

**CITY OF NEW BEDFORD, MASSACHUSETTS**

**ANNUAL FINANCIAL REPORT**

**YEAR ENDED JUNE 30, 2014**

**CITY OF NEW BEDFORD, MASSACHUSETTS**

**Year Ended June 30, 2014**

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**CITY OF NEW BEDFORD, MASSACHUSETTS**

**Year Ended June 30, 2014**

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

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

## INDEPENDENT AUDITOR'S REPORT

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of New Bedford, Massachusetts ("the City"), as of and for the year ended June 30, 2014 and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### *Management's Responsibility for the Financial Statements*

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

### *Auditor's Responsibility*

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### *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, 2014, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

*Continued*

***Emphasis of Matter Regarding Intergovernmental Principal Subsidy Receivables***

As discussed in Note 16 to the financial statements, the City has elected to change its method of accounting in relation to future subsidized principal payments to be made by Massachusetts Water Pollution Abatement Trust (MWPAT) and the Massachusetts School Building Authority (MSBA). Our opinion is not modified with respect to this matter.

***Other Matters***

***Required Supplementary Information***

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 16 and 80 through 87 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of New Bedford, Massachusetts' basic financial statements. The supplementary statements and schedules on pages 92 through 103 are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplementary statements and schedules on pages 92 through 103 are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary statements and schedules on pages 92 through 103 are fairly stated in all material respects in relation to the basic financial statements as a whole.

The schedule of funding progress and employers' contributions on pages 88 through 91 have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated March 27, 2015, on our consideration of the City of New Bedford, Massachusetts' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of New Bedford, Massachusetts' internal control over financial reporting and compliance.

*Hague, Sabady & Co. PC*

Fall River, Massachusetts  
March 27, 2015

## CITY OF NEW BEDFORD, MASSACHUSETTS

Management's Discussion and Analysis (MD&A) (Unaudited)

Year Ended June 30, 2014

The management of the **City of New Bedford, Massachusetts** ("the 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, 2014 and 2013. 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 plus deferred outflows of resources of the City exceeded liabilities plus deferred inflows of resources at June 30, 2014 and 2013, respectively, by \$197,447,449 and \$206,351,458 (restated). Of this amount, \$(51,207,269) represents unrestricted net position at June 30, 2014 and \$(46,372,774) at June 30, 2013.
- The City's total net position decreased by \$8,904,009 for the fiscal year ended June 30, 2014.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$49,638,044. As of June 30, 2013 ending fund balances for governmental funds were \$44,631,737.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$15,407,340, or 5.0% of total general fund expenditures.
- The City's total long term debt (including compensated absences and capital lease liabilities) decreased by \$4,393,013 from \$238,542,895 to \$234,149,882 during the current fiscal year. The key factor in this decrease is that the City has incurred new debt totaling \$10,000,000, pay downs were made totaling \$13,346,335 and the state subsidized principal payments totaled \$3,075,835 through the Massachusetts Water Pollution Trust.
- The business-type activities increased the City's net position by \$5,278,820 after the transferring of capital assets (net of debt) from governmental activities.

### **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 position* presents information on all of the City's assets, deferred outflows, liabilities, and deferred inflows with the difference between the amounts reported as net position. Over time, increases or decreases in net position 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) (Unaudited)

Year Ended June 30, 2014

The *statement of activities* presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods, (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 four 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. The New Bedford Contributory Retirement System is presented as a fiduciary fund and is not considered to be a blended or discrete component unit based on management's review of existing GASB guidance.

The government-wide financial statements can be found on pages 17 through 21 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) (Unaudited)

Year Ended June 30, 2014

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 22 through 23 of this report. The budgetary statements can be found on pages 80 through 82 and 85 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 26 through 30 of this report. The budgetary statements can be found on pages 83 through 84 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 position and a statement of changes in fiduciary net position. 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 31 through 32 of this report.

**CITY OF NEW BEDFORD, MASSACHUSETTS**

Management's Discussion and Analysis (MD&A) (Unaudited)

Year Ended June 30, 2014

**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 33 through 79 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 80 through 87.

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets plus deferred outflows of resources exceeded liabilities plus deferred inflows of resources by \$197,447,449 as of June 30, 2014 and \$206,351,458 as of June 30, 2013 (restated).

The largest portion of the City's net position 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 Position - June 30, 2014 and June 30, 2013 (Government-wide level)**

	Governmental Activities		Business-Type Activities		Total	
	2014	2013**	2014	2013**	2014	2013**
<b>ASSETS</b>						
Current assets	\$ 164,994,411	\$ 149,665,317	\$ 8,859,770	\$ 6,780,006	\$ 173,854,181	\$ 156,445,323
Long-term assets	56,862,793	62,324,139	427,307	457,442	57,290,100	62,781,581
Capital assets	334,113,260	339,879,680	76,811,538	71,946,382	410,924,798	411,826,062
Total assets	555,970,464	551,869,136	86,098,615	79,183,830	642,069,079	631,052,966
<b>DEFERRED OUTFLOWS OF RESOURCES</b>						
Deferred asset advance refunding, net amortization	380,539	466,283	-	-	380,539	466,283
Total deferred outflows of resources	380,539	466,283	-	-	380,539	466,283
Total assets and deferred outflows of resources	\$ 556,351,003	\$ 552,335,419	\$ 86,098,615	\$ 79,183,830	\$ 642,449,618	\$ 631,519,249
<b>LIABILITIES</b>						
Current liabilities	76,838,772	71,535,731	4,178,860	2,773,000	81,017,632	74,308,731
Long-term liabilities	333,932,204	321,031,117	30,052,333	29,822,228	363,984,537	350,853,345
Total liabilities	410,770,976	392,566,848	34,231,193	32,595,228	445,002,169	425,162,076
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Total governmental activities	-	5,715	-	-	-	5,715
Total business-type activities	-	-	-	-	-	-
Total deferred inflows of resources	-	5,715	-	-	-	5,715
<b>NET POSITION</b>						
Investments in capital assets (net of debt)	175,040,568	184,991,298	47,259,222	42,632,429	222,299,790	227,623,727
Restricted	21,614,231	21,214,642	4,740,697	3,885,863	26,354,928	25,100,505
Unrestricted	(51,074,772)	(46,443,084)	(132,497)	70,310	(51,207,269)	(46,372,774)
Total net position	145,580,027	159,762,856	51,867,422	46,588,602	197,447,449	206,351,458
Total liabilities, deferred inflows of resources and net position	\$ 556,351,003	\$ 552,335,419	\$ 86,098,615	\$ 79,183,830	\$ 642,449,618	\$ 631,519,249

\*\* Total net position for fiscal year ended June 30, 2013 has been restated - refer to restatement note (page 76) in the financial statements for the explanation.

**CITY OF NEW BEDFORD, MASSACHUSETTS**

Management's Discussion and Analysis (MD&A) (Unaudited)

Year Ended June 30, 2014

An additional portion of the City's net position \$26,354,928 represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position \$(51,207,269) 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, 2014 and June 30, 2013 cash and investments consisted of \$96,901,758 and \$77,183,068 respectively.

At the end of fiscal year 2014, the City was not able to report positive balances in all three categories of net position for its governmental activities, largely in part to a growing GASB Statement No. 45 liability which requires the City recognize an additional post employment benefit obligation on an annual basis. For year ended 2014, the City was not able to report positive balances in all three categories of net position for its business-type activities, also due to the rising GASB Statement No. 45 net OPEB obligation.

The City's net position for its governmental funds increased during the current fiscal year, due primarily to bond proceeds of \$10,000,000. Net income before transfers for business-type activities increased due to operating income in the amount of \$1,875,011.

**Governmental activities:** Governmental activities decreased the City's net position by \$(14,182,829) for fiscal year ended June 30, 2014.

**Business-type activities:** Business-type activities increased the City's net position by \$5,278,820 for 2014.

Transfers of capital assets net of related debt in the amount of \$6,056,348 account for a significant portion of the large decrease in the governmental activities and the large increase in the business-type activities.

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

**Changes in Net Position for the period ending June 30, 2014 and June 30, 2013 (Government-wide level)**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2014</u>	<u>2013**</u>	<u>2014</u>	<u>2013**</u>	<u>2014</u>	<u>2013**</u>
<b>REVENUES</b>						
Program revenues:						
Charges for service	\$ 48,108,409	\$ 57,322,424	\$ 11,946,173	\$ 11,833,847	\$ 60,054,582	\$ 69,156,271
Operating grants & contributions	193,410,279	195,026,746	-	-	193,410,279	195,026,746
Capital grants & contributions	9,119,991	13,435,033	(30,135)	(27,125)	9,089,856	13,407,908
General revenues:						
Property taxes	92,873,411	91,591,832	-	-	92,873,411	91,591,832
Motor vehicle excise	7,805,742	7,712,745	-	-	7,805,742	7,712,745
MSBA assistance	-	-	-	-	-	-
Tax liens, fines & other	5,119,861	6,514,123	-	-	5,119,861	6,514,123
Intergovernmental	22,301,097	21,871,554	-	-	22,301,097	21,871,554
Contributions & donations	-	-	-	-	-	-
Earnings on investments	903,140	802,801	-	-	903,140	802,801
Other	5,160,582	6,914,236	338,136	248,498	5,498,718	7,162,734
Total revenues	384,802,512	401,191,494	12,254,174	12,055,220	397,056,686	413,246,714

**CITY OF NEW BEDFORD, MASSACHUSETTS**

Management's Discussion and Analysis (MD&A) (Unaudited)

Year Ended June 30, 2014

**Changes in Net Position for the period ending June 30, 2014 and June 30, 2013 (Government-wide level)**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2014</u>	<u>2013**</u>	<u>2014</u>	<u>2013**</u>	<u>2014</u>	<u>2013**</u>
<b>EXPENSES</b>						
General government	\$ 15,141,811	\$ 16,153,044	\$ -	\$ -	\$ 15,141,811	\$ 16,153,044
Public safety	74,704,868	76,832,178	-	-	74,704,868	76,832,178
Public works	35,035,623	31,476,749	-	-	35,035,623	31,476,749
Education	222,311,813	232,119,911	-	-	222,311,813	232,119,911
Community and economic development	5,892,790	6,322,976	-	-	5,892,790	6,322,976
Health & human services	5,711,823	7,692,498	-	-	5,711,823	7,692,498
Municipal airport	-	-	-	-	-	-
Culture and recreation	8,273,031	8,553,876	-	-	8,273,031	8,553,876
Debt service (interest)	7,567,178	8,714,439	-	-	7,567,178	8,714,439
Debt administrative fees	-	-	-	-	-	-
Miscellaneous	8,822,341	8,572,875	-	-	8,822,341	8,572,875
State and county charges	10,252,470	9,581,904	-	-	10,252,470	9,581,904
Water	-	-	9,695,886	9,858,564	9,695,886	9,858,564
Airport	-	-	1,416,730	1,103,774	1,416,730	1,103,774
<b>Total expenses</b>	<b>393,713,748</b>	<b>406,020,450</b>	<b>11,112,616</b>	<b>10,962,338</b>	<b>404,826,364</b>	<b>416,982,788</b>
Increase (decrease) in net position before transfers	(8,911,236)	(4,828,956)	1,141,558	1,092,882	(7,769,678)	(3,736,074)
<b>TRANSFERS/SPECIAL ITEMS</b>						
Transfers of capital assets (net of debt) from governmental activities	(6,056,348)	(8,251,802)	6,056,348	8,251,802	-	-
Fund deficits raised	-	-	-	-	-	-
Net transfers between funds	1,919,086	2,326,049	(1,919,086)	(2,326,049)	-	-
Special item - insurance proceeds	9,063	80,645	-	-	9,063	80,645
Capital lease proceeds	(1,143,394)	(466,692)	-	-	(1,143,394)	(466,692)
<b>Increases (decrease) in net position</b>	<b>(14,182,829)</b>	<b>(11,140,756)</b>	<b>5,278,820</b>	<b>7,018,635</b>	<b>(8,904,009)</b>	<b>(4,122,121)</b>
Net position - beginning	159,762,856	170,903,612	46,588,602	39,569,967	206,351,458	210,473,579
Net position - ending	<u>\$ 145,580,027</u>	<u>\$ 159,762,856</u>	<u>\$ 51,867,422</u>	<u>\$ 46,588,602</u>	<u>\$ 197,447,449</u>	<u>\$ 206,351,458</u>

\*\* This category was restated - Refer to restatement note (page 76) for explanation.

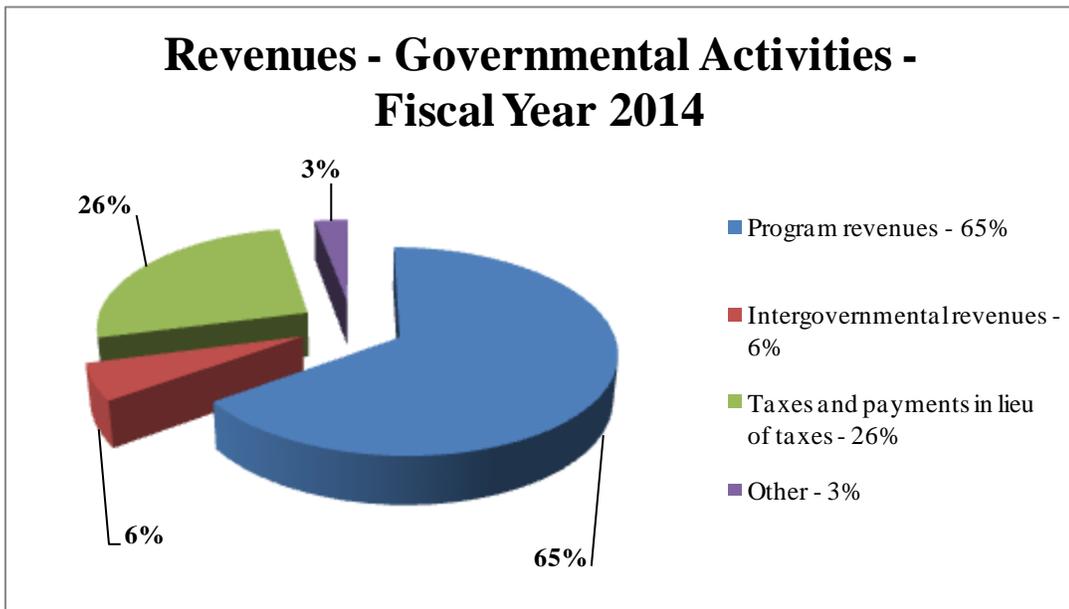
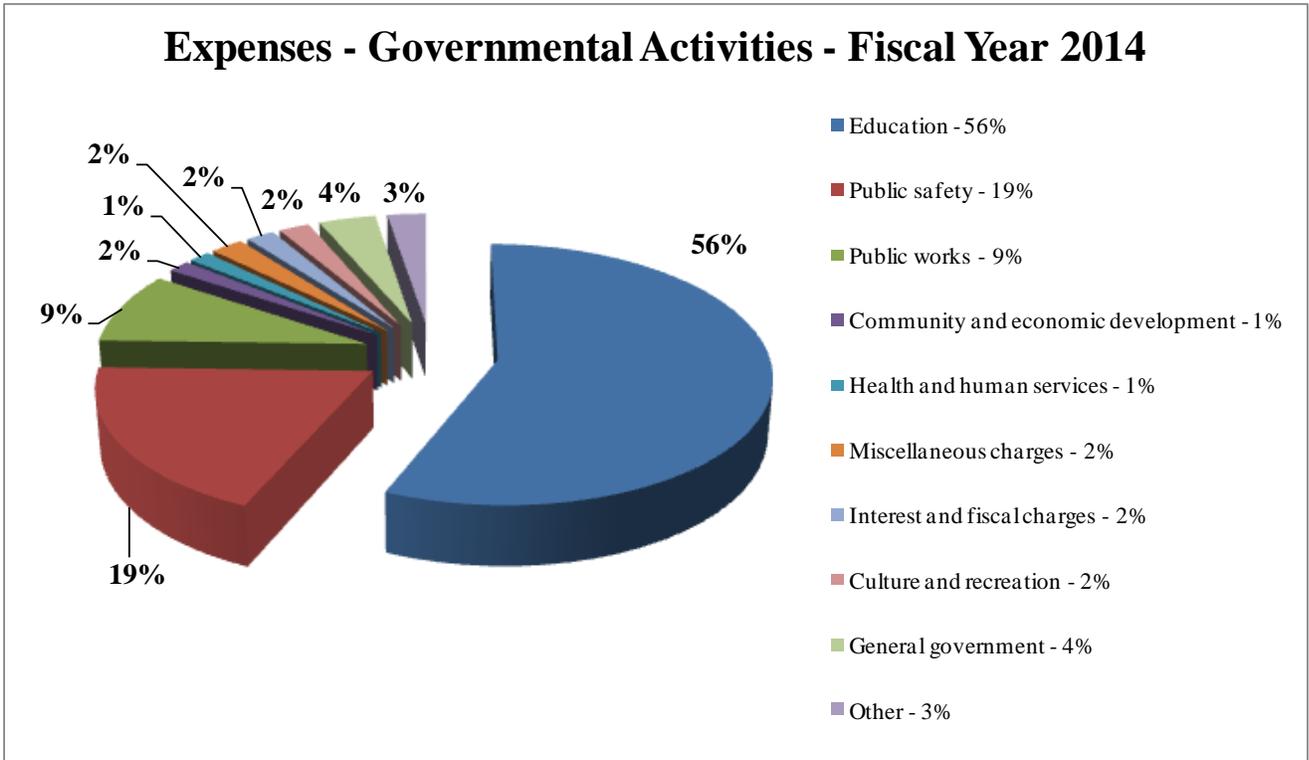
The majority of general revenues are tax collections from the City's taxpayers. This amount represented 75.0% of the total general revenues of \$134 million. The operating grants are also a significant source of revenue for the City. The total operating grants for fiscal year ended June 30, 2014 amounted to \$193,410,279 of which \$177,376,256 were received for education.

The most significant expense of the City is education which represented 55% of total expenses, followed by public safety at 18%.

**CITY OF NEW BEDFORD, MASSACHUSETTS**

Management's Discussion and Analysis (MD&A) (Unaudited)

Year Ended June 30, 2014



# CITY OF NEW BEDFORD, MASSACHUSETTS

Management's Discussion and Analysis (MD&A) (Unaudited)

Year Ended June 30, 2014

## 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 \$49,638,044 for fiscal year ended June 30, 2014 and \$44,631,737 for fiscal year ended June 30, 2013. This increase in fiscal year ended June 30, 2014, totaling \$5,006,307 is primarily due to bond proceeds of \$10,000,000 along with a deficiency of revenues over expenditure of \$6,921,842.

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 1 "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 2014, the stabilization fund earned \$76,003 of investment income and had net transfers in of \$500,000 to finish the year with a fund balance of \$9,417,934. Of this total, \$8,204,991 was held in the "City" stabilization fund and \$1,212,943 was held in the "School" stabilization fund.

During 2014, governmental funds reported amounts of \$7,330,577 within the nonspendable fund balance category, \$16,486,820 within the restricted fund balance category, \$18,107,709 within the committed fund category, \$1,301,724 within the assigned fund balance category and \$6,411,214 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 position of \$25,505,174 and \$26,362,248 as of June 30, 2014 and \$26,553,632 and \$20,034,970 as of June 30, 2013 (restated), respectively.

## Budgetary Highlights

**General Fund:** The major changes in both the revenue and expenditure categories (budget and actual) are briefly summaries as follows:

Budgetary changes:

### Revenue and Other Sources:

The total budgetary revenues were increased by \$4,660,615 over the original budget. \$4,536,540 of this amount was as a result of an increase in estimated tax collections, net of refunds.

The total budgetary sources were increase by \$3,359,000 over the original budget. \$2,944,000 of this amount was from the certification of free cash and \$285,000 was as a result of the release of overlay reserves.

### Expenditures and Other Uses:

The total budgetary expenditures were increased by \$7,519,247 over the original budget. Four departments shared in most of this increase as follows; \$4,400,000 in Education, \$1,334,000 in the Fire Department, \$917,263 in General Government Unclassified and \$753,467 in Public works and facilitates.

The total budgetary uses were increased by \$500,368 over the original budget. Of this amount \$500,000 was transferred to the stabilization fund.

*Continued*

**CITY OF NEW BEDFORD, MASSACHUSETTS**

Management's Discussion and Analysis (MD&A) (Unaudited)

Year Ended June 30, 2014

**Budgetary Highlights (Continued)**

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

Actual results:

The total actual revenues were \$384,339 higher than the final budget as a result of the following positive and negative differences;

- Departmental revenue was \$691,664 over the budgeted revenue. The significant departments were EMS at \$260,379; Health at \$236,388 and Trash/Recycling at \$173,411.
- Miscellaneous non-recurring resulted in a positive turn back of \$433,039. \$261,986 was a result of an anticipated local aid and \$185,038 from the sum of notes and bond premiums
- Negative impacts on the results, included a short fall in Chapter 71 tuitions in the school departmental revenue as well as a short fall in the estimated indirects from the enterprise funds

The total expenditures resulted in a savings of \$2,430,283 over the final budget. Some of the more significant departments contributing to this positive result are as follows;

- Health & life insurance in the amount of \$550,732
- General government in the amount of \$296,181
- Human services in the amount of \$289,599
- Police Department in the amount of \$238,617
- Local aid assessments in the amount of \$193,403

**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, 2014 amounted to \$410,924,798 (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 decrease in the City's investment in capital assets for the current year was 0.22 percent.

**Capital Assets Net of Accumulated Depreciation  
June 30, 2014**

	2014			2013		
	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total
Land	\$ 3,777,235	\$ 1,125,293	\$ 4,902,528	\$ 3,777,235	\$ 1,125,293	\$ 4,902,528
Easements	-	962,500	962,500	-	962,500	962,500
Construction in progress	670,445	-	670,445	1,681,246	-	1,681,246
Infrastructure in progress	1,290,088	5,536,400	6,826,488	5,191,919	9,392,257	14,584,176
Infrastructure, net	67,476,749	64,390,884	131,867,633	61,845,880	55,024,563	116,870,443
Land improvements, net	874,810	432,879	1,307,689	304,577	463,961	768,538
Buildings and improvements, net	246,931,982	1,579,284	248,511,266	254,324,832	1,560,871	255,885,703
Machinery and equipment, net	7,988,865	2,558,407	10,547,272	8,398,358	3,096,499	11,494,857
Office equipment and furniture, net	301,367	1,407	302,774	489,661	5,177	494,838
Computer equipment, net	3,004,998	-	3,004,998	2,240,047	5,240	2,245,287
Library books and textbooks, net	359,785	-	359,785	549,865	-	549,865
Automobiles, net	1,423,479	224,484	1,647,963	1,060,417	310,021	1,370,438
Animals, net	13,457	-	13,457	15,643	-	15,643
<b>Total capital assets</b>	<b>\$ 334,113,260</b>	<b>\$ 76,811,538</b>	<b>\$ 410,924,798</b>	<b>\$ 339,879,680</b>	<b>\$ 71,946,382</b>	<b>\$ 411,826,062</b>

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

## CITY OF NEW BEDFORD, MASSACHUSETTS

Management's Discussion and Analysis (MD&A) (Unaudited)

Year Ended June 30, 2014

### Capital Asset and Debt Administration (Continued)

**Long-term debt:** The City had total bonded debt outstanding of \$214,368,800 as of June 30, 2014 and \$220,332,847 as of June 30, 2013. The full faith and credit of the City backs this entire amount. Of this amount \$29,596,150 relates to the business type activities.

During the current year the City's total debt decreased by \$5,964,048. This resulted because the City incurred new debt totaling \$10,000,000 and pay downs totaled \$15,964,048 (including MWPAT subsidies) during the fiscal year ended June 30, 2014.

Additional information on the City's long-term debt can be found in Note 12 on pages 65 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 recent recession will continue in the year ahead. While indications are that the recent decline in valuation has stabilized and, in some case, now reversed course, the City's 2016 operating budget will be developed based on the following assumptions: flat/negligible growth in state aid; modest improvement or stabilization 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 2015 benefited from increases in school aid and lottery funding, while charter school tuition requirements continue to outpace State reimbursements. 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, although early indications are that any increases will be modest.

Property tax valuations will continue to await a return to more robust economic growth and increased market activity. Citywide assessments indicated an overall stabilization in comparison with prior years, with total taxable assessed valuations increasing slightly from \$5,226,433,760 in 2014 to \$5,237,212,490 in 2015. Present expectations are for a modest recovery in 2016.

The City of New Bedford mitigated the impact of service costs on residents by refraining from an increase in the tax levy for four consecutive years beginning in 2011. As a result, the City was able to accumulate substantial excess levy capacity of \$8,585,657 entering 2016. This figure represents revenue that may be captured by the City in the event of extraordinary fiscal challenges arising in the future. Continued increases in the cost of operations and the accumulation of significant maintenance needs may necessitate the identification of additional revenue in the upcoming year.

Existing reserves will continue to be safeguarded in 2015. The City has appropriated \$5,065,665 to the Stabilization Fund since FY 2010 and on June 30, 2014 had free cash certified at \$2,645,414, and the Stabilization Fund held a balance of \$8,212,439. Since FY 2014, the City has adopted formal financial policies setting targets for fund balance, reserves and indebtedness and standards for management of the City's investments. Management is committed to maintaining a ready ongoing balance of free cash and appropriating available balances to the Stabilization Fund when feasible.

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 allows for more detailed tracking of expenditures and better decision-making about the allocation of resources, and the City's energy management initiative has already yielded significant savings from streetlight conversions and the negotiation of power purchase agreements.

## CITY OF NEW BEDFORD, MASSACHUSETTS

Management's Discussion and Analysis (MD&A) (Unaudited)

Year Ended June 30, 2014

### **Fiscal Outlook (Continued)**

The northeastern coast is home to some of the world's greatest reserves for offshore wind - with over four gigawatts of potential energy in the Federal waters south of Martha's Vineyard representing 25% of the wind reserves nationally. Over the coming decades, New Bedford is poised to become the epicenter for the nascent offshore wind industry, generating hundreds of new jobs, and once again lighting the shores of the nation by generating enough electricity for millions of homes.

In May 2013, a collaboration of Federal, state and local officials broke ground on the New Bedford Marine Commerce Terminal - the United States' first purpose built terminal for offshore wind. The terminal is the result of a \$100 million investment by the Commonwealth of Massachusetts, and will serve as a primary staging area for offshore wind going forward, including Deepwater Wind and, in the upcoming months, additional areas off the east coast, setting the stage for decades of offshore wind projects, new jobs and long-term economic growth for the City.

Key projects throughout the city, totaling more than \$209 million in investment, advanced in every point of the development cycle in 2014. In addition to the \$100M in new investment in the Marine Commerce Terminal in the city's South End, two other targeted districts have seen significant growth—the Upper Harbor and the Downtown.

#### The Upper Harbor

New Bedford's Upper Harbor District has long been home to companies such as Joseph Abboud, Titleist, and Precix, but in the 80's and 90's became an almost forgotten corner of the city as mill buildings became vacant and the river ignored—cut off from the adjacent neighborhoods. Since 2008, the City has placed a new focus on the district as an area of potential growth, and today New Bedford's Upper Harbor is fast becoming an economic center for job growth and new investment. In total, more than 300 jobs across a wide range of sectors and \$85M in investment are changing the face of the district. Examples include:

#### *Joseph Abboud Manufacturing*

In a historic mill building Joseph Abboud continued to expand after their merger with Men's Wearhouse this past summer, bringing on more than 200 new employees during 2014. With 600 employees, Abboud is one of the largest private sector employers in the city and is producing more than 1,000 men's suits every day, with the real potential for greater expansion in 2015.

#### *Precix*

Across the street from Joseph Abboud is Precix, a manufacturer of O-rings and specialized products for the automotive, aerospace, and energy industries that has been in business for more than a century, and is one of only 13 companies certified to manufacture synthetic elastic materials for the aerospace industry. Precix is in the midst of an ongoing expansion, having invested \$22 million on equipment and facility upgrades over the past several years, with an additional \$4 million invested in 2014. An additional 45 jobs have been created over the past year to add to their current roster of 356 highly skilled employees. New equipment upgrades to expand operational capacity are planned for early 2015 while the company also explores ways to create their own energy on site.

#### *UpSource*

The high-tech back office company located in the recently and dramatically renovated mill space at 645 Belleville Avenue added 65 jobs in the last quarter of 2013. Since cutting the ribbon on their new 10,000 square-foot space in June of 2012, UpSource has steadily increased the number of employees to more than 100 with their latest round of hires—bringing the new center to full capacity with an additional \$1.3 million per year in additional payroll. To help make this expansion possible for UpSource, the city was instrumental in securing leased parking at the former Areovox site for the raft of new employees coming into an already busy area of the New Bedford. A new expansion plan to a new service line was completed in 2014—adding a total of 50 new jobs to their New Bedford facility over the next several years.

## CITY OF NEW BEDFORD, MASSACHUSETTS

Management's Discussion and Analysis (MD&A) (Unaudited)

Year Ended June 30, 2014

### **Fiscal Outlook (Continued)**

#### *Mother Freedom*

In addition to the expansion of established manufacturers, new start-ups such as Mother Freedom are also starting to call the Upper Harbor home. Mother Freedom is a heritage inspired men's sportswear brand that cited its facility in New Bedford to make use of the city's skilled workforce. Their 12,000 square foot factory space is home to 27 employees as the company successfully completed their second year.

#### *Manomet Place*

The initial phase of this award-winning mill restoration project, which was completed in Summer 2013, includes 76 residential units, and the waiting list for the second phase is currently full. The \$25 million project employed more than 100 skilled tradespeople, most from New Bedford.

#### *Riverbank Lofts*

This \$23 million mill restoration project, utilizing a combination of private financing and State and Federal historic preservation tax credits, was completed in 2014. The development provides 126 market-rate loft apartments with riverfront views and a high level of amenities. At the end of 2014 the rental of new units was ahead of schedule and is expected to reach full occupancy in early 2015—nearly 6 months ahead of schedule.

#### *Riverside Landing*

This mixed-use development includes retail and commercial spaces near the Acushnet River. Phase 2 includes a retail building and a medical building (both completed in 2014), which represents investments of more than \$7 million and provides approximately 110 new jobs. The final retail building of this phase is currently in planning and it is anticipated that final permitting will start in the spring of 2015. Planning for the Phase 3, which will include waterfront facilities, is currently underway with planning for the river walk and Chapter 91 permitting. The entire project will represent an investment of approximately \$35 million, and will employ more than 800 at full build-out.

#### *Acushnet Avenue International Market Place*

Construction came to an end for the first phase of the International Market Place in 2013. A new gateway intersection at Coggeshall Street sets the stage for new sidewalks, ornamental streetlights, decorative paving, and trees that will enable businesses to thrive. Planning for Phase 2 was completed in 2013 and the city has received more than \$1M in new funding from the MassWorks Infrastructure Program, which funded Phase 1. Final design for phase 2 is complete and construction will begin in early 2015 and be completed by the summer.

#### *Sid Wainer & Son*

Sid Wainer and Son recently received all permitting approvals for 50,000 square foot expansion to their specialty produce/food distribution center and gourmet outlet. This New Bedford business is also celebrating its 100th year in operation in 2014 and supplies over 25,000 of the finest restaurants, hotels, and retailers nationally and internationally. Construction of the expansion is scheduled to begin in the spring of 2015.

## CITY OF NEW BEDFORD, MASSACHUSETTS

Management's Discussion and Analysis (MD&A) (Unaudited)

Year Ended June 30, 2014

### **Fiscal Outlook (Continued)**

#### The Downtown

Successful cities must have a vibrant and active downtown. Building on the anchors of the National Historical Park and the University of Massachusetts College of Visual and Performing Arts, the growth of the city's downtown (highlighted by 60 new or expanding businesses in the downtown since 2007) continued throughout 2014, culminating in the naming of downtown as one of only eight Transformative Development Districts in the Commonwealth by Governor Patrick and MassDevelopment. Examples of private sector and public investment include:

#### *Historic Standard Times Building*

During summer 2013, construction crews gave way to a ribbon cutting at the historic Standard Times Building located in the heart of the city's downtown. The building had been vacant for 18 years before the development team, New Bedford Urban Renaissance, purchased the building to transform it into an exciting mixed-use project that includes both retail and professional office components. In August, tenants began to occupy the renovated building, which included a \$6.5 million investment. A new restaurant opened to much fan fare in the late summer of 2014 and NBC Channel 10 has recently opened a new studio space as well.

#### *Candle Works Hotel*

Full design development and all permitting were completed in 2013 for a boutique hotel project located near the city's waterfront. This project will include approximately \$15 million in investment and will directly employ approximately 40 permanent jobs. The facility will feature 140 guestrooms, 10 residential condominiums, a 7,000 square foot meeting/banquet facility, a bar and restaurant. The project is currently in financing and a ground breaking is planned for Fall 2015.

#### *Whaling Museum Expansion*

The Whaling Museum broke ground in June on a new education and research library on Water Street and construction is currently ahead of schedule. This \$5 million expansion will also free space on Purchase Street for redevelopment, potentially a new residential building with a restaurant at the street level.

#### *Black Whale*

A new waterfront restaurant at the former location of the Harbor Development Commission offices on Pier 3 completed a major renovation and opened in July 2014. The Black Whale is a high-end seafood eatery with a large outdoor deck overlooking the fishing fleet. Located in the National Park, a new retail component to the restaurant serving as the Black Whale gift shop opened this fall. The restaurant represents an investment of approximately \$1.5 million and will employ 60.

#### *Route 18 Redesign and Reconstruction*

Construction is now completed, one year ahead of schedule, on the \$15 million Route 18 Access Improvement Project. This major infrastructure project ensures that the city's historic downtown is connected to the waterfront with a new pedestrian-friendly boulevard, and has already resulted in substantial improvements to the downtown's development climate. While enhanced landscaping details will be executed in the spring of 2015, the southern second phase of the project is the queue for state funding in 2016.

## CITY OF NEW BEDFORD, MASSACHUSETTS

Management's Discussion and Analysis (MD&A) (Unaudited)

Year Ended June 30, 2014

### **Fiscal Outlook (Continued)**

#### *Custom House Square*

Construction was completed in summer 2013 on the redevelopment of a former parking area into a new public green space in the heart of the National Park. This concept was first envisioned in the *Connections Charette*, hosted by WHALE in 1996 and then most recently in the downtown land-use study, *Live, Work, Play, Learn* completed in 2009. The park was designed by Boston architectural firm, STOSS and its founder, Chris Reed, a New Bedford native.

#### Assisting Existing & Small Business

The small and family owned businesses of New Bedford serve as a tangible benchmark for the city's economic wellbeing. When they are strong and growing, so is the community, and as such assisting existing businesses will always be at the core of the city's mission. 2014 witnessed a continued up-tick of activity in the NBEDC's lending, business assistance, and incentive programs. All these programs have the unifying goals of strengthening existing businesses and creating new jobs for New Bedford residents.

#### Business Assistance

The EDC continues to provide an important service in assisting new and existing businesses with loans through a variety of lending products for any size business. As of June 30, 2014 the Lending Program portfolio totaled \$4.62 million and was comprised of 82 loans. During FY14, the SBA Massachusetts Division recognized the NBEDC once again as one of their top Microlenders in its portfolio. The Lending Program funded 20 New Bedford small businesses a total of \$1,702,000—a 51% increase in value over the previous year. These loans helped to create or retain 32 jobs and leveraged more than \$13 million in conventional financing and more than \$9 million in private investment.

In addition, direct technical assistance was provided to over 50 small to mid-sized businesses and individuals located throughout the city in 2014. These included light manufacturing, retail, service, restaurant, entertainment and creative enterprises, either existing or an entrepreneur, impacting nearly 500 employees.

### **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 Office of the Chief Financial Officer, 133 Williams Street, New Bedford, Massachusetts 02740.

**CITY OF NEW BEDFORD, MASSACHUSETTS**

Statement of Net Position

June 30, 2014

	<i>Primary Government</i>			<i>Component Units</i>		
	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>	<b>Greater New Bedford Regional Refuse Management District</b>	<b>Non Major Component Units</b>	<b>Total Component Units</b>
<b>ASSETS</b>						
Current assets						
Unrestricted cash and investments	\$ 68,526,034	\$ 2,695,824	\$ 71,221,858	\$ 1,152,289	\$ 952,472	\$ 2,104,761
Restricted cash and investments	21,831,718	3,848,182	25,679,900	20,053,191	-	20,053,191
Accounts receivable, net of allowance	16,112,882	1,192,085	17,304,967	680,426	565,602	1,246,028
Taxes receivable, net	31,844,789	-	31,844,789	-	-	-
Loans receivable, net	19,920,169	-	19,920,169	-	-	-
Due from other funds	3,970,599	892,515	4,863,114	-	-	-
Due from other governments	-	-	-	202,925	1,521,181	1,724,106
Intra-entirety receivable	1,900,816	-	1,900,816	-	-	-
Inventories and prepaid expenses	776,802	229,492	1,006,294	315,642	4,567	320,209
Other assets - current	110,602	1,672	112,274	-	-	-
<b>Total current assets</b>	<b>164,994,411</b>	<b>8,859,770</b>	<b>173,854,181</b>	<b>22,404,473</b>	<b>3,041,645</b>	<b>25,446,118</b>
Non-current assets						
Other assets - noncurrent	-	-	-	259,546	-	259,546
MWPAT debt subsidy receivable	39,954,438	427,307	40,381,745	-	-	-
MSBA debt subsidy receivable	16,908,355	-	16,908,355	-	-	-
Capital assets						
Land	3,777,235	1,125,293	4,902,528	6,235,025	872,611	7,107,636
Construction in progress	670,445	-	670,445	-	1,749,513	1,749,513
Infrastructure in progress	1,290,088	5,536,400	6,826,488	-	-	-
Easements	-	962,500	962,500	-	-	-
Land improvements, net	874,810	432,879	1,307,689	2,210,745	14,183,985	16,394,730
Infrastructure, net	67,476,749	64,390,884	131,867,633	-	-	-
Building and improvements, net	246,931,982	1,579,284	248,511,266	109,929	4,964,974	5,074,903
Office equipment and furniture, net	301,367	1,407	302,774	627	96	723
Computer equipment, net	3,004,998	-	3,004,998	601	-	601
Library books and textbooks, net	359,785	-	359,785	-	-	-
Automobiles, net	1,423,479	224,484	1,647,963	-	86,949	86,949
Machinery and equipment, net	7,988,865	2,558,407	10,547,272	706,477	983,488	1,689,965
Animals, net	13,457	-	13,457	-	-	-
<b>Total capital assets</b>	<b>334,113,260</b>	<b>76,811,538</b>	<b>410,924,798</b>	<b>9,263,404</b>	<b>22,841,616</b>	<b>32,105,020</b>
<b>Total non-current assets</b>	<b>390,976,053</b>	<b>77,238,845</b>	<b>468,214,898</b>	<b>9,522,950</b>	<b>22,841,616</b>	<b>32,364,566</b>
<b>Total assets</b>	<b>555,970,464</b>	<b>86,098,615</b>	<b>642,069,079</b>	<b>31,927,423</b>	<b>25,883,261</b>	<b>57,810,684</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>						
Deferred asset advance refunding, net of amortization	380,539	-	380,539	-	-	-
<b>Total deferred outflows of resources</b>	<b>380,539</b>	<b>-</b>	<b>380,539</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total assets and deferred outflows of resources</b>	<b>\$ 556,351,003</b>	<b>\$ 86,098,615</b>	<b>\$ 642,449,618</b>	<b>\$ 31,927,423</b>	<b>\$ 25,883,261</b>	<b>\$ 57,810,684</b>

The accompanying notes are an integral part of this statement

**CITY OF NEW BEDFORD, MASSACHUSETTS**

Statement of Net Position

June 30, 2014

	<i>Primary Government</i>			<i>Component Units</i>		
	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>	<b>Greater New Bedford Regional Refuse Management District</b>	<b>Non Major Component Units</b>	<b>Total Component Units</b>
<b>LIABILITIES</b>						
Current liabilities						
Accounts payable and accrued expenses	\$ 23,950,812	\$ 758,215	\$ 24,709,027	\$ 243,189	\$ 1,155,067	\$ 1,398,256
Retainage payable	273,511	-	273,511	-	-	-
Due to other governments	209	-	209	2,925	-	2,925
Intra-entity payable	-	-	-	-	1,900,816	1,900,816
Due to other funds	4,454,304	895,277	5,349,581	-	-	-
Accrued interest	2,417,240	357,764	2,775,004	-	-	-
Deposits held	639,175	-	639,175	-	99,185	99,185
Payroll withholdings	1,032,722	-	1,032,722	-	-	-
Other liabilities	227,337	112	227,449	-	-	-
Claims incurred but not reported	3,732,106	-	3,732,106	-	-	-
Deposits held in custody	-	-	-	492,595	-	492,595
Bonds and notes payable	33,451,189	1,972,692	35,423,881	-	-	-
Capital leases	345,114	27,289	372,403	-	-	-
Workers' compensation claims	188,872	-	188,872	-	-	-
Compensated absences	6,126,181	167,511	6,293,692	-	115,788	115,788
<b>Total current liabilities</b>	<b>76,838,772</b>	<b>4,178,860</b>	<b>81,017,632</b>	<b>738,709</b>	<b>3,270,856</b>	<b>4,009,565</b>
Non-current liabilities						
Accrued closure/post-closure costs	-	-	-	5,313,400	-	5,313,400
Bonds and notes payable	178,504,807	27,623,457	206,128,264	-	-	-
Net OPEB obligation (NOO)	137,625,595	2,117,786	139,743,381	742,975	-	742,975
Capital leases	1,217,135	-	1,217,135	-	-	-
Workers' compensation claims	5,207,473	-	5,207,473	-	-	-
Compensated absences	11,377,194	311,090	11,688,284	-	-	-
<b>Total non-current liabilities</b>	<b>333,932,204</b>	<b>30,052,333</b>	<b>363,984,537</b>	<b>6,056,375</b>	<b>-</b>	<b>6,056,375</b>
<b>Total liabilities</b>	<b>410,770,976</b>	<b>34,231,193</b>	<b>445,002,169</b>	<b>6,795,084</b>	<b>3,270,856</b>	<b>10,065,940</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Other unearned revenues (component unit)	-	-	-	1,300	53,240	54,540
<b>Total deferred inflows of resources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,300</b>	<b>460,151</b>	<b>461,451</b>
<b>NET POSITION</b>						
Invested in capital assets, net of related debt	175,040,568	47,259,222	222,299,790	9,522,950	21,716,635	31,239,585
Restricted	21,614,231	4,740,697	26,354,928	14,076,188	-	14,076,188
Unrestricted	(51,074,772)	(132,497)	(51,207,269)	1,531,901	435,619	1,967,520
<b>Total net position</b>	<b>145,580,027</b>	<b>51,867,422</b>	<b>197,447,449</b>	<b>25,131,039</b>	<b>22,152,254</b>	<b>47,283,293</b>
<b>Total liabilities, deferred inflows of resources and net position</b>	<b>\$ 556,351,003</b>	<b>\$ 86,098,615</b>	<b>\$ 642,449,618</b>	<b>\$ 31,927,423</b>	<b>\$ 25,883,261</b>	<b>\$ 57,810,684</b>

The accompanying notes are an integral part of this statement

**CITY OF NEW BEDFORD, MASSACHUSETTS**

Statement of Activities

For the Year Ended June 30, 2014

	<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>
<b>Governmental Activities:</b>					
General government	\$ 10,247,776	\$ 4,894,035	\$ 4,879,617	\$ 394,479	\$ 459,353
Public safety	51,031,005	23,673,863	11,710,026	6,897,844	466,710
Public works	30,343,747	4,691,876	21,145,569	2,256,105	2,985,306
Health and human services	4,900,573	811,250	1,050,683	638,472	-
Education	185,052,455	37,259,358	8,969,722	177,376,256	(598,809)
Community and economic development	5,892,790	-	(385,377)	5,480,084	-
Culture and recreation	6,129,373	2,143,658	751,132	367,039	-
Municipal airport	-	-	(12,963)	-	5,807,431
Pension benefits	23,692,690	(23,692,690)	-	-	-
Health and other insurance	49,781,350	(49,781,350)	-	-	-
Miscellaneous	8,822,341	-	-	-	-
State and county charges	10,252,470	-	-	-	-
Debt service:					
Interest and fiscal charges	7,567,178	-	-	-	-
Total governmental activities	<u>393,713,748</u>	<u>-</u>	<u>48,108,409</u>	<u>193,410,279</u>	<u>9,119,991</u>
<b>Business-Type Activities:</b>					
Water	9,695,886	-	11,249,641	-	(30,135)
Airport	1,416,730	-	696,532	-	-
Total business-type activities	<u>11,112,616</u>	<u>-</u>	<u>11,946,173</u>	<u>-</u>	<u>(30,135)</u>
Total primary government	<u>404,826,364</u>	<u>-</u>	<u>60,054,582</u>	<u>193,410,279</u>	<u>9,089,856</u>
<b>Component Units:</b>					
Greater New Bedford Regional Refuse Management District	3,704,530	-	3,973,263	-	200,000
Non-major component units	12,952,308	-	2,142,289	3,639,181	5,547,591
Total component units	<u>16,656,838</u>	<u>-</u>	<u>6,115,552</u>	<u>3,639,181</u>	<u>5,747,591</u>
Total City of New Bedford	<u>\$ 421,483,202</u>	<u>\$ -</u>	<u>\$ 66,170,134</u>	<u>\$ 197,049,460</u>	<u>\$ 14,837,447</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, 2014

**Net (Expense) Revenue and Changes in Net Position**

	<i>Primary Government</i>			<i>Component Units</i>		
	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>	<b>Greater New Bedford Regional Refuse District</b>	<b>Nonmajor Component Units</b>	<b>Total Component Units</b>
<b>Governmental Activities:</b>						
General government	\$ (9,408,362)	\$ -	\$ (9,408,362)	\$ -	\$ -	\$ -
Public safety	(55,630,288)	-	(55,630,288)	-	-	-
Public works	(8,648,643)	-	(8,648,643)	-	-	-
Health and human services	(4,022,668)	-	(4,022,668)	-	-	-
Education	(36,564,644)	-	(36,564,644)	-	-	-
Community and economic development	(798,083)	-	(798,083)	-	-	-
Culture and recreation	(7,154,860)	-	(7,154,860)	-	-	-
Municipal airport	5,794,468	-	5,794,468	-	-	-
Pension benefits	-	-	-	-	-	-
Health and other insurance	-	-	-	-	-	-
Miscellaneous	(8,822,341)	-	(8,822,341)	-	-	-
State and county charges	(10,252,470)	-	(10,252,470)	-	-	-
Debt service:	-	-	-	-	-	-
Interest and fiscal charges	(7,567,178)	-	(7,567,178)	-	-	-
Total governmental activities	(143,075,069)	-	(143,075,069)	-	-	-
<b>Business-Type Activities:</b>						
Water	-	1,523,620	1,523,620	-	-	-
Airport	-	(720,198)	(720,198)	-	-	-
Total business-type activities	-	803,422	803,422	-	-	-
Total primary government	(143,075,069)	803,422	(142,271,647)	-	-	-
<b>Component Units:</b>						
Greater New Bedford Regional Refuse Management District	-	-	-	468,733	-	468,733
Non-major component units	-	-	-	-	(1,623,247)	(1,623,247)
Total component units	-	-	-	468,733	(1,623,247)	(1,154,514)
<b>Total City of New Bedford (to next page)</b>	<b>\$ (143,075,069)</b>	<b>\$ 803,422</b>	<b>\$ (142,271,647)</b>	<b>\$ 468,733</b>	<b>\$ (1,623,247)</b>	<b>\$ (1,154,514)</b>

The accompanying notes are an integral part of this statement

**CITY OF NEW BEDFORD, MASSACHUSETTS**

Statement of Activities

For the Year Ended June 30, 2014

	<b>Net (Expense) Revenue and Changes in Net Position</b>					
	<b>Primary Government</b>			<b>Component Units</b>		
	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>	<b>Greater New Bedford Regional Refuse District</b>	<b>Nonmajor Component Units</b>	<b>Total Component Units</b>
<b>Total City of New Bedford (from previous page)</b>	<b>\$ (143,075,069)</b>	<b>\$ 803,422</b>	<b>\$ (142,271,647)</b>	<b>\$ 468,733</b>	<b>\$ (1,623,247)</b>	<b>\$ (1,154,514)</b>
<b>General revenues:</b>						
Real estate and personal property, net of reserve for abatements	92,873,411	-	92,873,411	-	-	-
Motor vehicle and other excise taxes	7,805,742	-	7,805,742	-	-	-
Distribution - lottery	19,917,179	-	19,917,179	-	-	-
Exemptions - veterans, blind, surviving spouse & elderly	2,368,153	-	2,368,153	-	-	-
State owned land	15,765	-	15,765	-	-	-
Tax foreclosures	3,597,795	-	3,597,795	-	-	-
Penalties and interest on taxes	1,200,406	-	1,200,406	-	-	-
Earnings on investments	903,140	-	903,140	572,378	1,019	573,397
Payments in lieu of taxes	321,660	-	321,660	-	-	-
Miscellaneous	5,160,582	338,136	5,498,718	87,737	(61,111)	26,626
<b>Total general revenues</b>	<b>134,163,833</b>	<b>338,136</b>	<b>134,501,969</b>	<b>660,115</b>	<b>(60,092)</b>	<b>600,023</b>
<b>Transfers/special items:</b>						
Transfers between funds - operating	1,419,086	(1,609,086)	(190,000)	-	-	-
Special item - transfer of capital asset (net of debt) from governmental activities - airport	(7,155,261)	7,155,261	-	-	-	-
Special item - transfer of capital asset (net of debt) from governmental activities - water	1,098,913	(1,098,913)	-	-	-	-
Net transfers to water stabilization fund	-	(310,000)	(310,000)	-	-	-
Net transfers to city and school stabilization fund	500,000	-	500,000	-	-	-
Special item - insurance proceeds	9,063	-	9,063	-	-	-
Special item - wind energy project (net)	-	-	-	-	(40,900)	(40,900)
Special item - capital lease proceeds	(1,143,394)	-	(1,143,394)	-	-	-
<b>Change in net position</b>	<b>(14,182,829)</b>	<b>5,278,820</b>	<b>(8,904,009)</b>	<b>1,128,848</b>	<b>(1,724,239)</b>	<b>(595,391)</b>
Net position - July 1, 2013 (restated)	159,762,856	46,588,602	206,351,458	24,002,191	23,876,493	47,878,684
Net position - June 30, 2014	<u>\$ 145,580,027</u>	<u>\$ 51,867,422</u>	<u>\$ 197,447,449</u>	<u>\$ 25,131,039</u>	<u>\$ 22,152,254</u>	<u>\$ 47,283,293</u>

The accompanying notes are an integral part of this statement

**CITY OF NEW BEDFORD, MASSACHUSETTS**

Balance Sheet  
Governmental Funds

June 30, 2014

	<u>General Fund</u>	<u>Wastewater</u>	<u>Non-Major Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>				
Cash and investments, unrestricted	\$ 19,652,903	\$ 7,482,947	\$ 33,813,965	\$ 60,949,815
Cash, restricted	9,417,934	7,286,373	5,127,411	21,831,718
Receivables, net:				
Real estate and personal property taxes	4,265,661	-	-	4,265,661
Tax liens and foreclosures	25,524,928	-	-	25,524,928
Motor vehicle and boat excise	2,084,776	-	-	2,084,776
User charges receivables	-	2,276,520	-	2,276,520
Departmental and other	9,485,987	83,956	-	9,569,943
Loans receivable	-	-	20,509,762	20,509,762
Other receivables	155,619	-	78,644	234,263
Special assessments	454	110,148	-	110,602
Due from federal or state government	301,190	-	9,638,811	9,940,001
Due from other funds	2,794,601	-	229,195	3,023,796
Intraentity receivable	1,900,816	-	-	1,900,816
Inventories	-	55,432	-	55,432
Prepaid assets	50,338	424,114	-	474,452
Land inventory	-	-	246,918	246,918
	<hr/>	<hr/>	<hr/>	<hr/>
Total assets	75,635,207	17,719,490	69,644,706	162,999,403
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
None	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total deferred outflows of resources	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total assets and deferred outflows of resources	\$ 75,635,207	\$ 17,719,490	\$ 69,644,706	\$ 162,999,403
	<hr/>	<hr/>	<hr/>	<hr/>
<b>LIABILITIES</b>				
Warrants payable	\$ 4,967,688	\$ 1,756,832	\$ 1,338,490	\$ 8,063,010
Accounts payable and accrued expenses	8,304,138	4,314	6,646,537	14,954,989
Retainage payable	-	-	273,511	273,511
Bonds and notes payable	-	-	25,183,346	25,183,346
Interim loan payable	-	-	2,000,000	2,000,000
Due to other funds	1,441,361	2,805,446	134,501	4,381,308
Deposits held	215,061	424,114	-	639,175
Due to other governments	-	-	209	209
Payroll withholdings	1,032,722	-	-	1,032,722
Other liabilities	206,367	-	20,970	227,337
	<hr/>	<hr/>	<hr/>	<hr/>
Total liabilities	16,167,337	4,990,706	35,597,564	56,755,607
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred property and excise tax revenues	22,781,150	-	-	22,781,150
Deferred departmental and other receipts	8,658,906	-	36,301	8,695,207
Deferred user fees, fines and charges for services	-	2,470,625	-	2,470,625
Unearned grant income	-	-	2,152,073	2,152,073
Unearned loan income	-	-	20,506,697	20,506,697
	<hr/>	<hr/>	<hr/>	<hr/>
Total deferred inflows of resources	31,440,056	2,470,625	22,695,071	56,605,752
<b>NET POSITION</b>				
Nonspendable	1,900,816	55,432	5,374,329	7,330,577
Restricted	-	3,845,507	12,641,313	16,486,820
Committed	9,417,934	6,357,220	2,332,555	18,107,709
Assigned	1,301,724	-	-	1,301,724
Unassigned	15,407,340	-	(8,996,126)	6,411,214
	<hr/>	<hr/>	<hr/>	<hr/>
Total net position	28,027,814	10,258,159	11,352,071	49,638,044
	<hr/>	<hr/>	<hr/>	<hr/>
Total liabilities, deferred inflows of resources and net position	\$ 75,635,207	\$ 17,719,490	\$ 69,644,706	\$ 162,999,403
	<hr/>	<hr/>	<hr/>	<hr/>

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, 2014

	<b>General Fund</b>	<b>Wastewater</b>	<b>Non-Major Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>REVENUE</b>				
Real estate and personal property taxes	\$ 92,959,921	\$ -	\$ -	\$ 92,959,921
Motor vehicle and other excise	7,676,637	-	-	7,676,637
MSBA assistance	2,415,152	-	(660,485)	1,754,667
Tax liens and foreclosures	2,025,500	117,091	-	2,142,591
Penalties and interest on taxes	1,200,406	-	-	1,200,406
Licenses and permits	2,178,801	-	-	2,178,801
Fines and forfeitures	199,204	-	-	199,204
Investment income	164,478	71,963	656,412	892,853
Intergovernmental - operating grants	58,268,090	-	36,444,635	94,712,725
Intergovernmental - operating grant - Chapter 70	120,056,678	-	-	120,056,678
Intergovernmental - capital grants	-	5,523,454	7,302,247	12,825,701
Charges for services	14,225,613	19,884,235	1,629,172	35,739,020
Other - indirects	1,326,399	-	-	1,326,399
Special assessments and betterments	349	26,403	-	26,752
Payments in lieu of taxes	321,660	-	-	321,660
Miscellaneous	536,371	33,771	4,668,380	5,238,522
Total revenues	<u>303,555,259</u>	<u>25,656,917</u>	<u>50,040,361</u>	<u>379,252,537</u>
<b>EXPENDITURES</b>				
General government	6,813,441	-	3,100,138	9,913,579
Public safety	39,908,731	-	7,007,996	46,916,727
Education	147,876,203	-	24,848,023	172,724,226
Public works	14,461,623	11,819,777	5,336,717	31,618,117
Community and economic development	-	-	5,728,310	5,728,310
Health and human services	4,230,272	-	683,581	4,913,853
Municipal airport	-	-	7,155,263	7,155,263
Culture and recreation	4,196,196	-	1,703,115	5,899,311
Pension benefits	23,692,690	-	-	23,692,690
Health and other insurance	36,800,963	-	-	36,800,963
Miscellaneous	8,822,341	-	-	8,822,341
State and county charges	10,252,470	-	-	10,252,470
Debt service:				
Principal payments	6,784,825	7,199,085	51,000	14,034,910
Short-term note interest	226,868	-	-	226,868
Bond interest costs	2,681,601	4,787,425	5,725	7,474,751
Total expenditures	<u>306,748,224</u>	<u>23,806,287</u>	<u>55,619,868</u>	<u>386,174,379</u>
Excess (deficiency) of revenues over expenditures	<u>(3,192,965)</u>	<u>1,850,630</u>	<u>(5,579,507)</u>	<u>(6,921,842)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Bond proceeds	-	-	10,000,000	10,000,000
Special item - insurance proceeds	-	-	9,063	9,063
Transfers in	3,875,484	6,980,656	961,950	11,818,090
Transfers out	<u>(1,290,723)</u>	<u>(8,303,772)</u>	<u>(304,509)</u>	<u>(9,899,004)</u>
Total other financing sources and uses	<u>2,584,761</u>	<u>(1,323,116)</u>	<u>10,666,504</u>	<u>11,928,149</u>
Change in net position	(608,204)	527,514	5,086,997	5,006,307
Net position - July 1, 2013	<u>28,636,018</u>	<u>9,730,645</u>	<u>6,265,074</u>	<u>44,631,737</u>
Net position - June 30, 2014	<u>\$ 28,027,814</u>	<u>\$ 10,258,159</u>	<u>\$ 11,352,071</u>	<u>\$ 49,638,044</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 Position

June 30, 2014

Total governmental fund balances	\$ 49,638,044
Record allowance for doubtful accounts that are financial resources, for the governmental funds	(6,528,014)
Record advance refunding and related amortization that are not reported in the governmental funds	380,539
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	334,113,259
Record a long-term asset related to MWPAT and MSBA subsidies of principal for which revenue has been earned on the accrual basis	56,862,793
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	56,605,752
Internal service funds are used by management to account for health insurance activities	
The assets and liabilities of the internal service funds are included in the governmental activities in the Statement of Net Position	3,785,107
In the statement of activities, interest is accrued on outstanding long-term debt, whereas in governmental funds interest is not reported until due.	(2,417,240)
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	(184,772,649)
Compensated absences	(17,503,375)
Capital leases	(1,562,249)
Workers' compensation claims	(5,396,345)
Net OPEB obligation	<u>(137,625,595)</u>
Net position of governmental activities	<u>\$ 145,580,027</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, 2014

Net change in fund balances - total governmental funds	\$ 5,006,307
To record allowance for doubtful accounts that are resources for governmental funds	(5,127,531)
Record advance refunding and related amortization that are not reported in the governmental funds	(85,744)
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.	(5,766,420)
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.	4,254,293
Revenues in the Statement of Activities are accounted for on a different basis than those in the Statement of Revenues, Expenditures and Changes in Fund Balances. Therefore, the recognition of revenue for MWPAT and MSBA principal subsidies differs between the two statements. This amount represents the net change in the long-term assets.	(5,461,346)
The issuance of long-term debt (e.g., bonds and leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	5,007,022
In the statement of activities, interest is accrued on outstanding long-term debt, whereas in governmental funds interest, is not reported until due.	220,185
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	(10,617,417)
Some expenses reported in the Statement of Activities, such as compensated absences and estimated workers' compensation claims do not require current financial resources and, therefore, are not reported as expenditures in the governmental funds.	(516,350)
Internal service funds are used by management to account for health insurance activities.	
The net activity of internal service funds is reported with Governmental Activities	<u>(1,095,828)</u>
Change in net position of governmental activities	<u>\$ (14,182,829)</u>

The accompanying notes are an integral part of this statement

**CITY OF NEW BEDFORD, MASSACHUSETTS**

Statement of Net Position  
Proprietary Funds

June 30, 2014

	<b>Business-Type Activities</b>			<b>Governmental Activities</b>
	<b>Water</b>	<b>Airport</b>	<b>Total</b>	<b>Internal Service Fund</b>
<b>ASSETS</b>				
Current assets:				
Cash	\$ 2,228,386	\$ 467,438	\$ 2,695,824	\$ 7,576,219
Cash - restricted (stabilization)	119,842	-	119,842	-
Investments - restricted (stabilization)	3,728,340	-	3,728,340	-
User charges receivable, net	1,169,568	-	1,169,568	-
Other receivables, net	1,380	21,137	22,517	-
Due from other funds	892,515	-	892,515	946,803
Inventory	229,492	-	229,492	-
Other assets	1,672	-	1,672	-
<b>Total current assets</b>	<b>8,371,195</b>	<b>488,575</b>	<b>8,859,770</b>	<b>8,523,022</b>
Non-current assets:				
MWPAT debt subsidy	427,307	-	427,307	-
Capital assets:				
Land	600,000	525,293	1,125,293	-
Easements	962,500	-	962,500	-
Infrastructure in progress	811,865	4,724,535	5,536,400	-
Infrastructure, net	44,687,222	19,703,662	64,390,884	-
Land improvements, net	-	432,879	432,879	-
Building and improvements, net	111,120	1,468,164	1,579,284	-
Machinery and equipment, net	2,513,712	44,695	2,558,407	-
Office equipment and furniture, net	1,407	-	1,407	-
Automobiles, net	224,484	-	224,484	-
<b>Total capital assets</b>	<b>49,912,310</b>	<b>26,899,228</b>	<b>76,811,538</b>	<b>-</b>
<b>Total non-current assets</b>	<b>50,339,617</b>	<b>26,899,228</b>	<b>77,238,845</b>	<b>-</b>
<b>Total assets</b>	<b>58,710,812</b>	<b>27,387,803</b>	<b>86,098,615</b>	<b>8,523,022</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
None	-	-	-	-
<b>Total deferred outflows of resources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total assets and deferred outflows of resources</b>	<b>\$ 58,710,812</b>	<b>\$ 27,387,803</b>	<b>\$ 86,098,615</b>	<b>\$ 8,523,022</b>

The accompanying notes are an integral part of this statement

Continued  
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**CITY OF NEW BEDFORD, MASSACHUSETTS**

Statement of Net Position  
Proprietary Funds

June 30, 2014

	<b>Business-Type Activities</b>			<b>Governmental Activities</b>
	<b>Water</b>	<b>Airport</b>	<b>Total</b>	<b>Internal Service Fund</b>
<b>LIABILITIES</b>				
Current liabilities:				
Warrants payable	\$ -	\$ -	\$ -	\$ 932,648
Accounts payable and accrued expenses	718,952	39,263	758,215	165
Accrued interest	356,185	1,579	357,764	-
Bonds payable	1,937,692	35,000	1,972,692	-
Capital leases	27,289	-	27,289	-
Compensated absences	156,108	11,403	167,511	-
Due to other funds	895,277	-	895,277	72,996
Other liabilities	112	-	112	-
Claims incurred but not reported	-	-	-	3,732,106
<b>Total current liabilities</b>	<b>4,091,615</b>	<b>87,245</b>	<b>4,178,860</b>	<b>4,737,915</b>
Non-current liabilities:				
Bonds payable	26,878,457	745,000	27,623,457	-
Compensated absences	289,914	21,176	311,090	-
Net OPEB Obligation (NOO)	1,945,652	172,134	2,117,786	-
<b>Total non-current liabilities</b>	<b>29,114,023</b>	<b>938,310</b>	<b>30,052,333</b>	<b>-</b>
<b>Total liabilities</b>	<b>33,205,638</b>	<b>1,025,555</b>	<b>34,231,193</b>	<b>4,737,915</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
None	-	-	-	-
<b>Total deferred inflows of resources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>NET POSITION</b>				
Invested in capital assets, net of related debt	21,139,994	26,119,228	47,259,222	-
Restricted - water stabilization fund	4,740,697	-	4,740,697	-
Unrestricted - airport operating fund	-	243,020	243,020	-
Unrestricted - water operating fund	(375,517)	-	(375,517)	-
Unrestricted - internal service fund	-	-	-	3,785,107
<b>Total net position</b>	<b>25,505,174</b>	<b>26,362,248</b>	<b>51,867,422</b>	<b>3,785,107</b>
<b>Total liabilities, deferred inflows of resources and net position</b>	<b>\$ 58,710,812</b>	<b>\$ 27,387,803</b>	<b>\$ 86,098,615</b>	<b>\$ 8,523,022</b>

The accompanying notes are an integral part of this statement

**CITY OF NEW BEDFORD, MASSACHUSETTS**

Statement of Revenues, Expenses and Changes in Net Position  
Proprietary Funds

For the Year Ended June 30, 2014

	<b>Business-Type Activities</b>			<b>Governmental Activities</b>
	<b>Water</b>	<b>Airport</b>	<b>Total</b>	<b>Internal Service Fund</b>
<b>OPERATING REVENUES</b>				
Charges for services	\$ 11,316,619	\$ 696,532	\$ 12,013,151	\$ -
Utility liens and penalties	(66,978)	-	(66,978)	-
Capital grants and contributions	(30,135)	-	(30,135)	-
Contributions (employee and employer)	-	-	-	50,815,432
Miscellaneous	314,925	23,211	338,136	-
Total operating revenues	<u>11,534,431</u>	<u>719,743</u>	<u>12,254,174</u>	<u>50,815,432</u>
<b>OPERATING EXPENSES</b>				
Salaries and benefits	3,452,297	281,991	3,734,288	42,623
Services and supplies	3,135,208	257,212	3,392,420	58,225
Capital outlay	(78,868)	2,881	(75,987)	-
Depreciation expense	2,474,070	854,372	3,328,442	-
Health and other insurance	-	-	-	51,820,699
Total operating expenses	<u>8,982,707</u>	<u>1,396,456</u>	<u>10,379,163</u>	<u>51,921,547</u>
Operating income (loss)	<u>2,551,724</u>	<u>(676,713)</u>	<u>1,875,011</u>	<u>(1,106,115)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Investment earnings	272,319	-	272,319	10,287
Debt administrative costs	(27,593)	-	(27,593)	-
Debt service - interest payments	(957,905)	(20,274)	(978,179)	-
Total nonoperating revenue (expenses)	<u>(713,179)</u>	<u>(20,274)</u>	<u>(733,453)</u>	<u>10,287</u>
Income (loss) before transfers	1,838,545	(696,987)	1,141,558	(1,095,828)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in - operating	310,000	-	310,000	-
Transfers out - operating	(1,788,090)	(130,996)	(1,919,086)	-
Transfers in - capital	811,865	7,155,261	7,967,126	-
Transfers out - capital	(1,910,778)	-	(1,910,778)	-
Transfers in - water stabilization fund	892,515	-	892,515	-
Transfers out - water stabilization fund	(1,202,515)	-	(1,202,515)	-
Total transfers	<u>(2,887,003)</u>	<u>7,024,265</u>	<u>4,137,262</u>	<u>-</u>
Change in net position	(1,048,458)	6,327,278	5,278,820	(1,095,828)
Total net position - July 1, 2013 (restated)	<u>26,553,632</u>	<u>20,034,970</u>	<u>46,588,602</u>	<u>4,880,935</u>
Total net position - June 30, 2014	<u>\$ 25,505,174</u>	<u>\$ 26,362,248</u>	<u>\$ 51,867,422</u>	<u>\$ 3,785,107</u>

The accompanying notes are an integral part of this statement

**CITY OF NEW BEDFORD, MASSACHUSETTS**

Statement of Cash Flows  
Proprietary Funds

For the Year Ended June 30, 2014

	<b>Business-Type Activities</b>			<b>Governmental</b>
	<b>Water</b>	<b>Airport</b>	<b>Total</b>	<b>Internal Service Fund</b>
<b>Cash flows from operating activities:</b>				
Cash received from employee and employer contributions and governmental units	\$ -	\$ -	\$ -	\$ 49,868,629
Cash received from customers	10,608,504	724,148	11,332,652	
Payments from/(to) suppliers and employees	(5,736,087)	(498,622)	(6,234,709)	(51,566,589)
Cash received from interfund services provided	-	-	-	1,049,994
Internal activity-payments from (to) other funds	895,277	-	895,277	-
Net cash provided (used) by operating activities	<u>5,767,694</u>	<u>225,526</u>	<u>5,993,220</u>	<u>(647,966)</u>
<b>Cash flows from noncapital financing activities:</b>				
Transfers in (out)	(1,788,090)	7,024,265	5,236,175	-
Net cash provided by noncapital financing activities	<u>(1,788,090)</u>	<u>7,024,265</u>	<u>5,236,175</u>	<u>-</u>
<b>Cash flows from capital and related financing activities:</b>				
Purchases and construction of capital assets	(2,137,251)	(7,155,260)	(9,292,511)	-
Principal paid on capital debt	44,400	(32,625)	11,775	-
Interest paid on capital debt	(997,897)	(20,351)	(1,018,248)	-
Debt administrative costs	(27,593)	-	(27,593)	-
Net cash used by capital and related financing activities	<u>(3,118,341)</u>	<u>(7,208,236)</u>	<u>(10,326,577)</u>	<u>-</u>
<b>Cash flows from investing activities:</b>				
Purchase of investments	(269,818)	-	(269,818)	
Interest and dividends	272,319	-	272,319	10,287
Net cash used by investing activities	<u>2,501</u>	<u>-</u>	<u>2,501</u>	<u>10,287</u>
Net increase in cash and cash equivalents	863,764	41,555	905,319	(637,679)
Balances-beginning of the year	1,484,464	425,883	1,910,347	8,213,898
Balances-end of the year	<u>\$ 2,348,228</u>	<u>\$ 467,438</u>	<u>\$ 2,815,666</u>	<u>\$ 7,576,219</u>
Displayed as:				
Cash and short-term investments	\$ 2,348,228	\$ 467,438	\$ 2,815,666	\$ 7,576,219
Total cash and short-term investments	<u>\$ 2,348,228</u>	<u>\$ 467,438</u>	<u>\$ 2,815,666</u>	<u>\$ 7,576,219</u>

The accompanying notes are an integral part of this statement

*Continued*  
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**CITY OF NEW BEDFORD, MASSACHUSETTS**

Statement of Cash Flows  
Proprietary Funds

For the Year Ended June 30, 2014

	<u>Business-Type Activities</u>			<u>Governmental</u>
	<u>Water</u>	<u>Airport</u>	<u>Total</u>	<u>Internal</u> <u>Service Fund</u>
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>				
Operating income (loss)	\$ 2,551,724	\$ (676,713)	\$ 1,875,011	\$ (1,106,115)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:				
Depreciation expense	2,474,070	854,372	3,328,442	-
Change in assets and liabilities:				
(Increase) decrease in user charges receivables, net	(16,162)	-	(16,162)	-
(Increase) decrease in utility liens	(17,661)	-	(17,661)	-
(Increase) decrease other receivables, net	411	4,405	4,816	(1,585)
(Increase) decrease due from other funds	(892,515)	-	(892,515)	(945,218)
(Increase) decrease inventory, net	16,895	-	16,895	-
Increase (decrease) warrants and accounts payable	554,455	24,593	579,048	932,813
Increase (decrease) in net OPEB obligation	462,116	18,412	480,528	-
Increase (decrease) in due to other funds	895,277	-	895,277	(577,855)
Increase (decrease) in capital leases	(129,597)	-	(129,597)	-
Increase (decrease) in compensated absences	(131,319)	457	(130,862)	-
Increase (decrease) in incurred but not reported	-	-	-	1,049,994
Net cash provided (used) by operating activities	<u>\$ 5,767,694</u>	<u>\$ 225,526</u>	<u>\$ 5,993,220</u>	<u>\$ (647,966)</u>

The accompanying notes are an integral part of this statement

**CITY OF NEW BEDFORD, MASSACHUSETTS**

Statement of Fiduciary Net Position  
Fiduciary Funds and Similar Component Units

June 30, 2014

	<b>Pension Trust Fund (As of December 31, 2013)</b>	<b>Private Purpose Trust Funds</b>	<b>Agency</b>	<b>Total</b>
<b>ASSETS</b>				
Cash and short-term investments	\$ 5,728,129	\$ 417,277	\$ 6,792,577	\$ 12,937,983
Investments:				
Fixed income securities	43,754,205	-	-	43,754,205
Stocks / equities	115,930,782	-	-	115,930,782
International equities	36,219,317	-	-	36,219,317
Pooled funds	42,737,617	-	-	42,737,617
Real estate	18,138,993	-	-	18,138,993
Alternative investments	14,973,375	-	-	14,973,375
Receivables, net of allowance or uncollectibles:				
Employee	620,358	-	-	620,358
Interest and dividends	416,697	-	-	416,697
Other	-	-	339,149	339,149
Due from external parties - primary government	-	-	727,720	727,720
Prepaid assets	24,125	-	-	24,125
Total assets	<u>278,543,598</u>	<u>417,277</u>	<u>7,859,446</u>	<u>286,820,321</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
None	-	-	-	-
Total deferred outflows of resources	-	-	-	-
Total assets and deferred outflows of resources	<u>\$ 278,543,598</u>	<u>\$ 417,277</u>	<u>\$ 7,859,446</u>	<u>\$ 286,820,321</u>
<b>LIABILITIES</b>				
Accounts payable and accrued expenses	\$ 1,505,829	\$ -	\$ 310,412	\$ 1,816,241
Payable to external parties - primary government	-	-	241,253	241,253
Deposits held	-	-	7,294,813	7,294,813
Other liabilities	-	-	12,968	12,968
Total liabilities	<u>1,505,829</u>	<u>-</u>	<u>7,859,446</u>	<u>9,365,275</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unearned pension appropriation	1,108,662	-	-	1,108,662
Total deferred inflows of resources	<u>1,108,662</u>	<u>-</u>	<u>-</u>	<u>1,108,662</u>
<b>NET POSITION</b>				
Restricted - other purposes	-	417,277	-	417,277
Restricted - pension benefits	275,929,107	-	-	275,929,107
Total net position	<u>275,929,107</u>	<u>417,277</u>	<u>-</u>	<u>276,346,384</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 278,543,598</u>	<u>\$ 417,277</u>	<u>\$ 7,859,446</u>	<u>\$ 286,820,321</u>

The accompanying notes are an integral part of this statement

**CITY OF NEW BEDFORD, MASSACHUSETTS**

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

For the Year Ended June 30, 2014

	<b>Pension Trust Fund (As of December 31, 2013)</b>	<b>Private Purpose Trust Funds</b>	<b>Total</b>
<b><u>Additions:</u></b>			
Contributions:			
Employer	\$ 26,593,516	\$ -	\$ 26,593,516
Employee	8,447,950	-	8,447,950
Miscellaneous income	23,399	-	23,399
<b>Total contributions</b>	<b>35,064,865</b>	<b>-</b>	<b>35,064,865</b>
Net investment income:			
Dividends and interest	4,619,335	9,209	4,628,544
Net appreciation in fair value of investments	32,528,380	(1,956)	32,526,424
Gain (loss) on sale of investments	4,520,420	(1,579)	4,518,841
<b>Total investment income</b>	<b>41,668,135</b>	<b>5,674</b>	<b>41,673,809</b>
Less: investment expense	2,150,754	-	2,150,754
<b>Net investment income</b>	<b>39,517,381</b>	<b>5,674</b>	<b>39,523,055</b>
Intergovernmental	1,099,674	-	1,099,674
<b>Total additions</b>	<b>75,681,920</b>	<b>5,674</b>	<b>75,687,594</b>
<b><u>Deductions:</u></b>			
Retirement benefits	39,588,199	-	39,588,199
Administration	443,173	11,122	454,295
Transfers, reimbursements and refunds	2,757,591	-	2,757,591
<b>Total deductions</b>	<b>42,788,963</b>	<b>11,122</b>	<b>42,800,085</b>
<b>Change in net position</b>	<b>32,892,957</b>	<b>(5,448)</b>	<b>32,887,509</b>
Net position - July 1, 2013	243,036,150	422,725	243,458,875
<b>Net position - June 30, 2014</b>	<b>\$ 275,929,107</b>	<b>\$ 417,277</b>	<b>\$ 276,346,384</b>

The accompanying notes are an integral part of this statement

# CITY OF NEW BEDFORD, MASSACHUSETTS

## Notes to Financial Statements

June 30, 2014

### **Note 1. Summary of Significant Accounting Policies**

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

#### **A. Reporting Entity**

The City of New Bedford is a Massachusetts municipal corporation with a Mayor-Council form of government. These financial statements present the City (the primary government) and its component units. The component units are legally separate entities that are included in the City’s reporting entity because of the significance of their operating or financial relationships with the City. Unless otherwise indicated, the Notes to the Financial Statements pertain only to the primary government because certain disclosures of the component units are not significant relative to the total component units and to the primary government.

#### **Component Units**

In conformity with accounting principles generally accepted in the United States of America, management has evaluated each potential component unit being considered for inclusion in the financial reporting entity.

GASB Statement No. 61 modified existing requirements for the assessment of potential component units in determining what should be included in the financial reporting entity and applicable financial reporting entity disclosure requirements. Based on GASB Statement No. 61 guidance, organizations that previously were required to be included as a component units by meeting the fiscal dependence criterion now must also have a "financial benefit or burden relationship" present between the primary government and that organization for it to be included in the reporting entity as a component unit. A description of the component units, their criteria for inclusion, and their relationship with the City are presented in the following paragraphs:

The *Greater New Bedford Regional Refuse Management District* is an inter-municipal landfill benefitting the City of New Bedford and the adjacent Town of Dartmouth and was organized under the provisions of Massachusetts General Laws Chapter 40, Sections 44A through L. 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 major component unit (management’s discretion). Based on GASB Statement No. 61 guidance, a “financial benefit or burden relationship” exists between the primary government and the Refuse District due to the fact that the primary government has assumed the obligation to provide financial support to the organization through the payment of an annual assessment. 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 either the Greater New Bedford Regional Refuse Management District or the Office of the Chief Financial Officer of the City of New Bedford.

The *New Bedford Harbor Development Commission* was established under the Chapter 762 of 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 (ex-officio) and six members appointed by the mayor and confirmed by the City Council. Although legally separate, the New Bedford Harbor Development Commission is reported on the government-wide financial statements as a non-major component unit. Based on GASB Statement No. 61 guidance, a “financial benefit or burden relationship” exists between the primary government and the Harbor Development Commission due to the fact that the primary government has provided financial support to the Harbor Development Commission in past years and this obligation is still outstanding as of the end of fiscal year 2014. 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 either the New Bedford Harbor Development Commission or the Office of the Chief Financial Officer of the City of New Bedford.

# CITY OF NEW BEDFORD, MASSACHUSETTS

## Notes to Financial Statements

June 30, 2014

### **Note 1. Summary of Significant Accounting Policies (Continued)**

#### **A. Reporting Entity (Continued)**

##### ***Component Units (Continued)***

The *Greater New Bedford Workforce Investment Board, Inc* (“the WIB”) is a Massachusetts not-for-profit corporation organized in 1996 under the laws of the Commonwealth of Massachusetts (MGL Chapter 156B Sections 11 to 13) setup to function as the regional coordinator of the workforce development system for the Workforce Investment Area. The Mayor of the City of New Bedford is the Chief Elected Official of the ten community area and, under WIB bylaws, the Mayor appoints members to its board. Although legally separate, the WIB is reported on the government-wide financial statements as a non-major component unit. At fiscal year end 2013, no “financial benefit or burden relationship” exists between the primary government and the WIB. However, based on GASB Statement No. 61 guidance, even though the WIB’s financial statements are quantitatively immaterial to the financial reporting entity, in management’s best professional judgment, these financial statements are qualitatively material and were included within the financial reporting entity based on the nature and significance of the WIB’s relationship with the City (i.e. the primary government). Separate financial statements for the WIB are not included in this financial statement presentation. These financial statements could be obtained by contacting either the New Directions or the Office of the Chief Financial Officer of the City of New Bedford.

The *New Bedford Redevelopment Authority* was organized under the provisions of Massachusetts General Laws 121B and is an independent body politic and corporate, is not an agency of a municipality and therefore, does not answer directly to the chief executive. According to Massachusetts General Law Chapter 121B Section 5, a redevelopment authority is governed by an appointed five-member board. In a City, four members of a housing or redevelopment authority shall be appointed by the Mayor subject to confirmation by the City Council. The purpose of the Authority is to redevelop substandard, decadent or blighted open areas for industrial, commercial, business, residential, recreational, education, hospital or other purposes. The Redevelopment Authority is reported on the government-wide financial statements as a non-major component unit. Based on GASB Statement No. 61 guidance, a “financial benefit or burden relationship” exists between the primary government and the Redevelopment Authority due to the fact that the primary government has provided financial support to the Redevelopment Authority in past years and this obligation is still outstanding as of the end of fiscal year 2014. Separate financial statements for the Redevelopment Authority are not included in this financial statement presentation. These financial statements could be obtained by contacting either the Redevelopment Authority or the Office of the Chief Financial Officer of the City of New Bedford.

Upon further review of existing GASB guidance, management has concluded that the *New Bedford Contributory Retirement System* (“the System”) should continue to be reported as a fiduciary fund in the City’s fiduciary fund financial statements (see pages 31 and 32). The System qualifies as neither a blended or discretely presented component unit. The System 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.

Complete financial statements of these component units can be obtained through the Office of the Chief Financial Officer, 133 Williams Street, New Bedford, Massachusetts 02740.

# CITY OF NEW BEDFORD, MASSACHUSETTS

## Notes to Financial Statements

June 30, 2014

### *Note 1. Summary of Significant Accounting Policies (Continued)*

#### **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 Position, 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 position is reported in three parts - invested in capital assets, net of related debt; restricted net position; and unrestricted net position. 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.)

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 position resulting from the current year's activities.

GASB 63 amends GASB 34 to incorporate deferred outflows of resources and deferred inflows of resources into the financial reporting model. *Deferred outflows of resources* are defined as a consumption of net assets by the government that is applicable to a future reporting period. It has a positive effect on net position, similar to assets. *Deferred inflows of resources* are defined as an acquisition of net assets by the government that is applicable to a future reporting period. It has negative effect on net position, similar to liabilities.

#### **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.

CITY OF NEW BEDFORD, MASSACHUSETTS

Notes to Financial Statements

June 30, 2014

*Note 1. Summary of Significant Accounting Policies (Continued)*

**C. Fund Financial Statements (Continued)**

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.

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 position, 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.

# CITY OF NEW BEDFORD, MASSACHUSETTS

## Notes to Financial Statements

June 30, 2014

### *Note 1. Summary of Significant Accounting Policies (Continued)*

#### **C. Fund Financial Statements (Continued)**

##### *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 position and changes in net position 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.

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.

**CITY OF NEW BEDFORD, MASSACHUSETTS**

Notes to Financial Statements

June 30, 2014

*Note 1. Summary of Significant Accounting Policies (Continued)*

**E. Implementation of New Accounting Principles**

For the year ending June 30, 2014, the City implemented the following pronouncements issued by the GASB:

- GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities* (early implementation in fiscal year 2013)
- GASB Statement No. 66, *Technical Corrections – 2012 – an amendment of GASB Statements No. 10 and No. 62*
- GASB Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*

GASB Statement No. 65 establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. Management elected to implement this GASB Statement during fiscal year 2013 (early implementation) in order to improve financial reporting by clarifying the appropriate use of the financial statement elements (deferred outflows of resources and deferred inflows of resources) to ensure consistency in financial reporting.

The implementation of GASB Statement No.'s 66 and 70 had no material reporting impact for the City.

**F. 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.

*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 liened as of each January 1<sup>st</sup> 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, Section 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.

CITY OF NEW BEDFORD, MASSACHUSETTS

Notes to Financial Statements

June 30, 2014

*Note 1. Summary of Significant Accounting Policies (Continued)*

**F. Financial Statement Amounts (Continued)**

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.

*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.

For those voluntary nonexchange transactions arising from future subsidized principal payments, the City recognizes a receivable and revenue when all applicable requirements, including time requirements, are met, dependent on the applicable basis of accounting.

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, 2014 and are included in the water and wastewater funds.

CITY OF NEW BEDFORD, MASSACHUSETTS

Notes to Financial Statements

June 30, 2014

Note 1. Summary of Significant Accounting Policies (Continued)

F. Financial Statement Amounts (Continued)

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 2014. 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.

Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives using a half-year first year convention:

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 position. Material bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method.

Deferred Inflows of Resources (formerly known as 'deferred revenue')

In the governmental fund financial statement, deferred inflows of resources represent funds received in advance of being owed or receivables which will be collected and included in revenues of future fiscal years.

In the Governmental fund, deferred inflows of resources relate to revenue that is measurable, but not available.

In the Special Revenue funds, deferred inflows of revenues represents amounts received in advance of expenditures incurred for certain grants.

In the government-wide financial statements, revenue is recorded when earned. Therefore, those statements deferred inflow of resources represent only unearned revenues.

# CITY OF NEW BEDFORD, MASSACHUSETTS

## Notes to Financial Statements

June 30, 2014

### *Note 1. Summary of Significant Accounting Policies (Continued)*

#### **F. Financial Statement Amounts (Continued)**

##### *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. Management has estimated the short term portion of the compensated absence liability based on historical trends and/or specific account analysis.

##### *Government-Wide and Propriety Fund Financial Statements*

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

##### *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 Position and Classifications*

#### **Government -Wide Financial Statements:**

Net position is displayed in three components:

- a. *Invested in capital position, 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 position* - Consists of net position 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 position* - All other net position that does not meet the definition of “restricted” or “invested in capital assets, net of related debt”.

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

*Continued*

CITY OF NEW BEDFORD, MASSACHUSETTS

Notes to Financial Statements

June 30, 2014

*Note 1. Summary of Significant Accounting Policies (Continued)*

**F. Financial Statement Amounts (Continued)**

*Fund Statements (Continued)*

- *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. For the City, this formal action takes the form of statues which are passed by the City Council and approved by the Major.
- *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. Under MGL Chapter 190, Acts of 1982, the City Auditor has the authority to assign amounts to be used for specific purposes on behalf of the City.
- *Unassigned fund balance* - amounts that are available for any purpose; these amounts are reported only in the general fund. The City does not currently have a formal minimum unassigned fund balance policy.

For purposes of fund balance classification, when both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed. When unrestricted resources are used, committed resources are used first, followed by assigned and unassigned resources, respectively.

*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 inflows of resources 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 position. Any residual balances outstanding between the governmental activities and business-type activities are reported in the statement of net position 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.

**CITY OF NEW BEDFORD, MASSACHUSETTS**

Notes to Financial Statements

June 30, 2014

**Note 1. Summary of Significant Accounting Policies (Continued)**

**F. Financial Statement Amounts (Continued)**

**Fund Financial Statements (Continued):**

*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 on the modified accrual basis. 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, including workers' compensation, is recorded as a liability and as an expense.

*Use of Estimates*

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

*Fund Deficit and Appropriation Deficits*

Several individual fund deficits existed at June 30, 2014 in the governmental funds. These deficits will be funded by future administration plans; bond issues and available fund balances.

**G. 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 2014 were approved by the City Council as provided by the Charter.

**CITY OF NEW BEDFORD, MASSACHUSETTS**

Notes to Financial Statements

June 30, 2014

**Note 2. Compliance and Accountability (Continued)**

**Budget Requirements, Accounting and Reporting (Continued)**

Requirements for all funds (continued):

- 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 against appropriations.

**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>
<b><u>Major Governmental Funds</u></b>				
General Fund	\$ 2,794,601	\$ 1,441,361	\$ 3,375,484	\$ 1,290,723
Wastewater Funds	-	2,805,446	6,980,656	8,303,772
City & School Stabilization Funds	-	-	500,000	-
<b><u>Non-Major Governmental Funds</u></b>				
Capital Projects	113,705	-	485,705	-
Special Revenue Funds	113,525	134,445	476,245	234,509
Permanent Funds	1,965	56	-	70,000
<b><u>Proprietary Funds</u></b>				
Internal Service Funds	946,803	72,996	-	-
Water	892,515	895,277	1,202,515	2,990,605
Airport	-	-	-	130,996
<b><u>Fiduciary Funds</u></b>				
Agency	727,720	241,253	-	-
Private Purpose Trust Funds	-	-	-	-
Totals	<u>\$ 5,590,834</u>	<u>\$ 5,590,834</u>	<u>\$ 13,020,605</u>	<u>\$ 13,020,605</u>

In addition to the sources and uses above, transfers of \$7,155,261 were recorded (net of debt) for the airport enterprise fund and transfers of \$1,098,913 were recorded (net of debt) for the water enterprise fund for capital assets purchased from governmental funds and long-term issuances of debt during fiscal year 2014 (thus resulting in increases or decreases to net position within the enterprise fund).

**CITY OF NEW BEDFORD, MASSACHUSETTS**

Notes to Financial Statements

June 30, 2014

**Note 3. Cash, Cash Equivalents and Investments**

Cash and investment as of June 30, 2014 are classified in the accompanying financial statements as follows:

Cash and investments - Governmental Activities	\$ 90,357,752
Cash and investments - Business Type Activities	6,544,006
Cash and investments - Pension Trust Fund	277,482,418
Cash and investments - City Private Purpose Trust Funds	417,277
Cash and investments - Agency Funds	<u>6,792,577</u>
	<u>\$ 381,594,030</u>

**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 statement of net position as “Cash and Investments”. Petty cash is included in the presentation of cash on the statement of net position in the amount of \$8,181 on June 30, 2014.

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 \$104,111,612, including \$8,181 of petty cash and the bank balance was \$110,770,381. Of the bank balance \$2,816,114 was covered by Federal Depository Insurance, \$14,129,254 was covered by Depositors Insurance Fund and \$71,409,940 was held in collateralized accounts. The remaining balance of \$22,415,073 was held in uncollateralized accounts.

At year end the City’s carrying amount of deposits for the pension trust fund was \$5,728,129 and the bank balance was \$5,865,617. Of the bank balance \$750,000 was covered by Federal Depository Insurance. The remaining balance of \$5,115,617 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, 2014 based on the S&P rating scale.

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.

The City adheres to the provisions of MGL Chapter 44 Section 55 when managing concentration risk. This section of the General Laws contain several restrictions limiting where and under what circumstances the City may deposit its funds. No investments in a single issuer exceeded 5% of the City’s investment portfolio.

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, 2014

**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 S&P Ratings

*Primary Government, Private Purpose and Agency Funds*

Investment Type	Fair Value	S&P Rating							Not Rated
		AAA	AA	A	BBB	BB	B	CCC	
Government Securities	\$ 387,359	\$ -	\$ 317,859	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 69,500
Corporate Bonds	2,877,634	-	111,510	1,704,402	818,238	243,484	-	-	-
Fixed Income	896,202	-	-	160,400	167,049	205,183	-	-	363,570
Total Debt Securities	4,161,195	\$ -	\$ 429,369	\$ 1,864,802	\$ 985,287	\$ 448,667	\$ -	\$ -	\$ 433,070

**Other Investments:**

Equities	5,513,454
Real Estate and Commodities	21,834
Certificate of Deposits	6,907,449
Mutual Funds - Equities	153,966
Total Investments	<u>\$ 16,757,898</u>

**CITY OF NEW BEDFORD, MASSACHUSETTS**

Notes to Financial Statements

June 30, 2014

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

*Pension Trust Fund (at December 31, 2013)*

Investment Type	Fair Value	S&P Rating									Not Rated
		AAA	AA	A	BBB	BB	B	CCC	CC	D	
Bond Paying Periodic Income	\$ 20,710,508	\$ 355,430	\$ 1,524,161	\$ 3,167,335	\$ 6,507,618	\$ 3,949,300	\$ 1,404,910	\$ 1,651,237	\$ 63,321	\$ -	\$ 2,087,196
Convertible Bonds	1,302,376	-	-	560,980	455,927	173,884	63,897	47,688	-	-	-
CMO	5,708,918	61,551	32,105	300,882	582,507	282,853	-	-	18,251	295,528	4,135,241
Credit Card Receivables	1,082,186	295,987	93,782	491,399	-	-	-	-	-	-	201,018
Government Issues	10,204,620	1,454,056	924,116	431,742	431,339	-	-	-	-	-	6,963,367
Municipals	739,027	50,749	118,227	199,341	63,854	-	219,356	-	-	-	87,500
Mortgage Passthrough Pool	3,373,353	-	3,373,353	-	-	-	-	-	-	-	-
Auto Loans Receivable	402,184	-	50,360	95,305	-	-	-	-	-	-	256,519
Other Assets	231,034	-	-	182,833	-	-	-	-	-	-	48,201
<b>Total Debt Securities</b>	<b>\$ 43,754,206</b>	<b>\$ 2,217,773</b>	<b>\$ 6,116,104</b>	<b>\$ 5,429,817</b>	<b>\$ 8,041,245</b>	<b>\$ 4,406,037</b>	<b>\$ 1,688,163</b>	<b>\$ 1,698,925</b>	<b>\$ 81,572</b>	<b>\$ 295,528</b>	<b>\$ 13,779,042</b>

**Other Investments:**

Common Stock	\$ 70,544,177
International Equities	36,219,317
Pooled Equities - Capital	14,973,375
Pooled Real Estate	18,138,993
Pooled Funds	42,737,617
Pooled Equities - Diversified Growth	45,386,604
<b>Total Investments</b>	<b>\$ 271,754,289</b>

**CITY OF NEW BEDFORD, MASSACHUSETTS**

Notes to Financial Statements

June 30, 2014

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

*Primary Government, Private Purpose and Agency Funds*

<u>Investment Type</u>	<u>Fair Value</u>	<u>Remaining Maturity (in years)</u>				<u>More than 10 years</u>	<u>Not Available</u>
		<u>0-1 years</u>	<u>1-2 years</u>	<u>2-5 year</u>	<u>5-10 years</u>		
Government Securities	\$ 387,359	\$ -	\$ 9	\$ 65,775	\$ 319,572	\$ 2,003	\$ -
Corporate Bonds	2,877,634	511,000	703,958	1,160,190	-	390,975	111,511
Fixed Income	896,202	-	-	-	-	532,633	363,569
Certificates of Deposit	6,907,449	1,053,913	1,628,702	2,802,523	892,619	529,692	-
Total Debt Securities	11,068,644	<u>\$ 1,564,913</u>	<u>\$ 2,332,669</u>	<u>\$ 4,028,488</u>	<u>\$ 1,212,191</u>	<u>\$ 1,455,303</u>	<u>\$ 475,080</u>

**Other Investments:**

Equities	5,513,453
Real Estate and Commodities	21,835
Mutual Funds - Equities	153,966
Total Investments	<u>\$ 16,757,898</u>

**CITY OF NEW BEDFORD, MASSACHUSETTS**

Notes to Financial Statements

June 30, 2014

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

*Pension Trust Fund (at December 31, 2013)*

<u>Investment Type</u>	<u>Fair Value</u>	<u>Remaining Maturity (in years)</u>			<u>More than 10 years</u>
		<u>1-2 years</u>	<u>3-5 year</u>	<u>6-10 years</u>	
Bond Paying Periodic Income	\$ 20,710,508	\$ -	\$ 838,584	\$ 1,743,690	\$ 18,128,234
Convertible Bonds	1,302,376	47,688	306,538	174,504	773,646
CMO	5,708,918	-	-	-	5,708,918
Credit Card Receivables	1,082,186	-	-	1,082,186	-
Government Issues	10,204,620	924,116	1,454,056	863,081	6,963,367
Municipals	739,027	-	-	-	739,027
Mortgage Passthrough Pool	3,373,353	-	-	-	3,373,353
Auto Loans Receivable	402,184	-	50,360	351,824	-
Other Assets	231,034	-	182,833	-	48,201
<b>Total Debt Securities</b>	<b>\$ 43,754,206</b>	<b>\$ 971,804</b>	<b>\$ 2,832,371</b>	<b>\$ 4,215,285</b>	<b>\$ 35,734,746</b>
<b><u>Other Investments:</u></b>					
Common Stock	\$ 70,544,177				
International Equities	36,219,317				
Pooled Equities - Capital	14,973,375				
Pooled Real Estate	18,138,993				
Pooled Funds	42,737,617				
Pooled Equities - Diversified Growth	45,386,604				
<b>Total Investments</b>	<b>\$ 271,754,289</b>				

**CITY OF NEW BEDFORD, MASSACHUSETTS**

Notes to Financial Statements

June 30, 2014

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

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

<u>Investment Type</u>	<u>Currency</u>	<u>Total Amount</u>	<u>Maturity</u>	<u>Description</u>
<b>Foreign Currency Risk</b>				
<i>Primary Government, Private Purpose and Agency Funds</i>				
Common Stock - Foreign	N/A	\$ 4,531	N/A	Unilever PLC
Common Stock - Foreign	N/A	4,351	N/A	Royal Dutch Shell
Common Stock - Foreign	N/A	5,242	N/A	TEVA Pharmaceutical Inds
ETF - Int'l Dev	N/A	2,054	N/A	BHP Billiton LTD
ETF - Int'l Dev	N/A	8,348	N/A	Vodaphone Group
ETF - Emerging Markets - International	N/A	10,368	N/A	Wisdom Tree Emg Mkts Equity
ETF - International Stock	N/A	39,193	N/A	Wisdom Tree DEFA Fund
Mutual Funds - International Equity	N/A	20,855	N/A	EuroPacific Growth Fund
Total		<u>\$ 94,942</u>		

<u>Investment Type</u>	<u>Currency</u>	<u>Total Amount</u>	<u>Maximum Maturity</u>	<u>Description</u>	<u>S&amp;P Rating</u>
<b>Foreign Currency Risk</b>					
<i>Pension Trust Fund (at December 31, 2013)</i>					
Corporate Bonds	New Zealand Dollar	\$ 62,321	5 years	JP Morgan & Chase Co	A
Corporate Bonds	Australian Dollar	49,142	5 years	Morgan Stanley	A-
Corporate Bonds	New Zealand Dollar	1,151,034	3 years	General Electric Cap Corp	AA+
Corporate Bonds	Brazilian Real	211,571	1 year	European Bk Recon & Dev	AAA
Corporate Bonds	Pound Sterling	45,814	7 years	Textron Inc	BBB-
Corporate Bonds	Singapore Dollar	951,275	1 year	Intl Bk Recon + Develop	N/A
Corporate Bonds	Australian Dollar	210,679	3 years	BNP Paribas Australia	N/A
Foreign Currency	Icelandic Krona	20,450	N/A	N/A	N/A
Government Issues	Mexican Peso	431,742	10 years	Mex Bonos Desarr Fix RT	A
Government Issues	Canadian Dollar	924,116	<1 year	Province of Ontario	AA-
Government Issues	Canadian Dollar	1,185,562	3 years	Canadian Government	AAA
Government Issues	Norwegian Krone	268,494	3 years	Norwegian Government	AAA
Government Issues	Icelandic Krona	49,541	6 years	Riskisbref	BBB-
Government Issues	Canadian Dollar	381,798	6 years	Instit Credito Official	BBB-
Government Issues	Icelandic Krona	135,236	9 years	Riskisbref	N/A
Subtotal		<u>\$ 6,078,775</u>			

**CITY OF NEW BEDFORD, MASSACHUSETTS**

Notes to Financial Statements

June 30, 2014

**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.

	<b>Governmental Activities</b>				<b>Business-Type Activities</b>		
	<b>Major Funds</b>		<b>Non-Major</b>	<b>Total</b>	<b>Water</b>	<b>Airport</b>	<b>Total</b>
	<b>General</b>	<b>Wastewater</b>	<b>Governmental</b>	<b>Governmental</b>			<b>Business-Type</b>
<b>Receivables:</b>							
Real estate and personal property taxes	\$ 4,265,661	\$ -	\$ -	\$ 4,265,661	\$ -	\$ -	\$ -
Tax liens and foreclosures	25,524,928	-	-	25,524,928	-	-	-
Motor vehicle and boat excise	2,084,776	-	-	2,084,776	-	-	-
User charges receivables	-	2,276,520	-	2,276,520	1,309,568	-	1,309,568
Departmental and other	9,485,987	83,956	-	9,569,943	-	-	-
Loans receivable	-	-	20,509,762	20,509,762	-	-	-
Other receivables	155,619	-	78,644	234,263	1,380	21,587	22,967
Special assessments	454	110,148	-	110,602	-	-	-
Due from federal or state government	301,190	-	9,638,811	9,940,001	-	-	-
Gross receivables (governmental and proprietary funds)	41,818,615	2,470,624	30,227,217	74,516,456	1,310,948	21,587	1,332,535
Less: allowance for uncollectable	(5,483,117)	(455,304)	(589,593)	(6,528,014)	(140,000)	(450)	(140,450)
Net total receivables (GWFS)	\$ 36,335,498	\$ 2,015,320	\$ 29,637,624	\$ 67,988,442	\$ 1,170,948	\$ 21,137	\$ 1,192,085

**CITY OF NEW BEDFORD, MASSACHUSETTS**

Notes to Financial Statements

June 30, 2014

**Note 5. Capital Assets and Depreciation**

Capital asset activity for the year ended June 30, 2014 was as follows:

	<b>Beginning Balance</b>	<b>Increases</b>	<b>Decreases</b>	<b>Ending Balance</b>
<b><u>Governmental Activities:</u></b>				
Not Being Depreciated:				
Land	\$ 3,777,235	\$ -	\$ -	\$ 3,777,235
Construction in progress	1,681,246	1,717,052	2,727,853	670,445
Infrastructure in progress	5,191,919	3,067,559	6,969,390	1,290,088
Subtotal	<u>10,650,400</u>	<u>4,784,611</u>	<u>9,697,243</u>	<u>5,737,768</u>
Other Capital Assets:				
Infrastructure	174,795,835	8,358,439	-	183,154,274
Land improvements	405,582	605,568	-	1,011,150
Buildings and improvements	361,582,310	2,193,216	-	363,775,526
Machinery and equipment	49,863,800	1,869,185	-	51,732,985
Office equipment and furniture	14,291,864	53,584	-	14,345,448
Computer equipment	11,891,491	1,295,673	-	13,187,164
Library books and textbooks	10,570,934	62,334	-	10,633,268
Automobiles	10,521,419	820,233	-	11,341,652
Animals	54,859	-	-	54,859
Subtotal	<u>633,978,094</u>	<u>15,258,232</u>	<u>-</u>	<u>649,236,326</u>
Accumulated Depreciation:				
Infrastructure	112,949,955	2,727,570	-	115,677,525
Land improvements	101,005	35,335	-	136,340
Buildings and improvements	107,257,478	9,586,066	-	116,843,544
Machinery and equipment	41,465,442	2,278,678	-	43,744,120
Office equipment and furniture	13,802,203	241,878	-	14,044,081
Computer equipment	9,651,444	530,722	-	10,182,166
Library books and textbooks	10,021,069	252,414	-	10,273,483
Automobiles	9,461,002	457,171	-	9,918,173
Animals	39,216	2,186	-	41,402
Subtotal	<u>304,748,814</u>	<u>16,112,020</u>	<u>-</u>	<u>320,860,834</u>
Net other capital assets	<u>329,229,280</u>	<u>(853,788)</u>	<u>-</u>	<u>328,375,492</u>
Net capital assets	<u>\$ 339,879,680</u>	<u>\$ 3,930,823</u>	<u>\$ 9,697,243</u>	<u>\$ 334,113,260</u>

**CITY OF NEW BEDFORD, MASSACHUSETTS**

Notes to Financial Statements

June 30, 2014

**Note 5. Capital Assets and Depreciation (continued)**

Capital asset activity for the year ended June 30, 2014 was as follows:

	<b>Beginning Balance</b>	<b>Increases</b>	<b>Decreases</b>	<b>Ending Balance</b>
<b><u>Business-Type Activities - Water:</u></b>				
Not Being Depreciated:				
Land	\$ 600,000	\$ -	\$ -	\$ 600,000
Infrastructure in progress	10,378	811,865	10,378	811,865
Easements	962,500	-	-	962,500
Subtotal	<u>1,572,878</u>	<u>811,865</u>	<u>10,378</u>	<u>2,374,365</u>
Other Capital Assets:				
Infrastructure	91,870,221	150,644	-	92,020,865
Buildings and improvements	60,686	61,856	-	122,542
Machinery and equipment	6,035,906	14,250	-	6,050,156
Office equipment and furniture	96,935	-	-	96,935
Computer equipment	49,471	-	-	49,471
Automobiles	1,097,504	10,100	-	1,107,604
Subtotal	<u>99,210,723</u>	<u>236,850</u>	<u>-</u>	<u>99,447,573</u>
Accumulated Depreciation:				
Infrastructure	45,482,372	1,851,271	-	47,333,643
Buildings and improvements	7,931	3,491	-	11,422
Machinery and equipment	3,016,544	519,900	-	3,536,444
Office equipment and furniture	91,758	3,770	-	95,528
Computer equipment	49,471	-	-	49,471
Automobiles	787,483	95,637	-	883,120
Subtotal	<u>49,435,559</u>	<u>2,474,069</u>	<u>-</u>	<u>51,909,628</u>
Net other capital assets	<u>49,775,164</u>	<u>(2,237,219)</u>	<u>-</u>	<u>47,537,945</u>
Net capital assets	<u>\$ 51,348,042</u>	<u>\$ (1,425,354)</u>	<u>\$ 10,378</u>	<u>\$ 49,912,310</u>

**CITY OF NEW BEDFORD, MASSACHUSETTS**

Notes to Financial Statements

June 30, 2014

**Note 5. Capital Assets and Depreciation (continued)**

Capital asset activity for the year ended June 30, 2014 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b><u>Business-Type Activities - Airport:</u></b>				
Not Being Depreciated:				
Land	\$ 525,293	\$ -	\$ -	\$ 525,293
Infrastructure in progress	9,381,879	7,155,261	11,812,605	4,724,535
Subtotal	<u>9,907,172</u>	<u>7,155,261</u>	<u>11,812,605</u>	<u>5,249,828</u>
Other Capital Assets:				
Infrastructure	11,193,746	11,812,605	-	23,006,351
Land improvements	621,822	-	-	621,822
Buildings and improvements	2,240,420	-	-	2,240,420
Machinery and equipment	887,281	-	-	887,281
Computer and equipment	52,400	-	-	52,400
Automobiles	74,710	-	-	74,710
Office equipment and furniture	5,294	-	-	5,294
Subtotal	<u>15,075,673</u>	<u>11,812,605</u>	<u>-</u>	<u>26,888,278</u>
Accumulated Depreciation:				
Infrastructure	2,557,032	745,657	-	3,302,689
Land improvements	157,861	31,082	-	188,943
Buildings and improvements	732,304	39,952	-	772,256
Machinery and equipment	810,144	32,442	-	842,586
Computer and equipment	47,160	5,240	-	52,400
Automobiles	74,710	-	-	74,710
Office equipment and furniture	5,294	-	-	5,294
Subtotal	<u>4,384,505</u>	<u>854,373</u>	<u>-</u>	<u>5,238,878</u>
Net other capital assets	<u>10,691,168</u>	<u>10,958,232</u>	<u>-</u>	<u>21,649,400</u>
Net capital assets	<u>\$ 20,598,340</u>	<u>\$ 18,113,493</u>	<u>\$ 11,812,605</u>	<u>\$ 26,899,228</u>

CITY OF NEW BEDFORD, MASSACHUSETTS

Notes to Financial Statements

June 30, 2014

*Note 5. Capital Assets and Depreciation (continued)*

Depreciation was charged to functions as follows:

Governmental Activities:

General Government	\$	1,032,630
Public Safety		1,624,640
Education		8,146,047
Public Works		4,210,512
Community and Economic Development		264,441
Health and Human Services		158,313
Culture and Recreation		675,437
		<hr/>

Total Governmental Activities \$ 16,112,020

Business-Type Activities:

Water	\$	2,486,805
Airport		602,675
		<hr/>

Total Business-Type Activities \$ 3,089,480

# CITY OF NEW BEDFORD, MASSACHUSETTS

## Notes to Financial Statements

June 30, 2014

### **Note 6. City of New Bedford Contributory Retirement System**

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

#### *GASB Statement No. 27*

Effective for the periods beginning after June 15, 1997, the Governmental Accounting Standards Board (GASB) required the disclosure of pension related liabilities for public employer financial statements in accordance with GASB Statement No. 27. This statement must be adhered to by any public employee retirement system that follows Generally Accepted Accounting Principles (GAAP).

The disclosures are intended to establish a reporting frame work that distinguishes between:

- Current financial information about plan assets and financial activities,
- Actuarially determined information from a long-term perspective,
- The funded status of the plan, and
- Progress being made in accumulating sufficient assets to pay benefits when due.

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, 2014

Note 6. City of New Bedford Contributory Retirement System (Continued)

Method Used to Value Assets

Market Value of Plan 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. The market value of the pension trust fund as of the most recent actuarial valuation (January 1, 2014) was \$275,999,587. The market value for the pension trust fund can be seen on page 31 in the "Statement of Fiduciary Net Position".

Actuarial Value of Assets

The actuarial value of assets is determined by projecting the market value of assets as of the beginning of the prior plan year with the assumed rate of return during that year (7.75%) and accounting for deposits and disbursements with interest at the assumed rate of return. An adjustment is then applied to recognize the difference between the actual investment return and expected return over a five-year period. This preliminary actuarial value is not allowed to differ from the market value of assets by more than 10%. The actuarial value of assets as of January 1, 2014 is \$258,136,977. More information on this calculation can be seen in Table V of the City's January 1, 2014 actuarial valuation report.

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, 2014, was \$23,692,690.

As of January 1, 2014 (the most recent actuarial valuation date), employee membership data related to the pension plan was as follows:

	<u>Total</u>
Active members	1,903
Inactive members	454
Retired and beneficiaries	1,470
Disabled members	<u>342</u>
Total participants	<u><u>4,169</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, 2014

**Note 6. City of New Bedford Contributory Retirement System (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) by Sherman Actuarial Services, LLC as of January 1, 2014. The standardized measure of the unfunded actuarial accrued liability as of January 1, 2014, is as follows:

Actuarial accrued liability:

	<b><u>January 1, 2014</u></b> <b>(unaudited)</b>
Actuarial accrued liability for active members	\$ 230,625,553
Actuarial accrued liability for retirees, beneficiaries, disabilities and inactives currently receiving benefits	<u>376,303,950</u>
Total actuarial accrued liability (AAL):	606,929,503
Less: actuarial value of assets (AVA):	<u>258,136,977</u>
Unfunded actuarial accrued liability (UAAL):	<u>\$ 348,792,526</u>

**CITY OF NEW BEDFORD, MASSACHUSETTS**

Notes to Financial Statements

June 30, 2014

**Note 6. City of New Bedford Contributory Retirement System (Continued)**

**E. Contributions Required and Contributions Made**

Periodic employer contributions to the pension plan are determined on an actuarial basis using the individual 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 unfunded actuarial accrued liability is set to be fully amortized by the year 2037 based on the most recent actuarial valuation dated January 1, 2014. 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 2013 amounted to \$29,709,715 of which \$23,692,690 and \$6,017,025 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. 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 36.8% and 9.4% respectively, of covered payroll for the year.

The covered payroll for the Contributory Retirement System for the year ending December 31, 2013 was approximately \$64,365,603. The City's total payroll for all employees who contribute to the Contributory Retirement System was approximately \$72,873,013 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 \$33,730,465 for benefits "on-behalf" of the school department for the year ended June 30, 2014. 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 2014 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.

**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.

**CITY OF NEW BEDFORD, MASSACHUSETTS**

Notes to Financial Statements

June 30, 2014

**Note 7. Other Employee Benefits (Continued)**

**A. Other Postemployment Benefits (Continued)**

*Funding Policy and Participant Data*

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, retirees contribute \$1.23 per month for coverage. 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.

The number of participants as of June 30, 2014, the City’s latest actuarial valuation date, was as follows:

Active employees	2,578
Retired and beneficiaries	<u>3,015</u>
Total	<u><u>5,593</u></u>

*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 (including the actuarially calculated “implicit subsidy”), and changes in the City’s net OPEB obligation to the Plan for the year ended June 30, 2014.

*Calculation of Net OPEB Obligation (NOO)*

	<b>Fiscal 2014</b>
Annual Required Contribution (ARC)	\$ 26,982,418
Interest on Net OPEB Obligation	5,145,817
Amortization Credit on NOO	<u>(4,915,857)</u>
Annual OPEB Cost (an expense)	<u>27,212,378</u>
Premiums and Implicit Subsidy Paid	16,114,433
Cash Contributions (to an OPEB Trust)	<u>-</u>
Total contributions	<u>16,114,433</u>
Change in Net OPEB Obligation (NOO)	11,097,945
NOO Beginning of Fiscal Year	<u>128,645,436</u>
NOO End of Fiscal Year 2014	<u><u>\$ 139,743,381</u></u>

**CITY OF NEW BEDFORD, MASSACHUSETTS**

Notes to Financial Statements

June 30, 2014

**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.

The City’s annual required contribution, its interest and amortization of the net OPEB obligation (NOO), its annual OPEB cost, the percentage of the annual OPEB cost contributed to the plan, and the net OPEB obligation for the 2014 fiscal year and the three proceeding years were as follows:

<b>Fiscal Year Ended</b>	<b>(a) Annual Required Contribution</b>	<b>(b) Interest on NOO</b>	<b>(c) Amortization of NOO</b>	<b>(d) (a)+(b)-(c) Annual OPEB Cost</b>	<b>(e) Pay-as-you-go Contributions</b>	<b>(f) (e/d) % of OPEB Cost Contributed</b>	<b>(g) (d)-(e) Increase in OPEB Obligation</b>	<b>(h) Net OPEB Obligation (NOO)</b>
6/30/2014	26,982,418	5,145,817	4,915,857	27,212,378	16,114,434	59.2%	11,097,944	139,743,381
6/30/2013	41,541,822	4,109,040	3,925,411	41,725,451	15,806,016	37.9%	25,919,435	128,645,436
6/30/2012	39,802,642	3,196,438	3,053,598	39,945,482	17,130,468	42.9%	22,815,014	102,726,001
6/30/2011	35,052,581	2,081,487	1,718,458	35,415,610	14,975,692	42.3%	20,439,918	79,910,987

*Funded Status and Funding Progress*

As of July 1, 2014, the most recent actuarial valuation date, the Plan was 0% funded. The actuarial accrued liability for benefits was \$478,609,029. Amounts determined regarding the funded status of the Plan and the annual required contributions of the City are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, shows disclosures required by GASB-43 for the OPEB Plan. 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 funded status of the Plan at July 1, 2014, the most recent actuarial valuation, was as follows:

**Schedule of Funding Progress - 4.0%\***

<b>Actuarial Valuation Date</b>	<b>(a) Actuarial Value of Assets</b>	<b>(b) Actuarial Accrued Liability (AAL)</b>	<b>(b)-(a) Unfunded AAL (UAL)</b>	<b>(a) / (b) Funded Ratio</b>	<b>(c) Covered Payroll</b>	<b>[(b)-(a)]/(c) UAL as a Percentage of Covered Payroll</b>
7/1/2007	\$ -	\$ 478,609,029	\$ 478,609,029	0.00%	\$ 159,905,000	299.31%
7/1/2009	-	522,436,713	522,436,713	0.00%	n/a	n/a
7/1/2011	-	568,836,994	568,836,994	0.00%	n/a	n/a
7/1/2012	-	563,121,325	563,121,325	0.00%	159,055,715	354.04%
7/1/2014	-	424,773,972	424,773,972	0.00%	151,958,742	279.53%

\* Prior to the 2012 valuation, the discount rate was 3.5%

**CITY OF NEW BEDFORD, MASSACHUSETTS**

Notes to Financial Statements

June 30, 2014

**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.

*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. During January of 2015, the City changed its available insurance plans. As a result, at the time of the July 1, 2014 valuation, performed during February of 2015, the City used the new benefit plans to perform the valuation. 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 (see actuarial valuation report for a full listing of methods and assumptions):

Valuation date:	July 1, 2014
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, 2014 for all future valuations (“pay-as-you-go” plan)
Interest discount rate	Pay-as-you-go: 4.0% per year, net of investment expenses (management’s directive)
Participation:	95% of future retirees are assumed to participate in the retiree medical plan. 100% of future retirees are expected to elect life insurance.

*Allocation of AOPEBC*

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

	<u>NOO</u> <u>June 30, 2013</u>	<u>Change in Net OPEB</u> <u>Obligation (NOO)</u>	<u>NOO</u> <u>June 30, 2014</u>
<b>Governmental Activities:</b>			
General government	\$ 3,596,686	\$ 316,859	\$ 3,913,545
Public safety	36,409,442	3,695,162	40,104,604
Public works	5,747,751	1,072,497	6,820,248
Education	74,808,352	5,839,921	80,648,273
Health and human services	3,738,649	(178,073)	3,560,576
Culture and recreation	2,707,298	(128,949)	2,578,349
Total AOPEBC - governmental activities	<u>\$ 127,008,178</u>	<u>\$ 10,617,417</u>	<u>\$ 137,625,595</u>
<b>Business-Type Activities:</b>			
Water	1,483,536	462,116	\$ 1,945,652
Airport	153,722	18,412	172,134
Total AOPEBC - business-type activities	<u>\$ 1,637,258</u>	<u>\$ 480,528</u>	<u>\$ 2,117,786</u>
Total AOPEBC - government-wide	<u>\$ 128,645,436</u>	<u>\$ 11,097,945</u>	<u>\$ 139,743,381</u>

**CITY OF NEW BEDFORD, MASSACHUSETTS**

Notes to Financial Statements

June 30, 2014

**Note 8. Other Commitments**

**Capital Leases**

The City is obligation under certain leases accounted for as capital leases. The obligation for the leases in 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>
2015	393,013	28,253	421,266
2016	328,607	2	328,609
2017	205,206	-	205,206
2018	161,649	-	161,649
2019	161,650	-	161,650
2020 - 2025	<u>484,948</u>	<u>-</u>	<u>484,948</u>
Minimum lease payments for all capital leases	\$ 1,735,073	\$ 28,255	\$ 1,763,328
Less: amount representing interest	<u>(172,824)</u>	<u>(965)</u>	<u>(173,789)</u>
Present value of net minimum lease payments	<u>\$ 1,562,249</u>	<u>\$ 27,290</u>	<u>\$ 1,589,539</u>

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Principal Payments</u>	<u>Interest Paid</u>	<u>Ending Balance</u>
<b><u>Governmental Activities</u></b>					
Axon Business Technolgy	\$ 1,346	\$ -	\$ 1,346	\$ -	\$ -
All American Investment Group - Sch. #5	239,538	-	70,190	9,656	159,692
All American Investment Group - Sch. #10	297,627	-	74,965	4,882	217,780
All American Investment Group - Sch. #8A	29,152	-	13,004	1,572	14,576
All American Investment Group - Sch. #9	99,659	-	45,223	4,607	49,829
Oshkosh Capital	<u>-</u>	<u>1,293,194</u>	<u>-</u>	<u>-</u>	<u>1,293,194</u>
Total Governmental Activities	<u>\$ 667,322</u>	<u>\$ 1,293,194</u>	<u>\$ 204,728</u>	<u>\$ 20,717</u>	<u>\$ 1,735,071</u>
<b><u>Business-Type Activities</u></b>					
All American Investment Group - Sch. #7	\$ 42,263	\$ -	\$ 40,065	\$ 2,198	\$ -
All American Investment Group - Sch. #6	67,078	-	63,590	3,488	-
John Deere Financial	24,882	-	11,833	608	12,441
All American Investment Group - Sch. #8B	<u>31,627</u>	<u>-</u>	<u>14,108</u>	<u>1,705</u>	<u>15,814</u>
Total Business-Type Activities	<u>\$ 165,850</u>	<u>\$ -</u>	<u>\$ 129,596</u>	<u>\$ 7,999</u>	<u>\$ 28,255</u>
<b><u>Total Governmental and Business-Type Activities</u></b>	<u>\$ 833,172</u>	<u>\$ 1,293,194</u>	<u>\$ 334,324</u>	<u>\$ 28,716</u>	<u>\$ 1,763,326</u>

**Operating Leases**

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, 2014, future minimum rental payments under operating leases that have initial or remaining non-cancellable lease terms are immaterial.

CITY OF NEW BEDFORD, MASSACHUSETTS

Notes to Financial Statements

June 30, 2014

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, 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 (until 2028) 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, 2014

### *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 (or until July 1, 2013). 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 the 2014 calendar year have not been received.

### *Note 11. Joint Venture*

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

### *Note 12. Debt*

#### **A. Primary Government**

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

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

**CITY OF NEW BEDFORD, MASSACHUSETTS**

Notes to Financial Statements

June 30, 2014

**Note 12. Debt (Continued)**

**A. Primary Government (Continued)**

The City issued a \$25,183,346 Bond Anticipation Note, dated February 7, 2014, maturing February 6, 2015. This note was issued for the purposes on the following pages.

**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 position.

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 position.

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.

At fiscal year-end 2014, a deferred asset (now classified as a “deferred outflow of resources”) remains of \$380,539 in the government-wide statement of net-position to be fully amortized by the year 2019 (the year in which the defeased debt would have matured).

**CITY OF NEW BEDFORD, MASSACHUSETTS**

Notes to Financial Statements

June 30, 2014

**Note 12. Debt**

The City has the following bond anticipation notes (BANs) payable outstanding at June 30, 2014:

	<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>
<b>Capital Projects:</b>								
Bond Anticipation Notes (retired)	\$ 22,750,000	\$ -	\$ 22,750,000	\$ -	02/08/13	02/07/14	1.00%	\$ 226,868
BAN - Keith School Project	-	5,415,346	-	5,415,346	* 02/07/14	02/06/15	1.00%	-
BAN - Management Information System	-	4,200,000	-	4,200,000	* 02/07/14	02/06/15	1.00%	-
BAN - Harborwalk	-	504,000	-	504,000	02/07/14	02/06/15	1.00%	-
BAN - Hannigan School Feasibility Study	-	750,000	-	750,000	02/07/14	02/06/15	1.00%	-
BAN - SCADA System	-	1,850,000	-	1,850,000	02/07/14	02/06/15	1.00%	-
BAN - Airport Improvements	-	6,297,000	-	6,297,000	02/07/14	02/06/15	1.00%	-
BAN - Repairs/Renovations to City Buildings	-	5,867,000	-	5,867,000	02/07/14	02/06/15	1.00%	-
BAN - Soil Remediation at High School	-	300,000	-	300,000	* 02/07/14	02/06/15	1.00%	-
<b>Total Capital Projects</b>	<u>\$ 22,750,000</u>	<u>\$ 25,183,346</u>	<u>\$ 22,750,000</u>	<u>\$ 25,183,346</u>				<u>\$ 226,868</u>
<b>Total Primary Government</b>	<u>\$ 22,750,000</u>	<u>\$ 25,183,346</u>	<u>\$ 22,750,000</u>	<u>\$ 25,183,346</u>				<u>\$ 226,868</u>

\* On January 29, 2015, the City issued \$7.948 million General Obligation State Qualified Municipal Bonds. This bond offering refinanced portions of the short-term debt (BANs) listed above on a long-term basis. The bonds will be valid general obligations of the City, and will be payable as to both principal and interest from taxes that may be levied upon all the property within the territorial limits of the City, subject to the limit imposed by Chapter 59, Section 21C for the General Laws. Maximum maturity on the bonds will be December 1, 2042. As a result of the long-term issuance subsequent to the balance sheet date but before issuance of the financial statements, the City has excluded the following portions of the short-term debt as listed above from current liabilities on its government-wide financial statements (GASB Statement No. 62 Paragraph 38):

<b>Issue Amount</b>	<b>Purpose</b>
\$ 4,754,861	Keith School Project
3,093,139	Management Information System
100,000	High School Soil Remediation
<u>\$ 7,948,000</u>	

\*\* On January 29, 2015, the City also issued General Obligation Bond Anticipation Notes with a maturity date of February 5, 2016 in the amount of \$22,264,658. See "Note 19 Subsequent Events" for more information.

**CITY OF NEW BEDFORD, MASSACHUSETTS**

Notes to Financial Statements

June 30, 2014

**Note 12. Debt (Continued)**

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

	<u>Maturity Dates</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>City Retirements</u>	<u>State Subsidies</u>	<u>Ending Balance</u>	<u>Balance Due in 2015</u>
<b>Governmental Activities</b>							
4.00-6.00% G.O. Bond	04/15/96-04/15/13	\$ 250,000	\$ -	\$ 250,000	\$ -	\$ -	\$ -
4.60-5.80% Note	10/01/97-10/01/16	2,365,000	-	580,000	-	1,785,000	585,000
4.25-5.00% G.O. Bond	10/14/98-10/01/18	3,733,000	-	609,000	-	3,124,000	609,000
4.25-5.50% G.O. Bond	05/01/02-05/01/21	25,159,000	-	2,818,000	-	22,341,000	2,895,000
4.25-6.00% Revenue Refunding Bond	02/01/97-02/01/16	1,515,000	-	1,915	728,085	785,000	515,000
4.00-5.25% Revenue Bond	02/01/98-02/01/99	82,655,000	-	2,423,119	2,286,881	77,945,000	5,085,000
4.00-6.00% Revenue Bond	08/01/01-08/01/31	4,060,000	-	133,671	31,329	3,895,000	170,000
HUD 108 - 2003-A	02/01/04-08/01/22	1,055,000	-	105,000	-	950,000	105,000
3.125-5.00% State Qualified G.O. Bond	03/15/06-09/15/25	6,320,000	-	590,000	-	5,730,000	585,000
.85% Revenue Bond	07/15/06-07/15/25	418,394	-	28,465	-	389,929	29,040
.85% Revenue Bond	02/15/07-02/15/27	4,382,240	-	146,110	-	4,236,130	149,520
Pool 11 MWPAT 03-36A	03/18/09 - 7/15/35	535,734	-	17,619	-	518,115	18,050
General Obligation State Qualified Bond	02/15/07-02/15/27	11,005,000	-	1,045,000	-	9,960,000	1,060,000
General Obligation Series A Bonds	02/14/08-10/1/27	11,205,000	-	630,000	-	10,575,000	650,000
General Obligation Series A Bonds	02/14/08-10/1/22	3,115,000	-	335,000	-	2,780,000	335,000
General Obligation State Qualified 2010	02/11/10-06/30/35	3,090,000	-	300,000	-	2,790,000	305,000
General Obligation State Qualified	03/18/09-07/15/28	690,000	-	90,000	-	600,000	90,000
2.4 % Revenue Bond	07/08/10-07/15/40	6,319,633	-	160,208	-	6,159,425	164,100
General Obligation State Series A Bonds	06/14/12-06/30/32	2,540,000	-	155,000	-	2,385,000	160,000
General Obligation Satate Series B Series	06/14/12-06/30/32	4,425,000	-	160,000	-	4,265,000	165,000
MWPAT Series 16 CWS-09-12-A	06/13/12-01/15/43	10,409,184	-	235,133	-	10,174,051	241,133
MWPAT Series 16 DW-09-23	06/13/12-01/15/33	1,910,778	(1,910,778)	-	-	-	-
General Obligation State Qualified	02/07/13-06/30/33	3,560,375	-	175,375	-	3,385,000	180,000
GO State Qualified School Project Loan, Ch 70B	02/06/14-06/30/39	-	10,000,000	-	-	10,000,000	120,000
Compensated absences	N/A	16,767,412	735,963	-	-	17,503,375	6,126,181
Capital leases (incl interest)	N/A	667,322	1,293,194	225,445	-	1,735,071	393,013
<b>Total governmental activities</b>		<b>\$ 208,153,072</b>	<b>\$ 10,118,379</b>	<b>\$ 11,214,060</b>	<b>\$ 3,046,295</b>	<b>\$ 204,011,096</b>	<b>\$ 20,735,037</b>

*Continued*

**CITY OF NEW BEDFORD, MASSACHUSETTS**

Notes to Financial Statements

June 30, 2014

**Note 12. Debt (Continued)**

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

	<u>Maturity Dates</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>City Retirements</u>	<u>State Subsidies</u>	<u>Ending Balance</u>	<u>Balance Due in 2015</u>
<b>Business-Type Activities</b>							
4.00-6.00% G.O. Bond	04/15/96-04/15/13	\$ 1,080,000	\$ -	\$ 350,000	\$ -	\$ 730,000	\$ 360,000
4.25-5.50% G.O. Bond	05/01/02-05/01/21	863,000	-	113,000	-	750,000	111,000
.85% Revenue Bond	08/01/03-08/01/24	1,358,642	-	86,768	29,540	1,242,334	120,715
.85% Revenue Bond	02/01/05-08/01/24	1,432,109	-	97,068	-	1,335,041	100,041
.85% Revenue Bond	02/01/05-08/01/24	2,818,379	-	191,918	-	2,626,461	197,786
2% MWPAT Bond	12/14/06 - 7/15/26	302,916	-	18,938	-	283,978	19,320
2% MWPAT Bond	12/14/06-07/15/26	4,486,941	-	280,512	-	4,206,429	286,179
.85% Revenue Bond	12/14/06-07/15/26	6,654,898	-	356,476	-	6,298,422	363,678
General Obligation State Qualified 2010	03/18/09-07/15/28	9,805,000	-	295,000	-	9,510,000	300,000
General Obligation State Qualified	02/07/13-06/30/33	812,625	-	32,625	-	780,000	35,000
MWPAT Series 16 DW -09-23	06/13/12-01/15/33	-	1,910,778	77,293	-	1,833,485	78,973
Compensated absences	N/A	609,463	-	95,082	-	514,381	180,034
Capital leases (incl interest)	N/A	165,850	-	137,595	-	28,255	28,255
<b>Total business-type activities</b>		<u>\$ 30,389,823</u>	<u>\$ 1,910,778</u>	<u>\$ 2,132,275</u>	<u>\$ 29,540</u>	<u>\$ 30,138,786</u>	<u>\$ 2,180,981</u>
<b>Total government-wide</b>		<u>\$ 238,542,895</u>	<u>\$ 12,029,157</u>	<u>\$ 13,346,335</u>	<u>\$ 3,075,835</u>	<u>\$ 234,149,882</u>	<u>\$ 22,916,018</u>

**CITY OF NEW BEDFORD, MASSACHUSETTS**

Notes to Financial Statements

June 30, 2014

**Note 12. Debt (Continued)**

Debt service requirements to maturity:

<b>Fiscal Year Ended June 30,</b>	<b>Total Principal</b>	<b>Total Interest</b>	<b>Total Debt</b>	<b>Less: MSBA Roosevelt Jr. High School Grant Payments (Principal)</b>	<b>Less: Total Subsidized Payments MWPAT Principal (Sewer)</b>	<b>Less: Total Subsidized Payments MWPAT Principal (Water)</b>	<b>Less: Total Subsidized Payments MWPAT Interest (Total)</b>	<b>Total City Debt Service (including interest cost)</b>
2015	\$ 16,188,535	\$ 8,348,317	\$ 24,536,852	\$ 2,415,193	\$ 3,013,763	\$ 31,695	\$ 2,496,018	\$ 16,580,183
2016	16,717,188	7,535,545	24,252,733	2,415,527	2,970,232	33,217	2,387,103	16,446,654
2017	16,699,442	6,874,569	23,574,011	2,415,527	2,902,001	35,523	2,317,946	15,903,014
2018	16,510,683	6,143,744	22,654,427	2,415,527	2,996,220	37,792	2,062,196	15,142,692
2019	16,954,321	5,512,007	22,466,328	2,415,527	3,088,870	39,559	1,828,457	15,093,915
2020	16,788,670	4,783,846	21,572,516	2,415,527	3,186,369	42,521	1,596,670	14,331,429
2021	16,578,754	4,040,975	20,619,729	2,415,527	3,282,267	44,380	1,356,671	13,520,884
2022	13,029,583	3,303,459	16,333,042	-	3,400,473	49,946	1,087,486	11,795,137
2023	13,036,182	2,764,568	15,800,750	-	3,498,309	61,375	826,496	11,414,570
2024	12,959,267	2,233,302	15,192,569	-	3,604,095	22,062	563,845	11,002,567
2025	13,280,748	1,660,724	14,941,472	-	3,785,750	29,237	252,083	10,874,402
2026	12,363,199	1,360,849	13,724,048	-	3,848,606	-	220,333	9,655,109
2027	4,274,419	1,033,906	5,308,325	-	66,255	-	55,216	5,186,854
2028	3,236,452	910,552	4,147,004	-	70,758	-	45,091	4,031,155
2029	3,227,552	807,145	4,034,697	-	75,345	-	34,723	3,924,629
2030	2,848,450	705,854	3,554,304	-	80,099	-	23,973	3,450,232
2031	2,866,084	605,711	3,471,795	-	85,026	-	8,112	3,378,657
2032	2,539,267	511,793	3,051,060	-	-	-	-	3,051,060
2033	2,173,014	423,359	2,596,373	-	-	-	-	2,596,373
2034	2,058,517	351,681	2,410,198	-	-	-	-	2,410,198
2035	2,130,850	279,668	2,410,518	-	-	-	-	2,410,518
2036	1,498,734	204,942	1,703,676	-	-	-	-	1,703,676
2037	1,268,045	163,055	1,431,100	-	-	-	-	1,431,100
2038	1,305,518	122,651	1,428,169	-	-	-	-	1,428,169
2039	1,348,428	80,541	1,428,969	-	-	-	-	1,428,969
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>\$ 214,368,800</u>	<u>\$ 60,867,969</u>	<u>\$ 275,236,769</u>	<u>\$ 16,908,355</u>	<u>\$ 39,954,438</u>	<u>\$ 427,307</u>	<u>\$ 17,162,419</u>	<u>\$ 200,784,250</u>

**CITY OF NEW BEDFORD, MASSACHUSETTS**

Notes to Financial Statements

June 30, 2014

**Note 12. Debt (Continued)**

The City is scheduled to be subsidized by the Massachusetts Water Pollution Abatement Trust (MWPAT) on a periodic basis for principal in the amount of \$40,381,745 and interest costs totaling \$17,162,419. The principal subsidies are guaranteed and therefore a \$40,381,745 intergovernmental receivable has been reported in the governmental and business-type activities (economic resources measurement focus and the accrual basis of accounting). Since the City is legally obligated for the total amount of the debt, as per the financing agreements with the MWPAT, and each borrower is required to deliver its own general or special bond obligations to the Trust in order to secure its loan repayment obligations, such amounts have also been recorded in the governmental and business-type activities. For the fiscal year ended June 30, 2014, principal and interest subsidies from the MWPAT totaled \$3,075,835 and \$2,604,997, respectively. On the modified accrual basis of accounting, the principal and interest subsidies were recorded as revenue and expenditures during the current year. Revenue recognition criteria on the modified accrual basis states that revenue should be recognized only when it is both “measurable” and “available for current period expenditure”. For the fiscal year ended June 30, 2013, the principal and interest subsidies from the MWPAT totaled \$3,045,548 and \$ 2,849,109, respectively.

The following is a summary of MWPAT principal subsidies at June 30, 2014 by loan agreement:

	<b>Wastewater Special Revenue</b>	<b>Water Enterprise</b>	<b>Total</b>
Federal Loan 1996	\$ 779,360	\$ -	\$ 779,360
Federal Loan 1998	38,180,009	-	38,180,009
Series 6 99-26	641,692	-	641,692
Series 6 98-141	353,377	-	353,377
<b>Total Governmental Activities</b>	<b>39,954,438</b>	<b>-</b>	<b>39,954,438</b>
Series 8 DW 00-12	-	124,884	124,884
Pool 9 DW 00-12A	-	234,938	234,938
Pool 10 DW 02-13	-	22,696	22,696
Pool 10 DW 02-20	-	44,789	44,789
<b>Total Business-Type Activities</b>	<b>-</b>	<b>427,307</b>	<b>427,307</b>
<b>Total Government-Wide</b>	<b>\$ 39,954,438</b>	<b>\$ 427,307</b>	<b>\$ 40,381,745</b>

A similar situation is also currently occurring with respect to the principal and interest subsidizations by the Massachusetts School Building Authority (MSBA) for project identification number C200013753, Roosevelt Middle School. At June 30, 2014 principal in the amount of \$16,908,355 is due to the City under a reimbursement agreement under old School Building Authority rules. The principal subsidies are guaranteed and therefore a \$16,908,355 intergovernmental receivable has been reported in the governmental activities (economic resources measurement focus and the accrual basis of accounting). Since the City is legally obligated for the total amount of the debt on this project, such amounts have also been recorded in the governmental activities. For the fiscal year ended June 30, 2014, principal subsidies from the MSBA totaled \$2,415,152. On the modified accrual basis of accounting, the principal subsidies were recorded as revenue in the City’s general fund during fiscal year 2014. Revenue recognition criteria on the modified accrual basis states that revenue should be recognized only when it is both “measurable” and “available for current period expenditure”. For the fiscal year ended June 30, 2013, the principal subsidies from the MSBA totaled \$2,045,350.

**CITY OF NEW BEDFORD, MASSACHUSETTS**

Notes to Financial Statements

June 30, 2014

**Note 12. Debt (Continued)**

The City has elected to change its method of accounting during fiscal year 2014 in relation to future subsidized principal payments to be made by the Massachusetts Water Pollution Abatement Trust (MWPAT) and the Massachusetts School Building Authority (MSBA). See “Note 16 Change in Accounting Principle - Intergovernmental Principal Forgiveness Receivables” on page 76 for more information.

*Authorized & Unissued Debt:*

The City had debt authorized but unissued at June 30, 2014 as follows:

<u>Purpose</u>	<u>Amount</u>
Governmental Projects	\$ 8,115,000
School Projects	113,387,232
Airport Projects	9,726,794
Water & Sewer Projects	<u>110,118,431</u>
Total	<u>\$ 241,347,457</u>

**CITY OF NEW BEDFORD, MASSACHUSETTS**

Notes to Financial Statements

June 30, 2014

**Note 13. Fund Balance Classification Details**

The components of fund balance for the City's governmental funds as of June 30, 2014 are as follows:

	Major Funds		Non-Major Funds				Total
	General Fund	Wastewater	Special Revenue	Capital Projects	Nonexpendable Trusts	Expendable Trusts	
<b>Fund Balances:</b>							
<b>Nonspendable:</b>							
Long-term receivable - discretely presented component units	\$ 1,900,816	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,900,816
Corpus of cemetery perpetual care fund	-	-	-	-	4,016,748	-	4,016,748
Corpus of other endowment funds	-	-	-	-	1,110,663	-	1,110,663
Inventory	-	55,432	-	-	-	-	55,432
Land inventory	-	-	246,918	-	-	-	246,918
<b>Restricted for:</b>							
General government activity	-	-	651,452	-	-	-	651,452
Public safety operations	-	-	674,918	-	-	-	674,918
Educational purposes	-	-	716,726	-	350,559	5,641	1,072,926
Public works	-	-	83,205	-	-	-	83,205
Community housing and development	-	-	1,362,010	-	-	-	1,362,010
Culture and recreational purposes	-	-	567,449	-	2,264,552	7,345	2,839,346
Health and human services	-	-	196,739	-	-	1	196,740
New Bedford cable access	-	-	3,024,912	-	-	-	3,024,912
Cemetery perpetual care (sale of lots)	-	-	446,742	-	-	-	446,742
Sullivan's ledge escrow	-	-	1,192,066	-	-	-	1,192,066
Municipal waterways improvement	-	-	200,043	-	-	-	200,043
School lunch operations	-	-	762,476	-	-	-	762,476
CSO main construction project	-	-	-	22,064	-	-	22,064
Normandin middle school construction project	-	-	-	77,097	-	-	77,097
Wastewater debt service	-	2,230,361	-	-	-	-	2,230,361
Wastewater renewal and replacement	-	1,615,146	-	-	-	-	1,615,146
Highways	-	-	35,316	-	-	-	35,316

**CITY OF NEW BEDFORD, MASSACHUSETTS**

Notes to Financial Statements

June 30, 2014

**Note 13. Fund Balance Classification Details (Continued)**

The components of fund balance for the City’s governmental funds as of June 30, 2014 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>	
<b>Committed to:</b>							
Economic stabilization	\$ 9,417,934	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,417,934
Emergency board-up of vacant buildings	-	-	343,365	-	-	-	343,365
Maintenance and operation of the NB Railyard and Rail Crossing	-	-	93,745	-	-	-	93,745
Elections and voting equipment	-	-	-	393,296	-	-	393,296
Communication equipment bond	-	-	-	1,048	-	-	1,048
Building reconstruction and maintenance	-	-	-	723,010	-	-	723,010
Autometer read project	-	-	-	174,453	-	-	174,453
Landfill closure project	-	-	-	4,724	-	-	4,724
River road project	-	-	-	11,690	-	-	11,690
Buttonwood zoo reconstruction	-	-	-	58,197	-	-	58,197
Railroad depot	-	-	-	399,308	-	-	399,308
West end cement lining project	-	-	-	14,803	-	-	14,803
Route 18 project	-	-	-	12,979	-	-	12,979
Departmental capital purchases	-	-	-	90,781	-	-	90,781
Wastewater special projects	-	4,184,903	-	-	-	-	4,184,903
Wastewater operations	-	2,172,317	-	11,156	-	-	2,183,473
<b>Assigned to:</b>							
Continuing appropriations	1,000,000	-	-	-	-	-	1,000,000
General government purposes	134,919	-	-	-	-	-	134,919
Public works / department of public infrastructure	152,847	-	-	-	-	-	152,847
Health and human services	10,196	-	-	-	-	-	10,196
Culture and recreational purposes	3,762	-	-	-	-	-	3,762
<b>Unassigned:</b>	<u>15,407,340</u>	<u>-</u>	<u>(42,638)</u>	<u>(8,837,202)</u>	<u>(116,286)</u>	<u>-</u>	<u>6,411,214</u>
<b>Total Net Position (Governmental Funds):</b>	<u>\$ 28,027,814</u>	<u>\$ 10,258,159</u>	<u>\$ 10,555,444</u>	<u>\$ (6,842,596)</u>	<u>\$ 7,626,236</u>	<u>\$ 12,987</u>	<u>\$ 49,638,044</u>

At June 30, 2014, the balance of the stabilization funds (City and School) were \$9,417,934 and are reported as committed fund balance within the general fund. The stabilization fund balance can be used for economic stabilization purposes upon approval of the City Council.

At June 30, 2014, significant negative unassigned balances are reported within the capital projects funds. This can be attributed to the City’s short-term borrowing within those funds combined with the changes in fund balance classifications required by GASB Statement No. 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, 2014

**Note 14. Workers' Compensation**

Workers' compensation claims are administered by a third party administrator and are funded on a pay-as-you go basis from annual appropriations (charged to the "general government unclassified" department in the City's general fund budget). The estimated future liability is based on history and injury type. The estimated liabilities at June 30, 2013 and June 30, 2014 totaled \$5,615,958 and \$5,396,345 (respectively) and were recorded as a liability in the government-wide financial statements. The City estimated a current liability at June 30, 2014 of \$188,872 (3.5% of the estimated June 30, 2014 liability) based on historical analysis.

**Note 15. Fund Deficit**

The City had deficit fund balances present at June 30, 2014 in the following funds:

<b>Capital Project Funds:</b>	<b>Fund Deficit</b>	<b>LESS:</b>		<b>Net Deficit</b>
		<b>MWPAT Interim Loan O/S, RANs O/S, and BAN's O/S</b>		
<b>Fund Name:</b>				
NB Harborwalk PARC #11	\$ 241,759 **	\$ (504,000)		\$ -
Buildings R&M 5.8M	1,093,414 **	(5,867,000)		-
SCADA 2.4M	811,864 **	(1,850,000)		-
Keith/NBHS	2,169,013 **	(5,415,346)		-
Lincoln Elementary 20.6M	7,128 *	-		7,128 *
WW & Stormwater	559,300 **	(2,000,000)		-
NBHS Solar Park Bond	302,256 **	(300,000)		2,256 *
4.2M Bond Software	1,625,170 **	(2,600,000)		-
4.2M Bond Computer HR	1,565,551 **	(1,600,000)		-
Airport Safety Insurance	461,747 **	(6,297,000)		-
<b>Total capital projects funds:</b>	<b>\$ 8,837,202</b>	<b>\$ (26,433,346)</b>		<b>\$ 9,384</b>

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

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

Additionally, the agency, city grant and school grant funds had total deficits of \$18,933, \$14,215 and \$28,423 (respectively). These fund deficits will also require a future administrative plan to fund the deficit and eliminate it.

**CITY OF NEW BEDFORD, MASSACHUSETTS**

Notes to Financial Statements

June 30, 2014

**Note 16. Change in Accounting Principle - Intergovernmental Principal Subsidy Receivables**

The City has elected to change its method of accounting in relation to future subsidized principal payments to be made by the Massachusetts Water Pollution Abatement Trust (MWPAT) and the Massachusetts School Building Authority (MSBA). Management's interpretation of GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*, will result in receivables and revenues now being recognized for these voluntary nonexchange transactions when all applicable eligibility requirements, including time requirements, are met with respect to the amounts to be subsidized in the future from MWPAT and MSBA principal forgiveness agreements. As a result of this change in accounting principle, the City has restated its beginning net position within the governmental activities and the business-type activities. See "Note 17 Restatement" for more information.

Management has determined that this change is preferential accounting treatment as the long-term receivables as presented in the government-wide financial statements best represent the portrayal of the economic resources measurement focus and the accrual basis of accounting.

**Note 17. Restatement**

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

**Proprietary Funds:**

	<u>Airport</u>	<u>Water</u>
Beginning balance, July 1, 2013	\$ 20,034,970	\$ 26,096,190
To restate to record MWPAT and MSBA debt subsidies (long-term receivables) in the water enterprise fund as a result of the change in accounting principle (see Note 16)		457,442
Beginning balance, July 1, 2013, restated	<u>\$ 20,034,970</u>	<u>\$ 26,553,632</u>

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

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Beginning balance, July 1, 2013	\$ 103,054,675	\$ 46,131,160
Restatements, per above	-	457,442
To restate to record MWPAT and MSBA debt subsidies (long-term receivables) in the governmental activities as a result of the change in accounting principle (see Note 16)	62,324,139	-
To restate to record a workers' compensation liability on the full-accrual basis of accounting (see Note 14)	<u>(5,615,958)</u>	-
Beginning balance, July 1, 2013, restated	<u>\$ 159,762,856</u>	<u>\$ 46,588,602</u>

CITY OF NEW BEDFORD, MASSACHUSETTS

Notes to Financial Statements

June 30, 2014

**Note 18. 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 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.

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, 2014 is as follows:

Health Claims, July 1, 2013	\$ 2,682,112
Incurred Claims	51,820,699
Payments of claims attributable to events of the fiscal year:	
Health	<u>(50,770,705)</u>
Health Claims, June 30, 2014	<u>\$ 3,732,106</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 19. Subsequent Events**

For the purposes of determining the effects of subsequent events on these financial statements, management has evaluated events which have occurred subsequent to June 30, 2014, and through March 27, 2015, the date on which the financial statements were available to be issued. The following represents these subsequent events:

The Municipal Council approved fiscal year 2015 budgets for the general fund (total budget of \$274,163,395), for the airport enterprise fund (total budget of \$759,144), for the wastewater fund (total budget of \$20,123,200) and for the water fund (total budget of \$11,708,383). The Municipal Council also approved the establishment of a Downtown Parking enterprise fund for fiscal year 2015 with an approved budget of \$850,366. Fiscal year 2015 will be the first year the Downtown Parking operation is utilized through an enterprise fund.

# CITY OF NEW BEDFORD, MASSACHUSETTS

## Notes to Financial Statements

June 30, 2014

### *Note 19. Subsequent Events (Continued)*

On August 21, 2014, the Municipal Council approved the City Treasurer to borrow \$15,000,000 appropriated for the purpose of financing the construction of transmission main improvements including installation and replacement of piping, main line valves, blow-off structures, and air releases along the 36 inch water transmission mains from High Hill Reservoir and major connecting sideline mains, all road and surface treatment repairs. The Treasurer is authorized to borrow all or a portion of such amount from the Massachusetts Water Pollution Abatement Trust (MWPAT) established pursuant to Chapter 29C of the General Laws.

During October of 2014, the state's Joint Labor Management Committee (JLMC) unanimously awarded City firefighters a three-year contract providing 7.5 percent in wage increases over the life of the contract and giving every firefighter an immediate \$2,500 lump sum payment. The impact of the award on fiscal year 2015 is estimated at \$1.8 million and approximately \$4.1 million over the life of the contract, which expires June 30, 2015. In November 2014 the City Council appropriated \$1.8 million to cover this obligation.

On October 9, 2014, the Municipal Council approved the City Treasurer to borrow \$12,500,000 for the purpose of constructing, equipping, and furnishing an addition to the existing SeaLab facility, located at 71 Portland street in New Bedford, to be known as Taylor School at SeaLab, including all costs incidental or related thereto, for which the City is eligible for a grant from the Massachusetts School Building Authority (MSBA). The grant that the City may receive from the MSBA for this project shall not exceed the lesser of (1) 90 percent (%) of eligible, approved project costs, as determined by the MSBA, or (2) the total maximum grant amount determined by the MSBA; and the amount of borrowing authorized pursuant to this order shall be reduced by the grant amount set forth in any Project Funding Agreement or other similar agreement that may be executed by the City and the MSBA with respect to this project.

On October 26, 2014, the City issued \$12,295,000 of General Obligation State Qualified Refunding Bonds (both current and advance refunding) payable September 1, 2015 through September 1, 2026. This issuance refunds bonds from 2004, 2005 and 2007. It is estimated that the net present value of savings due to this refunding will be \$717,239.

On November 10, 2014, Massachusetts Department of Revenue certified "Free Cash" as of July 1, 2014 for the General Fund in the amount of \$2,056,315; for the Water Enterprise Fund in the amount of \$614,039; and for the Airport Enterprise Fund in the amount of \$371,477. Subsequent to that certification, on January 29, 2015, the Massachusetts Department of Revenue certified an additional amount of \$589,099 for the general fund, bringing total General Fund certified "Free Cash" to \$2,645,414.

During December of 2015, the City entered into an 8 year lease for the purchase of a 95 foot areal fire ladder. The total amount of the lease payments are expected to be \$1,188,648.

On January 8, 2015, the Municipal Council approved the City Treasurer to borrow \$4,970,000 for the purpose of making critically-needed repairs to City-owned buildings, including, but not limited to, projects for the repair and renovation of public safety facilities, school buildings, recreational facilities and general office space.

On January 29, 2015, the City issued \$7,948,000 of General Obligation State Qualified Municipal Purpose bonds for the Keith School project, the Management Information Systems project, and the High School Soil Remediation project. These bonds are set to mature on December 1, 2042. Standard & Poor's Ratings Group has assigned a rating of AA to the Bonds. Per GASB Statement No. 62 guidance, since these bonds were issued for the purpose of refinancing a fiscal year end short-term obligation on a long-term basis, and these bonds were issued after the date of the City's financial statements but before the financial statements were issued, the City has excluded this borrowing from current liabilities on its government-wide financial statements. See Note 12 to the financial statements for more information.

On February 6, 2015, the City issued \$22,264,658 in General Obligation Bond Anticipation Notes with a due date of February 5, 2016 for various ongoing capital projects of the City.

CITY OF NEW BEDFORD, MASSACHUSETTS

Notes to Financial Statements

June 30, 2014

**Note 20. Future Implementation of GASB Pronouncements**

The GASB has issued the following statements:

- GASB Statement No. 67, *Financial Reporting for Pension Plans – an amendment of GASB Statement No. 25*, which is required to be implemented during fiscal year 2015 (calendar year 2014 for Massachusetts *pension plan* financial statements). The implementation of this statement will require expanded note disclosures and required supplementary information.
- GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*, which is required to be implemented during fiscal year 2015. The implementation of this Statement will represent a significant change in the accounting and reporting of pension expense and the related liability. For the first time, the City will be required to recognize its long-term obligation for pension benefits as a liability and to more comprehensively measure the annual costs of pension benefits. The implementation of this Statement also expands pension related note disclosures and required supplementary information.
- GASB Statement No. 69, *Government Combinations and Disposals of Government Operations*, which is required to be implemented during fiscal year 2015. Management does not believe the implementation of this Statement will materially impact the basic financial statements.
- GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date—an amendment of GASB Statement No. 68*, which is required to be applied simultaneously with the provisions of Statement No. 68.
- GASB Statement No. 72, *Fair Value Measurement and Application*, which is required to be implemented during fiscal year 2016. Management does not believe the implementation of this Statement will materially impact the basic financial statements.

These pronouncements will be implemented by their respective implementation dates.

**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, 2014

	<u>Original Budget</u>		<u>Additional</u>			<u>Encumbrances</u>	<u>Variance</u>
	<u>Encumbrances</u>	<u>Budget</u>	<u>Appropriations</u>	<u>Total</u>	<u>Actual</u>	<u>Carried</u>	<u>Favorable</u>
	<u>Carried</u>	<u>As</u>	<u>and</u>	<u>Budgeted</u>		<u>Forward</u>	<u>(Unfavorable)</u>
	<u>Forward</u>	<u>Adopted</u>	<u>Transfers</u>				
Revenues:							
Tax collections net of refunds:							
Real estate and personal property taxes	\$ -	\$ 89,995,703	\$ 4,536,540	\$ 94,532,243	\$ 94,532,243	\$ -	\$ -
Local Receipts:							
Motor vehicle excise	-	5,806,500	-	5,806,500	6,086,815	-	280,315
Other excise collections	-	1,455,000	-	1,455,000	1,498,090	-	43,090
Penalties and interest	-	1,293,300	-	1,293,300	1,200,406	-	(92,894)
Payments in lieu of taxes	-	280,000	-	280,000	321,660	-	41,660
Charges for services:							
Trash	-	1,000	-	1,000	2,403	-	1,403
Departmental:							
School	-	1,500,000	-	1,500,000	1,165,675	-	(334,325)
Library	-	15,500	-	15,500	15,969	-	469
Cemeteries	-	420,000	-	420,000	505,230	-	85,230
Traffic	-	1,726,000	-	1,726,000	1,750,404	-	24,404
Other	-	10,518,310	-	10,518,310	11,209,974	-	691,664
Fines and forfeitures	-	170,000	4,000	174,000	199,204	-	25,204
Licenses and permits	-	2,495,500	(22,000)	2,473,500	2,178,801	-	(294,699)
Indirects	-	5,249,000	-	5,249,000	4,454,896	-	(794,104)
Earnings on investments	-	90,000	-	90,000	88,475	-	(1,525)
Miscellaneous recurring	-	15,000	-	15,000	75,763	-	60,763
Miscellaneous non-recurring	-	-	-	-	433,039	-	433,039
Special assessments & betterments	-	400	-	400	346	-	(54)
Governmental revenue:							
Federal	-	-	18,000	18,000	38,940	-	20,940
State	-	146,652,684	124,075	146,776,759	146,970,518	-	193,759
<b>Total revenues</b>	<b>\$ -</b>	<b>\$ 267,683,897</b>	<b>\$ 4,660,615</b>	<b>\$ 272,344,512</b>	<b>\$ 272,728,851</b>	<b>\$ -</b>	<b>\$ 384,339</b>

See accompanying independent auditors' report  
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, 2014

	Original Budget		Additional Appropriations and Transfers	Total Budgeted	Actual	Encumbrances Carried Forward	Variance Favorable (Unfavorable)
	Encumbrances Carried Forward	Budget As Adopted					
Expenditures:							
General government	\$ 28,860	\$ 7,223,138	\$ 137,263	\$ 7,389,261	\$ 7,020,439	\$ 134,919	\$ 233,903
General government unclassified:	9,336	8,228,283	780,000	9,017,619	8,955,341	-	62,278
Public safety:							
Police	464,241	22,670,763	271,131	23,406,135	23,167,518	-	238,617
Fire	-	11,754,453	1,334,000	13,088,453	13,077,310	-	11,143
EMS	-	2,302,519	80,000	2,382,519	2,353,925	-	28,594
Inspector of Buildings	-	735,649	50,513	786,162	754,403	-	31,759
Traffic	-	768,439	-	768,439	705,488	-	62,951
Public works and facilities:							
Health and sanitation operations	-	1,755,843	105,162	1,861,005	1,717,342	-	143,663
Public infrasturture	7,310	4,423,036	50,000	4,480,346	4,259,331	152,847	68,168
Public facilities	-	7,867,335	365,000	8,232,335	8,066,646	-	165,689
Snow removal	-	350,000	233,305	583,305	583,305	-	-
Education:							
School Department	-	105,000,000	4,400,000	109,400,000	109,397,455	-	2,545
Other	-	4,748,283	-	4,748,283	4,748,283	-	-
Human services	11,491	4,525,576	-	4,537,067	4,237,272	10,196	289,599
Culture and recreation	5,174	2,914,938	120,000	3,040,112	2,838,050	3,762	198,300
Zoo	7,210	1,311,407	73,869	1,392,486	1,365,709	-	26,777
Debt service	-	9,815,456	-	9,815,456	9,693,294	-	122,162
Health and Life Insurance	-	37,875,000	(523,305)	37,351,695	36,800,963	-	550,732
Pension	-	23,692,690	-	23,692,690	23,692,690	-	-
Intergovernmental expenditures	-	10,403,564	42,309	10,445,873	10,252,470	-	193,403
<b>Total expenditures</b>	<b>\$ 533,622</b>	<b>\$ 268,366,372</b>	<b>\$ 7,519,247</b>	<b>\$ 276,419,241</b>	<b>\$ 273,687,234</b>	<b>\$ 301,724</b>	<b>\$ 2,430,283</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>\$ (533,622)</b>	<b>\$ (682,475)</b>	<b>\$ (2,858,632)</b>	<b>\$ (4,074,729)</b>	<b>\$ (958,383)</b>	<b>\$ (301,724)</b>	<b>\$ 2,814,622</b>

See accompanying independent auditors' report  
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, 2014

	<u>Original Budget</u>		<u>Additional</u>			<u>Encumbrances</u>	<u>Variance</u>
	<u>Encumbrances</u>	<u>Budget</u>	<u>Appropriations</u>	<u>Total</u>	<u>Actual</u>	<u>Carried</u>	<u>Favorable</u>
	<u>Carried</u>	<u>As</u>	<u>and</u>	<u>Budgeted</u>		<u>Forward</u>	<u>(Unfavorable)</u>
	<u>Forward</u>	<u>Adopted</u>	<u>Transfers</u>				
Other financing sources and (uses):							
Operating transfers in	\$ -	\$ 114,400	\$ 130,000	\$ 244,400	\$ 246,987	\$ -	\$ 2,587
Free cash	-	568,075	2,944,000	3,512,075	-	-	(3,512,075)
Overlay reserve	-	-	285,000	285,000	-	-	(285,000)
Appropriation deficit	-	-	(368)	(368)	-	-	368
Stabilization	-	-	(500,000)	(500,000)	(500,000)	-	-
Total other financing sources and (uses)	-	682,475	2,858,632	3,541,107	(253,013)	-	(3,794,120)
Excess (deficiency) of revenues and other sources over expenditures and other uses	\$ (533,622)	\$ -	\$ -	\$ (533,622)	\$ (1,211,396)	\$ (301,724)	\$ (979,498)
Budgetary Fund Balance, June 30, 2013					17,455,978		
Budgetary Fund Balance, June 30, 2014					<u>\$ 16,244,582</u>		

See accompanying independent auditors' report  
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, 2014

	<u>Original Budget</u>		<u>Additional</u>	<u>Available for</u>	<u>Actual</u>	<u>Encumbrances</u>	<u>Variance</u>
	<u>Encumbrances</u>	<u>Budget</u>	<u>Appropriations</u>	<u>Current Year</u>		<u>Carried</u>	<u>Favorable</u>
	<u>Carried</u>	<u>As</u>	<u>and</u>	<u>Expenditures</u>		<u>Forward</u>	<u>(Unfavorable)</u>
	<u>Forward</u>	<u>Adopted</u>	<u>Transfers</u>				
Revenues:							
Charges for services	\$ -	\$ 10,781,837	\$ -	\$ 10,781,837	\$ 11,150,726	\$ -	\$ 368,889
Utility liens and penalties	-	75,125	-	75,125	67,552	-	(7,573)
Other	-	483,370	-	483,370	314,925	-	(168,445)
<b>Total Revenues</b>	<b>-</b>	<b>11,340,332</b>	<b>-</b>	<b>11,340,332</b>	<b>11,533,203</b>	<b>-</b>	<b>192,871</b>
Expenditures:							
Salaries and Wages	-	3,332,643	(50,000)	3,282,643	3,121,501	-	161,142
Charges for Services	37,970	1,672,650	310,000	2,020,620	2,014,557	-	6,063
Materials and Supplies	-	1,066,700	50,000	1,116,700	1,103,755	-	12,945
Capital Outlay	-	308,000	-	308,000	277,202	-	30,798
Debt Service	-	2,864,339	-	2,864,339	2,764,745	-	99,594
<b>Total Expenditures</b>	<b>37,970</b>	<b>9,244,332</b>	<b>310,000</b>	<b>9,592,302</b>	<b>9,281,760</b>	<b>-</b>	<b>310,542</b>
Excess (deficiency) of revenues over expenditures	(37,970)	2,096,000	(310,000)	1,748,030	2,251,443	-	503,413
Other financing sources and (uses):							
From Free Cash	-	-	892,515	892,515	-	-	(892,515)
From Stabilization	-	-	310,000	310,000	310,000	-	-
To Stabilization	-	-	(892,515)	(892,515)	(892,515)	-	-
Operating Transfers Out	-	(2,096,000)	-	(2,096,000)	(1,788,090)	-	307,910
<b>Total other financing sources and (uses)</b>	<b>-</b>	<b>(2,096,000)</b>	<b>310,000</b>	<b>(1,786,000)</b>	<b>(2,370,605)</b>	<b>-</b>	<b>(584,605)</b>
Excess (deficiency) of revenues and other sources over expenditures and other uses	\$ (37,970)	\$ -	\$ -	\$ (37,970)	\$ (119,162)	\$ -	\$ (81,192)
Budgetary Fund Balance, June 30, 2013					889,950		
Budgetary Fund Balance, June 30, 2014					\$ 770,788		

See accompanying independent auditors' report  
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, 2014

	<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	\$ -	\$ 713,063	\$ -	\$ 713,063	\$ 720,606	\$ -	\$ 7,543
Departmental	-		-	-	20,697	-	20,697
Other	-	3,633	-	3,633	2,514	-	(1,119)
<b>Total Revenues</b>	<b>-</b>	<b>716,696</b>	<b>-</b>	<b>716,696</b>	<b>743,817</b>	<b>-</b>	<b>27,121</b>
Expenditures:							
Salaries and wages	-	310,866	(45,000)	265,866	263,121	-	2,745
Charges for services	-	176,909	22,000	198,909	198,303	-	606
Materials and supplies	-	45,875	18,000	63,875	58,909	-	4,966
Capital outlay	-	15,000	5,000	20,000	2,881	340	17,119
Debt service	-	43,046	-	43,046	52,979	-	(9,933)
Indirect charges	-	140,000	-	140,000	126,417	-	13,583
<b>Total Expenditures</b>	<b>-</b>	<b>731,696</b>	<b>-</b>	<b>731,696</b>	<b>702,610</b>	<b>340</b>	<b>29,086</b>
Excess (deficiency) of revenues over expenditures	-	(15,000)	-	(15,000)	41,207	(340)	56,207
Other financing sources and (uses):							
Free Cash	-	15,000	-	15,000	-	-	(15,000)
<b>Total other financing sources and (uses)</b>	<b>-</b>	<b>15,000</b>	<b>-</b>	<b>15,000</b>	<b>-</b>	<b>-</b>	<b>(15,000)</b>
Excess (deficiency) of revenues and other sources over expenditures and other uses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	\$ 41,207	\$ (340)	\$ 41,207
Budgetary Fund Balance, June 30, 2013					404,217		
Budgetary Fund Balance, June 30, 2014					<u>\$ 445,424</u>		

See accompanying independent auditors' report  
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 Revenue Fund

For the Year Ended June 30, 2014

	<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	\$ -	\$ 19,368,202	\$ -	\$ 19,368,202	\$ 19,879,447	\$ -	\$ 511,245
Liens and penalites	-	239,668	-	239,668	118,250	-	(121,418)
Departmental	-	-	-	-	6,966	-	6,966
Special assessments	-	8,000	-	8,000	26,403	-	18,403
Other	-	-	-	-	26,804	-	26,804
Earnings on investments	-	-	-	-	68,539	-	68,539
<b>Total Revenues</b>	<b>-</b>	<b>19,615,870</b>	<b>-</b>	<b>19,615,870</b>	<b>20,126,409</b>	<b>-</b>	<b>510,539</b>
				-	-		-
Expenditures:							
Salaries and Wages	-	1,385,796	(100,000)	1,285,796	1,293,689	-	(7,893)
Charges for Services	4,128	8,998,500	-	9,002,628	8,938,429	55,001	9,198
Materials and Supplies	-	445,500	100,000	545,500	535,191	-	10,309
Capital Outlay	-	624,576	-	624,576	441,176	21,785	161,615
Debt Service	-	6,629,498	-	6,629,498	6,395,501	-	233,997
Indirect Charges	-	1,532,000	-	1,532,000	1,436,060	-	95,940
<b>Total Expenditures</b>	<b>4,128</b>	<b>19,615,870</b>	<b>-</b>	<b>19,619,998</b>	<b>19,040,046</b>	<b>76,786</b>	<b>503,166</b>
Excess (deficiency) of revenues over expenditures	(4,128)	-	-	(4,128)	1,086,363	(76,786)	1,013,705
Other financing sources and (uses):							
Operating transfers out	-	-	-	-	(1,900,000)	-	(1,900,000)
<b>Total other financing sources and (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1,900,000)</b>	<b>-</b>	<b>(1,900,000)</b>
Excess (deficiency) of revenues and other sources over expenditures and other uses	\$ (4,128)	\$ -	\$ -	\$ (4,128)	\$ (813,637)	\$ (76,786)	\$ (886,295)
Budgetary Fund Balance - June 30, 2013					4,645,613		
Budgetary Fund Balance - June 30, 2014					\$ 3,831,976		

See accompanying independent auditors' report  
See notes to required supplementary information

**CITY OF NEW BEDFORD, MASSACHUSETTS**

Notes to 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, 2014

**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, 2014 are as follows:

	Governmental Funds		Proprietary Funds	
	General Fund	Special Revenue Wastewater Operating	Water	Airport
Revenues and other financing sources:				
GAAP Basis	\$ 306,854,740	\$ 20,130,039	\$ 12,656,295	\$ 7,875,005
Adjustments:				
Increase in real estate and personal property taxes to full accrual	(453,178)	-	-	-
Change in deferred revenue	-	-	(31,362)	24,073
Change in 60 day accrual	(133,913)	-	-	-
MTRB on-behalf payments	(33,730,465)	-	-	-
Unbudgeted gain on sale of foreclosed property	(27,570)	-	-	-
Miscellaneous GAAP adjustments	-	(3,630)	-	-
Increases to deferred revenues				
GAAP basis only	466,224	-	-	-
Change in long-term receivable (MWPAT)				
GAAP basis only	-	-	30,135	-
Transfer of governmental fund expenditures to enterprise capital assets - GAAP basis	-	-	(811,865)	(7,155,261)
Budgetary Basis	\$ 272,975,838	\$ 20,126,409	\$ 11,843,203	\$ 743,817

See accompanying independent auditors' report

**CITY OF NEW BEDFORD, MASSACHUSETTS**

Notes to 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, 2014

**Budgetary - GAAP Reporting Reconciliation (Continued)**

	Governmental Funds		Proprietary Funds	
	General Fund	Special Revenue Wastewater Operating	Water	Airport
Expenditures and other financing uses:				
GAAP Basis	\$ 308,038,947	\$ 20,956,474	\$ 14,559,589	\$ 1,547,725
Adjustments:				
MTRB on-behalf payments	(33,730,465)	-	-	-
Police Detail adjustment (GAAP only)	(121,248)	-	-	-
Change in compensated absences	-	-	131,319	(457)
GAAP inventory adjustment	-	(16,428)	(16,898)	-
Principal paid on long-term debt	-	-	1,866,973	32,625
Additions to capital assets	-	-	(1,554,708)	-
Unbudgeted transfers to other funds (GAAP only)	-	-	-	(4,579)
Depreciation expense	-	-	(2,474,070)	(854,372)
Change in accrued interest	-	-	(87,724)	80
Change in OPEB	-	-	(462,116)	(18,412)
Budgetary Basis	\$ 274,187,234	\$ 20,940,046	\$ 11,962,365	\$ 702,610

**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 2014, no expenditures exceeded appropriations at the category level.

**CITY OF NEW BEDFORD, MASSACHUSETTS**

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

For the Year Ended December 31, 2013

**(UNAUDITED)**

Actuarial Valuation Date	Reporting Year	Actuarial Value of Assets (AVA)	Actuarial Accrued Liability (AAL)	Unfunded (Overfunded) AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
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%
01/01/12	2012	239,973,702	577,466,933	337,493,031	42%	82,496,640	409%
01/01/12	2013	239,973,702	577,466,933	337,493,031	42%	82,496,640	409%
01/04/14	2014	258,136,977	606,929,503	348,792,526	43%	84,425,116	413%

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 Plan.

Note: Actuarial valuations are performed at least every other year. Accordingly, the information presented above is not comparative between years.

**CITY OF NEW BEDFORD, MASSACHUSETTS**

Required Supplementary Information  
Contributory Retirement System  
Schedule of Employee Contribution (Unaudited)

For the Year Ended December 31, 2013

**(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>
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%
2013	22,629,695	2012	22,629,695	100%
2014	23,692,690	2013	23,692,690	100%

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.

**CITY OF NEW BEDFORD, MASSACHUSETTS**

Required Supplementary Information  
Contributory Retirement System  
Schedule of Employee Contribution (Unaudited)

For the Year Ended December 31, 2013

**(UNAUDITED)**

**Actuarial Methods and Assumptions:**

The actuarial cost method, factors, and assumptions used in determining cost estimates are presented below:

1. Member Data                                      The member data used in the determination of cost estimates consist of pertinent information with respect to the active, inactive, retired, and disabled members of the employer as supplied by the employer to the actuary.
2. Valuation Date                                      January 1, 2014
3. Actuarial Cost Method                              The costs of the Plan have been determined in accordance with the individual entry age normal actuarial cost method.
4. Rate of Investment Return                              It is assumed that the assets of the fund will accumulate at a compound annual rate of 7.75% per annum.
5. Salary Scale    It is assumed that salaries including longevity will increase at a rate of 3.0% per year.
6. Cost-of-Living Increases                              Cost-of-living increases have been assumed to be 3.0% of the lesser of the pension amount and \$12,000 per year.
7. Value of Investments                                      Assets held by the fund are valued at market value as reported by the Public Employees' Retirement Administration Commission (PERAC). The actuarial value of assets is determined using a five-year smoothing of asset returns greater than or less than the assumed rate of return.
8. Annual Rate of Withdrawal Prior to Retirement                              Based on an analysis of experience, the assumed annual rates of withdrawal may best be illustrated by the following rates at the following ages:

<u>Service</u>	<u>General Employees</u>	<u>Police and Fire</u>
0	0.1500	0.0150
10	0.0540	0.0150
20	0.0200	0.0000
30	0.0000	0.0000

9. Annual Rate of Mortality                              It is assumed that both pre-retirement and post retirement mortality are represented by the RP-2000 Mortality Table for males and females adjusted to 2015 with Scale AA. Mortality for disabled members is represented by the RP-2000 Mortality Table set forward two years for all disabled members.
10. Service Retirement                                      Based on an analysis of experience, the assumed annual retirement rates are illustrated at the following ages:

	<u>Age</u>	<u>Male General Employees</u>	<u>Female General Employees</u>	<u>Male and Female Police and Fire Employees</u>
(Hired prior to April 2, 2012)	50-70	0.01 - 1.00	0.015 - 1.00	0.02 - 1.00
(Hired on or after April 2, 2012)	50-70	0.00 - 1.00	0.000 - 1.00	0.01 - 1.00

See accompanying independent auditors' report

**CITY OF NEW BEDFORD, MASSACHUSETTS**

Required Supplementary Information  
Contributory Retirement System  
Schedule of Employee Contribution (Unaudited)

For the Year Ended December 31, 2013

**(UNAUDITED)**

**Actuarial Methods and Assumptions (Continued):**

11. Annual Rate of Disability Prior to Retirement      Based on an analysis of experience, the assumed annual rates of disability may best be illustrated by the following probabilities at the following ages:

<u>Attained Age</u>	<u>General Employees</u>	<u>Police and Fire Employees</u>
20	0.0001	0.0020
30	0.0003	0.0060
40	0.0010	0.0060
50	0.0019	0.0250

In addition, it is assumed for the general employees that 45% of all disabilities are ordinary (55% are service connected). For police and fire employees, 10% of all disabilities are assumed to be ordinary (90% are service connected).

12. Family Composition      It is assumed that 80% of all members will be survived by a spouse and that females (males) are three years younger (older) than members.
13. Administrative Expense and Section 3(8)(c)      The normal cost is increased by an amount equal to the anticipated administrative expenses for the upcoming fiscal year. The amount for fiscal year 2015 is \$1,450,000. It includes a load for the anticipated net effect of Chapter 32 Section 3(8)(c) transfer payments between systems was included. Costs are anticipated to increase at 3.0% per year.

No changes in actuarial assumptions or benefit provisions that would significantly affect the valuation of the actuarial accrued liability occurred during fiscal year 2014.

**CITY OF NEW BEDFORD, MASSACHUSETTS**

Supplementary Information  
Major Governmental Funds - Wastewater  
Combining Balance Sheet

June 30, 2014

	<u>Operating</u>	<u>Special Projects</u>	<u>Debt Service</u>	<u>Total Wastewater</u>
<b>ASSETS</b>				
Cash	\$ 7,482,947	\$ 4,631,898	\$ 2,654,475	\$ 14,769,320
User charges receivable	2,276,520	-	-	2,276,520
Utility liens receivable	81,756	-	-	81,756
Special assessments receivable	110,148	-	-	110,148
Department receivables	2,200	-	-	2,200
Inventory	55,432	-	-	55,432
Prepaid expenses	424,114	-	-	424,114
	<hr/>	<hr/>	<hr/>	<hr/>
Total assets	10,433,117	4,631,898	2,654,475	17,719,490
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
None	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total deferred outflows of resources	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total assets and deferred outflows of resources	<u>\$ 10,433,117</u>	<u>\$ 4,631,898</u>	<u>\$ 2,654,475</u>	<u>\$ 17,719,490</u>
<b>LIABILITIES:</b>				
Warrants payable	1,423,542	333,290	-	1,756,832
Accounts payable and accrued expenses	4,314	-	-	4,314
Deposits held	-	-	424,114	424,114
Due to other funds	2,691,741	113,705	-	2,805,446
	<hr/>	<hr/>	<hr/>	<hr/>
Total liabilities	4,119,597	446,995	424,114	4,990,706
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred user fees, fines and charges for services	2,470,625	-	-	2,470,625
	<hr/>	<hr/>	<hr/>	<hr/>
Total deferred inflows of resources	2,470,625	-	-	2,470,625
<b>NET POSITION</b>				
Nonspendable	55,432	-	-	55,432
Restricted	1,615,146	-	2,230,361	3,845,507
Committed	2,172,317	4,184,903	-	6,357,220
	<hr/>	<hr/>	<hr/>	<hr/>
Total net position	3,842,895	4,184,903	2,230,361	10,258,159
	<hr/>	<hr/>	<hr/>	<hr/>
Total liabilities, deferred inflows of resources and net position	<u>\$ 10,433,117</u>	<u>\$ 4,631,898</u>	<u>\$ 2,654,475</u>	<u>\$ 17,719,490</u>

See accompanying independent auditors' report

**CITY OF NEW BEDFORD, MASSACHUSETTS**

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

For the Year Ended June 30, 2014

	<u>Operating</u>	<u>Special Projects</u>	<u>Debt Service</u>	<u>Total Wastewater</u>
<b>Revenues:</b>				
Utility usage charges	\$ 19,884,235	\$ -	\$ -	\$ 19,884,235
Liens and penalties	117,091	-	-	117,091
Departmental	6,966	-	-	6,966
Intergovernmental revenues	-	-	5,523,454	5,523,454
Special assessments	26,403	-	-	26,403
Investment income	68,539	3,010	414	71,963
Other	26,805	-	-	26,805
	<hr/>	<hr/>	<hr/>	<hr/>
Total revenues	20,130,039	3,010	5,523,868	25,656,917
<b>Expenditures:</b>				
Salaries	1,293,689	-	-	1,293,689
Charges and services	8,938,429	-	-	8,938,429
Supplies and materials	551,619	-	-	551,619
Capital outlay	441,176	435,770	-	876,946
Debt admin fees	159,094	-	-	159,094
Principal paid on debt	1,006,550	-	6,192,535	7,199,085
Interest paid on debt	375,850	-	4,411,575	4,787,425
	<hr/>	<hr/>	<hr/>	<hr/>
Total expenditures	12,766,407	435,770	10,604,110	23,806,287
Excess (deficiency) of revenues over expenditures	7,363,632	(432,760)	(5,080,242)	1,850,630
Transfers in	-	1,900,000	5,080,656	6,980,656
Transfers (out)	(8,190,067)	(113,705)	-	(8,303,772)
	<hr/>	<hr/>	<hr/>	<hr/>
Excess (deficiency) of revenues and other sources over expenditures and other uses	(826,435)	1,353,535	414	527,514
Net position - July 1, 2013	4,669,330	2,831,368	2,229,947	9,730,645
	<hr/>	<hr/>	<hr/>	<hr/>
Net position - June 30, 2014	\$ 3,842,895	\$ 4,184,903	\$ 2,230,361	\$ 10,258,159
	<hr/>	<hr/>	<hr/>	<hr/>

See accompanying independent auditors' report

**CITY OF NEW BEDFORD, MASSACHUSETTS**

Supplementary Information  
Non-Major Governmental Funds  
Combining Balance Sheet

June 30, 2014

	<u>Highway Improvements</u>	<u>Revolving</u>	<u>Reserve for Appropriation</u>	<u>Donations</u>	<u>Federal / State Grants</u>	<u>School Grants</u>	<u>Community Development</u>	<u>Total Special Revenue</u>
<b>ASSETS</b>								
Cash and investments	\$ (323,379)	\$ 1,769,099	\$ 1,753,575	\$ 203,367	\$ 3,153,567	\$ 701,128	\$ 1,489,042	\$ 8,746,399
Federal and state grants receivable	533,193	1,476,838	-	-	1,979,858	1,338,575	400,582	5,729,046
Loans receivable	-	-	-	-	-	-	20,509,762	20,509,762
Due from other funds	-	74,824	-	56	38,645	-	-	113,525
Receivable, other	-	29,982	-	-	8,682	39,980	-	78,644
Land inventory	-	-	-	-	-	-	246,918	246,918
Total assets	<u>209,814</u>	<u>3,350,743</u>	<u>1,753,575</u>	<u>203,423</u>	<u>5,180,752</u>	<u>2,079,683</u>	<u>22,646,304</u>	<u>35,424,294</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>								
None	-	-	-	-	-	-	-	-
Total deferred outflows of resources	-	-	-	-	-	-	-	-
Total assets and deferred outflows of resources	<u>209,814</u>	<u>3,350,743</u>	<u>1,753,575</u>	<u>203,423</u>	<u>5,180,752</u>	<u>2,079,683</u>	<u>22,646,304</u>	<u>35,424,294</u>
<b>LIABILITIES</b>								
Warrants payable	174,498	63,489	-	2,103	-	940,050	-	1,180,140
Accounts payable and accrued expenses	-	100,233	-	-	356,967	785	380,030	838,015
Due to state or federal government	-	-	-	-	-	209	-	209
Due to other funds	-	38,645	-	1,965	38,679	54,775	381	134,445
Other liabilities	-	-	-	-	(208)	-	21,178	20,970
Total liabilities	<u>174,498</u>	<u>202,367</u>	<u>-</u>	<u>4,068</u>	<u>395,438</u>	<u>995,819</u>	<u>401,589</u>	<u>2,173,779</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>								
Deferred departmental and other receipts	-	36,301	-	-	-	-	-	36,301
Unearned grant income	-	-	-	-	1,099,356	923,627	129,090	2,152,073
Unearned loan income	-	-	-	-	-	-	20,506,697	20,506,697
Total deferred inflows of resources	-	<u>36,301</u>	<u>-</u>	<u>-</u>	<u>1,099,356</u>	<u>923,627</u>	<u>20,635,787</u>	<u>22,695,071</u>
<b>NET POSITION</b>								
Nonspendable	-	-	-	-	-	-	246,918	246,918
Restricted	35,316	2,674,965	1,753,575	199,355	3,700,173	188,660	1,362,010	9,914,054
Committed	-	437,110	-	-	-	-	-	437,110
Unassigned	-	-	-	-	(14,215)	(28,423)	-	(42,638)
Total net position	<u>35,316</u>	<u>3,112,075</u>	<u>1,753,575</u>	<u>199,355</u>	<u>3,685,958</u>	<u>160,237</u>	<u>1,608,928</u>	<u>10,555,444</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 209,814</u>	<u>\$ 3,350,743</u>	<u>\$ 1,753,575</u>	<u>\$ 203,423</u>	<u>\$ 5,180,752</u>	<u>\$ 2,079,683</u>	<u>\$ 22,646,304</u>	<u>\$ 35,424,294</u>

See accompanying independent auditors' report

**CITY OF NEW BEDFORD, MASSACHUSETTS**

Supplemental Information  
Non-Major Governmental Funds  
Combining Balance Sheet

June 30, 2014

	Capital Projects	Permanent Funds		Total Nonmajor Governmental Funds
		Nonexpendable Trusts	Expendable Trusts	
<b>ASSETS</b>				
Cash and investments, unrestricted	\$ 22,553,334	\$ 2,501,245	\$ 12,987	\$ 33,813,965
Cash, restricted	-	5,127,411	-	5,127,411
Receivables, net:				
Federal & state grants receivable	3,909,765	-	-	9,638,811
Loans receivable	-	-	-	20,509,762
Other receivables	-	-	-	78,644
Due from other funds	113,705	1,965	-	229,195
Land inventory	-	-	-	246,918
<b>Total assets</b>	<b>26,576,804</b>	<b>7,630,621</b>	<b>12,987</b>	<b>69,644,706</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
None	-	-	-	-
<b>Total deferred outflows of resources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total assets and deferred outflows of resources</b>	<b>\$ 26,576,804</b>	<b>\$ 7,630,621</b>	<b>\$ 12,987</b>	<b>\$ 69,644,706</b>
<b>LIABILITIES</b>				
Warrants payable	158,350	-	-	1,338,490
Accounts payable and accrued expenses	5,804,193	4,329	-	6,646,537
Retainage payable	273,511	-	-	273,511
Bonds and notes payable	25,183,346	-	-	25,183,346
Interim loan payable	2,000,000	-	-	2,000,000
Due to other funds	-	56	-	134,501
Due to other governments	-	-	-	209
Other liabilities	-	-	-	20,970
<b>Total liabilities</b>	<b>33,419,400</b>	<b>4,385</b>	<b>-</b>	<b>35,597,564</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred departmental and other receipts	-	-	-	36,301
Unearned grant income	-	-	-	2,152,073
Unearned loan income	-	-	-	20,506,697
<b>Total deferred inflows of resources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>22,695,071</b>
<b>NET POSITION</b>				
Nonspendable	-	5,127,411	-	5,374,329
Restricted	99,161	2,615,111	12,987	12,641,313
Committed	1,895,445	-	-	2,332,555
Unassigned	(8,837,202)	(116,286)	-	(8,996,126)
<b>Total net position</b>	<b>(6,842,596)</b>	<b>7,626,236</b>	<b>12,987</b>	<b>11,352,071</b>
<b>Total liabilities, deferred inflows of resources and net position</b>	<b>\$ 26,576,804</b>	<b>\$ 7,630,621</b>	<b>\$ 12,987</b>	<b>\$ 69,644,706</b>

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, 2014

	<u>Highway Improvements</u>	<u>Revolving</u>	<u>Reserve for Appropriation</u>	<u>Donations</u>	<u>Federal / State Grants</u>	<u>School Grants</u>	<u>Community Development</u>	<u>Total Special Revenue</u>
<b>REVENUES</b>								
Federal grants	\$ -	\$ 5,495,176	\$ -	\$ -	\$ 5,323,918	\$ 12,991,690	\$ 5,184,944	\$ 28,995,728
State grants	2,203,012	1,943,608	-	-	2,769,595	1,646,414	183,642	8,746,271
Investment income	-	287	951	6,891	64	-	51,448	59,641
Charges for services	-	1,481,435	147,737	-	-	-	-	1,629,172
Miscellaneous and other revenues	-	554,735	165,000	29,350	1,545,100	869,441	789,295	3,952,921
<b>Total revenues</b>	<b>2,203,012</b>	<b>9,475,241</b>	<b>313,688</b>	<b>36,241</b>	<b>9,638,677</b>	<b>15,507,545</b>	<b>6,209,329</b>	<b>43,383,733</b>
<b>EXPENDITURES</b>								
General government	-	387,132	-	81	506,802	-	-	894,015
Public safety	-	218,580	-	15,645	6,659,188	-	-	6,893,413
Public works	2,263,412	69,031	-	-	551,077	-	-	2,883,520
Education	-	7,929,983	-	5,289	9,442	15,393,542	-	23,338,256
Health and human services	-	28,193	-	22,612	632,776	-	-	683,581
Culture and recreation	-	362,148	-	17,032	1,082,190	-	-	1,461,370
Principal payments	-	-	-	-	51,000	-	-	51,000
Interest payments	-	-	-	-	5,725	-	-	5,725
Community and economic development	-	-	-	-	-	-	5,728,310	5,728,310
<b>Total expenditures</b>	<b>2,263,412</b>	<b>8,995,067</b>	<b>-</b>	<b>60,659</b>	<b>9,498,200</b>	<b>15,393,542</b>	<b>5,728,310</b>	<b>41,939,190</b>
Excess (deficiency) of revenue over expenditures	(60,400)	480,174	313,688	(24,418)	140,477	114,003	481,019	1,444,543
<b>OTHER FINANCING SOURCES (USES)</b>								
Special item - proceeds from insurance recovery	-	9,063	-	-	-	-	-	9,063
Transfers in	-	7,495	-	-	457,367	11,383	-	476,245
Transfers out	-	(38,645)	(176,987)	-	(7,494)	(11,383)	-	(234,509)
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>(22,087)</b>	<b>(176,987)</b>	<b>-</b>	<b>449,873</b>	<b>-</b>	<b>-</b>	<b>250,799</b>
Change in net position	(60,400)	458,087	136,701	(24,418)	590,350	114,003	481,019	1,695,342
Net position - July 1, 2013	95,716	2,653,988	1,616,874	223,773	3,095,608	46,234	1,127,909	8,860,102
Net position - June 30, 2014	<u>\$ 35,316</u>	<u>\$ 3,112,075</u>	<u>\$ 1,753,575</u>	<u>\$ 199,355</u>	<u>\$ 3,685,958</u>	<u>\$ 160,237</u>	<u>\$ 1,608,928</u>	<u>\$ 10,555,444</u>

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, 2014

	Capital Projects	Permanent Funds		Total Nonmajor Governmental Funds
		Nonexpendable Trusts	Expendable Trusts	
<b>REVENUE</b>				
MSBA assistance	\$ (660,485)	\$ -	\$ -	\$ (660,485)
Investment income	-	596,770	1	656,412
Intergovernmental - operating grants	-	-	-	36,444,635
Intergovernmental - capital grants	6,004,883	-	-	7,302,247
Charges for services	-	-	-	1,629,172
Miscellaneous	483,175	228,182	4,102	4,668,380
Total revenues	<u>5,827,573</u>	<u>824,952</u>	<u>4,103</u>	<u>50,040,361</u>
<b>EXPENDITURES</b>				
General government	2,206,123	-	-	3,100,138
Public safety	114,583	-	-	7,007,996
Education	1,507,420	1,943	404	24,848,023
Public works	2,372,324	80,873	-	5,336,717
Community and economic development	-	-	-	5,728,310
Health and human services	-	-	-	683,581
Municipal airport	7,155,263	-	-	7,155,263
Culture and recreation	97,362	144,383	-	1,703,115
Debt service:				
Principal payments	-	-	-	51,000
Interest and fiscal charges	-	-	-	5,725
Total expenditures	<u>13,453,075</u>	<u>227,199</u>	<u>404</u>	<u>55,619,868</u>
Excess (deficiency) of revenues over expenditures	<u>(7,625,502)</u>	<u>597,753</u>	<u>3,699</u>	<u>(5,579,507)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Bond proceeds	10,000,000	-	-	10,000,000
Special item - insurance proceeds	-	-	-	9,063
Transfers in	485,705	-	-	961,950
Transfers out	-	(70,000)	-	(304,509)
Total other financing sources and uses	<u>10,485,705</u>	<u>(70,000)</u>	<u>-</u>	<u>10,666,504</u>
Change in net position	2,860,203	527,753	3,699	5,086,997
Net position - July 1, 2013	<u>(9,702,799)</u>	<u>7,098,483</u>	<u>9,288</u>	<u>6,265,074</u>
Net position - June 30, 2014	<u>\$ (6,842,596)</u>	<u>\$ 7,626,236</u>	<u>\$ 12,987</u>	<u>\$ 11,352,071</u>

See accompanying independent auditors' report

**CITY OF NEW BEDFORD, MASSACHUSETTS**

Supplementary Information  
Private Purpose Trust Funds  
Combining Statement of Net Position

June 30, 2014

	<u>Mary Souza Scholarship</u>	<u>Stawasz Scholarship</u>	<u>Elwyn G. Campbell</u>	<u>Taylor School</u>	<u>Total</u>
<b>ASSETS</b>					
Cash and short-term investments	\$ 250,206	\$ 153,443	\$ 13,598	\$ 30	\$ 417,277
Total assets	<u>250,206</u>	<u>153,443</u>	<u>13,598</u>	<u>30</u>	<u>417,277</u>
<b>LIABILITIES</b>					
Accounts payable	-	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>NET POSITION</b>					
Held in trust for scholarships	<u>\$ 250,206</u>	<u>\$ 153,443</u>	<u>\$ 13,598</u>	<u>\$ 30</u>	<u>\$ 417,277</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 Position  
For the Year Ended June 30, 2014

	<u>Mary Souza Scholarship</u>	<u>Stawasz Scholarship</u>	<u>Elwyn G. Campbell</u>	<u>Taylor School</u>	<u>Total</u>
<b>Additions:</b>					
Investment income:					
Dividends and interest	\$ 3,738	\$ 5,280	\$ 191	\$ -	\$ 9,209
Net appreciation in fair value of investments	(1,012)	(689)	(255)	-	(1,956)
Gain (loss) on sale of investments	<u>(1,059)</u>	<u>(808)</u>	<u>288</u>	<u>-</u>	<u>(1,579)</u>
Total investment income	<u>1,667</u>	<u>3,783</u>	<u>224</u>	<u>-</u>	<u>5,674</u>
Total additions	<u>1,667</u>	<u>3,783</u>	<u>224</u>	<u>-</u>	<u>5,674</u>
<b>Deductions:</b>					
Education	<u>10,000</u>	<u>922</u>	<u>200</u>	<u>-</u>	<u>11,122</u>
Total deductions	<u>10,000</u>	<u>922</u>	<u>200</u>	<u>-</u>	<u>11,122</u>
Change in net position	(8,333)	2,861	24	-	(5,448)
Net position - beginning of year	<u>258,539</u>	<u>150,582</u>	<u>13,574</u>	<u>30</u>	<u>422,725</u>
Net position - end of year	<u>\$ 250,206</u>	<u>\$ 153,443</u>	<u>\$ 13,598</u>	<u>\$ 30</u>	<u>\$ 417,277</u>

See accompanying independent auditors' report

**CITY OF NEW BEDFORD, MASSACHUSETTS**

Supplementary Information  
Statement of Property and Excise Tax Receivable

For the Year Ended June 30, 2014

	<b>BEGINNING BALANCE</b>	<b>COMMITMENTS</b>	<b>COLLECTIONS</b>	<b>MISCELLANEOUS ADJUSTMENTS</b>	<b>EXEMPTIONS &amp; ABATEMENTS</b>	<b>TO TAX TITLE</b>	<b>REFUNDS</b>	<b>ENDING BALANCE</b>
<b>Personal Property:</b>								
2014	\$ -	\$ 6,120,743	\$ (6,075,886)	\$ (504)	\$ (1,538)	\$ -	\$ -	\$ 42,815
2013	50,684	-	(12,496)	(19,774)	(6,065)	-	-	12,349
2012	54,010	-	-	(1,005)	-	-	-	53,005
2011	55,476	-	-	(6,118)	-	-	-	49,358
2010	41,331	-	-	665	-	-	-	41,996
2009	30,424	-	-	(1,592)	-	-	-	28,832
2008	25,750	-	-	(3,596)	(179)	-	-	21,975
2007	24,017	-	-	(1,587)	(186)	-	-	22,244
2006	27,788	-	-	(1,004)	(102)	-	-	26,682
2005	(571)	-	-	-	-	-	-	(571)
2004	(329)	-	-	24	-	-	-	(305)
2003	(13)	-	-	-	-	-	-	(13)
2002	-	-	-	-	-	-	-	-
2001 and prior	(87)	-	-	(5)	-	-	-	(92)
<b>Total Personal Property:</b>	<b>\$ 308,480</b>	<b>\$ 6,120,743</b>	<b>\$ (6,088,382)</b>	<b>\$ (34,496)</b>	<b>\$ (8,070)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 298,275</b>
<b>Real Estate:</b>								
2014	\$ -	\$ 90,563,185	\$ (85,687,835)	\$ (17,205)	\$ (1,110,530)	\$ -	\$ 161,150	\$ 3,908,765
2014 Supplemental	-	88,941	(68,805)	2,725	-	-	-	22,861
2013	4,055,207	3,678	(1,629,276)	(16,071)	(31,556)	(2,585,815)	205,430	1,597
2012	(21,200)	-	234	24,188	(45,072)	-	41,562	(288)
2011	37	-	-	(37)	-	-	-	-
2010	2,262	-	-	1	-	-	-	2,263
2009	(789)	-	-	-	-	-	412	(377)
2008	3,328	-	-	-	-	-	-	3,328
2007 and prior	52,093	-	-	-	-	-	-	52,093
<b>Total Real Estate:</b>	<b>\$ 4,090,938</b>	<b>\$ 90,655,804</b>	<b>\$ (87,385,682)</b>	<b>\$ (6,399)</b>	<b>\$ (1,187,158)</b>	<b>\$ (2,585,815)</b>	<b>\$ 408,554</b>	<b>\$ 3,990,242</b>
<b>Total Property Taxes:</b>	<b>\$ 4,399,418</b>	<b>\$ 96,776,547</b>	<b>\$ (93,474,064)</b>	<b>\$ (40,895)</b>	<b>\$ (1,195,228)</b>	<b>\$ (2,585,815)</b>	<b>\$ 408,554</b>	<b>\$ 4,288,517</b>

See accompanying independent auditors' report

**CITY OF NEW BEDFORD, MASSACHUSETTS**

Supplementary Information  
Statement of Property and Excise Tax Receivable

For the Year Ended June 30, 2014

	<u>BEGINNING BALANCE</u>	<u>COMMITMENTS</u>	<u>COLLECTIONS</u>	<u>MISCELLANEOUS ADJUSTMENTS</u>	<u>EXEMPTIONS &amp; ABATEMENTS</u>	<u>TRANSFER TO TAX TITLE</u>	<u>REFUNDS</u>	<u>ENDING BALANCE</u>
<b><u>Motor Vehicle:</u></b>								
2014	\$ -	\$ 5,984,024	\$ (5,041,665)	\$ 13,982	\$ (130,618)	\$ -	\$ 28,431	\$ 854,154
2013	732,159	525,738	(954,992)	(1)	(69,090)	-	75,311	309,125
2012	261,934	1,264	(152,050)	24,218	(7,993)	-	11,190	138,563
2011	141,451	240	(39,254)	7,893	(2,461)	-	1,925	109,794
2010	107,431	35	(17,816)	1,774	(449)	-	474	91,449
2009	93,116	481	(13,224)	1,788	(684)	-	247	81,724
2008	88,282	-	(7,288)	978	(346)	-	111	81,737
2007	105,320	-	(5,520)	37	(166)	-	264	99,935
2006	96,153	-	(4,667)	661	(193)	-	97	92,051
2005	97,498	-	(3,695)	464	(100)	-	69	94,236
2004	84,156	-	(1,657)	-	(248)	-	120	82,371
<b>Total Motor Vehicle:</b>	<u>\$ 1,807,500</u>	<u>\$ 6,511,782</u>	<u>\$ (6,241,828)</u>	<u>\$ 51,794</u>	<u>\$ (212,348)</u>	<u>\$ -</u>	<u>\$ 118,239</u>	<u>\$ 2,035,139</u>
<b>Total Property and Motor Vehicle:</b>	<u>\$ 6,206,918</u>	<u>\$ 103,288,329</u>	<u>\$ (99,715,892)</u>	<u>\$ 10,899</u>	<u>\$ (1,407,576)</u>	<u>\$ (2,585,815)</u>	<u>\$ 526,793</u>	<u>\$ 6,323,656</u>

See accompanying independent auditors' report

**CITY OF NEW BEDFORD, MASSACHUSETTS**

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

June 30, 2014

	<b>Outstanding Balance June 30, 2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
GOB 2004 - Refund 1996	\$ 1,785,000	\$ 585,000	\$ 595,000	\$ 605,000	\$ -	\$ -
GOB 2004 - Refund 1995	730,000	360,000	370,000	-	-	-
Sewer Bonds	1,187,000	216,000	226,000	238,000	249,000	258,000
General Public Improvement	1,937,000	393,000	390,000	387,000	385,000	382,000
Federal Loan 1996 Series A	785,000	515,000	270,000	-	-	-
Federal Loan 1998 Series A	77,945,000	5,085,000	5,490,000	5,920,000	6,090,000	6,260,000
Federal Loan 2000 Series 6	3,895,000	170,000	180,000	185,000	185,000	195,000
Middle School, Public Imp	23,091,000	3,006,000	3,079,000	3,160,000	3,266,000	3,370,000
Federal Loan 2003 Series 8	417,334	40,715	42,412	44,108	44,108	45,805
Federal Loan 2003 Pool 9	825,000	80,000	80,000	85,000	90,000	90,000
HUD 108 - 2003-A	950,000	105,000	105,000	105,000	105,000	105,000
Federal Loan DW-02-13	1,335,041	100,041	105,000	110,000	110,000	115,000
Federal Loan DW-02-20	2,626,461	197,786	204,888	214,883	219,880	229,875
\$11,434M GOB 2006	5,730,000	585,000	585,000	555,000	550,000	550,000
Federal Loan CW-04-28	389,929	29,040	29,627	30,225	30,836	31,459
Federal Loan CW-03-36	4,236,130	149,520	153,009	156,581	160,235	163,975
GOSQ Bond 2007	9,960,000	1,060,000	1,080,000	1,105,000	1,125,000	1,150,000
Federal Loan DW-02-13A	283,978	19,320	19,710	20,108	20,514	20,929
Federal Loan DW-04-13	4,206,429	286,179	291,961	297,859	303,876	310,015
GOB 2008 Series A	10,575,000	650,000	665,000	680,000	695,000	715,000
General Obligation SQ Bond - Series B	2,780,000	335,000	335,000	335,000	335,000	330,000
MWPAT CW 03-36A	518,115	18,050	18,493	18,946	19,410	19,886
MWPAT DW 06-10 Series 14	6,298,422	363,678	371,025	378,521	386,167	393,969
\$950,000 General Obligation State Qualified	600,000	90,000	95,000	100,000	100,000	105,000
\$14.571 Million Bond Issue	12,300,000	605,000	625,000	640,000	665,000	690,000
\$19.30 Million ARRA Revenue Bond	6,159,425	164,100	168,086	172,169	176,351	180,635
\$2.704 Million GOB Series A	2,385,000	160,000	170,000	160,000	170,000	175,000
\$4.589 Million GOB Series B	4,265,000	165,000	175,000	180,000	185,000	195,000
MWPAT Series 16 CWS-09-12-A	10,174,051	241,133	247,288	253,599	260,071	266,708
MWPAT Series 16 DWS-09-23	1,833,485	78,973	80,689	82,443	84,235	86,065
\$4.373 Million GOB SQ Bond	4,165,000	215,000	220,000	220,000	225,000	230,000
\$10 Million GOB, Ch 70B Bond	10,000,000	120,000	250,000	260,000	275,000	290,000
	<b>\$ 214,368,800</b>	<b>\$ 16,188,535</b>	<b>\$ 16,717,188</b>	<b>\$ 16,699,442</b>	<b>\$ 16,510,683</b>	<b>\$ 16,954,321</b>

See accompanying independent auditors' report

**CITY OF NEW BEDFORD, MASSACHUSETTS**

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

June 30, 2014

	2020	2021	2022	2023	2024
GOB 2004 - Refund 1996	\$ -	\$ -	\$ -	\$ -	\$ -
GOB 2004 - Refund 1995	-	-	-	-	-
Sewer Bonds	-	-	-	-	-
General Public Improvement	-	-	-	-	-
Federal Loan 1996 Series A	-	-	-	-	-
Federal Loan 1998 Series A	6,440,000	6,620,000	6,810,000	7,005,000	7,205,000
Federal Loan 2000 Series 6	200,000	210,000	220,000	225,000	235,000
Middle School, Public Imp	3,525,000	3,685,000	-	-	-
Federal Loan 2003 Series 8	47,501	49,198	50,894	52,593	-
Federal Loan 2003 Pool 9	95,000	100,000	100,000	105,000	-
HUD 108 - 2003-A	105,000	105,000	105,000	110,000	-
Federal Loan DW-02-13	120,000	125,000	130,000	135,000	140,000
Federal Loan DW-02-20	239,869	244,866	254,861	264,856	274,850
\$11,434M GOB 2006	550,000	545,000	435,000	435,000	370,000
Federal Loan CW-04-28	32,094	32,742	33,404	34,079	34,767
Federal Loan CW-03-36	167,802	171,717	175,726	179,827	184,024
GOSQ Bond 2007	1,175,000	580,000	580,000	575,000	575,000
Federal Loan DW-02-13A	21,352	21,784	22,223	22,673	23,131
Federal Loan DW-04-13	316,277	322,667	329,185	335,836	342,621
GOB 2008 Series A	725,000	745,000	770,000	1,005,000	1,145,000
General Obligation SQ Bond - Series B	330,000	330,000	330,000	120,000	-
MWPAT CW 03-36A	20,373	20,873	21,384	21,908	22,445
MWPAT DW06-10 Series 14	401,928	410,047	418,331	426,782	435,404
\$950,000 General Obligation State Qualified	110,000	-	-	-	-
\$14.571 Million Bond Issue	710,000	740,000	765,000	460,000	415,000
\$19.30 Million ARRA Revenue Bond	185,023	189,517	194,121	198,837	203,667
\$2.704 Million GOB Series A	175,000	185,000	105,000	110,000	110,000
\$4.589 Million GOB Series B	200,000	210,000	220,000	225,000	235,000
MWPAT Series 16 CWS-09-12-A	273,515	280,496	287,654	294,996	302,525
MWPAT Series 16 DWS-09-23	87,936	89,847	91,800	93,795	95,833
\$4.373 Million GOB SQ Bond	235,000	245,000	250,000	255,000	255,000
\$10 Million GOB, Ch 70B Bond	300,000	320,000	330,000	345,000	355,000
	<u>\$ 16,788,670</u>	<u>\$ 16,578,754</u>	<u>\$ 13,029,583</u>	<u>\$ 13,036,182</u>	<u>\$ 12,959,267</u>

See accompanying independent auditors' report