/>	<hr/>	<hr/>
Total liabilities and fund balances	<u>\$ 9,969,223</u>	<u>\$ 1,517,874</u>	<u>\$ 2,834,748</u>	<u>\$ 14,321,845</u>

See accompanying independent auditors' report

CITY OF NEW BEDFORD, MASSACHUSETTS

Supplementary Information
Major Governmental Funds - Wastewater
Combining Statement of Revenues and Changes in Fund Balance

For the Year Ended June 30, 2011

	<u>Operating</u>	<u>Special Projects</u>	<u>Debt Service</u>	<u>Total</u>
Revenues:				
Utility usage charges	\$ 18,895,106	\$ -	\$ -	\$ 18,895,106
Intergovernmental revenues			6,139,299	6,139,299
Investment income	172,597	2,457	1,968	177,022
Other	349,127			349,127
	<hr/>	<hr/>	<hr/>	<hr/>
Total revenues	19,416,830	2,457	6,141,267	25,560,554
Expenditures:				
Salaries	1,560,191			1,560,191
Charges and services	8,738,944			8,738,944
Supplies and materials	400,028			400,028
Capital outlay	213,235	274,836		488,071
Debt admin fees	213,734			213,734
Principal paid on debt	908,425		5,298,380	6,206,805
Interest paid on debt	466,531		5,301,933	5,768,464
	<hr/>	<hr/>	<hr/>	<hr/>
Total expenditures	12,501,088	274,836	10,600,313	23,376,237
Excess (deficiency) of revenues over expenditures	6,915,742	(272,379)	(4,459,046)	2,184,317
Transfers in	-	875,512	4,393,218	5,268,730
Transfers (out)	(6,335,568)			(6,335,568)
	<hr/>	<hr/>	<hr/>	<hr/>
Excess (deficiency) of revenues and other sources over expenditures and other uses	580,174	603,133	(65,828)	1,117,479
Fund Balance - July 1, 2010	3,414,562	885,691	2,900,576	7,200,829
	<hr/>	<hr/>	<hr/>	<hr/>
Fund Balance - June 30, 2011	<u>\$ 3,994,736</u>	<u>\$ 1,488,824</u>	<u>\$ 2,834,748</u>	<u>\$ 8,318,308</u>

See accompanying independent auditors' report

CITY OF NEW BEDFORD, MASSACHUSETTS

Supplementary Information
Non-Major Governmental Funds - Special Revenue Funds
Combining Balance Sheet

June 30, 2011

ASSETS	Highway Improvements	Reserve Revolving	Reserve Appropriation	Donations	Federal / Grants	School Grants	Community Development	Total Special Revenue
Cash & investments	\$ (332,917)	\$ 2,946,863	\$ 1,440,454	\$ 211,259	\$ 1,326,146	\$ 707,707	\$ 911,000	\$ 7,210,512
Federal and state grants receivable	509,556	579,291			2,947,507	3,061,508	1,029,059	8,126,921
User charges receivable								-
Special assessments receivable								-
Loans receivable							20,878,265	20,878,265
Accrued interest receivable								-
Receivable, other		9,306			68,801	273,128	1,750	352,985
Due from other funds		16,768	60,000		-	-	-	76,768
Inventory							246,918	246,918
Total assets	\$ 176,639	\$ 3,552,228	\$ 1,500,454	\$ 211,259	\$ 4,342,454	\$ 4,042,343	\$ 23,066,992	\$ 36,892,369
LIABILITIES AND FUND BALANCES	-	-	-	-	-	-	-	-
Warrants payable	\$ 69,609	\$ 177,018			\$ 537,842	\$ 681,446	\$ 444,772	\$ 1,910,687
Accounts payable and accrued expenses	105,661	65,001		373	894,182	417,971	482,256	1,965,444
Retainage payable							143,152	143,152
Due to federal or state government					3,152	610,755		613,907
Deferred revenue		9,306			354,118	2,256,972	21,028,265	23,648,661
Due to other funds					16,750	-	98,664	115,414
Other liabilities					-		371	371
Deposits held								-
Total liabilities	175,270	251,325	-	373	1,806,044	3,967,144	22,197,480	28,397,636
Fund Balances:								
Nonspendable	-	-	-	-	-	-	246,918	246,918
Restricted	1,369	3,078,132	1,500,454	210,886	2,569,814	75,300	622,594	8,058,549
Committed	-	223,614	-	-	-	-	-	223,614
Assigned	-	-	-	-	-	-	-	-
Unassigned	-	(843)	-	-	(33,404)	(101)	-	(34,348)
Total fund balances	1,369	3,300,903	1,500,454	210,886	2,536,410	75,199	869,512	8,494,733
Total liabilities & fund balances	\$ 176,639	\$ 3,552,228	\$ 1,500,454	\$ 211,259	\$ 4,342,454	\$ 4,042,343	\$ 23,066,992	\$ 36,892,369

See accompanying independent auditors' report

CITY OF NEW BEDFORD, MASSACHUSETTS

Supplementary Information
Non-Major Governmental Funds
Capital Project Funds
Combining Balance Sheet

June 30, 2011

	\$1 Million	Equipment \$3 Mil	Building R&M Purchase	Equipment \$627K	Equipment \$6 Mil	Auto Meter Reader	Normandin	Keith	Landfill
	Communication Equip	2.9 Mill Bond	Bond Issue	Bond Issue	Bond Issue	Bond Issue	MS	MS	Closure
ASSETS									
Cash	\$ 1,000,000	\$ 1,562,353	\$ 39	\$ 324	\$ 92	\$ 583,231	\$ 77,097	\$ 2,364,665	\$24,244
Federal and state grants receivable								2,109,296	
Due from other funds									
	<u>\$ 1,000,000</u>	<u>\$ 1,562,353</u>	<u>\$ 39</u>	<u>\$ 324</u>	<u>\$ 92</u>	<u>\$ 583,231</u>	<u>\$ 77,097</u>	<u>\$ 4,473,961</u>	<u>\$24,244</u>
Liabilities:									
Warrants payable								1,014,358	
Accounts payable and accrued expenses		68,517				1,570		356,283	
Bond Anticipation Notes Payable	1,000,000	2,700,000						15,000,000	
Interim Loan Payable									
Deposit Held								162,554	
Retainage Payable								23,495	2,000
Due to other funds									
Total Liabilities	1,000,000	2,768,517	0	0	0	1,570	0	16,556,690	2,000
Fund Balances:									
Nonspendable									
Restricted							77,097	0	
Committed	0	0	39	324	92	581,661			22,244
Assigned									
Unassigned		(1,206,164)						(12,082,729)	
Total Fund balances (deficits)	0	(1,206,164)	39	324	92	581,661	77,097	(12,082,729)	22,244
Liabilities & Fund Balance	<u>\$ 1,000,000</u>	<u>\$ 1,562,353</u>	<u>\$ 39</u>	<u>\$ 324</u>	<u>\$ 92</u>	<u>\$ 583,231</u>	<u>\$ 77,097</u>	<u>\$ 4,473,961</u>	<u>\$24,244</u>

See accompanying independent auditors' report

CITY OF NEW BEDFORD, MASSACHUSETTS

Supplementary Information
Non-Major Governmental Funds
Capital Project Funds
Combining Balance Sheet

June 30, 2011

	DPI					West End	North
	River Road	Sewer	Lincoln	Railroad	19.3 SRF-CSO	Cement	End
	Bond	Separaton	Elementary	Depot	Main Intercept	Lining Ph2	Pressure
ASSETS							
Cash	\$ 11,690	\$ 177,814	\$ 127,544	\$ 712,544	\$ 144,279	\$ 12,565	
Federal and state grants receivable					7,586,213	2,238	
Due from other funds							
	<u>\$ 11,690</u>	<u>\$ 177,814</u>	<u>\$ 127,544</u>	<u>\$ 712,544</u>	<u>\$ 7,730,492</u>	<u>\$ 14,803</u>	<u>\$ -</u>
Liabilities:							
Warrants payable		3,158	11,429				
Accounts payable and accrued expenses		36		34,111	1,556,745		
Bond Anticipation Notes Payable			3,100,000	7,392,500			
Interim Loan Payable					9,149,283		
Deposit Held							
Retainage Payable			28,722		603,362		
Due to other funds							
Total Liabilities	0	3,194	3,140,151	7,426,611	11,309,390	0	0
Fund Balances:							
Nonspendable							
Restricted			0		0		
Committed	11,690	174,620		0		14,803	0
Assigned							
Unassigned			(3,012,607)	(6,714,067)	(3,578,898)		
Fund balances (deficits), unreserved	11,690	174,620	(3,012,607)	(6,714,067)	(3,578,898)	14,803	0
Liabilities & Fund Balance	<u>\$ 11,690</u>	<u>\$ 177,814</u>	<u>\$ 127,544</u>	<u>\$ 712,544</u>	<u>\$ 7,730,492</u>	<u>\$ 14,803</u>	<u>\$ -</u>

See accompanying independent auditors' report

CITY OF NEW BEDFORD, MASSACHUSETTS

Supplementary Information
Non-Major Governmental Funds
Capital Project Funds
Combining Balance Sheet

June 30, 2011

	Water Mains		5.5MSRF		Airport		Parking		Wastewater		Total Capital Projects
	Rehab	Construction	QTP	Energy Improv	Sea Lab	Route 18	Safety Insurance	Garage	2D	Treatment	
ASSETS											
Cash				\$ (381)	\$ 624	\$ 578,325	\$ 18,247	\$ 104			7,395,400
Federal and state grants receivable			330,356		164,876	325,324					10,518,303
Due from other funds									1,043		1,043
	\$ -	\$ 330,356	\$ (381)	\$ 165,500	\$ 903,649	\$ 18,247	\$ 1,147	\$ 17,914,746			
Liabilities:											
Warrants payable			17,190		17,379						1,063,514
Accounts payable and accrued expenses			36,878			206,405					2,260,545
Bond Anticipation Notes Payable						812,625					30,005,125
Interim Loan Payable			1,910,778								11,060,061
Deposit Held											162,554
Retainage Payable			69,875								727,454
Due to other funds									38		38
Total Liabilities	0	2,034,721	0	17,379	1,019,030	0	38	45,279,291			
Fund Balances:											
Nonspendable											0
Restricted			0	0	148,121	0					225,218
Committed	0						18,247				823,720
Assigned								1,109			1,109
Unassigned		(1,704,365)	(381)		(115,381)						(28,414,592)
Fund balances (deficits), unreserved	0	(1,704,365)	(381)	148,121	(115,381)	18,247	1,109	(27,364,545)			
Liabilities & Fund Balance	\$ -	\$ 330,356	\$ (381)	\$ 165,500	\$ 903,649	\$ 18,247	\$ 1,147	\$ 17,914,746			

See accompanying independent auditors' report

CITY OF NEW BEDFORD, MASSACHUSETTS

Supplementary Information
Non-Major Governmental Funds
Permanent Funds
Combining Balance Sheet

June 30, 2011

	Permanent Funds		Total Nonmajor Governmental Funds
	Nonexpendable Trusts	Expendable Trusts	
ASSETS			
Cash and investments, unrestricted	\$ 7,141,807	\$ 9,936	\$ 21,757,655
Cash, restricted			-
Receivables, net:			-
Real estate and personal property taxes			-
Tax liens and foreclosures			-
Motor vehicle and boat excise			-
User charges receivable			-
Accrued interest			-
Departmental receivables			-
Federal & State Grants receivable			18,645,224
User charges receivable			-
Loans receivable			20,878,265
Other receivables			352,985
Special assessments, current			-
Special assessments, non-current			-
Due from other funds			77,811
Due from external parties			-
Intraentity receivable			-
Due from other governments			-
Inventories			-
Land inventory			246,918
Total assets	<u>\$ 7,141,807</u>	<u>\$ 9,936</u>	<u>\$ 61,958,858</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Warrants payable			2,974,201
Accounts payable and accrued expenses	1,039	-	4,227,028
Retainage payable			870,606
Bonds and notes payable			30,005,125
Interim loan payable			11,060,061
Due to other funds			115,452
Due to external parties			-
Intra-entity payable			-
Deposits held			162,554
Due to other governments			613,907
Other Liabilities			371
Deferred revenue			23,648,661
Total liabilities	<u>1,039</u>	<u>-</u>	<u>73,677,966</u>
Fund balances:			
Nonspendable	5,127,411	-	5,374,329
Restricted	2,525,126	9,936	10,818,829
Committed	-	-	1,047,334
Assigned	-	-	1,109
Unassigned	<u>(511,769)</u>	<u>-</u>	<u>(28,960,709)</u>
Total fund balances	<u>7,140,768</u>	<u>9,936</u>	<u>(11,719,108)</u>
Total liabilities and fund balances	<u>\$ 7,141,807</u>	<u>\$ 9,936</u>	<u>\$ 61,958,858</u>

See accompanying independent auditors' report

CITY OF NEW BEDFORD, MASSACHUSETTS

Supplementary Information
Non-Major Governmental Funds
Special Revenue Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances

For the Year Ended June 30, 2011

	Highway Improvements	Reserve Revolving	Reserve Appropriation	Donations	Federal / Grants	School Grants	Community Development	Total Special Revenue
Revenues:								
Federal grants	\$ -	\$ 5,386,573	\$ -	\$ -	\$ 5,990,790	\$ 24,057,636	\$ 10,446,341	\$ 45,881,340
State grants	2,047,517	1,705,907			4,475,996	1,251,020	-	9,480,440
Utility usage charges								-
Investment income		245	25,528	2,199	125		13,041	41,138
Other		2,297,923	145,553	44,310	1,653,776	1,156,667	487,378	5,785,607
Total revenue	2,047,517	9,390,648	171,081	46,509	12,120,687	26,465,323	10,946,760	61,188,525
Expenditures								
General government		356,130	1,482		978,608			1,336,220
Public safety		138,284			5,257,946			5,396,230
Public works	2,047,349	1,712			2,142,500			4,191,561
Education		8,508,905				26,585,676		35,094,581
Community and economic development					647,877		10,933,143	11,581,020
Health and human services		50,557		44,996	1,010,813			1,106,366
Culture and recreation		310,981		15,517	424,678			751,176
Municipal airport					1,569,792			1,569,792
Total Expenditures	2,047,349	9,366,569	1,482	60,513	12,032,214	26,585,676	10,933,143	61,026,946
Excess (deficiency) of revenue over expenditures	168	24,079	169,599	(14,004)	88,473	(120,353)	13,617	161,579
Other financing sources (uses):								
Transfers in		16,750	-	-	1,025,792	284,756		1,327,298
Transfers (out)		(25,000)	(34,141)	-	(778,019)	(284,756)		(1,121,916)
Excess (deficiency) of revenues and other sources over expenditures and other uses	168	15,829	135,458	(14,004)	336,246	(120,353)	13,617	366,961
Beginning fund balances (deficits), as restated July 1, 2010	1,201	3,285,074	1,364,996	224,890	2,200,164	195,552	855,895	8,127,772
Ending fund balances (deficits), June 30, 2011	\$ 1,369	\$ 3,300,903	\$ 1,500,454	\$ 210,886	\$ 2,536,410	\$ 75,199	\$ 869,512	\$ 8,494,733

See accompanying independent auditors' report

CITY OF NEW BEDFORD, MASSACHUSETTS

Supplementary Information
 Non-Major Governmental Funds
 Capital Project Funds
 Combining Statement of Revenues, Expenditures and Changes in Fund Balances

For the Year Ended June 30, 2011

	\$1 Million	Equipment	\$3 Mil	\$627K	\$6 Mil Auto				
	Communication Equip	Building R&M	Purchase	Equipment	Equipment	Meter Reader	Normandin	Keith	Landfill
		2.9 Mill Bond	Bond Issue	Bond Issue	Bond Issue	Bond Issue	MS	MS	Closure
Revenues:									
Federal grants									
Capital	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State grants									
Capital								1,261,715	
Investment income									
Total Revenue	0	0	0	0	0	0	0	1,261,715	0
Expenditures:									
General Government		804,417							
Public Works						673,129			12,100
Education								6,050,623	
Municipal Airport									
Total Expenditures	0	804,417	0	0	0	673,129	0	6,050,623	12,100
Excess (deficiency) of revenue over expenditures	0	(804,417)	0	0	0	(673,129)	0	(4,788,908)	(12,100)
Other financing sources (uses):									
Other Financing Sources									
Other Financing Uses									
Bonds Proceeds									
Total Other financial sources (uses)	0	0	0	0	0	0	0	0	0
Excess (deficiency) of revenues and other sources over expenditures and other uses	0	(804,417)	0	0	0	(673,129)	0	(4,788,908)	(12,100)
Fund Balance (deficit), June 30, 2010	0	(401,747)	39	324	92	1,254,790	77,097	(7,293,821)	34,344
Fund Balance (deficit), June 30, 2011	\$ -	\$ (1,206,164)	\$ 39	\$ 324	\$ 92	\$ 581,661	\$ 77,097	\$ (12,082,729)	\$ 22,244

See accompanying independent auditors' report

CITY OF NEW BEDFORD, MASSACHUSETTS

Supplementary Information
 Non-Major Governmental Funds
 Capital Project Funds
 Combining Statement of Revenues, Expenditures and Changes in Fund Balances

For the Year Ended June 30, 2011

	DPI					West End	North
	River Road Bond	Sewer Separaton	Lincoln Elementary	Railroad Depot	19.3 SRF-CSO Main Intercept	Cement Lining Ph2	End Pressure
Revenues:							
Federal and state grants							
Capital	\$ -	\$ -	\$ -	\$ -	\$ 3,426,816	\$ -	\$ -
State grants							
Capital			5,150,749				
Investment income							
Total Revenue	0	0	5,150,749	0	3,426,816	0	0
Expenditures							
General Government							
Public Works		212,272		80,380	12,031,028		576
Education			4,154,439				
Municipal Airport							
Total Expenditures	0	212,272	4,154,439	80,380	12,031,028	0	576
Excess (deficiency) of revenue over expenditures	0	(212,272)	996,310	(80,380)	(8,604,212)	0	(576)
Other financing sources (uses):							
Other Financing Sources							
Other Financing Uses							
Bonds Proceeds					6,628,741		
Total Other financial sources (uses)	0	0	0	0	6,628,741	0	0
Excess (deficiency) of revenues and other sources over expenditures and other uses	0	(212,272)	996,310	(80,380)	(1,975,471)	0	(576)
Fund Balance (deficit), June 30, 2010	11,690	386,892	(4,008,917)	(6,633,687)	(1,603,427)	14,803	576
Fund Balance (deficit), June 30, 2011	\$ 11,690	\$ 174,620	\$ (3,012,607)	\$ (6,714,067)	\$ (3,578,898)	\$ 14,803	\$ -

See accompanying independent auditors' report

CITY OF NEW BEDFORD, MASSACHUSETTS

Supplementary Information
 Non-Major Governmental Funds
 Capital Project Funds
 Combining Statement of Revenues, Expenditures and Changes in Fund Balances

For the Year Ended June 30, 2011

	Water Mains Rehab Construction	5.5MSRF QTP Energy Improv	Sea Lab	Route 18	AIP 27 Taxiway B Construction	Parking Garage	Wastwater 2D Treatment	Total Capital Projects
Revenues:								
Federal and state grants								
Capital	\$ -	\$ 3,073,175	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,499,991
State grants								
Capital				938,646	2,090,744			9,441,854
Investment income							47	47
Total Revenue	0	3,073,175	0	938,646	2,090,744	0	47	15,941,892
Expenditures								
General Government								804,417
Public Works	205,606	2,960,447		791,149				16,966,687
Education								10,205,062
Municipal Airport					2,206,125			2,206,125
Total Expenditures	205,606	2,960,447	0	791,149	2,206,125	0	0	30,182,291
Excess (deficiency) of revenue over expenditures	(205,606)	112,728	0	147,497	(115,381)	0	47	(14,240,399)
Other financing sources (uses):								
Other Financing Sources	132,745							132,745
Other Financing Uses							(75,512)	(75,512)
Bonds Proceeds								6,628,741
Total Other financial sources (uses)	132,745	0	0	0	0	0	(75,512)	6,685,974
Excess (deficiency) of revenues and other sources over expenditures and other uses	(72,861)	112,728	0	147,497	(115,381)	0	(75,465)	(7,554,425)
Fund Balance (deficit), June 30, 2010	72,861	(1,817,093)	(381)	624	0	18,247	76,574	(19,810,120)
Fund Balance (deficit), June 30, 2011	\$ -	\$ (1,704,365)	\$ (381)	\$ 148,121	\$ (115,381)	\$ 18,247	\$ 1,109	\$ (27,364,545)

See accompanying independent auditors' report

CITY OF NEW BEDFORD, MASSACHUSETTS

Supplementary Information
 Non-Major Governmental Funds
 Permanent Trust Funds
 Combining Statement of Revenues, Expenditures and Changes in Fund Balances
 For the Year Ended June 30, 2011

	Permanent Funds		Total Nonmajor Governmental Funds
	Nonexpendable Trusts	Expendable Trusts	
REVENUE			
Real estate and personal property taxes	\$ -	\$ -	\$ -
Motor vehicle and other excise taxes			-
School Building Authority reimbursement			6,412,464
Tax liens and foreclosures			-
Penalties and interest on taxes			-
Licenses and permits			-
Fines and forfeitures			-
Investment income	799,346		840,531
Intergovernmental - operating			50,827,307
Intergovernmental - capital grants			14,063,854
Charges for services			2,714,376
Other excise			-
Special Assessments			-
Payments in lieu of taxes			-
Miscellaneous	215,047	3,089	3,289,367
Total revenues	<u>1,014,393</u>	<u>3,089</u>	<u>78,147,899</u>
EXPENDITURES			
General government	124		2,140,761
Public safety			5,396,230
Education	6,010		45,305,653
Public works			21,158,248
Community and economic development			11,581,020
Health and human services	43,503		1,149,869
Municipal Airport			3,775,917
Culture and recreation	175,831	6,359	873,366
Pension benefits			-
Zoo			-
Health and other insurance			-
Miscellaneous			-
State and county charges			-
Debt service:			
Principal payments			60,000
Interest and fiscal charges			-
Debt administrative fees			-
Total expenditures	<u>225,468</u>	<u>6,359</u>	<u>91,441,064</u>
Excess (deficiency) of revenues over expenditures	<u>788,925</u>	<u>(3,270)</u>	<u>(13,293,165)</u>
OTHER FINANCING SOURCES (USES)			
Bond proceeds			6,628,741
Bond premiums			-
Transfer from tailings			-
Transfer from overlay reserve			-
Transfers in	91		1,460,134
Transfers out	(205,963)	(91)	(1,403,482)
Total other financing sources and uses	<u>(205,872)</u>	<u>(91)</u>	<u>6,685,393</u>
Net change in fund balances	583,053	(3,361)	(6,607,772)
Fund balances-beginning, restated	<u>6,557,715</u>	<u>13,297</u>	<u>(5,111,336)</u>
Fund balances-ending	<u>\$ 7,140,768</u>	<u>\$ 9,936</u>	<u>\$ (11,719,108)</u>

See accompanying independent auditors' report

CITY OF NEW BEDFORD, MASSACHUSETTS

Supplementary Information
 Non-Major Governmental Funds
 Private Purpose Trust Funds
 Combining Balance Sheet

June 30, 2011

	<u>Mary Souza Scholarship</u>	<u>Stawasz Scholarship</u>	<u>Elwyn G. Campbell</u>	<u>Taylor School</u>	<u>Total</u>
Assets					
Cash and short-term investments	\$ 265,676	\$ 99,494	\$ 14,076	\$ 30	\$ 379,276
Investments					-
Total assets	<u>\$ 265,676</u>	<u>\$ 99,494</u>	<u>\$ 14,076</u>	<u>\$ 30</u>	<u>\$ 379,276</u>
Liabilities					
Accounts payable and accrued expenses	\$ 10,000		\$ 200		\$ 10,200
Total liabilities	<u>10,000</u>	<u>-</u>	<u>200</u>	<u>-</u>	<u>10,200</u>
Net Assets					
Held in trust for pension benefits and other purposes	<u>\$ 255,676</u>	<u>\$ 99,494</u>	<u>\$ 13,876</u>	<u>\$ 30</u>	<u>\$ 369,076</u>

See accompanying independent auditors' report

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CITY OF NEW BEDFORD, MASSACHUSETTS

Supplementary Information
 Non-Major Governmental Funds
 Private Purpose Trust Funds
 Combining Statement of Revenues, Expenditures and Changes in Fiduciary Net Assets

For the Year Ended June 30, 2011

	<u>Mary Souza Scholarship</u>	<u>Stawasz Scholarship</u>	<u>Elwyn G. Campbell</u>	<u>Taylor School</u>	<u>Total</u>
Additions:					
Investment income:					
Dividends and interest	\$ 4,560	\$ 678	\$ 255		\$ 5,493
Net appreciation in fair value of investments	(3,799)	(1,034)	(117)		(4,950)
Gain (Loss) on sale of investments			1,943		1,943
Total investment income	<u>761</u>	<u>(356)</u>	<u>2,081</u>	<u>-</u>	<u>2,486</u>
Other income	265,065	100,000	-		365,065
Total other income	<u>265,065</u>	<u>100,000</u>	<u>-</u>	<u>-</u>	<u>365,065</u>
Total Additions	<u>265,826</u>	<u>99,644</u>	<u>2,081</u>	<u>-</u>	<u>367,551</u>
Deductions:					
Education	10,150	150	361		10,661
Total Deductions	<u>10,150</u>	<u>150</u>	<u>361</u>	<u>-</u>	<u>10,661</u>
Other Financing Sources (Uses):					
Transfers in					-
Transfers out					-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in Net Assets	255,676	99,494	1,720	-	356,890
Net Assets at Beginning of Year			12,156	30	12,186
Net Assets at End of Year	<u>\$ 255,676</u>	<u>\$ 99,494</u>	<u>\$ 13,876</u>	<u>\$ 30</u>	<u>\$ 369,076</u>

See accompanying independent auditors' report

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CITY OF NEW BEDFORD, MASSACHUSETTS

Statement of Property and Excise Tax Receivables

For the Year Ended June 30, 2011

	BEG BAL 07/01/10	COMMITMENTS	COLLECTIONS	TREAS ADJS	EXEMPTIONS & ABATEMENTS	TO TAX TITLE	REFUNDS	END BAL 06/30/11
<u>Real Estate:</u>								
2011	\$ -	\$ 88,037,078	\$ (82,518,668)	\$ (24,092)	\$ (911,027)	\$ -	\$ 189,577	\$ 4,772,869
2010	4,455,277		(2,238,602)	14,589	(94,471)	(2,426,393)	224,903	(64,696)
2009	(105,529)		1,219	33,507	(55,061)		67,973	(57,891)
2008	(86,517)		(2,741)	1,010			18,439	(69,808)
2007	-							-
2006	-							-
2005	-							-
2004	-							-
2003	-							-
2002	-							-
2001	52,093							52,093
Total Real Estate:	\$ 4,315,324	\$ 88,037,078	\$ (84,758,792)	\$ 25,015	\$ (1,060,558)	\$ (2,426,393)	\$ 500,892	\$ 4,632,566

See accompanying independent auditors' report

CITY OF NEW BEDFORD, MASSACHUSETTS

Statement of Property and Excise Tax Receivables

For the Year Ended June 30, 2011

	BEG BAL 07/01/10	COMMITMENTS	COLLECTIONS	TREAS ADJS	EXEMPTIONS & ABATEMENTS	TRANSFER TO TAX TITLE	REFUNDS	END BAL 06/30/11
<u>Personal Property</u>								
2011	\$ -	\$ 5,141,973	\$ (5,051,092)	\$ (269)	\$ (4,441)		\$ 2,388	\$ 88,559
2010	96,464		(52,281)	(94)	(3,686)		6,131	46,535
2009	29,511		(1,519)	286	(75)		3,015	31,218
2008	24,493		(727)	(227)	(69)		38	23,508
2007	25,198		(1,252)	5			191	24,143
2006	38,751		(8,322)	(22)				30,407
2005	42,848			-				42,848
2004	14,811			(17)				14,794
2003	14,802							14,802
2002	14,616			1				14,617
2001	11,831		(200)					11,631
2000	11,825		(150)					11,675
1999	11,745							11,745
1998	8,304							8,304
1997	2,955							2,955
1996	3,325			668				3,993
1995	2,970							2,970
1994	2,209			344				2,553
1993	1,581							1,581
1992	1,186							1,186
1991	2,726							2,726
1990	1,462			3				1,465
1989	1,032			76				1,109
Total Personal Property:	\$ 364,645	\$ 5,141,973	\$ (5,115,541)	\$ 755	\$ (8,271)	\$ -	\$ 11,763	\$ 395,324
Total Property Taxes:	\$ 4,679,969	\$ 93,179,051	\$ (89,874,333)	\$ 25,770	\$ (1,068,830)	\$ (2,426,393)	\$ 512,656	\$ 5,027,890

See accompanying independent auditors' report

CITY OF NEW BEDFORD, MASSACHUSETTS

Statement of Property and Excise Tax Receivables

For the Year Ended June 30, 2011

	<u>BEG BAL</u> <u>07/01/10</u>	<u>COMMITMENTS</u>	<u>COLLECTIONS</u>	<u>TREAS</u> <u>ADJS</u>	<u>EXEMPTIONS &</u> <u>ABATEMENTS</u>	<u>TRANSFER</u> <u>TO TAX</u> <u>TITLE</u>	<u>REFUNDS</u>	<u>END BAL</u> <u>06/30/11</u>
<u>Motor Vehicle</u>								
2011	\$ -	\$ 5,088,821	\$ (4,373,920)	\$ (1,453)	\$ (98,694)	\$ -	\$ 21,591	\$ 636,344
2010	579,540	692,064	(970,368)	(1,900)	(79,414)		58,310	278,232
2009	258,220	35,028	(146,712)	220	(7,668)		6,846	145,935
2008	161,529	206	(39,009)	429	(3,925)		2,964	122,194
2007	156,304		(26,548)	(521)	(1,148)		632	128,719
2006	128,611		(16,123)	(44)	(717)		286	112,013
2005	113,739		(7,751)	95	(103)		31	106,011
2004	93,776		(4,422)	(5,189)	(62)			84,102
2003	(1,910)			1,910				-
2002	(1,630)			1,630				-
2001	(482)			482				-
2000	(76)		(79)	155				-
1999	(4)			4				-
1998	(54)			54				-
1997	(104)			104				-
1996	(48)			48				-
1995	(118)			118				-
1994	(7)			7				-
1993								-
1992	(5)			5				-
1991								-
1990	(257)			257				-
1989	(352)			352				-
1988	(155)			155				-
Total Motor Vehicle:	<u>\$ 1,486,515</u>	<u>\$ 5,816,119</u>	<u>\$ (5,584,933)</u>	<u>\$ (3,081)</u>	<u>\$ (191,732)</u>	<u>\$ -</u>	<u>\$ 90,661</u>	<u>\$ 1,613,549</u>
Total Property and Motor Vehicle:	<u>\$ 6,166,485</u>	<u>\$ 98,995,170</u>	<u>\$ (95,459,266)</u>	<u>\$ 22,689</u>	<u>\$ (1,260,562)</u>	<u>\$ (2,426,393)</u>	<u>\$ 603,316</u>	<u>\$ 6,641,439</u>

See accompanying independent auditors' report

CITY OF NEW BEDFORD, MASSACHUSETTS

Supplementary Information
General Long-Term Debt Account Group
Schedule of Long-Term Debt Maturities

For the Year Ended June 30, 2011

	Outstanding Balance 6/30/2011	2012	2013	2014	2015	2016
GOB 2004 - Refund 1996	\$ 3,540,000	\$ 610,000	\$ 565,000	\$ 580,000	\$ 585,000	\$ 595,000
GOB 2004 - Refund 1995	2,510,000	585,000	595,000	600,000	360,000	370,000
Sewer Bonds	1,796,000	194,000	203,000	212,000	216,000	226,000
General Public Improvement	3,149,000	410,000	405,000	397,000	393,000	390,000
Federal Loan 1996 Series A	3,440,000	1,035,000	890,000	730,000	515,000	270,000
Federal Loan 1998 Series A	91,130,000	4,085,000	4,390,000	4,710,000	5,085,000	5,490,000
Federal Loan 2000 Series 6	4,375,000	155,000	160,000	165,000	170,000	180,000
Middle School, Public Imp	30,720,000	2,346,000	2,352,000	2,931,000	3,006,000	3,079,000
Federal Loan 2003 Series 8	531,097	36,948	37,798	39,019	40,715	42,412
Federal Loan 2003 Pool 9	1,050,044	72,795	74,959	77,290	80,000	80,000
HUD 108 - 2003-A	1,265,000	105,000	105,000	105,000	105,000	105,000
Federal Loan DW-02-13	1,616,434	90,910	93,415	97,068	100,041	105,000
Federal Loan DW-02-20	3,182,843	179,759	184,705	191,918	197,786	204,888
\$11,434M GOB 2006	7,500,000	590,000	590,000	590,000	585,000	585,000
Federal Loan CW-04-28	473,644	27,349	27,901	28,465	29,040	29,627
Federal Loan CW-03-36	4,664,538	139,521	142,777	146,110	149,520	153,009
GOSQ Bond 2007	13,035,000	1,005,000	1,025,000	1,045,000	1,060,000	1,080,000
Federal Loan DW-02-13A	339,673	18,195	18,562	18,938	19,320	19,710
Federal Loan DW-04-13	5,031,411	269,513	274,957	280,512	286,179	291,961
GOB 2008 Series A	12,425,000	605,000	615,000	630,000	650,000	665,000
General Obligation SQ Bond - Series B	3,785,000	335,000	335,000	335,000	335,000	335,000
MWPAT CW 03-36A	569,717	16,786	17,197	17,619	18,050	18,493
MWPAT DW06-10 Series 14	7,346,814	342,498	349,418	356,476	363,678	371,025
\$950,000 General Obligation State Qualified	865,000	85,000	90,000	90,000	90,000	95,000
\$14.571 Million Bond Issue	14,050,000	570,000	585,000	595,000	605,000	625,000
\$19.30 Million ARRA Revenue Bond	6,628,741	152,699	156,409	160,208	164,100	168,086
	<u>\$ 225,019,956</u>	<u>\$ 14,061,973</u>	<u>\$ 14,283,098</u>	<u>\$ 15,128,623</u>	<u>\$ 15,208,429</u>	<u>\$ 15,574,211</u>

See accompanying independent auditors' report

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CITY OF NEW BEDFORD, MASSACHUSETTS

Supplementary Information
General Long-Term Debt Account Group
Schedule of Long-Term Debt Maturities

For the Year Ended June 30, 2011

	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
GOB 2004 - Refund 1996	\$ 605,000	\$ -	\$ -	\$ -	\$ -
GOB 2004 - Refund 1995	0	0	0	0	-
Sewer Bonds	238,000	249,000	258,000	0	-
General Public Improvement	387,000	385,000	382,000	0	-
Federal Loan 1996 Series A	-	-	-	-	-
Federal Loan 1998 Series A	5,920,000	6,090,000	6,260,000	6,440,000	6,620,000
Federal Loan 2000 Series 6	185,000	185,000	195,000	200,000	210,000
Middle School, Public Imp	3,160,000	3,266,000	3,370,000	3,525,000	3,685,000
Federal Loan 2003 Series 8	44,108	44,108	45,805	47,501	49,198
Federal Loan 2003 Pool 9	85,000	90,000	90,000	95,000	100,000
HUD 108 - 2003-A	105,000	105,000	105,000	105,000	105,000
Federal Loan DW-02-13	110,000	110,000	115,000	120,000	125,000
Federal Loan DW-02-20	214,883	219,880	229,875	239,869	244,866
\$11,434M GOB 2006	555,000	550,000	550,000	550,000	545,000
Federal Loan CW-04-28	30,225	30,836	31,459	32,094	32,742
Federal Loan CW-03-36	156,581	160,235	163,975	167,802	171,717
GOSQ Bond 2007	1,105,000	1,125,000	1,150,000	1,175,000	580,000
Federal Loan DW-02-13A	20,108	20,514	20,929	21,352	21,784
Federal Loan DW-04-13	297,859	303,876	310,015	316,277	322,667
GOB 2008 Series A	680,000	695,000	715,000	725,000	745,000
General Obligation SQ Bond - Series B	335,000	335,000	330,000	330,000	330,000
MWPAT CW 03-36A	18,946	19,410	19,886	20,373	20,873
MWPAT DW06-10 Series 14	378,521	386,167	393,969	401,928	410,047
\$950,000 General Obligation State Qualified	100,000	100,000	105,000	110,000	-
\$14.571 Million Bond Issue	640,000	665,000	690,000	710,000	740,000
\$19.30 Million ARRA Revenue Bond	172,169	176,351	180,635	185,023	189,517
	<u>\$ 15,543,400</u>	<u>\$ 15,311,377</u>	<u>\$ 15,711,548</u>	<u>\$ 15,517,219</u>	<u>\$ 15,248,411</u>

See accompanying independent auditors' report