

CITY OF NEW BEDFORD, MASSACHUSETTS

ANNUAL FINANCIAL REPORT

YEAR ENDED JUNE 30, 2012

CITY OF NEW BEDFORD, MASSACHUSETTS

Year Ended June 30, 2012

Table of Contents

	Page
Independent Auditors' Report	1-2
Management's Discussion and Analysis	3-13
Basic Financial Statements:	
Government-wide Financial Statement:	
Statement of Net Assets	14-15
Statement of Activities	16-18
Fund Financial Statements:	
Balance Sheet - Governmental Funds	19
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental funds	20
Reconciliation of the Governmental Funds Balance Sheet Total Fund Balances to the Statement of Net Assets	21
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	22
Statement of Net Assets - Proprietary Funds	23
Statement of Revenues, Expenses and Changes in Net Assets - Proprietary Funds	24
Statement of Cash Flows - Proprietary Funds	25-26
Statement of Net Assets - Fiduciary Funds and Similar Component Units	27
Statement of Changes in Net Assets - Fiduciary Funds and Similar Component Units	28
Notes to the Financial Statements	29-79
Required Supplementary Information:	
Budgetary Comparison Schedule - General Fund	79-81
Budgetary Comparison Schedule - Water Enterprise Fund	82
Budgetary Comparison Schedule - Airport Enterprise Fund	83
Budgetary Comparison Schedule - Wastewater Treatment Plant Special Revenue Fund	84
Notes to the Required Supplementary Information - Explanation of Differences between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures	85-86
Contributory Retirement System:	
Schedule of Funding Progress (Unaudited)	87
Schedule of Employee Contributions (Unaudited)	88-89

CITY OF NEW BEDFORD, MASSACHUSETTS

Year Ended June 30, 2012

Table of Contents

	Page
Supplementary Information:	
Major Governmental Funds:	
Combining Wastewater Funds:	
Balance Sheet	90
Statement of Revenues, Expenditures and Changes in Fund Balance	91
Non-Major Governmental Funds:	
Combining Balance Sheets:	
Special Revenue	92
Capital Projects and Permanent Funds	93
Combining Statement of Revenues, Expenditures and Changes in Fund Balance (Deficits):	
Special Revenue	94
Capital Projects and Permanent Funds	95
Combining Private Purpose Trust Funds:	
Balance Sheet	96
Statement of Revenues, Expenditures and Changes in Fiduciary Net Assets	97
General Fund:	
Schedule of Property Tax and Motor Vehicle Excise Tax Receivables	98-100
Long-Term Debt:	
Schedule of Long-Term Maturities	101-102

HAGUE, SAHADY & CO., P.C.

CERTIFIED PUBLIC ACCOUNTANTS
126 President Avenue
Fall River, MA 02720
TEL. (508) 675-7889
FAX (508) 675-7859

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, 2012 (except for the New Bedford Contributory Retirement System which is as of and for the year ended December 31, 2011), 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, 2012 (except for the New Bedford Contributory Retirement System which is as of and for the year ended December 31, 2011), 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 March 13, 2013 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 79 through 86 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 90 through 102 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 87 through 89 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, Sahady & Co. PC

March 13, 2013

CITY OF NEW BEDFORD, MASSACHUSETTS

Management's Discussion and Analysis (MD&A)

Year Ended June 30, 2012

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, 2012 and 2011. 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, 2012 and 2011, respectively, by \$147,592,758 and \$143,798,343. Of this amount, \$(33,011,252) represents unrestricted net assets at June 30, 2012 and \$(15,561,704) at June 30, 2011 (restated).
- The City's total net assets increased by \$3,794,415 for the fiscal year ended June 30, 2012.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$38,952,113. As of June 30, 2011 ending fund balances for governmental funds were \$16,109,067 (restated).
- At the end of the current fiscal year, unreserved fund balance for the general fund was \$19,230,621 or 6.7% of total general fund expenditures.
- The City's total long term debt (including compensated absences and capital lease liabilities) increased by \$6,223,381 from \$241,097,344 to \$247,320,725 during the current fiscal year. The key factor in this increase is that the City has incurred new debt totaling \$19,612,962, pay downs were made totaling \$11,021,693 and the state subsidized principal payments totaled \$3,040,279 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 decreased the City's net assets by \$1,843,237.

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.

CITY OF NEW BEDFORD, MASSACHUSETTS

Management's Discussion and Analysis (MD&A)

Year Ended June 30, 2012

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:

- A. 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.
- B. 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.
- C. 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, 2012

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 79 through 81 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 82 through 83 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, 2012

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 78 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 79 through 86.

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 \$147,592,758 as of June 30, 2012 and \$143,798,343 as of June 30, 2011 (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 - June 30, 2012 and June 30, 2011 (Government-wide level)

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Assets:						
Current and other assets	\$ 144,646,044	\$ 140,268,549	\$ 6,846,349	\$ 6,034,912	\$ 151,492,393	\$ 146,303,461
Capital assets	<u>340,361,454</u>	<u>330,329,981</u>	<u>65,784,199</u>	<u>65,581,618</u>	<u>406,145,653</u>	<u>395,911,599</u>
Total Assets	<u>\$ 485,007,498</u>	<u>\$ 470,598,530</u>	<u>\$ 72,630,548</u>	<u>\$ 71,616,530</u>	<u>\$ 557,638,046</u>	<u>\$ 542,215,060</u>
Liabilities:						
Current liabilities	\$ 77,474,900	\$ 83,132,152	\$ 3,224,185	\$ 2,749,995	\$ 80,699,085	\$ 85,882,147
Long-term liabilities	<u>299,025,240</u>	<u>280,910,198</u>	<u>30,320,963</u>	<u>31,624,372</u>	<u>329,346,203</u>	<u>312,534,570</u>
Total Liabilities	<u>\$ 376,500,140</u>	<u>\$ 364,042,350</u>	<u>\$ 33,545,148</u>	<u>\$ 34,374,367</u>	<u>\$ 410,045,288</u>	<u>\$ 398,416,717</u>
Net Assets:						
Investments in capital assets (net of debt)	\$ 109,836,290	\$ 93,682,092	\$ 34,639,149	\$ 32,876,583	\$ 144,475,439	\$ 126,558,675
Restricted	36,128,571	32,801,372	-	-	36,128,571	32,801,372
Unrestricted	<u>(37,457,503)</u>	<u>(19,927,284)</u>	<u>4,446,251</u>	<u>4,365,580</u>	<u>(33,011,252)</u>	<u>(15,561,704)</u>
Total Net Assets	<u>\$ 108,507,358</u>	<u>\$ 106,556,180</u>	<u>\$ 39,085,400</u>	<u>\$ 37,242,163</u>	<u>\$ 147,592,758</u>	<u>\$ 143,798,343</u>

** Total net assets for fiscal year ended June 30, 2011 have been restated – refer to restatement note (page 77) in the financial statements for the explanation.

CITY OF NEW BEDFORD, MASSACHUSETTS

Management's Discussion and Analysis (MD&A)

Year Ended June 30, 2012

An additional portion of the City's net assets \$36,128,571 represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets \$(33,011,252) 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, 2012 and June 30, 2011 cash and investments consisted of \$67,974,777 and \$63,401,316 respectively.

At the end of fiscal year 2012, 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 an additional post employment benefit obligation on an annual basis. For year ended 2012, 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 increased during the current fiscal year, due primarily to bond proceeds of \$19,612,962. Net income before transfers for business-type activities increased due to revenues in excess of expenditures in the amount of \$1,803,752.

Governmental activities: Governmental activities increased the City's net assets by \$1,951,178 for fiscal year ended June 30, 2012.

Business-type activities: Business-type activities increased the City's net assets by \$1,843,237 for 2012.

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

Changes in Net Assets for the period ending June 30, 2012 and June 30, 2011 (Government-wide level)

	Governmental Activities**		Business-Type Activities**		Total**	
	2012	2011	2012	2011	2012	2011
Revenues:						
Program revenues:						
Charges for service	\$ 37,195,262	\$ 42,004,443	\$ 11,737,183	\$ 12,202,097	\$ 48,932,445	\$ 54,206,540
Operating grants & contributions	92,141,368	91,297,826	-	-	92,141,368	91,297,826
Capital grants & contributions	6,484,528	16,383,975	-	-	6,484,528	16,383,975
General revenues:						
Property taxes	90,598,652	89,879,911			90,598,652	89,879,911
Motor vehicle excise	7,262,504	6,442,709			7,262,504	6,442,709
School building assistance	10,029,155	6,412,464			10,029,155	6,412,464
Tax liens, fines & other	4,615,623	4,283,417	-	-	4,615,623	4,283,417
Intergovernmental	130,390,449	126,124,510			130,390,449	126,124,510
Contributions & Donations	11,948,013	13,096,027			11,948,013	13,096,027
Earnings on investments	203,593	1,113,707			203,593	1,113,707
Other	11,037,970	3,912,012	327,643	241,748	11,365,613	4,153,760
Total revenues	401,907,117	400,951,001	12,064,826	12,443,845	413,971,943	413,394,846

CITY OF NEW BEDFORD, MASSACHUSETTS

Management's Discussion and Analysis (MD&A)

Year Ended June 30, 2012

Changes in Net Assets for the period ending June 30, 2012 and June 30, 2011 (Government-wide level)

	<u>Governmental Activities**</u>		<u>Business-Type Activities**</u>		<u>Total**</u>	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Expenses:						
General Government	\$ 10,178,439	\$ 7,301,858	\$ -	\$ -	\$ 10,178,439	\$ 7,301,858
Public Safety	65,363,621	62,233,060			65,363,621	62,233,060
Public Works	41,259,377	43,441,860			41,259,377	43,441,860
Education	234,289,836	234,870,891			234,289,836	234,870,891
Community and economic development	7,398,389	11,810,060			7,398,389	11,810,060
Health & human services	8,830,055	9,808,893			8,830,055	9,808,893
Municipal airport	7,489	19,131			7,489	19,131
Culture and recreation	6,266,979	7,421,876			6,266,979	7,421,876
Debt service (interest)	8,361,891	8,622,421			8,361,891	8,622,421
Debt administrative fees	-	-			-	-
Miscellaneous	8,947,755	9,056,400			8,947,755	9,056,400
State and county charges	8,613,392	7,046,706			8,613,392	7,046,706
Water			9,277,526	8,927,363	9,277,526	8,927,363
Airport			983,548	830,488	983,548	830,488
Total expenses	399,517,223	401,633,156	10,261,074	9,757,851	409,778,297	411,391,007
Increase (decrease) in net assets before transfers	2,389,894	(682,155)	1,803,752	2,685,994	4,193,646	2,003,839
Transfers of Capital Assets net of Debt from Governmental Activities	(2,014,356)	(4,239,961)	2,014,356	3,756,786	-	(483,175)
Fund deficits raised					-	-
Net transfers between funds	1,974,871	1,998,808	(1,974,871)	(1,998,808)	-	-
Capital lease proceeds	(399,231)		-	-	(399,231)	-
Increases (decrease) in net assets	1,951,178	(2,923,308)	1,843,237	4,443,972	3,794,415	1,520,664
Net assets - July 1, 2011 **	106,556,180	109,479,488	37,242,163	32,798,191	143,798,343	142,277,679
Net assets - June 30, 2012	\$ 108,507,358	\$ 106,556,180	\$ 39,085,400	\$ 37,242,163	\$ 147,592,758	\$ 143,798,343

** This category was restated - Refer to restatement note (page 77) for explanation.

The majority of general revenues are tax collections from the City's taxpayers. This amount represented 36.8% of the total general revenues of \$266 million. The operating grants are also a significant source of revenue for the City. The total operating grants for fiscal year ended June 30, 2012 amounted to \$92,141,368 of which \$55,766,978 were received for education.

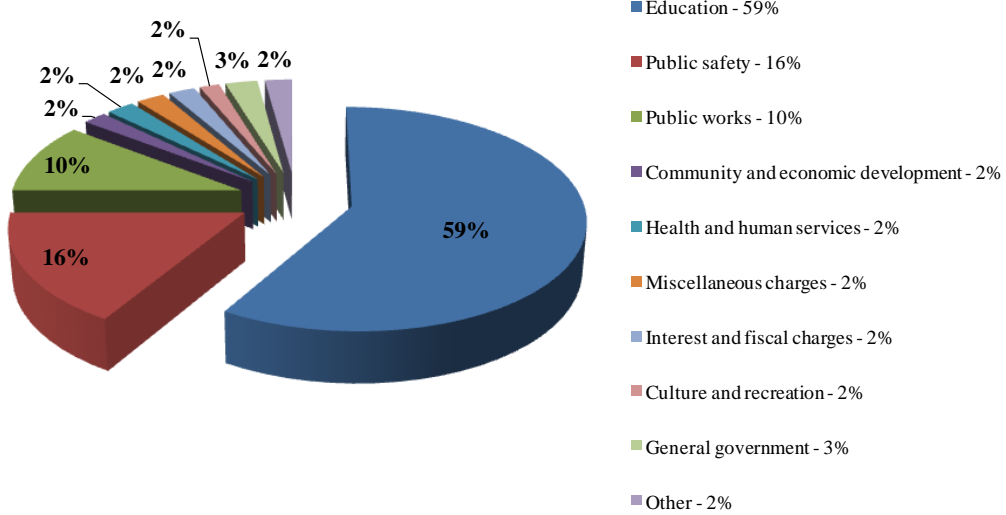
The most significant expense of the City is education which represented 59% of total expenses, followed by public safety at 16%.

CITY OF NEW BEDFORD, MASSACHUSETTS

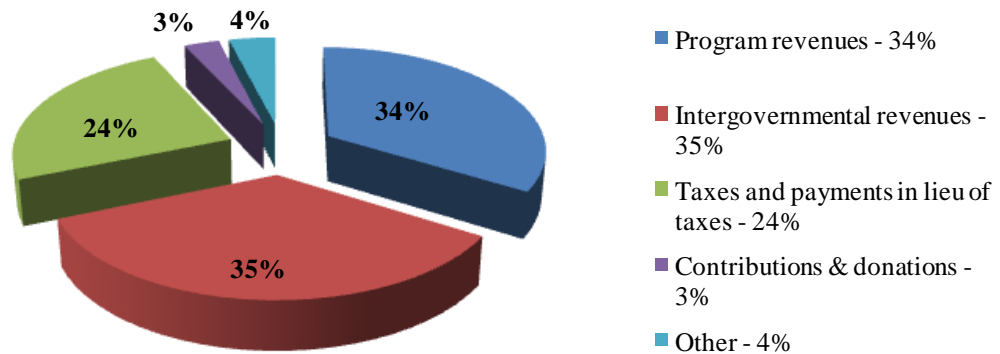
Management's Discussion and Analysis (MD&A)

Year Ended June 30, 2012

Expenses - Governmental Activities - Fiscal Year 2012



Revenues - Governmental Activities - Fiscal Year 2012



CITY OF NEW BEDFORD, MASSACHUSETTS

Management's Discussion and Analysis (MD&A)

Year Ended June 30, 2012

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 \$38,952,113 for fiscal year ended June 30, 2012 and \$16,109,067 for fiscal year ended June 30, 2011 (restated). This increase in fiscal year ended June 30, 2012, totaling \$22,843,046 is primarily due to bond proceeds of \$19,612,962.

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 2012, the stabilization fund earned \$94,986 of investment income and had net transfers in of \$1,063,303 to finish the year with a fund balance of \$6,884,927.

During 2012, governmental funds reported amounts of \$7,272,362 within the nonspendable fund balance category, \$11,240,433 within the restricted fund balance category, \$12,165,242 within the committed fund category, \$5,450,534 within the assigned fund balance category and \$2,823,542 within the unassigned 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 \$26,767,767 and \$12,317,633 as of June 30, 2012 and \$26,435,694 and \$10,806,409 as of June 30, 2011 (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 \$1,117,969 over the original budget.

Expenditures and Other Uses:

Total budgeted appropriations were increased by \$1,219,733 over the original budget.

The significant appropriations which changed are as follows:

- General government unclassified was decreased by \$1,882,903.
- EMS appropriations were increased by \$331,960.
- Public works and facilities was increased by \$1,315,018.
- Education appropriations were increased by \$500,000.

CITY OF NEW BEDFORD, MASSACHUSETTS

Management's Discussion and Analysis (MD&A)

Year Ended June 30, 2012

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 \$786,139 higher than budgeted due to the following.
 - \$311,891 more collected than anticipated for motor vehicle excise.
 - \$219,328 more collected than anticipated for indirect revenues.
 - \$291,146 more collected than anticipated for licenses and permits.
 - \$277,693 less collected than anticipated for in state aid.

- Total expenditures were lower than anticipated by \$6,809,528 due to the following:
 - Police spent \$323,692 less than budgeted
 - \$1,106,057 less spent than budgeted for general government
 - \$4,012,877 less spent than budgeted in the health and life insurance 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, 2012 amounted to \$406,145,653 (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 2.58 percent.

Major capital asset events during the current fiscal year included the Lincoln Elementary and SRF-CSO Main Intercept.

**Capital Assets Net of Accumulated Depreciation
June 30, 2012**

	2012			2011		
	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total
Land	\$ 3,152,935	\$ 1,125,293	\$ 4,278,228	\$ 3,152,935	\$ 735,522	\$ 3,888,457
Easements		962,500	962,500		962,500	962,500
Construction in progress	44,759,145		44,759,145	59,487,286		59,487,286
Infrastructure in progress	2,285,081	820,177	3,105,258	5,401,830	3,756,786	9,158,616
Infrastructure, net	57,476,434	56,820,253	114,296,687	49,830,289	53,575,101	103,405,390
Land improvements, net	280,666	495,043	775,709	298,710	526,125	824,835
Buildings and improvements, net	218,258,662	1,590,224	219,848,886	198,945,292	1,631,155	200,576,447
Machinery and equipment, net	9,366,857	3,587,882	12,954,739	9,410,028	4,206,919	13,616,947
Office equipment and furniture, net	691,536	10,122	701,658	1,081,690	15,337	1,097,027
Computer equipment, net	2,373,971	16,084	2,390,055	876,419	29,252	905,671
Library books and textbooks, net	435,401		435,401	595,611		595,611
Automobiles, net	1,262,371	356,621	1,618,992	1,228,405	142,921	1,371,326
Animals, net	18,395		18,395	21,486		21,486
Total capital assets	\$ 340,361,454	\$ 65,784,199	\$ 406,145,653	\$ 330,329,981	\$ 65,581,618	\$ 395,911,599

Additional information on the City's capital assets can be found on Note 5 on pages 51 through 54 of this report.

CITY OF NEW BEDFORD, MASSACHUSETTS

Management's Discussion and Analysis (MD&A)

Year Ended June 30, 2012

Long-term debt: The City had total bonded debt outstanding of \$230,570,946 as of June 30, 2012 and \$225,019,956 as of June 30, 2011. The full faith and credit of the City backs this entire amount. Of this amount \$30,566,698 relates to the business type activities.

During the current year the City's total debt increased by \$5,550,990. This resulted because the City incurred new debt totaling \$19,616,962 and pay downs totaled \$14,061,972 during the fiscal year ended June 30, 2012.

Additional information on the City's long-term debt can be found in note 12 on pages 64 through 72 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. While indications are that the recent decline in valuation has begun to stabilize, the City's 2014 operating budget will be developed based on the following assumptions: flat/negligible growth in state aid; a modest decline in total assessed property valuations; 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 2013 benefited from increases in school aid and lottery funding. It is unclear as of this writing whether the City will be provided with additional state revenue as a result of the Legislature's budget deliberations,

Property tax valuations will continue to await a return to more robust economic growth and increased market activity. Total taxable assessed valuations fell from \$5,675,527,230 in 2012 to \$5,479,569,620 in 2013. Present expectations are for less pronounced declines in 2014 and 2015 .

The City's 2014 operating budget will maintain the current tax levy. The City did not raise the tax levy by the statutorily available 2 Y2 percent for 2011, 2012, or 2013 in order to foster economic growth. This effective freeze in the tax levy has generated excess levy capacity of \$7,165,905. 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 does not anticipate having to sustain 2014 operations with an increase in the tax levy.

Existing reserves will continue to be safeguarded in 2014. 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 maintain its past practices by using reserves sparingly and only for one-time expenditures. The Stabilization Fund on June 30, 2012 held a balance of \$5,772,091. Management is committed to appropriating free cash to the fund as it becomes available.

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

For the past seven years, the City of New Bedford has managed the deployment of an aggressive and balanced economic development strategy that has resulted in more than \$350 million in private investment, matched by \$94 million in public investment.

During this time, nearly 900 jobs have been retained and more than 2,000 permanent and construction jobs have been created at new and expanding businesses such as Symmetry Medical, Darnit! Manufacturing, UpSource, Market Basket, and American Pride Seafoods. New development projects have also begun to change the face of New Bedford while adding to the tax base. Recently completed real estate development projects include; Victoria Riverside, Riverside Landing, the Lofts at Wamsutta Mills, Regency Tower, and the Fairfield Inn and Suites on the waterfront.

CITY OF NEW BEDFORD, MASSACHUSETTS

Management's Discussion and Analysis (MD&A)

Year Ended June 30, 2012

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

Under the leadership of the Mitchell Administration, 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.

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. Federal and state policies are in place that offer the predictability needed for the private wind energy sector to invest.

These policies led to Governor Patrick's 2010 announcement that New Bedford would be the location of the Marine Commerce Terminal - the first such terminal in the nation - a State infrastructure investment of up to \$100 million that will deploy a generation of offshore wind projects in Federal waters south of Martha's Vineyard.

The \$100 million New Bedford Marine Commerce Terminal, which is now entering the construction phase, will host the staging and assembly operations for offshore wind turbine components and cabling. Once operations are underway, the NBMCT will host 130 permanent new jobs and boost household income in the New Bedford area 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.

Beyond recent accomplishments and the establishment of the offshore wind sector in America, there is much more activity underway in the City's economic development portfolio. A new road is under construction in the City's business park to provide access to a 40 acre site which will accommodate highly-sought regional job growth industries such as bio-manufacturing. In the upper harbor, nearly 600,000 square feet of restored mill space, representing nearly \$50 million in new investment, is about to come online and the Riverside Landing phase 2 development is already underway. New businesses continue to open in the downtown, a sign that New Bedford is a destination for entrepreneurs seeking a vibrant urban environment.

The Spring of 2013 will see ribbon cutting on two great mill projects - Cliftex North and Cliftex South, while companies such as Abboud, UpSource and Precix who make the neighboring mills their homes, will add many citizens to their employment rolls. We will celebrate the completion of the gateway phase of the \$5 million phase one of International Market Place as well as the \$12 million downtown section of the Route 18 project, both changing the face of how we define the great streets of New Bedford's commercial centers and boosting private investment. Riverside Landing will have a top-notch medical use facility joining Market Basket and the other retail uses at the site, adding nearly 100 additional jobs to the 500 already created since 2011, and new businesses will continue to find downtown an attractive place to open their doors to tourists, students, and residents. A graduate housing complex in the downtown for University of Massachusetts - Dartmouth students will make real progress toward construction in 2013, as well as a redesigned Zeiterion Theatre and a completely reimaged Custom House Square that will serve as a new common for the City.

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 City Auditor, 133 Williams Street, New Bedford, Massachusetts.

CITY OF NEW BEDFORD, MASSACHUSETTS

Statement of Net Assets

June 30, 2012

	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	\$ 54,187,080	\$ 5,202,669	\$ 59,389,749	\$ 766,247	\$ 1,357,952	\$ 2,124,199
Restricted cash and investments	8,585,028		8,585,028	17,390,077		17,390,077
Accounts receivable, net of allowance	26,434,378	1,211,165	27,645,543	730,262	250,537	980,799
Taxes receivable, net	27,902,038		27,902,038			-
Loans receivable, net	16,779,763		16,779,763			-
Health plan contributions receivable, net	-		-			-
Accrued interest receivable	-		-			-
Due from other funds	7,063,348	65,000	7,128,348			-
Due from other governments			-	7,438	71,580	79,018
Intra-entity receivable	1,959,321		1,959,321		-	-
Receivable from external parties	-		-		229,977	229,977
Inventories and prepaid expenses	722,742	365,843	1,088,585	74,552	4,567	79,119
Other assets - current	253,465	1,672	255,137		12,694	12,694
Deferred asset advance refunding, net of amortization	754,588		754,588			-
Other assets - noncurrent	4,293		4,293	17,628		17,628
Capital assets:						
Land	3,152,935	1,125,293	4,278,228	6,235,025	994,833	7,229,858
Landfill			-	4,945,817		4,945,817
Construction in progress	44,759,145		44,759,145	126,847	1,607,501	1,734,348
Infrastructure in progress	2,285,081	820,177	3,105,258			-
Easements		962,500	962,500			-
Land improvements, net	280,666	495,043	775,709		14,856,070	14,856,070
Infrastructure, net	57,476,434	56,820,253	114,296,687			-
Building and improvements, net	218,258,662	1,590,224	219,848,886	101,174	6,297,242	6,398,416
Office equipment and furniture, net	691,536	10,122	701,658	4,187	1,611	5,798
Computer equipment, net	2,373,971	16,084	2,390,055	3,001		3,001
Library books and textbooks, net	435,401		435,401			-
Automobiles, net	1,262,371	356,621	1,618,992		52,517	52,517
Machinery and equipment, net	9,366,857	3,587,882	12,954,739	577,498	826,653	1,404,151
Animals, net	18,395		18,395			-
Total capital assets	340,361,454	65,784,199	406,145,653	11,993,549	24,636,427	36,629,976
Total Assets	\$ 485,007,498	\$ 72,630,548	\$ 557,638,046	\$ 30,979,753	\$ 26,563,734	\$ 57,543,487

The accompanying notes are an integral part of this statement

CITY OF NEW BEDFORD, MASSACHUSETTS

Statement of Net Assets

June 30, 2012

	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	\$ 16,348,528	\$ 446,880	\$ 16,795,408	\$ 44,901	\$ 561,068	\$ 605,969
Retainage payable	233,204		233,204		-	-
Due to other governments	142,558		142,558	7,438	-	7,438
Intra-entity payable	-		-		1,959,321	1,959,321
Due to other funds	7,856,648	65,000	7,921,648			-
Accrued interest	2,757,976	376,430	3,134,406		-	-
Deposits held	571,269		571,269		15,000	15,000
Payroll withholdings	338,487		338,487			
Deferred Revenue	-		-		44,165	44,165
Other liabilities	425,583	109	425,692		-	-
Long-term liabilities:						
Portion due or payable within one year:						
Claims incurred but not reported	3,039,852		3,039,852			-
Deposits held in custody			-	390,759		390,759
Bonds and notes payable	39,775,909	1,764,814	41,540,723	484,438	-	484,438
Capital leases	109,255	98,266	207,521			-
Compensated Absenses	5,875,631	472,686	6,348,317		14,013	14,013
Portion due or payable in more than one year:						
Accrued closure/post-closure costs			-	5,022,939		5,022,939
Bonds and notes payable	187,641,138	28,801,884	216,443,022		-	-
Other post-employment benefit liability	101,518,593	1,207,408	102,726,001	961,128		961,128
Capital leases	240,886	103,656	344,542			-
Compensated Absenses	9,624,623	208,015	9,832,638		126,113	126,113
Total liabilities	<u>\$ 376,500,140</u>	<u>\$ 33,545,148</u>	<u>\$ 410,045,288</u>	<u>\$ 6,911,603</u>	<u>\$ 2,719,680</u>	<u>\$ 9,631,283</u>
NET ASSETS						
Invested in capital assets, net of related debt	\$ 109,836,290	\$ 34,639,149	\$ 144,475,439	\$ 11,526,739	\$ 24,634,816	\$ 36,161,555
Restricted	36,128,571	-	36,128,571	10,143,823	-	10,143,823
Unrestricted	(37,457,503)	4,446,251	(33,011,252)	2,397,588	(790,762)	1,606,826
Total net assets	<u>\$ 108,507,358</u>	<u>\$ 39,085,400</u>	<u>\$ 147,592,758</u>	<u>\$ 24,068,150</u>	<u>\$ 23,844,054</u>	<u>\$ 47,912,204</u>

The accompanying notes are an integral part of this statement

Continued
15

CITY OF NEW BEDFORD, MASSACHUSETTS

Statement of Activities

For the Year Ended June 30, 2012

	<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	\$ 7,923,473	\$ 2,254,966	\$ 5,332,594	\$ 2,814,138	\$ 271,702
Public safety	51,967,129	13,396,492	6,080,383	8,587,689	576,028
Public works	39,062,855	2,196,522	19,111,009	15,786,882	1,872,678
Health and human services	5,485,501	3,344,554	4,188,044	2,873,384	-
Education	186,767,268	47,522,568	1,762,884	55,766,978	2,115,614
Community and economic development	7,398,389	-	(140,765)	5,789,389	-
Culture and recreation	5,001,100	1,265,879	882,284	351,549	-
Municipal airport	7,489	-	(21,171)	171,359	1,648,506
Pension benefits	22,246,981	(22,246,981)	-	-	-
Health and other insurance	47,734,000	(47,734,000)	-	-	-
Miscellaneous	8,947,755	-	-	-	-
State and county charges	8,613,392	-	-	-	-
Debt service:					
Interest and fiscal charges	8,361,891	-	-	-	-
Total governmental activities	<u>399,517,223</u>	<u>-</u>	<u>37,195,262</u>	<u>92,141,368</u>	<u>6,484,528</u>
			-	-	-
Business-Type Activities:					
Water	9,277,526	-	10,985,169	-	-
Airport	983,548	-	752,014	-	-
Total business-type activities	<u>10,261,074</u>	<u>-</u>	<u>11,737,183</u>	<u>-</u>	<u>-</u>
Total primary government	<u>409,778,297</u>	<u>-</u>	<u>48,932,445</u>	<u>92,141,368</u>	<u>6,484,528</u>
Component Units:					
Greater New Bedford Regional Refuse Management District	4,533,552	-	4,038,488	-	-
Non-major component units	9,708,007	-	2,250,734	5,346,617	2,109,109
Total component units	<u>14,241,559</u>	<u>-</u>	<u>6,289,222</u>	<u>5,346,617</u>	<u>2,109,109</u>
Total City of New Bedford	<u>\$ 424,019,856</u>	<u>\$ -</u>	<u>\$ 55,221,667</u>	<u>\$ 97,487,985</u>	<u>\$ 8,593,637</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, 2012

	Net (Expense) Revenue and Changes in Net Assets					
	<i>Primary Government</i>		<i>Component Units</i>			
	Governmental Activities	Business-Type Activities	Total	Greater New Bedford Regional Refuse District	Nonmajor Component Units	Total Component Units
Governmental Activities:						
General government	\$ (1,760,005)	\$ -	\$ (1,760,005)	\$ -	\$ -	\$ -
Public safety	(50,119,521)		(50,119,521)			-
Public works	(4,488,808)		(4,488,808)			-
Health and human services	(1,768,627)		(1,768,627)			-
Education	(174,644,360)		(174,644,360)			-
Community and economic development	(1,749,765)		(1,749,765)			-
Culture and recreation	(5,033,146)		(5,033,146)			-
Municipal airport	1,791,205		1,791,205			-
Pension benefits	-		-			-
Health and other insurance	-		-			-
Miscellaneous	(8,947,755)		(8,947,755)			-
State and county charges	(8,613,392)		(8,613,392)			-
Debt service:	-		-			-
Interest and fiscal charges	(8,361,891)		(8,361,891)			-
Total governmental activities	<u>(263,696,065)</u>		<u>(263,696,065)</u>	-	-	-
Business-Type Activities:						
Water		1,707,643	1,707,643			
Airport		(231,534)	(231,534)			
Total business-type activities	-	<u>1,476,109</u>	<u>1,476,109</u>			
Total primary government	<u>(263,696,065)</u>	<u>1,476,109</u>	<u>(262,219,956)</u>			
Component Units:						
Greater New Bedford Regional Refuse Management District				(495,064)		(495,064)
Non-major component units					(220,326)	(220,326)
Total component units	-		-	(495,064)	(220,326)	(715,390)
Total City of New Bedford	<u>\$ (263,696,065)</u>	<u>\$ 1,476,109</u>	<u>\$ (262,219,956)</u>	<u>\$ (495,064)</u>	<u>\$ (220,326)</u>	<u>\$ (715,390)</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, 2012

	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	\$ 90,598,652	\$ -	\$ 90,598,652	\$ -	\$ -	\$ -
Motor vehicle and other excise taxes	7,262,504		7,262,504			-
School building assistance	10,029,155		10,029,155			-
Distribution - School Aid	111,804,537		111,804,537			-
Distribution - Lottery	18,050,411		18,050,411			-
Exemptions - Veterans, blind, surviving spouse & elderly	520,047		520,047			-
State owned land	15,454		15,454			-
Tax foreclosures	2,843,336		2,843,336			-
Penalties and interest on taxes	1,308,064		1,308,064			-
Fines and forfeitures	178,068	-	178,068			-
Earnings on Investments	203,593		203,593	330,924	2,644	333,568
Payments in lieu of taxes	286,155		286,155			-
Contributions and donations	11,948,013		11,948,013			-
Miscellaneous	11,037,970	327,643	11,365,613	(135,572)	336,293	200,721
Total general revenues	266,085,959	327,643	266,413,602	195,352	338,937	534,289
Transfers/Special Items:						
Transfers between funds - operating	1,974,871	(1,019,871)	955,000			-
Special Item - Transfer of Capital Asset Net of Debt from Governmental Activities - Airport	(1,893,462)	1,893,462	-			-
Special Item - Transfer of Capital Asset Net of Debt from Governmental Activities - Water	(120,894)	120,894	-			-
Net transfers to water stabilization fund		(955,000)	(955,000)			-
Special Item - Capital Lease Proceeds	(399,231)		(399,231)			-
Special Item - NBRA - Loss on sale of Healy St Property						-
Change in net assets	1,951,178	1,843,237	3,794,415	(299,712)	118,611	(181,101)
Net assets-beginning, restated	106,556,180	37,242,163	143,798,343	24,367,862	23,725,443	48,093,305
Net assets-ending	\$ 108,507,358	\$ 39,085,400	\$ 147,592,758	\$ 24,068,150	\$ 23,844,054	\$ 47,912,204

The accompanying notes are an integral part of this statement

CITY OF NEW BEDFORD, MASSACHUSETTS

Balance Sheet
Governmental Funds

June 30, 2012

	<u>General Fund</u>	<u>Wastewater</u>	<u>Non-Major Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash and investments, unrestricted	\$ 28,818,052	\$ 3,877,390	\$ 16,826,577	\$ 49,522,019
Cash, restricted	-	8,585,028	-	8,585,028
Receivables, net:				
Real estate and personal property taxes	4,562,717		-	4,562,717
Tax liens and foreclosures	21,665,691		-	21,665,691
Motor vehicle and boat excise	1,698,319		-	1,698,319
User charges receivables	-	1,764,689	-	1,764,689
Departmental and other	6,946,762	27,177	-	6,973,939
Loans receivable	-		20,380,174	20,380,174
Other receivables	149,407		224,386	373,793
Special assessments	1,057	252,408	-	253,465
Due from federal or state government	202,703		18,053,459	18,256,162
Due from other funds	2,697,141	1,479,868	1,697	4,178,706
Intraentity receivable	1,959,321		-	1,959,321
Inventories	-	71,323	-	71,323
Prepaid assets		404,501		404,501
Other assets	4,293			4,293
Land inventory	-		246,918	246,918
Total assets	<u>\$ 68,705,463</u>	<u>\$ 16,462,384</u>	<u>\$ 55,733,211</u>	<u>\$ 140,901,058</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Warrants payable	2,547,742	937,533	1,789,245	5,274,520
Accounts payable and accrued expenses	8,027,234	337,043	2,703,972	11,068,249
Retainage payable	-		233,204	233,204
Bonds and notes payable	-		26,929,625	26,929,625
Interim loan payable	-		483,175	483,175
Due to other funds	3,697,150	4,152,606	6,842	7,856,598
Deposits held	(178)	405,901	165,546	571,269
Due to other governments	-		142,558	142,558
Payroll withholdings	338,487			338,487
Other Liabilities	425,472		111	425,583
Deferred revenue	24,955,584	2,044,273	21,625,820	48,625,677
Total liabilities	<u>39,991,491</u>	<u>7,877,356</u>	<u>54,080,098</u>	<u>101,948,945</u>
Fund balances:				
Nonspendable	1,959,143	-	5,313,219	7,272,362
Restricted	-	71,323	11,169,110	11,240,433
Committed	6,884,927	3,702,452	1,577,863	12,165,242
Assigned	639,281	4,811,253	-	5,450,534
Unassigned	19,230,621	-	(16,407,079)	2,823,542
Total fund balances	<u>28,713,972</u>	<u>8,585,028</u>	<u>1,653,113</u>	<u>38,952,113</u>
Total liabilities and fund balances	<u>\$ 68,705,463</u>	<u>\$ 16,462,384</u>	<u>\$ 55,733,211</u>	<u>\$ 140,901,058</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, 2012

	General Fund	Wastewater	Non-Major Governmental Funds	Total Governmental Funds
REVENUE				
Real estate and personal property taxes	\$ 91,509,765	\$ -	\$ -	\$ 91,509,765
Motor vehicle and other excise	7,238,544	-	-	7,238,544
School Building Authority reimbursement	-	-	10,029,155	10,029,155
Tax liens and foreclosures	2,005,909	-	-	2,005,909
Penalties and interest on taxes	1,308,064	-	-	1,308,064
Licenses and permits	2,337,636	-	-	2,337,636
Fines and forfeitures	178,068	-	-	178,068
Investment income	157,504	157,543	(153,048)	161,999
Intergovernmental - operating	165,462,537	5,858,169	50,357,044	221,677,750
Intergovernmental - capital grants	2,115,614	-	4,398,797	6,514,411
Charges for services	15,234,506	19,001,178	-	34,235,684
Other - indirects	1,738,171	-	-	1,738,171
Special Assessments and betterments	595	-	-	595
Payments in lieu of taxes	286,155	-	-	286,155
Miscellaneous	1,514,467	396,111	9,161,693	11,072,271
Total revenues	<u>291,087,535</u>	<u>25,413,001</u>	<u>73,793,641</u>	<u>390,294,177</u>
EXPENDITURES				
General government	6,123,547	-	4,991,174	11,114,721
Public safety	35,776,919	-	9,110,420	44,887,339
Education	138,705,071	-	36,567,912	175,272,983
Public works	13,177,260	11,427,207	18,323,935	42,928,402
Community and economic development	-	-	7,121,079	7,121,079
Health and human services	4,308,234	-	914,784	5,223,018
Municipal Airport	-	-	1,900,951	1,900,951
Culture and recreation	4,229,805	-	638,140	4,867,945
Pension benefits	22,246,981	-	-	22,246,981
Health and other insurance	35,442,224	-	-	35,442,224
Miscellaneous	8,947,755	-	-	8,947,755
State and county charges	8,613,392	-	-	8,613,392
Debt service:				
Principal payments	5,726,521	6,549,834	60,000	12,336,355
Interest and costs	2,827,613	5,308,206	-	8,135,819
Total expenditures	<u>286,125,322</u>	<u>23,285,247</u>	<u>79,628,395</u>	<u>389,038,964</u>
Excess (deficiency) of revenues over expenditures	<u>4,962,213</u>	<u>2,127,754</u>	<u>(5,834,754)</u>	<u>1,255,213</u>
OTHER FINANCING SOURCES (USES)				
Bond proceeds	-	-	19,612,962	19,612,962
Transfers in	6,160,474	5,509,023	481,269	12,150,766
Transfers out	(2,401,757)	(7,370,057)	(404,081)	(10,175,895)
Total other financing sources and uses	<u>3,758,717</u>	<u>(1,861,034)</u>	<u>19,690,150</u>	<u>21,587,833</u>
Net change in fund balances	8,720,930	266,720	13,855,396	22,843,046
Fund balances-July 1, 2011, restated	<u>19,993,042</u>	<u>8,318,308</u>	<u>(12,202,283)</u>	<u>16,109,067</u>
Fund balances-June 30, 2012	<u>\$ 28,713,972</u>	<u>\$ 8,585,028</u>	<u>\$ 1,653,113</u>	<u>\$ 38,952,113</u>

The accompanying notes are an integral part of this statement

CITY OF NEW BEDFORD, MASSACHUSETTS

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

June 30, 2012

Total governmental fund balances	\$ 38,952,113
Record allowance for doubtful accounts that are financial resources, for the governmental funds	(4,559,305)
Record advance refunding and related amortization that are not reported in the governmental funds	754,588
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	340,361,453
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	48,625,677
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.	4,504,042
In the statement of activities, interest is accrued on outstanding long-term debt, whereas in governmental funds interest is not reported until due.	(2,757,976)
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	(200,004,246)
Compensated absences	(15,500,254)
Capital leases	(350,141)
Other postemployment benefits	<u>(101,518,593)</u>
Net assets of governmental activities	<u>\$ 108,507,358</u>

The accompanying notes are an integral part of this statement

CITY OF NEW BEDFORD, MASSACHUSETTS

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

For the Year Ended June 30, 2012

Net change in fund balances - total governmental funds	\$ 22,843,046
To record allowance for doubtful accounts that are resources for governmental funds	\$ 52,947
Record advance refunding and related amortization that are not reported in the governmental funds	(260,504)
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.	10,031,473
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.	(3,276,639)
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.	(7,564,093)
In the statement of activities, interest is accrued on outstanding long-term debt, whereas in governmental funds interest, is not reported until due.	34,432
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	(22,429,073)
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.	(25,267)
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>2,544,856</u>
Change in net assets of governmental activities	<u><u>\$ 1,951,178</u></u>

The accompanying notes are an integral part of this statement

CITY OF NEW BEDFORD, MASSACHUSETTS

Statement of Net Assets and Changes in Net Assets
Proprietary Funds

June 30, 2012

	Business-Type Activities			Governmental
	Water	Airport	Total	Activities - Internal Service Funds
ASSETS				
Current assets:				
Cash	\$ 1,365,828	\$ 320,283	\$ 1,686,111	\$ 4,665,061
Investments	3,516,558		3,516,558	
User charges receivable, net	1,170,760		1,170,760	
Other receivables, net	11,367	29,038	40,405	
Due from other funds	65,000		65,000	2,884,642
Inventory	365,843		365,843	
Other Assets	1,672		1,672	
Total current assets	6,497,028	349,321	6,846,349	7,549,703
Non-current assets:				
Land	600,000	525,293	1,125,293	
Easements	962,500		962,500	
Infrastructure in progress	502,725	317,452	820,177	
Infrastructure, net	47,724,965	9,095,288	56,820,253	
Land improvements, net		495,043	495,043	
Building and improvements, net	42,153	1,548,071	1,590,224	
Machinery and equipment, net	3,455,646	132,236	3,587,882	
Office equipment and furniture, net	10,108	14	10,122	
Computer equipment, net	364	15,720	16,084	
Automobiles, net	349,150	7,471	356,621	
Total non-current assets	53,647,611	12,136,588	65,784,199	-
Total assets	\$ 60,144,639	\$ 12,485,909	\$ 72,630,548	\$ 7,549,703
LIABILITIES				
Current liabilities:				
Warrants payable	\$ 37,863	\$ 867	\$ 38,730	\$ -
Accounts payable and accrued expenses	392,078	16,072	408,150	5,759
Accrued interest	376,430		376,430	
Bonds payable	1,764,814		1,764,814	
Capital leases	98,266		98,266	
Compensated absences	456,527	16,159	472,686	
Due to other funds	65,000	-	65,000	50
Other liabilities	109		109	
Claims incurred but not reported			-	3,039,852
Total current liabilities	3,191,087	33,098	3,224,185	3,045,661
Non-current liabilities:				
Bonds payable	28,801,884		28,801,884	
Capital Leases	103,656		103,656	
Compensated absences	193,303	14,712	208,015	
Other post-employment liability	1,086,942	120,466	1,207,408	
Total non-current liabilities	30,185,785	135,178	30,320,963	-
Total liabilities	\$ 33,376,872	\$ 168,276	\$ 33,545,148	\$ 3,045,661
NET ASSETS				
Invested in capital assets, net of related debt	\$ 22,502,561	\$ 12,136,588	\$ 34,639,149	
Unrestricted - airport operating fund		181,045	181,045	
Unrestricted - water operating fund	698,408		698,408	
Unrestricted - water stabilization fund	3,566,798		3,566,798	4,504,042
Total net assets	\$ 26,767,767	\$ 12,317,633	\$ 39,085,400	\$ 4,504,042

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, 2012

	<u>Business-Type Activities</u>			<u>Governmental Activities - Internal Service Funds</u>
	<u>Water</u>	<u>Airport</u>	<u>Total</u>	
OPERATING REVENUES				
Charges for services	\$ 10,778,352	\$ 752,014	\$ 11,530,366	\$ -
Utility liens and penalties	206,817		206,817	
Operating grants and contributions			-	2,847,025
Contributions (employee and employer)			-	48,823,340
Miscellaneous	327,643		327,643	
Total operating revenues	<u>11,312,812</u>	<u>752,014</u>	<u>12,064,826</u>	<u>51,670,365</u>
OPERATING EXPENSES				
Salaries and benefits	3,539,882	300,926	3,840,808	38,771
Services and supplies	2,349,514	165,642	2,515,156	19,218
Capital Outlay	(131,726)		(131,726)	
Depreciation expense	2,467,579	509,328	2,976,907	
Health and other insurance			-	49,109,114
Other expenses		7,652	7,652	
Total operating expenses	<u>8,225,249</u>	<u>983,548</u>	<u>9,208,797</u>	<u>49,167,103</u>
Operating income (loss)	<u>3,087,563</u>	<u>(231,534)</u>	<u>2,856,029</u>	<u>2,503,262</u>
NONOPERATING REVENUES (EXPENSES)				
Investment earnings	49,490		49,490	41,594
Debt administrative costs	(34,790)		(34,790)	
Debt service - interest payments	(1,066,977)		(1,066,977)	
Total nonoperating revenue (expenses)	<u>(1,052,277)</u>	<u>-</u>	<u>(1,052,277)</u>	<u>41,594</u>
Income (loss) before transfers	2,035,286	(231,534)	1,803,752	2,544,856
TRANSFERS				
Transfers in - operating	1,245,361	28,382	1,273,743	
Transfers out - operating	(2,114,468)	(179,146)	(2,293,614)	
Transfers in - capital	120,894	1,893,462	2,014,356	
Transfers out - capital	-		-	
Transfers in - water stabilization fund	1,881,099		1,881,099	
Transfers out - water stabilization fund	(2,836,099)		(2,836,099)	
Total Transfers	<u>(1,703,213)</u>	<u>1,742,698</u>	<u>39,485</u>	<u>-</u>
Change in net assets	332,073	1,511,164	1,843,237	2,544,856
Total net assets-July 1, 2011	26,435,694	10,806,469	37,242,163	1,959,186
Total net assets-June 30, 2012	<u>\$ 26,767,767</u>	<u>\$ 12,317,633</u>	<u>\$ 39,085,400</u>	<u>\$ 4,504,042</u>

The accompanying notes are an integral part of this statement

CITY OF NEW BEDFORD, MASSACHUSETTS

Statement of Cash Flows

For the Year Ended June 30, 2012

	<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	\$ -	\$ -	\$ -	\$ 48,788,531
Cash received from customers	11,093,883	733,757	11,827,640	
Payments from/(to) suppliers and employees	(5,058,350)	(444,735)	(5,503,085)	(49,560,476)
Internal activity-payments from (to) other funds	65,000		65,000	725,707
Net cash provided (used) by operating activities	<u>6,100,533</u>	<u>289,022</u>	<u>6,389,555</u>	<u>(46,238)</u>
Cash flows from noncapital financing activities:				
Transfers in (out)	<u>(1,824,107)</u>	<u>1,742,698</u>	<u>(81,409)</u>	
Net cash provided by noncapital financing activities	<u>(1,824,107)</u>	<u>1,742,698</u>	<u>(81,409)</u>	<u>-</u>
Cash flows from capital and related financing activities:				
Purchases and construction of capital assets	(1,165,133)	(1,893,461)	(3,058,594)	
Principal paid on capital debt	(1,725,618)		(1,725,618)	
Interest paid on capital debt	(1,080,882)		(1,080,882)	
Debt administrative costs	<u>(34,790)</u>		<u>(34,790)</u>	
Net cash used by capital and related financing activities	<u>(4,006,423)</u>	<u>(1,893,461)</u>	<u>(5,899,884)</u>	<u>-</u>
Cash flows from investing activities:				
Purchase of investments	(1,927,323)		(1,927,323)	
Interest and dividends	49,490		49,490	41,594
Net cash used by investing activities	<u>(1,877,833)</u>	<u>-</u>	<u>(1,877,833)</u>	<u>41,594</u>
Net increase in cash and cash equivalents	<u>(1,607,830)</u>	<u>138,259</u>	<u>(1,469,571)</u>	<u>(4,644)</u>
Balances-beginning of the year	<u>2,973,658</u>	<u>182,024</u>	<u>3,155,682</u>	<u>4,669,705</u>
Balances-end of the year	<u>\$ 1,365,828</u>	<u>\$ 320,283</u>	<u>\$ 1,686,111</u>	<u>\$ 4,665,061</u>
Displayed as:				
Cash and short-term investments	<u>\$ 1,365,828</u>	<u>\$ 320,283</u>	<u>\$ 1,686,111</u>	<u>\$ 4,665,061</u>
Total cash and short-term investments	<u>\$ 1,365,828</u>	<u>\$ 320,283</u>	<u>\$ 1,686,111</u>	<u>\$ 4,665,061</u>

The accompanying notes are an integral part of this statement

CITY OF NEW BEDFORD, MASSACHUSETTS

Statement of Cash Flows

For the Year Ended June 30, 2012

	<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)	\$ 3,087,563	\$ (231,534)	\$ 2,856,029	\$ 2,503,262
Adjustments to reconcile operating income to net cash provided (used) by operating activities:				
Depreciation expense	2,467,579	509,328	2,976,907	
Change in assets and liabilities:				
(Increase) decrease in user charges receivables, net	(90,831)		(90,831)	
(Increase) decrease in utility liens	(62,070)		(62,070)	
(Increase) decrease other receivables, net	(1,028)	(18,257)	(19,285)	
(Increase) decrease other assets	371		371	
(Increase) decrease due from other funds	(65,000)		(65,000)	(2,884,642)
(Increase) decrease inventory, net	(116,870)		(116,870)	
(Increase) decrease in escrow funds held			-	2,808
Increase (decrease) warrants and accounts payable	116,021	(760)	115,261	(393,423)
Increase (decrease) in other post-employment benefits	358,486	27,455	385,941	
Increase (decrease) in due to other funds	65,000		65,000	50
Increase (decrease) in capital leases	179,538		179,538	
Increase (decrease) in compensated absences	161,777	2,790	164,567	
Increase (decrease) in other liabilities	(3)		(3)	
Increase (decrease) in incurred but not reported			-	725,707
Net cash provided (used) by operating activities	<u>\$ 6,100,533</u>	<u>\$ 289,022</u>	<u>\$ 6,389,555</u>	<u>\$ (46,238)</u>

The accompanying notes are an integral part of this statement

CITY OF NEW BEDFORD, MASSACHUSETTS

Statement of Fiduciary Net Assets
Fiduciary Funds and Similar Component Units

June 30, 2012

	<u>Pension Trust Fund (As of December 31, 2011)</u>	<u>Private Purpose Trust Funds</u>	<u>Agency</u>	<u>Total</u>
Assets				
Cash and short-term investments	\$ 8,669,331	\$ 429,983	\$ 6,225,085	\$ 15,324,399
Investments	209,298,247	-		209,298,247
Receivables, net of allowance or uncollectibles:				
Interest and dividends	463,351			463,351
Other	252,138		35,179	287,317
Due from external parties - primary government			808,916	808,916
Prepaid assets	345,329			345,329
Total assets	<u>\$ 219,028,396</u>	<u>\$ 429,983</u>	<u>\$ 7,069,180</u>	<u>\$ 226,527,559</u>
Liabilities				
Warrants payable		\$ -	\$ 140,304	\$ 140,304
Accounts payable and accrued expenses	525,156		39,026	564,182
Payable to external parties - primary government			15,616	15,616
Deposits Held	-		6,874,234	6,874,234
Total liabilities	<u>525,156</u>	<u>-</u>	<u>7,069,180</u>	<u>7,594,336</u>
Net Assets				
Held in trust for pension benefits and other purposes	<u>\$ 218,503,240</u>	<u>\$ 429,983</u>	<u>\$ -</u>	<u>\$ 218,933,223</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, 2012

	Pension Trust Fund (As of December 31, 2011)	Private Purpose Trust Funds	Total
<u>Additions:</u>			
Contributions:			
Employer	\$ 25,929,984	\$ -	\$ 25,929,984
Employee	8,009,745		8,009,745
Miscellaneous Income	14,261	64,918	79,179
Total contributions	<u>33,953,990</u>	<u>64,918</u>	<u>34,018,908</u>
Net investment income:			
Dividends and interest	4,914,325	10,980	4,925,305
Net appreciation in fair value of investments	(8,447,863)	4,974	(8,442,889)
Gain (Loss) on sale of investments	1,086,240	(8,581)	1,077,659
Total investment income	<u>(2,447,298)</u>	<u>7,373</u>	<u>(2,439,925)</u>
Less investment expense	<u>2,011,337</u>	<u>-</u>	<u>2,011,337</u>
Net investment income	(4,458,635)	7,373	(4,451,262)
Intergovernmental	757,319		757,319
Total Additions	<u>30,252,674</u>	<u>72,291</u>	<u>30,324,965</u>
<u>Deductions:</u>			
Retirement benefits	37,212,944		37,212,944
Administration	397,904	11,384	409,288
Transfers, reimbursements and refunds	2,382,780		2,382,780
Total Deductions	<u>39,993,628</u>	<u>11,384</u>	<u>40,005,012</u>
<u>Other Financing Sources (Uses):</u>			
Transfers in		-	-
Transfers out		-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>
Change in Net Assets	(9,740,954)	60,907	(9,680,047)
Net Assets, June 30, 2011	<u>228,244,194</u>	<u>369,076</u>	<u>228,613,270</u>
Net Assets, June 30, 2012	<u>\$ 218,503,240</u>	<u>\$ 429,983</u>	<u>\$ 218,933,223</u>

The accompanying notes are an integral part of this statement

CITY OF NEW BEDFORD, MASSACHUSETTS

Notes to Financial Statements

June 30, 2012

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 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:

As defined by GASB14, component units are legally separate entities that are included in the City's reporting entity because of significance of their operating or financial relationship with the City. These component units are reported in a separate column to emphasize that it is legally separate from the City. 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 New Bedford 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 New Bedford Harbor Development Commission is reported on the government-wide financial statements as a non-major component unit. Separate financial statements for the New Bedford Harbor Development Commission are not included in this financial statement presentation. These financial statements could be obtained by contacting the New Bedford 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 Financial Statements

June 30, 2012

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 unit has been presented as blended component units (included in the primary government) because the component unit provides services 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

B. Government-Wide Statements

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.

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.)

CITY OF NEW BEDFORD, MASSACHUSETTS

Notes to Financial Statements

June 30, 2012

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.

CITY OF NEW BEDFORD, MASSACHUSETTS

Notes to Financial Statements

June 30, 2012

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.

CITY OF NEW BEDFORD, MASSACHUSETTS

Notes to Financial Statements

June 30, 2012

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.

CITY OF NEW BEDFORD, MASSACHUSETTS

Notes to Financial Statements

June 30, 2012

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.

CITY OF NEW BEDFORD, MASSACHUSETTS

Notes to Financial Statements

June 30, 2012

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, 2012 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 2012. 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 Financial Statements

June 30, 2012

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	5-10 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.

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

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.

CITY OF NEW BEDFORD, MASSACHUSETTS

Notes to Financial Statements

June 30, 2012

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 provision 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.
- d. 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 Financial Statements

June 30, 2012

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

During the course of government 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 government operations, resources may be permanently reallocated between and within funds. These transactions are reported as transfers in and transfers out and are not eliminated from the individual fund statements.

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.

CITY OF NEW BEDFORD, MASSACHUSETTS

Notes to Financial Statements

June 30, 2012

Note 1. Summary of Significant Accounting Policies (Continued)

E. Financial Statement Amounts (Continued)

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, 2012 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 2012 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.

CITY OF NEW BEDFORD, MASSACHUSETTS

Notes to Financial Statements

June 30, 2012

Note 2. Compliance and Accountability (Continued)

Interfund Transactions

The interfund activity presented below is for the fund statement level only. These balances include both due from/to other funds and intra-entity receivables and payables.

	<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	\$ 2,697,141	\$ 3,697,150	\$ 4,847,238	\$ 2,151,824
Wastewater Funds	1,479,868	4,152,606	5,509,023	7,370,057
City & School Stabilization Funds	-	-	1,313,236	249,933
<u>Non-Major Governmental Funds</u>				
Capital Projects	-	-	39,881	1,564
Special Revenue Funds	1,697	6,842	441,388	192,554
Permanent Funds	-	-	-	209,963
<u>Proprietary Funds</u>				
Internal Service Funds	2,884,642	50	-	-
Water	65,000	65,000	3,126,460	4,950,567
Airport	-	-	28,382	179,146
<u>Fiduciary Funds</u>				
Agency	808,916	15,616		
Private Purpose Trust Funds	-	-	-	-
Totals	<u>\$ 7,937,264</u>	<u>\$ 7,937,264</u>	<u>\$ 15,305,608</u>	<u>\$ 15,305,608</u>

In addition to the sources and uses above, \$1,893,462 was recorded as a source for the airport enterprise fund and \$120,894 was recorded as a financing source for the water enterprise fund for capital assets purchased from governmental funds (thus resulting in an increase in net assets within the airport and water enterprise funds).

Cash and investment as of June 30, 2012 are classified in the accompanying financial statements as follows:

Cash and investments - Governmental Activities	\$ 62,772,108
Cash and investments - Business Type Activities	5,202,669
Cash and investments - Pension Trust Fund	217,967,578
Cash and investments - City Private Purpose Trust Funds	429,983
Cash and investments - Agency Funds	<u>6,225,085</u>
	<u>\$ 292,597,423</u>

CITY OF NEW BEDFORD, MASSACHUSETTS

Notes to Financial Statements

June 30, 2012

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, 2012.

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 \$66,166,196, including \$1,850 of petty cash and the bank balance was \$77,613,030. Of the bank balance \$2,676,848 was covered by Federal Depository Insurance, \$7,297,467 was covered by Depositors Insurance Fund and \$49,516,170 was held in collateralized accounts. The remaining balance of \$18,122,546 was held in uncollateralized accounts.

At year end the City's carrying amount of deposits for the pension trust fund was \$8,669,331 and the bank balance was \$9,462,511. Of the bank balance \$500,000 was covered by Federal Depository Insurance. The remaining balance of \$8,962,511 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, 2012.

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, 2012.

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.

CITY OF NEW BEDFORD, MASSACHUSETTS

Notes to Financial Statements

June 30, 2012

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

Investment Type	Total Amount	Maximum Maturity	* Maximum Investment in One Issuer	Moody's Rating
<i>Primary Government, Private Purpose and Agency Funds</i>				
Fixed Income	\$ 54,012	2 years	N/A	A1
Fixed Income	53,522	2 years	N/A	BAA2
Fixed Income	258,199	N/A	N/A	Unrated
Common Stock	345,543	N/A	N/A	N/A
Equities	2,280,925	<1 year	N/A	Unrated
Government Securities	378,264	<1 year	N/A	AAA
Government Securities	10,275	1 year	N/A	AAA
Government Securities	73,010	2 years	N/A	AAA
Government Securities	69,433	6 years	N/A	AAA
Government Securities	22	4 years	N/A	Unrated
Government Securities	4,709	9 years	N/A	Unrated
Government Securities	68	10 years	N/A	Unrated
Government Securities	2,558	20 years	N/A	Unrated
Common Stock - Foreign	57,089	N/A	N/A	N/A
Real Estate	21,155	N/A	N/A	N/A
Fixed Income - Bond Mutual Funds	101,428	2 years	N/A	A3
Fixed Income - Bond Mutual Funds	324,410	2 years	N/A	Unrated
Fixed Income - Bond Mutual Funds	114,965	3 years	N/A	A1
Fixed Income - Bond Mutual Funds	262,596	3 years	N/A	A2
Fixed Income - Bond Mutual Funds	113,277	3 years	N/A	A3
Fixed Income - Bond Mutual Funds	106,453	3 years	N/A	BAA2
Fixed Income - Bond Mutual Funds	120,142	3 years	N/A	BAA1
Fixed Income - Bond Mutual Funds	114,809	4 years	N/A	Unrated
Fixed Income - Bond Mutual Funds	724,096	4 years	N/A	A3
Fixed Income - Bond Mutual Funds	118,484	5 years	N/A	A3
Fixed Income - Bond Mutual Funds	243,429	5 years	N/A	AA3
Fixed Income - Bond Mutual Funds	355,877	5 years	N/A	BAA2
Fixed Income - Bond Mutual Funds	420,131	6 years	N/A	BAA1
Fixed Income - Bond Mutual Funds	182,505	60 years	N/A	BAA2
Mutual Funds - Fixed	25,976	N/A	N/A	N/A
Mutual Funds - Equity	52,676	N/A	N/A	N/A
Commodities	18,046	N/A	N/A	N/A
Tangible Assets	3,566	N/A	N/A	N/A
Certificate of Deposits	8,277,683	15 years	N/A	Unrated
Subtotal	<u>\$ 15,289,333</u>			

CITY OF NEW BEDFORD, MASSACHUSETTS

Notes to Financial Statements

June 30, 2012

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>Moody Rating</u>
<i>Pension Trust Fund</i>				
Bond Paying Periodic Income	\$ 264,353	9 years	N/A	A1
Bond Paying Periodic Income	944,027	29 years	N/A	A2
Bond Paying Periodic Income	730,093	29 years	N/A	A3
Bond Paying Periodic Income	73,376	3 years	N/A	Aa1
Bond Paying Periodic Income	1,343,484	9 years	N/A	Aa2
Bond Paying Periodic Income	212,306	30 years	N/A	Aa3
Bond Paying Periodic Income	936,660	2 years	N/A	AAA
Bond Paying Periodic Income	831,315	23 years	N/A	B1
Bond Paying Periodic Income	1,096,383	19 years	N/A	B2
Bond Paying Periodic Income	1,389,058	24 years	N/A	B3
Bond Paying Periodic Income	1,669,731	24 years	N/A	Ba1
Bond Paying Periodic Income	585,962	19 years	N/A	Ba2
Bond Paying Periodic Income	90,950	8 years	N/A	Ba3
Bond Paying Periodic Income	876,618	29 years	N/A	BAA1
Bond Paying Periodic Income	2,324,899	33 years	6.00%	BAA2
Bond Paying Periodic Income	4,601,662	30 years	11.88%	BAA3
Bond Paying Periodic Income	67,125	12 years	N/A	CA
Bond Paying Periodic Income	168,500	4 years	N/A	CAA1
Bond Paying Periodic Income	223,950	11 years	N/A	CAA2
Bond Paying Periodic Income	115,500	3 years	N/A	CAA3
Bond Paying Periodic Income	30,949	30 years	N/A	N/A
Bond Paying Periodic Income	270,082	<1 year	N/A	NR
Bond Paying Periodic Income	250,616	21 years	N/A	WR
Bond Paying Periodic Income	458,350	9 years	N/A	NR
CMO	60,154	39 years	N/A	A1
CMO	59,105	37 years	N/A	AA1
CMO	270,045	37 years	N/A	AA2
CMO	94,730	37 years	N/A	AA3
CMO	857,231	39 years	N/A	Aaa
CMO	1,301,032	37 years	N/A	AAA
CMO	49,463	24 years	N/A	B3
CMO	216,162	25 years	N/A	CAA1
CMO	62,242	25 years	N/A	CAA2
CMO	77,827	25 years	N/A	CAA3
CMO	2,234,643	38 years	5.77%	N/A
CMO	139,363	37 years	N/A	NR
Convertible Bonds	444,638	27 years	N/A	A2
Convertible Bonds	136,531	24 years	N/A	BA2
Convertible Bonds	75,363	26 years	N/A	BA3
Convertible Bonds	162,569	26 years	N/A	Baa2
Convertible Bonds	306,919	6 years	N/A	N/A
Common Stock	46,562,785	N/A	N/A	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.

CITY OF NEW BEDFORD, MASSACHUSETTS

Notes to Financial Statements

June 30, 2012

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>Moody Rating</u>
<i>Pension Trust Fund</i>				
Credit Card Receivables	207,728	10 years	N/A	A2
Credit Card Receivables	103,543	7 years	N/A	Aaa
Credit Card Receivables	96,523	7 years	N/A	N/A
Government Issues	476,009	4 years	N/A	A1
Government Issues	27,972	21 years	N/A	A2
Government Issues	1,029,940	2 years	N/A	AA1
Government Issues	1,336,453	5 years	N/A	AAA
Government Issues	510,997	13 years	N/A	Ba1
Government Issues	61,505	1 year	N/A	BAA3
Government Issues	3,418,156	29 years	8.83%	N/A
Municipals	32,894	38 years	N/A	A1
Municipals	228,263	45 years	N/A	A2
Municipals	207,495	29 years	N/A	A3
Municipals	56,577	36 years	N/A	AA1
Municipals	316,024	28 years	N/A	Aa3
Municipals	210,186	34 years	N/A	B2
Mortgage Passthrough Pool	3,926,339	87 years	10.14%	AAA
Other Assets	213,678	29 years	N/A	AAA
Other Assets	80,567	22 years	N/A	BAA2
Other Assets	25,241,365	N/A	N/A	N/A
Auto Loan Receivables	73,472	6 years	N/A	N/A
Pooled Equities - Capital	14,003,802	N/A	N/A	N/A
Pooled Real Estate	16,987,733	N/A	N/A	N/A
Pooled Funds	26,082,866	N/A	N/A	N/A
Pooled Equities - Diversified Growth	41,701,409	N/A	N/A	N/A
Subtotal	<u>\$ 209,298,247</u>			
Total City of New Bedford	<u><u>\$ 224,587,580</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 Financial Statements

June 30, 2012

3. Cash, Cash Equivalents and Investments (Continued)

Primary Government, Private Purpose and Agency Funds

Investment Type	Total Amount	Maximum Maturity	* Maximum Investment in One Issuer	S&P Rating
Fixed Income	\$ 54,012	2 years	N/A	AA+
Fixed Income	53,522	2 years	N/A	A-
Equities	2,280,925	<1 year	N/A	Unrated
Common Stock	345,543	N/A	N/A	N/A
Fixed Income	258,199	N/A	N/A	Unrated
Government Securities	225,056	<1 year	N/A	Unrated
Government Securities	153,208	<1 year	N/A	AA+
Government Securities	62,719	2 years	N/A	AA+
Government Securities	10,275	1 year	N/A	Unrated
Government Securities	10,290	2 years	N/A	Unrated
Government Securities	22	4 years	N/A	Unrated
Government Securities	69,433	6 years	N/A	Unrated
Government Securities	4,709	9 years	N/A	Unrated
Government Securities	68	10 years	N/A	Unrated
Government Securities	2,558	20 years	N/A	Unrated
Common Stock - Foreign	57,089	N/A	N/A	N/A
Real Estate	21,155	N/A	N/A	N/A
Corporate Bonds - Fixed	114,965	3 years	N/A	A
Corporate Bonds - Fixed	243,429	5 years	N/A	A
Corporate Bonds - Fixed	425,838	2 years	N/A	A-
Corporate Bonds - Fixed	375,873	3 years	N/A	A-
Corporate Bonds - Fixed	838,905	4 years	N/A	A-
Corporate Bonds - Fixed	474,361	5 years	N/A	A-
Corporate Bonds - Fixed	226,595	3 years	N/A	BBB+
Corporate Bonds - Fixed	420,131	6 years	N/A	BBB+
Corporate Bonds - Fixed	182,505	60 years	N/A	BBB+
Mutual Funds - Fixed	25,976	N/A	N/A	N/A
Mutual Funds - Equity	52,676	N/A	N/A	N/A
Commodities	18,046	N/A	N/A	N/A
Tangible Assets	3,566	N/A	N/A	N/A
Certificate of Deposits	<u>8,277,684</u>	3 years	N/A	Unrated
 Subtotal	 <u>\$ 15,289,333</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 Financial Statements

June 30, 2012

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	\$ 566,429	30 years	N/A	A
Bond Paying Periodic Income	2,222,579	29 years	5.74%	A-
Bond Paying Periodic Income	181,895	5 years	N/A	A+
Bond Paying Periodic Income	101,712	8 years	N/A	AA
Bond Paying Periodic Income	60,387	8 years	N/A	AA-
Bond Paying Periodic Income	1,254,760	9 years	N/A	AA+
Bond Paying Periodic Income	270,082	<1 year	N/A	AAA
Bond Paying Periodic Income	990,038	19 years	N/A	B
Bond Paying Periodic Income	664,660	24 years	N/A	B-
Bond Paying Periodic Income	1,240,118	20 years	N/A	B+
Bond Paying Periodic Income	1,056,661	27 years	N/A	BB
Bond Paying Periodic Income	549,963	23 years	N/A	BB-
Bond Paying Periodic Income	818,252	24 years	N/A	BB+
Bond Paying Periodic Income	2,289,352	56 years	5.91%	BBB
Bond Paying Periodic Income	4,076,569	27 years	10.53%	BBB-
Bond Paying Periodic Income	1,133,097	25 years	N/A	BBB+
Bond Paying Periodic Income	157,775	12 years	N/A	CC
Bond Paying Periodic Income	82,823	2 years	N/A	CCC
Bond Paying Periodic Income	341,138	11 years	N/A	CCC+
Bond Paying Periodic Income	40,900	14 years	N/A	D
Bond Paying Periodic Income	1,456,758	30 years	N/A	NA
Convertible Bonds	444,638	27 years	N/A	A-
Convertible Bonds	155,531	26 years	N/A	BB+
Convertible Bonds	41,700	13 years	N/A	BB
Convertible Bonds	14,663	24 years	N/A	BB-
Convertible Bonds	162,569	26 years	N/A	BBB+
Convertible Bonds	37,931	3 years	N/A	CCC
Convertible Bonds	268,988	6 years	N/A	NA
CMO	123,791	37 years	N/A	A
CMO	320,111	39 years	N/A	A-
CMO	154,903	39 years	N/A	A+
CMO	1,314,578	37 years	N/A	AA+
CMO	402,151	37 years	N/A	AAA
CMO	120,591	23 years	N/A	BB
CMO	148,711	39 years	N/A	BBB-
CMO	432,637	37 years	N/A	BBB+
CMO	19,973	23 years	N/A	CC
CMO	555,888	35 years	N/A	CCC
CMO	77,827	25 years	N/A	D
CMO	1,701,374	37 years	N/A	NA
CMO	49,463	24 years	N/A	NR
Common Stock	46,562,785	N/A	22.25%	N/A

CITY OF NEW BEDFORD, MASSACHUSETTS

Notes to Financial Statements

June 30, 2012

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>				
Credit Card Receivable	207,728	10 years	N/A	A
Credit Card Receivable	43,169	7 years	N/A	AA
Credit Card Receivable	156,897	7 years	N/A	AAA
Government Issues	1,403,994	4 years	N/A	AA-
Government Issues	1,438,407	5 years	N/A	AAA
Government Issues	61,505	<1 year	N/A	BBB-
Government Issues	510,997	13 years	N/A	BBB+
Government Issues	3,418,156	29 years	8.62%	NA
Government Issues	27,972	4 years	N/A	NR
Municipals	140,578	28 years	N/A	A
Municipals	110,830	17 years	N/A	A-
Municipals	217,244	45 years	N/A	A+
Municipals	82,153	28 years	N/A	AA
Municipals	233,872	28 years	N/A	AA-
Municipals	56,577	36 years	N/A	AAA
Municipals	210,186	34 years	N/A	BB
Mortgage Passthrough Pool	3,926,339	87 years	7.33%	AAA
Other Assets	213,678	7 years	N/A	A
Other Assets	80,567	22 years	N/A	AAA
Other Assets	25,241,365	N/A	12.06%	N/A
Auto Loan Receivables	21,346	5 years	N/A	A
Auto Loan Receivables	24,141	1 year	N/A	AAA
Auto Loan Receivables	27,985	4 years	N/A	N/A
Pooled Equities - Capital	14,003,802	N/A	6.69%	N/A
Pooled Real Estate	16,987,733	N/A	8.12%	N/A
Pooled Funds	26,082,866	N/A	12.46%	N/A
Pooled Equities - Diversified Growth	41,701,409	N/A	19.92%	N/A
Subtotal	<u>\$ 209,298,247</u>			
Total	<u><u>\$ 224,587,580</u></u>			

CITY OF NEW BEDFORD, MASSACHUSETTS

Notes to Financial Statements

June 30, 2012

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>Maturity</u>	<u>Description</u>
<i>Foreign Currency Risk</i>				
<i>Primary Government, Private Purpose and Agency Funds</i>				
Common Stock - Foreign	N/A	\$ 13,973	N/A	Rowe TPrice Intl FDS Inc
Common Stock - Foreign	N/A	18,343	N/A	Artio Global High Income Fund
Common Stock - Foreign	N/A	7,412	N/A	Pimco Emerging Mkt Currency Fund
Common Stock - Int'l Dev	N/A	7,375	N/A	Colombia Acorn International Fund
Common Stock - Int'l Dev	N/A	15,882	N/A	Harbor International Fund
Common Stock - Int'l Dev	N/A	10,122	N/A	Invesco International Growth Fund
Common Stock - Emerging Markets	N/A	23,710	N/A	Lazard Emerging Mkts Equity
Common Stock - Emerging Markets	N/A	1,207	N/A	Columbia Acorn Int'l Fund
Mutual Funds - Foreign	Various	4,546	N/A	Vanguard MSCI EAFE ETF
Mutual Funds - Foreign	Various	4,457	N/A	Columbia Emerging Markets Fund
Total		<u>\$ 107,027</u>		

CITY OF NEW BEDFORD, MASSACHUSETTS

Notes to Financial Statements

June 30, 2012

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>				
Commercial Mortgage Obligation	British Pound	\$ 118,866	22 years	Permanent Master Issuer PLC
Bond Paying Periodic Income	British Pound	160,955	5 years	BP Capital Markets PLC
Bond Paying Periodic Income	Euro	47,430	25 years	Iberdrola Intl BV
Bond Paying Periodic Income	Australian Dollar	76,305	8 years	Rio Tinto Fin USA LTD
Bond Paying Periodic Income	Netherlands Antillean Guilder	50,857	10 years	Teva Pharm Fin IV BV
Bond Paying Periodic Income	Australian Dollar	85,861	10 years	BHP Billiton Fin USA LTD
Bond Paying Periodic Income	Euro	48,246	4 years	Shell International Fin
Bond Paying Periodic Income	Bermudian Dollar	35,258	8 years	Novartis Secs Invest LTD
Bond Paying Periodic Income	Canadian Dollar	25,130	3 years	Royal Bank of Canada
Bond Paying Periodic Income	British Pound	270,082	<1 year	European Bk Recon & Dev
Bond Paying Periodic Income	United Arab Emirates Dirham	181,000	26 years	DP World
Bond Paying Periodic Income	Canadian Dollar	54,664	24 years	Talisman Energy
Bond Paying Periodic Income	Euro	66,933	23 years	Telecom Italia Capital
Bond Paying Periodic Income	Aruban Florin	100,080	<1 year	Aruba Airport Authority
Bond Paying Periodic Income	Canadian Dollar	17,328	30 years	Teck Resources Limited
Bond Paying Periodic Income	Euro	36,693	4 years	Telecom Italia Capital
Bond Paying Periodic Income	Euro	228,176	30 years	Arcelormittal
Bond Paying Periodic Income	Canadian Dollar	122,684	21 years	Canadian Pacific RR CO
Bond Paying Periodic Income	Canadian Dollar	10,297	3 years	Methanex Corp
Bond Paying Periodic Income	Canadian Dollar	49,500	4 years	Domtar Corp
Bond Paying Periodic Income	British Pound	55,860	5 years	Willis Group Holdings LT
Bond Paying Periodic Income	Norwegian Krone	8,284	4 years	Eksportfinans ASA
Bond Paying Periodic Income	Euro	31,538	13 years	XL Group PLC
Bond Paying Periodic Income	Euro	172,266	16 years	XL Group LTD
Bond Paying Periodic Income	Canadian Dollar	59,188	7 years	Suncor Energy Inc
Bond Paying Periodic Income	Australian Dollar	217,988	5 years	BNP Paribas Australia
Government Issues	Euro	361,819	4 years	Instit Credito Official
Government Issues	Canadian Dollar	927,986	2 years	Ontario (Province Of)
Government Issues	Euro	114,190	<1 year	Institut Creditio Official
Government Issues	Canadian Dollar	634,719	<1 year	Canadian Government
Government Issues	Canadian Dollar	198,710	<1 year	Canadian Government
Government Issues	Canadian Dollar	219,973	2 years	Canada Housing Trust
Government Issues	Canadian Dollar	101,954	<1 year	Province of Saskatchewan
Government Issues	Norwegian Krone	283,051	6 years	Norwegian Government
Government Issues	Icelandic Krona	61,505	2 years	Rikisbref
Government Issues	Euro	510,997	13 years	Treasury 5.4 2025
Government Issues	Icelandic Krona	81,100	4 years	Rikisbref
Government Issues	Euro	27,972	21 years	Buoni Poliennali Del Tes
Government Issues	Icelandic Krona	34,021	<1 year	Rikisbref
Subtotal		<u>\$ 5,889,466</u>		
Total		<u>\$ 5,996,493</u>		

CITY OF NEW BEDFORD, MASSACHUSETTS

Notes to Financial Statements

June 30, 2012

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	Non-Major Governmental	Total Governmental	Water	Airport
Receivables:						
Real estate and personal property taxes	\$ 4,562,717	\$ -	\$ -	\$ 4,562,717	\$ -	\$ -
Tax liens and foreclosures	21,665,691	-	-	21,665,691		
Motor vehicle and boat excise	1,698,319	-	-	1,698,319		
User charges receivables	-	1,764,689	-	1,764,689	1,310,760	
Departmental and other	6,946,762	27,177	-	6,973,939		
Loans receivable	-	-	20,380,174	20,380,174		
Other receivables	149,407	-	224,386	373,793	11,367	29,488
Special assessments	1,057	252,408	-	253,465		
Due from federal or state government	202,703	-	18,053,459	18,256,162		
Gross receivables	35,226,656	2,044,274	38,658,019	75,928,949	1,322,127	29,488
Less: allowance for uncollectable	(758,527)	(394,079)	(3,459,646)	(4,612,252)	(140,000)	(450)
Net total receivables	\$ 34,468,129	\$ 1,650,195	\$ 35,198,373	\$ 71,316,697	\$ 1,182,127	\$ 29,038

CITY OF NEW BEDFORD, MASSACHUSETTS

Notes to Financial Statements

June 30, 2012

Note 5. Capital Assets and Depreciation

Capital asset activity for the year ended June 30, 2012 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<u>Governmental Activities:</u>				
Not Being Depreciated:				
Land	\$ 3,152,935	\$ -	\$ -	\$ 3,152,935
Construction in progress	59,487,286	10,241,659	24,969,800	44,759,145
Infrastructure in progress	5,401,830	7,018,320	10,135,069	2,285,081
Subtotal	<u>68,042,051</u>	<u>17,259,979</u>	<u>35,104,869</u>	<u>50,197,161</u>
Other Capital Assets:				
Infrastructure	157,731,316	10,135,069		167,866,385
Land improvements	362,551	-		362,551
Buildings and improvements	291,114,624	25,975,535		317,090,159
Machinery and equipment	46,433,576	2,159,235		48,592,811
Office equipment and furniture	14,054,590	93,217		14,147,807
Computer equipment	9,359,581	2,094,969		11,454,550
Library books and textbooks	10,077,831	147,572		10,225,403
Automobiles	9,390,037	729,800		10,119,837
Animals	54,859	-		54,859
Subtotal	<u>538,578,965</u>	<u>41,335,397</u>	<u>-</u>	<u>579,914,362</u>
Accumulated Depreciation:				
Infrastructure	107,901,027	2,488,924		110,389,951
Land improvements	63,841	18,044		81,885
Buildings and improvements	92,169,332	6,662,165		98,831,497
Machinery and equipment	37,023,548	2,202,406		39,225,954
Office equipment and furniture	12,972,900	483,371		13,456,271
Computer equipment	8,483,162	597,417		9,080,579
Library books and textbooks	9,482,220	307,782		9,790,002
Automobiles	8,161,632	695,834		8,857,466
Animals	33,373	3,091		36,464
Subtotal	<u>276,291,035</u>	<u>13,459,034</u>	<u>-</u>	<u>289,750,069</u>
Net other capital assets	<u>262,287,930</u>	<u>27,876,363</u>	<u>-</u>	<u>290,164,293</u>
Net capital assets	<u>\$ 330,329,981</u>	<u>\$ 45,136,342</u>	<u>\$ 35,104,869</u>	<u>\$ 340,361,454</u>

CITY OF NEW BEDFORD, MASSACHUSETTS

Notes to Financial Statements

June 30, 2012

5. Capital Assets and Depreciation (continued)

Capital asset activity for the year ended June 30, 2012 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<u>Business-Type Activities - Water:</u>				
Not Being Depreciated:				
Land	\$ 600,000	\$ -	\$ -	\$ 600,000
Infrastructure in progress		974,765	472,040	502,725
Easements	962,500			962,500
Subtotal	<u>1,562,500</u>	<u>974,765</u>	<u>472,040</u>	<u>2,065,225</u>
Other Capital Assets:				
Infrastructure	90,890,608	472,040		91,362,648
Buildings and improvements	48,811			48,811
Machinery and equipment	5,941,129			5,941,129
Office equipment and furniture	96,935			96,935
Computer equipment	49,471			49,471
Automobiles	720,883	311,263		1,032,146
Subtotal	<u>97,747,837</u>	<u>783,303</u>	<u>-</u>	<u>98,531,140</u>
Accumulated Depreciation:				
Infrastructure	41,802,770	1,834,913		43,637,683
Buildings and improvements	5,682	976		6,658
Machinery and equipment	1,944,237	541,246		2,485,483
Office equipment and furniture	81,691	5,136		86,827
Computer equipment	46,419	2,688		49,107
Automobiles	600,375	82,621		682,996
Subtotal	<u>44,481,174</u>	<u>2,467,580</u>	<u>-</u>	<u>46,948,754</u>
Net other capital assets	<u>53,266,663</u>	<u>(1,684,277)</u>	<u>-</u>	<u>51,582,386</u>
Net capital assets	<u>\$ 54,829,163</u>	<u>\$ (709,512)</u>	<u>\$ 472,040</u>	<u>\$ 53,647,611</u>

CITY OF NEW BEDFORD, MASSACHUSETTS

Notes to Financial Statements

June 30, 2012

5. Capital Assets and Depreciation (continued)

Capital asset activity for the year ended June 30, 2012 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<u>Business-Type Activities - Airport:</u>				
Not Being Depreciated:				
Land	\$ 135,522	\$ 389,771	\$ -	\$ 525,293
Infrastructure in progress	3,756,786	1,503,691	4,943,025	317,452
Subtotal	<u>3,892,308</u>	<u>1,893,462</u>	<u>4,943,025</u>	<u>842,745</u>
Other Capital Assets:				
Infrastructure	6,250,721	4,943,025		11,193,746
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	<u>10,132,648</u>	<u>4,943,025</u>	<u>-</u>	<u>15,075,673</u>
Accumulated Depreciation:				
Infrastructure	1,763,458	335,000		2,098,458
Land improvements	95,697	31,082		126,779
Buildings and improvements	652,394	39,955		692,349
Machinery and equipment	677,254	77,791		755,045
Computer and equipment	26,200	10,480		36,680
Automobiles	52,297	14,942		67,239
Office equipment and furniture	5,201	79		5,280
Subtotal	<u>3,272,501</u>	<u>509,329</u>	<u>-</u>	<u>3,781,830</u>
Net other capital assets	<u>6,860,147</u>	<u>4,433,696</u>	<u>-</u>	<u>11,293,843</u>
Net capital assets	<u>\$ 10,752,455</u>	<u>\$ 6,327,158</u>	<u>\$ 4,943,025</u>	<u>\$ 12,136,588</u>

CITY OF NEW BEDFORD, MASSACHUSETTS

Notes to Financial Statements

June 30, 2012

5. *Capital Assets and Depreciation (continued)*

Depreciation was charged to functions as follows:

Governmental Activities:

General Government	\$	742,161
Public Safety		1,584,631
Education		6,540,773
Public Works		2,657,035
Public Works WW		724,007
Community and Economic Development		289,148
Health and Human Services		232,110
Culture and Recreation		689,167

Total Governmental Activities \$ 13,459,034

-

Business-Type Activities:

Water	\$	2,467,580
Airport		509,329

Total Business-Type Activities \$ 2,976,909

CITY OF NEW BEDFORD, MASSACHUSETTS

Notes to Financial Statements

June 30, 2012

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.

CITY OF NEW BEDFORD, MASSACHUSETTS

Notes to Financial Statements

June 30, 2012

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

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, 2012, was \$24,609,382.

As of December 31, 2011, 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	1,556	464	2,020
Inactive members	486	30	516
Retired members	<u>1,151</u>	<u>598</u>	<u>1,749</u>
Total membership	<u><u>3,193</u></u>	<u><u>1,092</u></u>	<u><u>4,285</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 Financial Statements

June 30, 2012

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	
	<hr/>
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>

CITY OF NEW BEDFORD, MASSACHUSETTS

Notes to Financial Statements

June 30, 2012

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 2012 amounted to \$32,874,436 of which \$25,864,691 and \$8,009,745 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 \$28,459,009 was based on an actuarial valuation as of January 1, 2010. 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, 2011 was approximately \$73,176,508. The City's total payroll for all employees who contribute to the Contributing Retirement System was approximately \$80,986,005 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 \$30,612,947 for benefits "on-behalf" of the school department for the year ended June 30, 2012. 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 2010 were 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%
2002	51.4%	198.0%	26.5%

CITY OF NEW BEDFORD, MASSACHUSETTS

Notes to Financial Statements

June 30, 2012

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, 2012.

	<u>Amount</u>
Annual required contribution	\$ 39,802,641
Interest on net OPEB obligation	3,196,438
Amortization credit on NOO	(3,053,598)
Payments against the ARC	<u>(17,130,467)</u>
Annual OPEB cost (expense)	<u>\$ 22,015,814</u>
Increase in net OPEB obligations	22,815,014
Net OPEB obligation at beginning of year	<u>79,910,987</u>
Net OPEB obligation at end of year	<u>\$ 102,726,001</u>

CITY OF NEW BEDFORD, MASSACHUSETTS

Notes to Financial Statements

June 30, 2012

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:

Fiscal Year Ending	Annual OPEB Costs (AOPEC)	Percentage Of AOPEBC Contributed	Net OPEB Obligation
June 30, 2012	\$ 39,945,481	38.89%	\$ 102,726,001

Funded Status and Funding Progress

As of July 1, 2012, the most recent actuarial valuation date, the Plan was 0% funded. The actuarial accrued liability for benefits was \$563,121,325. 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, 2012 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, 2012, to most recent actuarial valuation, was as follow

Actuarial Valuation Date	Reporting Year	(A) Actuarial Value of Assets	(B) Actuarial Accrued Liability (AAL) Individual Entry Age	(B-A) Unfunded (Overfunded) AAL (UAAL)	(A/B) Funded Ratio	(C) Covered Payroll	((B-A)/C) UAAL as a Percentage of Covered Payroll
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
07/01/12	2013	\$ 0	\$ 563,121,325	\$ 563,121,325	0.0%	\$ 159,055,715	354.04%

CITY OF NEW BEDFORD, MASSACHUSETTS

Notes to Financial Statements

June 30, 2012

Note 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, 2012
Actuarial cost method:	Projected Unit Credit
Amortization period:	30-year level percent of pay assuming 3.0% aggregate annual payroll growth, open basis (pay as you go)
Remaining amortization period:	30 years as of July 1, 2012
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 AOPEBC

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

Governmental Activities:	
General government	\$ 2,983,240
Public Safety	30,170,788
Public Works	4,558,980
Education	58,709,935
Health and human services	2,955,477
Culture and recreation	<u>2,140,173</u>
Total AOPEBC - governmental activities	<u>\$ 101,518,593</u>
Business-Type Activities:	
Water	\$ 1,086,942
Airport	<u>120,466</u>
Total APEBC - business-type activities	<u>\$ 1,207,408</u>
Total AOPEBC - government-wide	<u>\$ 102,726,001</u>

CITY OF NEW BEDFORD, MASSACHUSETTS

Notes to Financial Statements

June 30, 2012

Note 8. Other Commitments

The City of New Bedford has entered into various operating leases for real property, machinery and equipment. Several leases contain a renewal option for varying periods at similar or reduced annual rates. As of June 30, 2012, future minimum rental payments under operating leases that have initial or remaining non-cancellable lease terms are immaterial.

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Principal Payments</u>	<u>Interest Paid</u>	<u>Ending Balance</u>
<u>Governmental Activities</u>					
Altec Capital Services, LLC	\$ 57,270	\$ -	\$ 29,880	\$ -	\$ 27,390
Axion Business Technology	5,385	-	2,019	-	3,366
All American Investment Group	-	399,231	64,411	15,435	319,385
Total Governmental Activities	\$ 62,655	\$ 399,231	\$ 96,310	\$ 15,435	\$ 350,141
<u>Business-Type Activities</u>					
All American Investment Group	\$ 23,612	\$ -	\$ 21,220	\$ 2,392	\$ -
All American Investment Group	-	126,790	42,263	-	84,527
All American Investment Group	-	201,235	67,078	-	134,157
Total Business-Type Activities	\$ 23,612	\$ 328,025	\$ 130,561	\$ 2,392	\$ 218,684
<u>Total Business-Type and Governmental Activities</u>	\$ 86,267	\$ 727,256	\$ 226,871	\$ 17,827	\$ 568,825

Capital Leases

The City's obligation under certain leases accounted for as capital leases. The obligation for the leases is accounted for in Government-Wide Financial Statements as a governmental liability. The following is a schedule of future minimum lease payments under capital leases.

<u>Year Ending June 30,</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Primary Government</u>
2013	\$ 109,255	\$ 109,341	\$ 218,596
2014	81,192	109,341	190,533
2015	79,846	-	79,846
2016	79,846	-	79,846
Minimum lease payments for all capital leases	\$ 350,139	\$ 218,682	\$ 568,821
Less: amount representing interest	(32,196)	(16,761)	(48,957)
Present value of net minimum lease payments	\$ 317,943	\$ 201,921	\$ 519,864

The city has entered into various operating leases for rentals of building space, office space and equipment. Operating lease expenses totaled \$43,148 for 2012 for the governmental funds. The following is a schedule of lease payments.

<u>Year Ending June 30,</u>	<u>Governmental Funds</u>
2013	\$ 27,400
2014	9,133
	\$ 36,533

CITY OF NEW BEDFORD, MASSACHUSETTS

Notes to Financial Statements

June 30, 2012

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>

CITY OF NEW BEDFORD, MASSACHUSETTS

Notes to Financial Statements

June 30, 2012

Note 9. Contingencies (Continued)

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 2011. Audited financials of the golf course for 2010 is not 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 Financial Statements

June 30, 2012

Note 12. Debt (Continued)

A. Primary Government (Continued)

The City issued an \$4,100,000 Bond Anticipation Note, dated February 10, 2012, maturing June 14, 2012. This note was issued for the following:

\$ 1,000,000	Communication Equipment	\$ 3,100,000	Lincoln School
--------------	-------------------------	--------------	----------------

The City issued a \$7,353,000 Bond Anticipation Note, dated February 10, 2012, maturing June 14, 2012. This note was issued for Railroad Depot.

The City issued a \$26,262,625 Bond Anticipation Note, dated February 10, 2012, maturing February 8, 2013. This note was issued for the following:

\$ 19,000,000	Keith Middle School	\$ 27,000,000	Building Remodeling & Maintenance
\$ 812,625	Airport Safety Insurance	\$ 3,750,000	MUNIS Bond

The City issued a \$667,000 Bond Authorization Note, dated June 15, 2012 maturing February 8, 2013. This note was issued for the following:

\$ 667,000	Zoo Reconstruction.
------------	---------------------

B. 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, 2012, \$47,360,000 of bonds outstanding are considered defeased in relation to the governmental funds.

CITY OF NEW BEDFORD, MASSACHUSETTS

Notes to Financial Statements

June 30, 2012

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>\$</u>	<u>17,125,252</u>

CITY OF NEW BEDFORD, MASSACHUSETTS

Notes to Financial Statements

June 30, 2012

Note 12. Debt (Continued)

The City has the following bond anticipation notes payable outstanding at June 30, 2012:

	<u>Beginning Balance</u>	<u>Additions Renewals</u>	<u>Retirements</u>	<u>Ending Balance</u>	<u>Issuance Date</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Interest Paid</u>
Capital Projects:								
Bond Anticipation Note	\$ 7,392,500	\$ -	\$ 7,392,500	\$ -	02/11/11	02/10/12	1.95%	\$ 143,753
Bond Anticipation Note	16,000,000		16,000,000	-	02/11/11	02/10/12	1.50%	239,333
Bond Anticipation Note	6,612,625		6,612,625	-	06/24/11	02/10/12	1.50%	62,269
Bond Anticipation Note		7,353,000	7,353,000	-	02/10/12	06/14/12	1.00%	25,531
Bond Anticipation Note		4,100,000	4,100,000	-	02/10/12	06/14/12	1.25%	17,795
Bond Anticipation Note		26,262,625		26,262,625	02/10/12	02/08/13	1.50%	-
Bond Anticipation Note		667,000		667,000	06/15/12	02/08/13	2.75%	-
Total Capital Projects	<u>\$ 30,005,125</u>	<u>\$ 38,382,625</u>	<u>\$ 41,458,125</u>	<u>\$ 26,929,625</u>				<u>\$ 488,681</u>
General Fund:								
Revenue Anticipation Note	\$ -	\$ 10,000,000	\$ 10,000,000	\$ -	08/19/11	06/29/12	1.50%	\$ 125,723
Total General Fund	<u>\$ -</u>	<u>\$ 10,000,000</u>	<u>\$ 10,000,000</u>	<u>\$ -</u>				<u>\$ 125,723</u>
Total Primary Government	<u>\$ 30,005,125</u>	<u>\$ 48,382,625</u>	<u>\$ 51,458,125</u>	<u>\$ 26,929,625</u>				<u>\$ 614,404</u>

CITY OF NEW BEDFORD, MASSACHUSETTS

Notes to Financial Statements

June 30, 2012

Note 12. Debt (Continued)

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

	<u>Maturities Dates</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Advance Refunding Net of Refunding</u>	<u>City Retirements</u>	<u>State Subsidies</u>	<u>Ending Balance</u>	<u>Balance Due in 2013</u>
Governmental Activities								
4.00-6.00% G.O. Bond	04/15/96-04/15/13	\$ 765,000	\$ -	\$ -	\$ 260,000	\$ -	\$ 505,000	\$ 255,000
4.60-5.80% Note	10/01/97-10/01/16	3,540,000			610,000		2,930,000	565,000
4.25-5.00% G.O. Bond	10/14/98-10/01/18	4,945,000			604,000		4,341,000	608,000
4.25-5.50% G.O. Bond	05/01/02-05/01/21	29,651,000			2,241,000		27,410,000	2,251,000
4.25-6.00% Revenue Refunding Bond	02/01/97-02/01/16	3,440,000			4,130	1,030,870	2,405,000	890,000
4.00-5.25% Revenue Bond	02/01/98-02/01/99	91,130,000			2,131,484	1,953,516	87,045,000	4,390,000
4.00-6.00% Revenue Bond	08/01/01-08/01/31	4,375,000			124,991	30,009	4,220,000	160,000
HUD 108 - 2003-A	02/01/04-08/01/22	1,265,000			105,000		1,160,000	105,000
3.125-5.00% State Qualified G.O. Bond	03/15/06-09/15/25	7,500,000			590,000		6,910,000	590,000
.85% Revenue Bond	07/15/06-07/15/25	473,644			27,349		446,295	27,901
.85% Revenue Bond	02/15/07-02/15/27	4,664,538			139,521		4,525,017	142,777
Pool 11 MWPAT 03-36A	03/18/09 - 7/15/2035	569,717			16,786		552,931	17,197
General Obligation State Qualified Bond	02/15/07-02/15/27	13,035,000			1,005,000		12,030,000	1,025,000
General Obligation Series A Bonds	02/14/08-10/1/2027	12,425,000			605,000		11,820,000	615,000
General Obligation Series A Bonds	02/14/08-10/1/2022	3,785,000			335,000		3,450,000	335,000
General Obligation State Qualified 2010	02/11/10-06/30/35	3,670,000			285,000		3,385,000	295,000
General Obligation State Qualified	03/18/09-07/15/28	865,000			85,000		780,000	90,000
2.4 % Revenue Bond	07/08/10-07/15/2040	6,628,741	-		152,699		6,476,042	156,409
General Obligation State Series A Bonds	06/14/12-06/30/32		2,704,000		-		2,704,000	164,000
General Obligation Satate Series B Series	06/14/12-06/30/32		4,589,000		-		4,589,000	164,000
MWPAT Series 16 CWS-09-12-A	06/13/12-01/15/43		10,409,184		-		10,409,184	-
MWPAT Series 16 DW-09-23	06/13/12-01/15/33		1,910,778		-		1,910,778	-
Compensated Absences		15,474,987			(25,267)		15,500,254	5,875,631
Capital Leases		62,655	399,231		111,745		350,141	109,255
Total governmental activities		\$ 208,265,282	\$ 20,012,193	\$ -	\$ 9,408,439	\$ 3,014,394	\$ 215,854,642	\$ 18,831,170

CITY OF NEW BEDFORD, MASSACHUSETTS

Notes to Financial Statements

June 30, 2012

Note 12. Debt (Continued)

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

	Maturities Dates	Beginning Balance	Additions	Advance Refunding Net of Refunding	City Retirements	State Subsidies	Ending Balance	Balance Due in 2013
Business-Type Activities								
4.00-6.00% G.O. Bond	04/15/96-04/15/13	\$ 1,745,000	\$ -	\$ -	\$ 325,000	\$ -	\$ 1,420,000	\$ 340,000
4.25-5.50% G.O. Bond	05/01/02-05/01/21	1,069,000			105,000		964,000	101,000
.85% Revenue Bond	08/01/03-08/01/24	1,581,141			83,857	25,885	1,471,398	112,757
.85% Revenue Bond	02/01/05-08/01/24	1,616,434			90,910		1,525,524	93,415
.85% Revenue Bond	02/01/05-08/01/24	3,182,843			179,759		3,003,084	184,705
2% MWPAT Bond	12/14/06 - 7/15/26	339,673			18,195		321,478	18,562
2% MWPAT Bond	12/14/06-07/15/26	5,031,411			269,513		4,761,898	274,957
.85% Revenue Bond	12/14/06-07/15/26	7,346,814			342,498		7,004,316	349,418
General Obligation State Qualified 2010	03/18/09-07/15/28	10,380,000			285,000		10,095,000	290,000
Compensated Absences		516,134	164,567				680,701	472,687
Capital Leases, restated		23,612	328,024		132,953		218,683	109,341
Total business-type activities		32,832,062	492,591	0	1,832,685	25,885	31,466,083	2,346,842
Total governmental plus business-type activities		\$ 241,097,344	\$ 20,504,784	\$ -	\$ 11,241,124	\$ 3,040,279	\$ 247,320,725	\$ 21,178,012

CITY OF NEW BEDFORD, MASSACHUSETTS

Notes to Financial Statements

June 30, 2012

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
2013	\$ 14,611,098	\$ 9,715,752	\$ 24,326,850	\$ 5,894,859	\$ 18,431,991
2014	15,756,049	8,916,281	24,672,330	5,681,306	18,991,024
2015	15,853,535	8,265,850	24,119,385	5,541,476	18,577,909
2016	16,247,188	7,588,376	23,835,564	5,390,552	18,445,012
2017	16,219,442	6,934,123	23,153,565	5,255,470	17,898,095
2018	16,010,683	6,230,300	22,240,983	5,096,208	17,144,775
2019	16,434,321	5,617,239	22,051,560	4,956,886	17,094,674
2020	16,253,670	4,741,152	20,994,822	4,825,560	16,169,262
2021	16,013,754	3,844,731	19,858,485	4,683,318	15,175,167
2022	12,449,583	2,942,403	15,391,986	4,537,905	10,854,081
2023	12,436,180	2,420,724	14,856,904	4,386,180	10,470,724
2024	12,349,267	1,908,877	14,258,144	4,190,002	10,068,142
2025	12,650,748	1,354,906	14,005,654	4,067,070	9,938,584
2026	11,718,199	1,072,681	12,790,880	4,068,939	8,721,941
2027	3,599,419	764,422	4,363,841	121,471	4,242,370
2028	2,606,452	660,413	3,266,865	115,849	3,151,016
2029	2,577,552	577,220	3,154,772	110,068	3,044,704
2030	2,168,450	497,754	2,666,204	104,072	2,562,132
2031	2,236,084	419,474	2,655,558	93,138	2,562,420
2032	2,009,267	345,533	2,354,800	-	2,354,800
2033	1,623,014	277,177	1,900,191	-	1,900,191
2034	1,553,517	226,274	1,779,791	-	1,779,791
2035	1,605,850	174,861	1,780,711	-	1,780,711
2036	953,734	121,536	1,075,270	-	1,075,270
2037	698,045	101,948	799,993	-	799,993
2038	715,518	85,113	800,631	-	800,631
2039	733,428	67,857	801,285	-	801,285
2040	751,788	50,168	801,956	-	801,956
2041	770,606	32,036	802,642	-	802,642
2042	476,176	17,216	493,392	-	493,392
2043	488,328	5,787	494,115	-	494,115
2044	-	-	-	-	-
	<u>\$ 230,570,945</u>	<u>\$ 75,978,184</u>	<u>\$ 306,549,129</u>	<u>\$ 69,120,329</u>	<u>\$ 237,428,800</u>

CITY OF NEW BEDFORD, MASSACHUSETTS

Notes to Financial Statements

June 30, 2012

Note 12. Debt (Continued)

Authorized and unissued debt at June 30, 2012, is as follows:

Purpose	Date Authorized	Original Amount Authorized	2012 Authorized/ Unissued	Restatement of Authorized/ Unissued	Restated 2012 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
Urban Renewal	4/18/00	875,000			-
Normandin Middle School	5/1/00	39,200,000	558,004		558,004
Keith Middle School	5/1/00	53,784,000	-		-
Land Development	3/1/01	500,000	215,000		215,000
Keith Middle School	8/1/01	11,659,600	-		-
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
Shawmut Ave Landfill	2/19/03	1,800,000			-
DeValles Elementary School	6/1/03	11,000,000	10,680,000		10,680,000
Sewer Separation	6/1/03	2,850,000	2,850,000		2,850,000
Sea Lab-3254	6/25/04	4,000,000			-
West End Sewer Separation	6/25/04	21,608,000	21,282,644		21,282,644
Sewer	6/25/04	8,958,000			-
Water DW 04-13	6/25/04	4,205,000			-
Sea Lab-3254	1/18/05	4,500,000			-
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
Railroad Depot-3240	6/22/06	12,470,000		4,589,000	4,589,000
Hannigan School	9/14/06	3,000,000	3,000,000		3,000,000
Water Main Bonds	10/16/06	9,600,000			-
Water Sys Imp & Plann'g	10/16/06	4,650,000			-
Keith Middle School - Contamination Cleanup	12/1/06	34,564,165	13,214,957		13,214,957
Brooks Elementary School	12/21/06	21,766,800	20,766,800		20,766,800
Lincoln Elementary School	12/21/06	26,105,200	353,985	6,000	359,985
Departmental Equipment	5/13/08	627,874			-
Departmental Equipment	1/14/08	3,317,000			-
Water AMR System	1/2/08	6,000,000			-
Quittacas Plant	5/1/09	19,300,000			-
Quittacas Infrastructure Energy	7/16/09	5,500,000	516,047		516,047
Repair Bond	7/23/09	3,000,000	300,000	(81,000)	219,000
Communication Bond	3/16/11	1,000,000	-		-
Airport Improvement Bond	12/10/10	16,583,000	15,770,375		15,770,375
High Hill & Quittacas	6/14/01	845,450	40,600		40,600
MWPATDW-00-12	11/26/02	2,440,553	103,663		103,663
Management Info Systems	11/16/11	4,200,000			-
Artificial Turf Soccer Field	9/13/11	800,000			-
Zoo Reconstruction	9/14/11	667,000			-
Drinking Water Bond	6/13/12	1,910,778			-
Water Pollution Abatement Bond	6/13/12	10,409,184			-
		<u>\$ 669,651,604</u>	<u>\$ 238,112,552</u>	<u>\$ 4,514,000</u>	<u>\$ 242,626,552</u>

CITY OF NEW BEDFORD, MASSACHUSETTS

Notes to Financial Statements

June 30, 2012

Note 12. Debt (Continued)

Authorized and unissued debt at June 30, 2012, is as follows:

Purpose	2012 Authorized	Prior Authorized	Current Year Issued/ Retired Rescinded	2012 Payments	Less: Outstanding BANs	Net Unissued
WW Treatment Facility	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,000,000
WW Treatment Facility						73,215,000
Urban Renewal						-
Normandin Middle School						558,004
Keith Middle School		15,000,000			(15,000,000)	-
Land Development						215,000
Keith Middle School						-
Campbell Elementary/Middle School						45,700,000
Winslow Elementary School						16,000,000
Water Projects						1,755,448
Shawmut Ave Landfill						-
DeValles Elementary School						10,680,000
Sewer Separation						2,850,000
Sea Lab-3254						-
West End Sewer Separation						21,282,644
Sewer						-
Water DW 04-13						-
Sea Lab-3254						-
West End Sewer Separation Phase V						290,029
Mount Pleasant Street/Sawyer Street Area Project						2,500,000
Railroad Depot-3240			(4,589,000)			-
Hannigan School						3,000,000
Water Main Bonds						-
Water Sys Imp & Plann'g						-
Keith Middle School - Contamination Cleanup				(313,274)	(4,000,000)	8,901,683
Brooks Elementary School						20,766,800
Lincoln Elementary School		1,704,000	(1,704,000)			359,985
Departmental Equipment						-
Departmental Equipment						-
Water AMR System						-
Quittacas Plant						-
Quittacas Infrastructure Energy						516,047
Repair Bond		2,700,000			(2,700,000)	219,000
Communication Bond		1,000,000	(1,000,000)			-
Airport Improvement Bond		812,625			(812,625)	15,770,375
High Hill & Quittacas						40,600
MWPATDW-00-12						103,663
Management Info Systems	4,200,000				(3,750,000)	450,000
Artificial Turf Soccer Field	800,000					800,000
Zoo Reconstruction	667,000				(667,000)	-
Drinking Water Bond	1,910,778		(1,910,778)			-
Water Pollution Abatement Bond	10,409,184		(10,409,184)			-
	<u>\$ 17,986,962</u>	<u>\$ 21,216,625</u>	<u>\$ (19,612,962)</u>	<u>\$ (313,274)</u>	<u>\$ (26,929,625)</u>	<u>\$ 234,974,278</u>

CITY OF NEW BEDFORD, MASSACHUSETTS

Notes to Financial Statements

June 30, 2012

Note 13. Fund Balance Classification Details

The components of fund balance for the city's governmental funds as of June 30, 2012 are as follows:

	Major Funds		Non-Major Funds			Total
	General Fund	Wastewater	Special Revenue	Capital Projects	Nonexpendable Trusts	
Fund Balances:						
Nonspendable:						
Long-term receivable - discretely presented component units	\$ 1,959,321	\$ -	\$ -	\$ -	\$ -	\$ 1,959,321
Deposits held	(178)					(178)
Corpus of cemetery perpetual care fund					510,825	510,825
Corpus of other endowment funds					4,555,476	4,555,476
Inventory		71,323				71,323
Land Inventory			246,918			246,918
Restricted for:						
General government activity			589,389		1,000	590,389
Public safety operations			751,965			751,965
Educational purposes			639,709		85,000	730,294
Public works			12,006			12,006
Community housing and development			600,425			600,425
Health and human services			300,226		510,825	811,051
Municipal airport			9,973			9,973
Recreational and other purposes			358,645		1,034,663	1,398,981
Zoo						56
New Bedford cable access			2,371,065			2,371,065
Cemetery perpetual care			427,706			427,706
Sullivan's ledge escrow			1,010,379			1,010,379
Municipal waterways improvement			182,555			182,555
School lunch operations			648,396			648,396
CSO main construction project				1,991,584		1,991,584
SRF QTP energy improvement project				(446,705)		(446,705)
Normandin middle school construction project				77,097		77,097
Route 18 rehabilitation project				624		624
Wastewater debt service		2,148,199				2,148,199
Wastewater renewal and replacement		1,554,253				1,554,253
Highways			1,269			1,269

CITY OF NEW BEDFORD, MASSACHSUETTTS

Notes to Financial Statements

June 30, 2012

Note 13. Fund Balance Classification Details

The components of fund balance for the city’s governmental funds as of June 30, 2012 are as follows:

	<u>Major Funds</u>		<u>Non-Major Funds</u>				<u>Total</u>
	<u>General Fund</u>	<u>Wastewater</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Nonexpendable Trusts</u>	<u>Expendable Trusts</u>	
Committed to:							
Economic stabilization	\$ 6,884,927	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,884,927
Emergency board-up of vacant buildings			193,420				193,420
Maintenance and operation of the NB Railyard and Rail Crossing			101,429				101,429
Communication equipment bond				157,434			157,434
Autometer read project				496,959			496,959
Landfill closure project				4,724			4,724
River road project				11,690			11,690
Railroad depot				589,589			589,589
West end cement lining project				14,803			14,803
Parking garage rehab project				7,815			7,815
Wastewater special projects		2,206,589					2,206,589
Wastewater operations		2,604,664					2,604,664
Assigned to:							
Emergency Medical Services	639,281						639,281
Unassigned:	19,230,621		(50,549)	(16,356,530)			2,823,542
	<u>\$ 28,713,972</u>	<u>\$ 8,585,028</u>	<u>\$ 8,394,926</u>	<u>\$ (13,450,916)</u>	<u>\$ 6,697,789</u>	<u>\$ 11,314</u>	<u>\$ 38,952,113</u>

At June 30, 2012, the balance of the stabilization fund is \$6,844,927 and is report 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, 2012, 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 reported by GASB 54. These negative balances will be alleviated by the proceeds from future long-term borrowings that relate to these projects.

CITY OF NEW BEDFORD, MASSACHUSETTS

Notes to Financial Statements

June 30, 2012

Note 14. Fund Deficit

The components of fund balance for the City's governmental funds as of June 30, 2012 are as follows:

Capital Project Funds:		Less: MWPAT Interim Loan O/S and BAN's O/S		Net Deficit
<u>Fund Name:</u>	<u>Fund Deficit</u>	<u>BAN's O/S</u>	<u>Net Deficit</u>	
Building R&M 2.9 Mill Bond	\$ 1,950,086	\$ (2,700,000)	\$ -	
Keith Middle School	11,959,280	(19,000,000)	-	
Buttonwood Zoo Reconstruction	571,028	(667,000)	-	
Lincoln Elementary School	70	-	70 *	
5.5M SRF QTP Energy Improv	446,705	(483,175)	-	
Bond Software Costs	652,872	(2,650,000)	-	
Bond Computer HR	1,044,228	(1,100,000)	-	
Airport Safety Insurance	178,966	(812,625)	-	
Total Capital Projects Funds:	<u>\$ 16,803,235</u>	<u>\$ (27,412,800)</u>	<u>\$ 70</u>	

**Special Revenue Funds: Federal and
State Grants:**

<u>Fund#</u>	<u>Fund Name:</u>	<u>Fund Deficit</u>	
2129	WAVA Civilian Advantage Grant	\$ 364	*
2168	Justice Assistance Grant FFY10	249	*
2173	Traffic Enforcement Grant FF	23	*
2180	911 Dept Train & EMD	129	*
	Total Federal and State Grants:	<u>\$ 765</u>	

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

CITY OF NEW BEDFORD, MASSACHUSETTS

Notes to Financial Statements

June 30, 2012

Note 14. Fund Deficit

School Grants:

<u>Fund #</u>	<u>Fund Name:</u>	<u>Fund Deficit:</u>	
4957	ESSC	\$ 42,726	*
4987	Big Yellow School Bus	111	*
	Total School Grants	<u>\$ 42,837</u>	
	Total Special Revenue	<u>\$ 43,602</u>	
	Total Fund Deficits	<u>\$ 16,846,837</u>	

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

CITY OF NEW BEDFORD, MASSACHUSETTS

Notes to Financial Statements

June 30, 2012

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, 2011	\$ 20,170,542	\$ (27,364,545)
To restate prior year state grant revenue	(177,500)	
To correct interim loan payable DWS-09-23		(483,175)
Beginning balance, July 1, 2011, restated	<u>\$ 19,993,042</u>	<u>\$ (27,847,720)</u>

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

	Governmental Activities	Business-Type Activities
Beginning balance, July 1, 2011	\$ 107,216,855	\$ 37,242,163
Restatements, per above	<u>(660,675)</u>	<u>-</u>
Beginning balance, July 1, 2011, restated	<u>\$ 106,556,180</u>	<u>\$ 37,242,163</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 natured in the general, wastewater, water and airport funds in the fund-basis statements.

CITY OF NEW BEDFORD, MASSACHUSETTS

Notes to Financial Statements

June 30, 2012

Note 16. Risk Management

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.

Changes in the self insurance liability for the year ended June 30, 2012 is as follows:

Health Claims, July 1, 2011	\$ 2,314,145
Incurred Claims	49,109,114
Payments of claims attributable to events of the fiscal year: Health	<u>(48,383,407)</u>
Health Claims, June 30, 2012	<u>\$ 3,039,852</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, 2012 and through March 13, 2013, the date on which the financial statements were available to be issued.

The City sold the following General Obligation Bonds and Bond Anticipation Notes dated January 24, 2013:

\$4,373,000 State Qualified General Obligation (20-year) Bond at 2.44% average interest cost.

\$22,750,000 Bond Anticipation Notes (Series D - Renewal - Tax Exempt) payable February 7, 2014. Interest is computed on a 30-day month, 360-day year basis (359/360) at 0.3903% average interest cost.

CITY OF NEW BEDFORD, MASSACHUSETTS

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

For the Year Ended June 30, 2012

	Original Budget		Additional Appropriations and Transfers	Total Budgeted	Actual	Encumbrances Carried Forward	Variance Favorable (Unfavorable)
	Encumbrances Carried Forward	Budget As Adopted					
Revenues:							
<i>Tax collections net of refunds:</i>							
Real estate and personal property taxes	\$ -	\$ 92,259,299	\$ 582,828	\$ 92,842,127	\$ 92,842,127	\$ -	\$ -
<i>Local Receipts:</i>							
Motor vehicle excise		5,285,000	210,000	5,495,000	5,806,891		311,891
Other excise collections		1,349,500	(77,000)	1,272,500	1,401,142		128,642
Penalties and interest		1,340,000	(174,000)	1,166,000	1,308,064		142,064
Payments in lieu of taxes		250,000	(7,000)	243,000	286,155		43,155
Charges for services:							
Trash		5,000	(1,000)	4,000	1,953		(2,047)
Departmental:							
School		1,802,500	16,700	1,819,200	1,501,736		(317,464)
Library		13,000	2,000	15,000	15,912		912
Cemeteries		545,963	20,000	565,963	570,087		4,124
Traffic		1,887,645	(58,645)	1,829,000	2,048,328		219,328
Other		11,216,550	(309,781)	10,906,769	11,065,946		159,177
Fines and forfeitures		200,000	(20,000)	180,000	178,068		(1,932)
Licenses and permits		2,215,270	(168,780)	2,046,490	2,337,636		291,146
Indirects		1,670,000	-	1,670,000	1,738,171		68,171
Earnings on investments		75,000	-	75,000	62,518		(12,482)
Miscellaneous recurring		150,000	(100,000)	50,000	57,723		7,723
Miscellaneous non-recurring			1,666,330	1,666,330	1,667,592		1,262
<i>Special assessments & betterments</i>			110	110	595		485
<i>Governmental revenue:</i>							
Federal					19,677		19,677
State		137,687,014	(463,793)	137,223,221	136,945,528		(277,693)
Total revenues	\$ -	\$ 257,951,741	\$ 1,117,969	\$ 259,069,710	\$ 259,855,849		\$ 786,139

See notes to required supplementary information

CITY OF NEW BEDFORD, MASSACHUSETTS

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

For the Year Ended June 30, 2012

	Original Budget		Additional Appropriations and Transfers	Total Budgeted	Actual	Encumbrances Carried Forward	Variance Favorable (Unfavorable)
	Encumbrances Carried Forward	Budget As Adopted					
Expenditures:							
General government	\$ -	\$ 5,759,308	\$ 987,310	\$ 6,746,618	\$ 6,123,547	\$ 39,000	\$ 584,071
General government unclassified:	-	10,848,892	(1,882,903)	8,965,989	8,341,003	103,000	521,986
Public safety:							
Police		21,506,517	17,964	21,524,481	21,200,789		323,692
Fire		12,121,312	(3,336)	12,117,976	11,923,448		194,528
EMS	7,519	2,039,080	331,960	2,378,559	2,340,018	-	38,541
Inspector of Buildings		611,891	28,111	640,002	611,512		28,490
Public works and facilities:							
Health and sanitation operations		778,797	-	778,797	778,797		-
Highways and streets		1,160,375	708,892	1,869,267	1,863,531		5,736
Public Facilities		9,819,464	756,126	10,575,590	10,461,109		114,481
Snow removal		300,000	(150,000)	150,000	113,323		36,677
Education:							
School Department		103,606,147	500,000	104,106,147	103,609,066	497,081	-
Other		4,482,898	-	4,482,898	4,482,898		-
Human services	-	4,303,781	103,965	4,407,746	4,308,234	200	99,312
Culture and recreation		2,945,771	191,937	3,137,708	3,098,717		38,991
Zoo		967,491	188,364	1,155,855	1,139,588		16,267
Debt service		9,347,221	249,933	9,597,154	9,160,886		436,268
Health and Life Insurance		40,175,000	(719,900)	39,455,100	35,442,223		4,012,877
Pension		22,246,981	-	22,246,981	22,246,981		-
Intergovernmental expenditures		9,059,694	(88,690)	8,971,004	8,613,393		357,611
Total expenditures	\$ 7,519	\$ 262,080,620	\$ 1,219,733	\$ 263,307,872	\$ 255,859,063	\$ 639,281	\$ 6,809,528
Excess (deficiency) of revenues over expenditures	\$ (7,519)	\$ (4,128,879)	\$ (101,764)	\$ (4,238,162)	\$ 3,996,786	\$ (639,281)	\$ 7,595,667

See notes to required supplementary information

CITY OF NEW BEDFORD, MASSACHUSETTS

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

For the Year Ended June 30, 2012

	<u>Original Budget</u>		<u>Additional</u>	<u>Total</u>		<u>Encumbrances</u>	<u>Variance</u>
	<u>Encumbrances</u>	<u>Budget</u>	<u>Appropriations</u>	<u>Budgeted</u>	<u>Actual</u>	<u>Carried</u>	<u>Favorable</u>
	<u>Carried</u>	<u>As</u>	<u>and</u>			<u>Forward</u>	<u>(Unfavorable)</u>
	<u>Forward</u>	<u>Adopted</u>	<u>Transfers</u>				
Other financing sources and (uses):							
Operating Transfers In (Out)	\$ -	\$ 4,128,879	\$ (135,213)	\$ 3,993,666	\$ 3,894,602	\$ -	\$ (99,064)
Free Cash		-	1,313,236	1,313,236			(1,313,236)
Appropriation Deficit		-	(12,956)	(12,956)	-		12,956
Stabilization			(1,063,303)	(1,063,303)	(1,063,303)		-
Total other financing sources and (uses)	\$ -	\$ 4,128,879	\$ 101,764	\$ 4,230,643	\$ 2,831,299	\$ -	\$ (1,399,344)
Excess (deficiency) of revenues and other sources over expenditures and other uses	\$ (7,519)	\$ -	\$ -	\$ (7,519)	\$ 6,828,085	\$ (639,281)	\$ 6,196,323
Budgetary Fund Balance, July 1, 2011, restated					13,378,270		
Budgetary Fund Balance, June 30, 2012					<u>\$ 20,206,355</u>		

See notes to required supplementary information

CITY OF NEW BEDFORD, MASSACHUSETTS

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

For the Year Ended June 30, 2012

	<u>Original Budget</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>
	<u>Encumbrances Carried Forward</u>	<u>Budget As Adopted</u>					
Revenues:							
Charges for services	\$ -	\$ 10,272,968	\$ -	\$ 10,272,968	10,686,493	\$ -	\$ 413,525
Utility liens and penalties		50,000		50,000	144,746		94,746
Intergovernmental revenues				-	-		-
Other		45,650		45,650	157,407		111,757
Total Revenues	-	10,368,618	-	10,368,618	10,988,646	-	620,028
Expenditures:							
Salaries and Wages		2,809,734	210,361	3,020,095	3,019,619		476
Charges for Services	-	1,411,611	210,000	1,621,611	1,535,347		86,264
Materials and Supplies		954,000	-	954,000	931,038		22,962
Capital Outlay	-	195,000	825,000	1,020,000	853,871		166,129
Debt Service		2,692,317	-	2,692,317	2,671,054		21,263
Total Expenditures	-	8,062,662	1,245,361	9,308,023	9,010,929	-	297,094
Excess (deficiency) of revenues over expenditures	-	2,305,956	(1,245,361)	1,060,595	1,977,717	-	917,122
Other financing sources and (uses):							
From Free Cash			1,881,099	1,881,099			(1,881,099)
From Stabilization			1,245,361	1,245,361	1,245,361		-
To Stabilization			(1,881,099)	(1,881,099)	(1,881,099)		-
Operating Transfers Out		(2,305,956)		(2,305,956)	(2,114,468)		191,488
Total Other financing sources and (uses)	-	(2,305,956)	1,245,361	(1,060,595)	(2,750,206)	-	(1,689,611)
Excess (deficiency) of revenues and other sources over expenditures and other uses	\$ -	\$ -	\$ -	\$ -	\$ (772,489)	\$ -	\$ (772,489)
Budgetary Fund Balance, July 1, 2011					1,659,696		
Budgetary Fund Balance, June 30, 2012					<u>\$ 887,207</u>		

See notes to required supplementary information

CITY OF NEW BEDFORD, MASSACHUSETTS

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

For the Year Ended June 30, 2012

	<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	\$ -	\$ 660,815	\$ -	\$ 660,815	\$ 733,757	\$ -	\$ 72,942
Total Revenues	-	660,815	-	660,815	733,757	-	72,942
Expenditures:							
Salaries and Wages		273,948	28,382	302,330	270,680		31,650
Charges for Services		147,629	10,000	157,629	106,175		51,454
Materials and Supplies		41,875	30,000	71,875	59,467		12,408
Total Expenditures	-	473,452	68,382	541,834	443,974	-	97,860
Excess (deficiency) of revenues over expenditures	-	187,363	(68,382)	118,981	289,783	-	170,802
Other financing sources and (uses):							
Operating Transfers In		-	28,382	28,382	28,382		-
Operating Transfers Out		(187,363)	-	(187,363)	(179,146)		8,217
Free Cash			40,000	40,000	-		(40,000)
Total Other financing sources and (uses)	-	(187,363)	68,382	(118,981)	(150,764)	-	(31,783)
Excess (deficiency) of revenues and other sources over expenditures and other uses	\$ -	\$ -	\$ -	\$ -	\$ 139,019	\$ -	\$ 139,019
Budgetary Fund Balance, June 30, 2011					164,325		
Budgetary Fund Balance, June 30, 2012					\$ 303,344		

See notes to required supplementary information

CITY OF NEW BEDFORD, MASSACHUSETTS

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

For the Year Ended June 30, 2012

	<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	\$ -	\$ 18,356,652	\$ -	\$ 18,356,652	\$ 19,001,177	\$ -	\$ 644,525
Earnings on investments		100,000		100,000	152,868		52,868
Other Departmental		441,720		441,720	396,112		(45,608)
Total Revenues		<u>18,898,372</u>	<u>-</u>	<u>18,898,372</u>	<u>19,550,157</u>	<u>-</u>	<u>651,785</u>
Expenditures:							
Salaries and Wages		1,660,749	51,616	1,712,365	1,530,678	-	181,687
Charges for Services		8,606,000		8,606,000	8,353,250	-	252,750
Materials and Supplies	-	367,500	200,000	567,500	427,951	-	139,549
Capital Outlay		305,000	20,000	325,000	248,687	-	76,313
Debt Service		1,628,328	(100,000)	1,528,328	1,555,495	-	(27,167)
Total Expenditures	<u>-</u>	<u>12,567,577</u>	<u>171,616</u>	<u>12,739,193</u>	<u>12,116,061</u>	<u>-</u>	<u>623,132</u>
Excess (deficiency) of revenues over expenditures	-	6,330,795	(171,616)	6,159,179	7,434,096	-	1,274,917
Other financing sources and (uses):							
Operating Transfers In			171,616	171,616	171,616		-
Operating Transfers Out		(6,330,795)	-	(6,330,795)	(7,370,056)		(1,039,261)
Total Other financing sources and (uses)	<u>-</u>	<u>(6,330,795)</u>	<u>171,616</u>	<u>(6,159,179)</u>	<u>(7,198,440)</u>		<u>(1,039,261)</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 235,656</u>	<u>\$ -</u>	<u>\$ 235,656</u>
Budgetary Fund Balance, June 30, 2011					<u>3,923,261</u>		
Budgetary Fund Balance, June 30, 2012					<u>\$ 4,158,917</u>		

See notes to required supplementary information

CITY OF NEW BEDFORD, MASSACHUSETTS

Required Supplementary Information
Statement of Revenues and Expenditures/Expenses and Changes
in Fund Balance - Budget and Actual - Budgetary Basis

For the Year Ended June 30, 2012

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, 2012 are as follows:

	Governmental Funds		Enterprise Funds	
	General Fund	Special Revenue Wastewater Operating	Water	Airport
Revenues and other financing sources:				
GAAP Basis	\$ 295,839,787	\$ 19,721,773	\$ 12,679,067	\$ 2,673,858
Adjustments:				
Increase in real estate and personal property taxes to full accrual	(672,284)			
Change in deferred revenue			(324,165)	(18,256)
Change in 60 day accrual	(272,016)			
MTRB on-behalf payments	(30,612,947)			
Unbudgeted premiums on bonds	(248,415)			
Unbudgeted loss on sale of foreclosed property	457,999			
GAAP capital transfers in			(120,895)	(1,893,463)
Budgetary Basis	\$ 264,492,124	\$ 19,721,773	\$ 12,234,007	\$ 762,139

See accompanying independent auditor's report

CITY OF NEW BEDFORD, MASSACHUSETTS

Required Supplementary Information
Statement of Revenues and Expenditures/Expenses and Changes
in Fund Balance - Budget and Actual - Budgetary Basis

For the Year Ended June 30, 2012

Budgetary - GAAP Reporting Reconciliation (continued)

	Governmental Funds		Enterprise Funds	
	General Fund	Special Revenue Wastewater Operating	Water	Airport
Expenditures and other financing uses:				
GAAP Basis	\$ 288,276,986	\$ 19,486,268	\$ 13,322,582	\$ 1,162,693
Adjustments:				
MTRB on-behalf payments	(30,612,947)			
Change in compensated absences			(161,776)	(2,790)
GAAP inventory adjustment		(150)	116,871	
Principal paid on long-term debt			1,699,733	
Additions to capital assets			985,597	
Depreciation expense			(2,467,579)	(509,328)
Change in accrued interest			(130,445)	
Change in OPEB			(358,487)	(27,455)
Budgetary Basis	\$ 257,664,039	\$ 19,486,118	\$ 13,006,496	\$ 623,120

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 fiscal year 2012, the following expenditures appropriations in the following categories.

Category	Deficit
Salaries:	
Mayor	\$ 4,846
Elections	386
Planning	21,243
Marketing/Tourism	2,390
Total Appropriation Deficit	\$ 28,865

See accompanying independent auditor's report

CITY OF NEW BEDFORD, MASSACHUSETTS

Required Supplementary Information
Contributory Retirement System
Schedule of Funding Progress (Unaudited)

For the Year Ended December 31, 2011

(UNAUDITED)

Actuarial Valuation Date	Reporting Year	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) Individual Entry Age	Unfunded (Overfunded) AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
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%
01/01/10	2012	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 Employee Contribution (Unaudited)

For the Year Ended December 31, 2011

(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>
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%
2012	25,080,002	2011	24,409,382	98%

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 Employee Contribution (Unaudited)

For the Year Ended December 31, 2011

(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 2012.

See accompanying independent auditor's report

Continued
89

CITY OF NEW BEDFORD, MASSACHUSETTS

Required Supplementary Information
Major Governmental Funds - Wastewater
Combining Balance Sheet

June 30, 2012

ASSETS	Operating	Special Projects	Debt Service	Total
Cash	\$ 6,148,836	\$ 2,282,909	\$ 4,030,673	\$ 12,462,418
User charges receivable	1,764,689			1,764,689
Special assessments receivable	252,408			252,408
Department receivables	27,177			27,177
Inventory	71,323			71,323
Prepaid expenses	404,501			404,501
Due from other funds	1,479,868			1,479,868
Total assets	<u>\$ 10,148,802</u>	<u>\$ 2,282,909</u>	<u>\$ 4,030,673</u>	<u>\$ 16,462,384</u>
 LIABILITIES AND FUND BALANCES				
Liabilities:				
Warrants payable	\$ 937,533	\$ -	\$ -	\$ 937,533
Accounts payable and accrued expenses	260,723	76,320		337,043
Deferred revenue	2,044,273			2,044,273
Deposits held	1,400		404,501	405,901
Due to other funds	2,674,633		1,477,973	4,152,606
Total liabilities	<u>5,918,562</u>	<u>76,320</u>	<u>1,882,474</u>	<u>7,877,356</u>
Fund balances:				
Nonspendable	71,323	-	-	71,323
Restricted	1,554,253	-	2,148,199	3,702,452
Committed	2,604,664	2,206,589	-	4,811,253
Total fund balance	<u>4,230,240</u>	<u>2,206,589</u>	<u>2,148,199</u>	<u>8,585,028</u>
Total liabilities and fund balances	<u>\$ 10,148,802</u>	<u>\$ 2,282,909</u>	<u>\$ 4,030,673</u>	<u>\$ 16,462,384</u>

See accompanying independent auditors' report

CITY OF NEW BEDFORD, MASSACHUSETTS

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

For the Year Ended June 30, 2012

	<u>Operating</u>	<u>Special Projects</u>	<u>Debt Service</u>	<u>Total</u>
Revenues:				
Utility usage charges	\$ 19,001,178	\$ -	\$ -	\$ 19,001,178
Intergovernmental revenues			5,858,169	5,858,169
Investment income	152,868	3,864	811	157,543
Other	396,111			396,111
	<u>19,550,157</u>	<u>3,864</u>	<u>5,858,980</u>	<u>25,413,001</u>
Total revenues				
Expenditures:				
Salaries	1,530,678			1,530,678
Charges and services	8,353,250			8,353,250
Supplies and materials	428,101			428,101
Capital outlay	248,688	687,208		935,896
Debt admin fees	179,282			179,282
Principal paid on debt	938,478		5,611,356	6,549,834
Interest paid on debt	437,735		4,870,471	5,308,206
	<u>12,116,212</u>	<u>687,208</u>	<u>10,481,827</u>	<u>23,285,247</u>
Total expenditures				
Excess (deficiency) of revenues over expenditures	7,433,945	(683,344)	(4,622,847)	2,127,754
Transfers in	171,616	1,401,109	3,936,298	5,509,023
Transfers (out)	(7,370,057)			(7,370,057)
Excess (deficiency) of revenues and other sources over expenditures and other uses	235,504	717,765	(686,549)	266,720
Fund Balance - July 1, 2011	<u>3,994,736</u>	<u>1,488,824</u>	<u>2,834,748</u>	<u>8,318,308</u>
Fund Balance - June 30, 2012	<u>\$ 4,230,240</u>	<u>\$ 2,206,589</u>	<u>\$ 2,148,199</u>	<u>\$ 8,585,028</u>

See accompanying independent auditors' report

CITY OF NEW BEDFORD, MASSACHUSETTS

Supplementary Information
Non-Major Governmental Funds
Combining Balance Sheet

June 30, 2012

	Highway Improvements	Reserve Revolving	Reserve Appropriation	Donations	Federal / Grants	School Grants	Community Development	Total Special Revenue
ASSETS								
Cash & investments	\$ (251,546)	\$ 1,477,488	\$ 1,578,079	\$ 289,897	\$ 2,396,217	\$ (292,769)	\$ 676,537	\$ 5,873,903
Federal and state grants receivable	327,007	1,577,542			1,617,980	1,809,938	532,124	5,864,591
Loans receivable							20,380,174	20,380,174
Receivable, other		3,460			102,434	118,492		224,386
Due from other funds		12		1,685	-			1,697
Inventory							246,918	246,918
Total assets	\$ 75,461	\$ 3,058,502	\$ 1,578,079	\$ 291,582	\$ 4,116,631	\$ 1,635,661	\$ 21,835,753	\$ 32,591,669
LIABILITIES AND FUND BALANCES								
Warrants payable	\$ 71,200	\$ 91,563	\$ -	\$ 300	\$ 125,365	\$ 232,032	\$ 560,348	\$ 1,080,808
Accounts payable and accrued expenses		294,710		800	529,712	456,974	45,941	1,328,137
Retainage payable							9,475	9,475
Due to federal or state government					-	142,558		142,558
Deferred revenue		791			442,516	802,339	20,380,174	21,625,820
Due to other funds				6,172	670		-	6,842
Other liabilities					-		111	111
Deposits held	2,992							2,992
Total liabilities	74,192	387,064	-	7,272	1,098,263	1,633,903	20,996,049	24,196,743
Fund Balances:								
Nonspendable	-	-	-	-	-	-	246,918	246,918
Restricted	1,269	2,376,589	1,578,079	284,310	3,019,133	44,595	599,733	7,903,708
Committed	-	294,849	-	-	-	-	-	294,849
Unassigned	-	-	-	-	(765)	(42,837)	(6,947)	(50,549)
Total fund balances	1,269	2,671,438	1,578,079	284,310	3,018,368	1,758	839,704	8,394,926
Total liabilities & fund balances	\$ 75,461	\$ 3,058,502	\$ 1,578,079	\$ 291,582	\$ 4,116,631	\$ 1,635,661	\$ 21,835,753	\$ 32,591,669

See accompanying independent auditors' report

CITY OF NEW BEDFORD, MASSACHUSETTS

Supplemental Information
Non-Major Governmental Funds
Combining Balance Sheet

June 30, 2012

	Capital Projects	Permanent Funds		Total Nonmajor Governmental Funds
		Nonexpendable Trusts	Expendable Trusts	
ASSETS				
Cash and investments, unrestricted	\$ 4,222,033	\$ 6,718,930	\$ 11,711	\$ 16,826,577
Federal & State Grants receivable	12,188,868			18,053,459
User charges receivable				-
Loans receivable				20,380,174
Other receivables				224,386
Due from other funds	-			1,697
Land inventory				246,918
Total assets	\$ 16,410,901	\$ 6,718,930	\$ 11,711	\$ 55,733,211
LIABILITIES AND FUND BALANCES				
Liabilities:				
Warrants payable	708,437			1,789,245
Accounts payable and accrued expenses	1,354,297	21,141	397	2,703,972
Retainage payable	223,729			233,204
Bonds and notes payable	26,929,625			26,929,625
Interim loan payable	483,175			483,175
Due to other funds	-			6,842
Deposits held	162,554			165,546
Due to other governments				142,558
Other Liabilities				111
Deferred revenue				21,625,820
Total liabilities	29,861,817	21,141	397	54,080,098
Fund balances:				
Nonspendable	-	5,066,301	-	5,313,219
Restricted	1,622,600	1,631,488	11,314	11,169,110
Committed	1,283,014	-	-	1,577,863
Unassigned	(16,356,530)	-	-	(16,407,079)
Total fund balances	(13,450,916)	6,697,789	11,314	1,653,113
Total liabilities and fund balances	\$ 16,410,901	\$ 6,718,930	\$ 11,711	\$ 55,733,211

See accompanying independent auditors' report

CITY OF NEW BEDFORD, MASSACHUSETTS

Supplemental Information
Non-Major Governmental Funds
Combining Statement of Revenue, Expenditures, and Changes in Fund Balance

For the Year Ended June 30, 2012

	Highway Improvements	Reserve Revolving	Reserve Appropriation	Donations	Federal / Grants	School Grants	Community Development	Total Special Revenue
Revenues:								
Federal grants	\$ -	\$ 5,430,545	\$ -	\$ -	\$ 18,085,764	\$ 16,173,344	\$ 5,695,343	\$ 45,384,996
State grants	1,804,896	2,145,164			2,080,429	1,172,483	150,000	7,352,972
Investment income		188	(8,676)	1,625	83		17,896	11,116
Other		2,114,835	150,872	66,579	1,958,280	1,000,530	623,053	5,914,149
Total revenue	1,804,896	9,690,732	142,196	68,204	22,124,556	18,346,357	6,486,292	58,663,233
Expenditures								
General government		386,172	1,077	-	1,013,119			1,400,368
Public safety		193,134		800	8,916,486			9,110,420
Public works	1,804,996		-		10,358,469			12,163,465
Education		9,345,984				18,394,797		27,740,781
Community and economic development					604,979		6,516,100	7,121,079
Health and human services		14,699		4,782	740,618			760,099
Culture and recreation		347,368		19,198	190,119			556,685
Municipal airport					158,977			158,977
Total Expenditures	1,804,996	10,287,357	1,077	24,780	21,982,767	18,394,797	6,516,100	59,011,874
Excess (deficiency) of revenue over expenditures	(100)	(596,625)	141,119	43,424	141,789	(48,440)	(29,808)	(348,641)
Other financing sources (uses):								
Transfers in				30,000	340,185	71,203		441,388
Transfers (out)		(32,840)	(63,494)		(16)	(96,204)		(192,554)
Excess (deficiency) of revenues and other sources over expenditures and other uses	(100)	(629,465)	77,625	73,424	481,958	(73,441)	(29,808)	(99,807)
Beginning fund balances (deficits), July 1, 2011	1,369	3,300,903	1,500,454	210,886	2,536,410	75,199	869,512	8,494,733
Ending fund balances (deficits), June 30, 2012	\$ 1,269	\$ 2,671,438	\$ 1,578,079	\$ 284,310	\$ 3,018,368	\$ 1,758	\$ 839,704	\$ 8,394,926

See accompanying independent auditors' report

CITY OF NEW BEDFORD, MASSACHUSETTS

Supplementary Information
 Non-Major Governmental Funds
 Combining Statement of Revenues, Expenditures and Changes in Fund Balance
 For the Year Ended June 30, 2012

	Capital Projects	Permanent Funds		Total Nonmajor Governmental Funds
		Nonexpendable Trusts	Expendable Trusts	
REVENUE				
School Building Authority reimbursement	\$ 10,029,155	\$ -	\$ -	\$ 10,029,155
Investment income	1,332	(165,496)		(153,048)
Intergovernmental - operating				50,357,044
Intergovernmental - capital grants	2,017,873			4,398,797
Miscellaneous	3,011,685	231,277	4,582	9,161,693
Total revenues	<u>15,060,045</u>	<u>65,781</u>	<u>4,582</u>	<u>73,793,641</u>
EXPENDITURES				
General government	3,590,722	84		4,991,174
Public safety				9,110,420
Education	8,821,354	2,573	3,204	36,567,912
Public works	6,160,470			18,323,935
Community and economic development				7,121,079
Health and human services		154,685		914,784
Municipal Airport	1,741,974			1,900,951
Culture and recreation		141,455	-	638,140
Debt service:				
Principal payments				60,000
Total expenditures	<u>20,314,520</u>	<u>298,797</u>	<u>3,204</u>	<u>79,628,395</u>
Excess (deficiency) of revenues over expenditures	<u>(5,254,475)</u>	<u>(233,016)</u>	<u>1,378</u>	<u>(5,834,754)</u>
OTHER FINANCING SOURCES (USES)				
Bond proceeds	19,612,962			19,612,962
Transfers in	39,881	-		481,269
Transfers out	(1,564)	(209,963)	-	(404,081)
Total other financing sources and uses	<u>19,651,279</u>	<u>(209,963)</u>	<u>-</u>	<u>19,690,150</u>
Net change in fund balances	14,396,804	(442,979)	1,378	13,855,396
Fund balances-July 1, 2011	<u>(27,847,720)</u>	<u>7,140,768</u>	<u>9,936</u>	<u>(12,202,283)</u>
Fund balances-June 30, 2012	<u>\$ (13,450,916)</u>	<u>\$ 6,697,789</u>	<u>\$ 11,314</u>	<u>\$ 1,653,113</u>

CITY OF NEW BEDFORD, MASSACHUSETTS

Supplementary Information
Permanent Purpose Trust Funds
Combining Statement of Net Assets

June 30, 2012

	<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	<u>\$ 266,779</u>	<u>\$ 150,038</u>	<u>\$ 13,136</u>	<u>\$ 30</u>	<u>\$ 429,983</u>
Total assets	<u><u>\$ 266,779</u></u>	<u><u>\$ 150,038</u></u>	<u><u>\$ 13,136</u></u>	<u><u>\$ 30</u></u>	<u><u>\$ 429,983</u></u>
Liabilities					
Accounts payable and accrued expenses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Assets					
Held in trust for pension benefits and other purposes	<u><u>\$ 266,779</u></u>	<u><u>\$ 150,038</u></u>	<u><u>\$ 13,136</u></u>	<u><u>\$ 30</u></u>	<u><u>\$ 429,983</u></u>

See accompanying independent auditors' report

CITY OF NEW BEDFORD, MASSACHUSETTS

Statement Information
Private Purpose Trust Funds
Combining Statement of Revenues, Expenditures and Changes in Fiduciary Net Assets
For the Year Ended June 30, 2012

	<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	\$ 7,760	\$ 2,757	\$ 463	\$ -	\$ 10,980
Net appreciation in fair value of investments	3,952	1,040	(18)		4,974
Gain (loss) on sale of investments	<u>(5,432)</u>	<u>(2,239)</u>	<u>(910)</u>		<u>(8,581)</u>
Total investment income	<u>6,280</u>	<u>1,558</u>	<u>(465)</u>	<u>-</u>	<u>7,373</u>
Other income	14,918	50,000			64,918
Total other income	<u>14,918</u>	<u>50,000</u>	<u>-</u>	<u>-</u>	<u>64,918</u>
Total Additions	<u>21,198</u>	<u>51,558</u>	<u>(465)</u>	<u>-</u>	<u>72,291</u>
Deductions:					
Education	<u>10,095</u>	<u>1,014</u>	<u>275</u>		<u>11,384</u>
Total Deductions	<u>10,095</u>	<u>1,014</u>	<u>275</u>	<u>-</u>	<u>11,384</u>
Change in Net Assets	11,103	50,544	(740)	-	60,907
Net Assets at Beginning of Year	<u>255,676</u>	<u>99,494</u>	<u>13,876</u>	<u>30</u>	<u>369,076</u>
Net Assets at End of Year	<u>\$ 266,779</u>	<u>\$ 150,038</u>	<u>\$ 13,136</u>	<u>\$ 30</u>	<u>\$ 429,983</u>

See accompanying independent auditors' report

CITY OF NEW BEDFORD, MASSACHUSETTS

Supplemental Information
Statement of Property and Excise Tax Receivables

For the Year Ended June 30, 2012

	BEGINNING			TREASURERS	EXEMPTIONS &	TRANSFER		ENDING
	BALANCE	COMMITMENTS	COLLECTIONS	ADJUSTMENTS	ABATEMENTS	TO TAX	REFUNDS	BALANCE
Personal Property:						TITLE		
2012	\$ -	\$ 5,427,582	\$ (5,350,079)	\$ (1,276)	\$ (70,227)	\$ -	\$ 5,857	\$ 11,857
2011	88,559		(17,583)	834	(80,106)		3,153	(5,143)
2010	46,535		(3,077)	(376)	(10,852)		13,037	45,267
2009	31,218		(912)	582	(2,325)		4,394	32,957
2008	23,508		(702)	651	(400)		4,245	27,302
2007	24,143		(695)	93	(2,391)			21,150
2006	30,407		(590)	-	(1,075)			28,742
2005	42,848		(659)	-	(42,646)		(571)	(1,028)
2004	14,794		24	209	(15,315)		(328)	(616)
2003	14,802			-	(14,894)		22	(70)
2002	14,617			-	(14,702)			(85)
2001	11,631			-	(11,793)			(162)
2000	11,675			-	(11,675)			-
1999	11,745			59	(11,799)		(5)	-
1998	8,304			37	(8,341)			-
1997	2,955			-	(2,955)			-
1996	3,993			-	(3,993)			-
1995	2,970			-	(2,970)			-
1994	2,553			-	(2,553)			-
1993	1,581				(1,581)			-
1992	1,186				(1,186)			-
1991	2,726				(2,726)			-
1990	1,465				(1,465)			-
1989	1,109				(1,109)			-
Total Personal Property:	\$ 395,324	\$ 5,427,582	\$ (5,374,273)	\$ 813	\$ (319,079)	\$ -	\$ 29,804	\$ 160,171

See accompanying independent auditors' report

CITY OF NEW BEDFORD, MASSACHUSETTS

Supplemental Information
Statement of Property and Excise Tax Receivables

For the Year Ended June 30, 2012

	<u>BEGINNING BALANCE</u>	<u>COMMITMENTS</u>	<u>COLLECTIONS</u>	<u>TREASURERS ADJUSTMENTS</u>	<u>EXEMPTIONS & ABATEMENTS</u>	<u>TRANSFER TO TAX TITLE</u>	<u>REFUNDS</u>	<u>ENDING BALANCE</u>
Real Estate:								
2012	\$ -	\$ 89,020,487	\$ (83,972,225)	\$ (17,384)	\$ (857,957)	\$ -	\$ 211,978	\$ 4,384,899
2011	4,772,869		(2,400,250)	(1,402)	(74,376)	(2,401,345)	65,190	(39,314)
2010	(64,696)		15,418	12,445	(11,859)	(1,117)	52,095	2,286
2009	(57,891)		(97)	2,125			55,121	(742)
2008	(69,808)			-			73,133	3,325
2007	-			-				-
2006	-			41,390			(41,390)	-
2005	-			39,515			(39,515)	-
2004	-			9,286			(9,286)	-
2003	-							-
2002	-							-
2001	52,092							52,092
Total Real Estate:	<u>\$ 4,632,566</u>	<u>\$ 89,020,487</u>	<u>\$ (86,357,154)</u>	<u>\$ 85,975</u>	<u>\$ (944,192)</u>	<u>\$ (2,402,462)</u>	<u>\$ 367,326</u>	<u>\$ 4,402,546</u>
Total Property Taxes:	<u>\$ 5,027,890</u>	<u>\$ 94,448,069</u>	<u>\$ (91,731,427)</u>	<u>\$ 86,788</u>	<u>\$ (1,263,271)</u>	<u>\$ (2,402,462)</u>	<u>\$ 397,130</u>	<u>\$ 4,562,717</u>

See accompanying independent auditors' report

CITY OF NEW BEDFORD, MASSACHUSETTS

Supplemental Information
Statement of Property and Excise Tax Receivables

For the Year Ended June 30, 2012

	<u>BEGINNING BALANCE</u>	<u>COMMITMENTS</u>	<u>COLLECTIONS</u>	<u>TREASURERS ADJUSTMENTS</u>	<u>EXEMPTIONS & ABATEMENTS</u>	<u>TRANSFER TO TAX TITLE</u>	<u>REFUNDS</u>	<u>ENDING BALANCE</u>
<u>Motor Vehicle:</u>								
2012	\$ -	\$ 5,393,407	\$ (4,705,780)	\$ (261)	\$ (119,455)	\$ -	\$ 38,678	\$ 606,589
2011	636,344	619,785	(949,377)	(50)	(80,952)		54,400	280,150
2010	278,232	5,184	(135,593)	112	(10,784)		5,444	142,595
2009	145,935	360	(30,894)	194	(2,284)		683	113,994
2008	122,194	44	(18,529)	(34)	(1,101)		416	102,990
2007	128,719		(14,100)	-	(1,208)		106	113,517
2006	112,013		(10,151)	(36)	(346)		431	101,911
2005	106,011		(4,239)	146	(364)		(15)	101,539
2004	84,101		(1,939)	-	(229)		5,189	87,122
2003	-		(79)				79	-
Total Motor Vehicle:	<u>\$ 1,613,549</u>	<u>\$ 6,018,780</u>	<u>\$ (5,870,681)</u>	<u>\$ 71</u>	<u>\$ (216,723)</u>	<u>\$ -</u>	<u>\$ 105,411</u>	<u>\$ 1,650,407</u>
Total Property and Motor Vehicle:	<u>\$ 6,641,439</u>	<u>\$ 100,466,849</u>	<u>\$ (97,602,108)</u>	<u>\$ 86,859</u>	<u>\$ (1,479,994)</u>	<u>\$ (2,402,462)</u>	<u>\$ 502,541</u>	<u>\$ 6,213,124</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

June 30, 2012

	Outstanding Balance					
	June 30, 2012	2013	2014	2015	2016	2017
GOB 2004 - Refund 1996	\$ 2,930,000	\$ 565,000	\$ 580,000	\$ 585,000	\$ 595,000	\$ 605,000
GOB 2004 - Refund 1995	1,925,000	595,000	600,000	360,000	370,000	-
Sewer Bonds	1,602,000	203,000	212,000	216,000	226,000	238,000
General Public Improvement	2,739,000	405,000	397,000	393,000	390,000	387,000
Federal Loan 1996 Series A	2,405,000	890,000	730,000	515,000	270,000	-
Federal Loan 1998 Series A	87,045,000	4,390,000	4,710,000	5,085,000	5,490,000	5,920,000
Federal Loan 2000 Series 6	4,220,000	160,000	165,000	170,000	180,000	185,000
Middle School, Public Imp	28,374,000	2,352,000	2,931,000	3,006,000	3,079,000	3,160,000
Federal Loan 2003 Series 8	494,149	37,798	39,019	40,715	42,412	44,108
Federal Loan 2003 Pool 9	977,249	74,959	77,290	80,000	80,000	85,000
HUD 108 - 2003-A	1,160,000	105,000	105,000	105,000	105,000	105,000
Federal Loan DW-02-13	1,525,524	93,415	97,068	100,041	105,000	110,000
Federal Loan DW-02-20	3,003,084	184,705	191,918	197,786	204,888	214,883
\$11,434M GOB 2006	6,910,000	590,000	590,000	585,000	585,000	555,000
Federal Loan CW-04-28	446,295	27,901	28,465	29,040	29,627	30,225
Federal Loan CW-03-36	4,525,017	142,777	146,110	149,520	153,009	156,581
GOSQ Bond 2007	12,030,000	1,025,000	1,045,000	1,060,000	1,080,000	1,105,000
Federal Loan DW-02-13A	321,478	18,562	18,938	19,320	19,710	20,108
Federal Loan DW-04-13	4,761,898	274,957	280,512	286,179	291,961	297,859
GOB 2008 Series A	11,820,000	615,000	630,000	650,000	665,000	680,000
General Obligation SQ Bond - Series B	3,450,000	335,000	335,000	335,000	335,000	335,000
MWPAT CW 03-36A	552,931	17,197	17,619	18,050	18,493	18,946
MWPAT DW06-10 Series 14	7,004,316	349,418	356,476	363,678	371,025	378,521
\$950,000 General Obligation State Qualified	780,000	90,000	90,000	90,000	95,000	100,000
\$14.571 Million Bond Issue	13,480,000	585,000	595,000	605,000	625,000	640,000
\$19.30 Million ARRA Revenue Bond	6,476,042	156,409	160,208	164,100	168,086	172,169
\$2.704 Million GOB Series A	2,704,000	164,000	155,000	160,000	170,000	160,000
\$4.589 Million GOB Series B	4,589,000	164,000	160,000	165,000	175,000	180,000
MWPAT Series 16 CWS-09-12-A	10,409,184	-	235,133	241,133	247,288	253,599
MWPAT Series 16 DWS-09-23	1,910,778	-	77,293	78,973	80,689	82,443
	<u>\$ 230,570,945</u>	<u>\$ 14,611,098</u>	<u>\$ 15,756,049</u>	<u>\$ 15,853,535</u>	<u>\$ 16,247,188</u>	<u>\$ 16,219,442</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

June 30, 2012

	2018	2019	2020	2021	2022
GOB 2004 - Refund 1996	\$ -	\$ -	\$ -	\$ -	\$ -
GOB 2004 - Refund 1995	-	-	-	-	-
Sewer Bonds	249,000	258,000	-	-	-
General Public Improvement	385,000	382,000	-	-	-
Federal Loan 1996 Series A	-	-	-	-	-
Federal Loan 1998 Series A	6,090,000	6,260,000	6,440,000	6,620,000	6,810,000
Federal Loan 2000 Series 6	185,000	195,000	200,000	210,000	220,000
Middle School, Public Imp	3,266,000	3,370,000	3,525,000	3,685,000	-
Federal Loan 2003 Series 8	44,108	45,805	47,501	49,198	50,894
Federal Loan 2003 Pool 9	90,000	90,000	95,000	100,000	100,000
HUD 108 - 2003-A	105,000	105,000	105,000	105,000	105,000
Federal Loan DW-02-13	110,000	115,000	120,000	125,000	130,000
Federal Loan DW-02-20	219,880	229,875	239,869	244,866	254,861
\$11,434M GOB 2006	550,000	550,000	550,000	545,000	435,000
Federal Loan CW-04-28	30,836	31,459	32,094	32,742	33,404
Federal Loan CW-03-36	160,235	163,975	167,802	171,717	175,726
GOSQ Bond 2007	1,125,000	1,150,000	1,175,000	580,000	580,000
Federal Loan DW-02-13A	20,514	20,929	21,352	21,784	22,223
Federal Loan DW-04-13	303,876	310,015	316,277	322,667	329,185
GOB 2008 Series A	695,000	715,000	725,000	745,000	770,000
General Obligation SQ Bond - Series B	335,000	330,000	330,000	330,000	330,000
MWPAT CW 03-36A	19,410	19,886	20,373	20,873	21,384
MWPAT DW06-10 Series 14	386,167	393,969	401,928	410,047	418,331
\$950,000 General Obligation State Qualified	100,000	105,000	110,000	-	-
\$14.571 Million Bond Issue	665,000	690,000	710,000	740,000	765,000
\$19.30 Million ARRA Revenue Bond	176,351	180,635	185,023	189,517	194,121
\$2.704 Million GOB Series A	170,000	175,000	175,000	185,000	105,000
\$4.589 Million GOB Series B	185,000	195,000	200,000	210,000	220,000
MWPAT Series 16 CWS-09-12-A	260,071	266,708	273,515	280,496	287,654
MWPAT Series 16 DWS-09-23	84,235	86,065	87,936	89,847	91,800
	<u>\$ 16,010,683</u>	<u>\$ 16,434,321</u>	<u>\$ 16,253,670</u>	<u>\$ 16,013,754</u>	<u>\$ 12,449,583</u>

See accompanying independent auditors' report