

**CITY OF NEW BEDFORD,  
MASSACHUSETTS  
BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2015**



**Jonathan F. Mitchell  
Mayor**

**Ari J. Sky  
Chief Financial Officer**

**Prepared by the: Office of the Chief Financial Officer**



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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, 2015 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, 2015, 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 – Adoption of GASB Statement Nos. 68 and 71***

As discussed in Note 1 to the financial statements, during fiscal year 2015, the City adopted GASB Statement Nos. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27* and 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - an amendment of GASB Statement No. 68*. As a result of the implementation of GASB Statement No. 68, the City reported a restatement for the change in accounting principle (see Note 16). 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, budgetary comparison information, the schedules of both the system and the City's net pension liability and the schedules of both the system and employers contributions on pages 3 through 18 and 89 through 100 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 101 through 115 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 101 through 115 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 101 through 115 are fairly stated in all material respects in relation to the basic financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated March 25, 2016, 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, Sahady & Co. PC*

**Hague, Sahady & Co., P.C.**

Fall River, Massachusetts  
March 25, 2016

## CITY OF NEW BEDFORD, MASSACHUSETTS

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

Year Ended June 30, 2015

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, 2015 and 2014. We encourage readers to consider the information presented here in conjunction with additional information found within the body of the audit.

### **FINANCIAL Highlights:**

- The liabilities plus deferred inflows of resources exceed the assets plus deferred outflows of resources of the City at June 30, 2015 and 2014, respectively, by \$83,410,610 and \$86,336,959 (restated). Of this amount, \$(337,381,650) represents unrestricted net position at June 30, 2015 and \$(320,802,457) at June 30, 2014 (restated). This is as a result of the newly implemented GASB Statement No. 68, recording a net pension liability of approximately \$288 million as of June 30, 2015. The net OPEB liability of the City required by GASB Statement No. 45 was of June 30, 2015 of \$151 million.
- Retroactive implementation of GASB Statement No. 68 resulted in a restatement of the City's beginning net position by \$269,595,188 for the governmental activities and \$14,189,220 for the business-type activities, totaling \$283,784,408 city-wide.
- The City's total net position increased by \$2,926,349 for the fiscal year ended June 30, 2015. Business-type activities increased by \$9,705,405, whereas the governmental activities decreased by \$6,779,056.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$36,101,913. As of June 30, 2014 ending fund balances for governmental funds were \$49,638,044.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$11,878,945, or 3.9% of total general fund expenditures.
- The City's total long term debt (including compensated absences and capital lease liabilities) decreased by \$8,115,366 from \$234,149,882 to \$226,034,516 during the current fiscal year. The key factor in this decrease is that the City has incurred new debt totaling \$7,948,000, pay downs were made totaling \$13,216,648 and the state subsidized principal payments totaled \$3,045,458 through the Massachusetts Water Pollution Trust.
- The business-type activities increased the City's net position by \$9,705,405 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.

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).

*Continued*

## CITY OF NEW BEDFORD, MASSACHUSETTS

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

Year Ended June 30, 2015

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

- **Governmental activities** - Governmental activities of the City such as general government, public works, public safety, education, community and economic development, and culture and recreation are reported here. Property taxes, state aid, local fees and charges finance most of these activities.
- **Business-type activities** - Business-type activities of the City such as water, airport, and the downtown parking fund are reported here. Charges for services finance most of these activities.
- **Component units** - The government-wide financial statements not only include the governmental and business-type activities (known as the primary government) but also legally separate entities. There are 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 19 through 23 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, airport, downtown parking, 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*.

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.

*Continued*

## CITY OF NEW BEDFORD, MASSACHUSETTS

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

Year Ended June 30, 2015

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 24 through 26 of this report. The budgetary statements can be found on pages 89 through 94 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, airport and downtown parking operations as well as the internal service fund which are considered major funds.

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

The proprietary fund financial statements can be found on pages 30 through 34 of this report. The budgetary statements can be found on pages 101 through 105 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 35 through 36 of this report.

**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 37 through 88 of this report.

**Other information:** In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information/supplementary information concerning all legally adopted budgets. The City appropriates an annual appropriation budget for the general, water, airport, downtown parking and wastewater funds. Budgetary comparison schedules are presented to demonstrate compliance with the budgets on pages 89 through 94 and pages 101 through 105.

### 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, liabilities plus deferred inflows of resources exceeded assets plus deferred outflows of resources by \$83,410,610 as of June 30, 2015 and \$86,336,959 as of June 30, 2014 (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.

*Continued*

## CITY OF NEW BEDFORD, MASSACHUSETTS

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

Year Ended June 30, 2015

### GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

The City's unrestricted net position is negative as of June 30, 2015, mainly as a result of increasing OPEB liabilities in accordance with the City's amortization schedule (for more information see Note 7 to the financial statements) as well as the implementation of GASB Statement No. 68 during fiscal year 2015 (for more information see Note 6 to the financial statements).

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.

An additional portion of the City's net position (\$29,570,423) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position \$(337,381,650) 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, 2015 and June 30, 2014 cash and investments consisted of \$103,717,153 and \$96,901,758 respectively.

At the end of fiscal year 2015, 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. Additionally, the implementation of GASB Statement No. 68 required the City to record its proportionate share of the Retirement System's net pension liability. For year ended 2015, 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 and the required implementation of GASB Statement No. 68.

### Discussion on Other Post Employment Benefits

The City of New Bedford utilizes the Management Discussion and Analysis to inform readers of the financial statements about relevant fiscal information which includes the potential liability associated with Other Post Employment Benefits (OPEB) for its employees. The estimated liability associated with OPEB was calculated in compliance with GASB Statement No. 45 (GASB 45), *Accounting and Financial Reporting by Employers for Post Employment Benefits Other than Pensions*, by Sherman Actuarial Services, LLC, an actuarial firm hired by the City of New Bedford. A number of factors drive the potential cost of OPEB liability. As required by GASB 45 an actuarial update is performed every two years. The updated study also performed by Sherman Actuarial Services, LLC indicates that as of July 1, 2014, the total Unfunded Actuarial Accrued Liability ("UAAL") was \$424.8 million. This valuation dated July 1, 2014 was performed during February of 2015 and incorporated the changes made to the City's available insurance plans that occurred during January of 2015.

Because the City of New Bedford was unable fund the annual required contribution ("ARC") into a trust, the actuarial study assumed a amortization period of 30 years as of July 1, 2014 for this valuation and for all future valuations. The \$151 million net OPEB obligation ("NOO") that appears on the balance sheet of these financials (i.e. on the Government-Wide Statement of Net Position) is the cumulative amount of NOO based on the most recent report and data set; it is a portion of the overall \$424.8 million that is reported in the actuarial study. According to the July 1, 2014 study, the City's OPEB Cost (i.e. the ARC) for fiscal 2015 is \$28.2 million. The City is also able to take credit for the actuarial value of payments it made (i.e. the attributed premiums paid) in the amount of \$16.6 million and did contribute \$759,483 as an initial investment into the State Retiree Benefits Trust ("SRBT") during fiscal year 2016. City management is currently working with the actuarial firm to determine the effects on the July 1, 2016 valuation study as a result of the contribution into the SRBT. The \$16.6 million of payments during fiscal 2015 include an actuarially calculated "implicit subsidy" associated with covering retirees. The net OPEB obligation (NOO) is the difference between the ARC (\$28.2 million) and the attributed premiums paid (\$16.6 million), or \$11.6 million, which is equal to the increase in the liability for OPEB within the fiscal year 2015 financial statements. Please refer to Note 7 of the financial statements for more detailed information.

*Continued*

**CITY OF NEW BEDFORD, MASSACHUSETTS**

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

Year Ended June 30, 2015

**Discussion on Other Post Employment Benefits (Benefits)**

A number of factors that impact the results of the actuarial study are within the control of management; thus management's decisions can impact the potential future liability. Several key items that contributed to the reduction of the Unfunded Actuarial Accrued Liability (UAAL) between OPEB studies are worthy of note. As stated above, the City recently completed an exhaustive review of its health care program, with the objective of reducing retiree health care costs. As a result of the changes to the City's health care program, the unfunded liability is approximately 25% reduced from the July 1, 2012 valuation. Additionally, as also stated in the preceding paragraph, City Council recently voted to establish an OPEB Trust Fund, with initial funding commencing during 2016. Current accounting standards (GASB Statement Nos. 43 and 45) do not *require* pre-funding such benefits, but the basis applied by the standards for measurement of costs and liabilities for these benefits is conservative if they continue to be funded on a pay-as-you-go basis and will result in larger yearly cost and liability accruals than if such benefits were pre-funded in a trust fund in the same manner as traditional pension benefits.

Readers of these statements must keep in mind that the liability associated with OPEB is based on an actuarial study and represents an estimate for future potential liability based on a set of known factors at the time the study is completed; thus policy changes relative to OPEB would have an effect on the Unfunded Accrued Liability. A copy of the Other Post-Employment Benefit Actuarial Valuation dated July 1, 2014 utilized in these financial statements is available by contacting the Office of the Chief Financial Officer, 133 Williams Street, New Bedford, MA 02740.

**CITY OF NEW BEDFORD, MASSACHUSETTS**

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

Year Ended June 30, 2015

**Net Position for the period ending June 30, 2015 and June 30, 2014 (Government-wide level)**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2015</u>	<u>2014**</u>	<u>2015</u>	<u>2014**</u>	<u>2015</u>	<u>2014**</u>
<b>ASSETS</b>						
Current assets	\$ 183,233,661	\$ 164,994,411	\$ 8,785,974	\$ 8,859,770	\$ 192,019,635	\$ 173,854,181
Long-term assets	51,433,837	56,862,793	395,612	427,307	51,829,449	57,290,100
Capital assets	<u>348,471,851</u>	<u>334,113,260</u>	<u>83,938,042</u>	<u>76,811,538</u>	<u>432,409,893</u>	<u>410,924,798</u>
Total assets	<u>583,139,349</u>	<u>555,970,464</u>	<u>93,119,628</u>	<u>86,098,615</u>	<u>676,258,977</u>	<u>642,069,079</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>						
GASB 68 - Differences between expected and actual experience	3,195,629	-	1,077,689	-	4,273,318	-
Deferred asset advance refunding, net amortization	<u>290,056</u>	<u>380,539</u>	<u>-</u>	<u>-</u>	<u>290,056</u>	<u>380,539</u>
Total deferred outflows of resources	<u>3,485,685</u>	<u>380,539</u>	<u>1,077,689</u>	<u>-</u>	<u>4,563,374</u>	<u>380,539</u>
Total assets and deferred outflows of resources	<u>\$ 586,625,034</u>	<u>\$ 556,351,003</u>	<u>\$ 94,197,317</u>	<u>\$ 86,098,615</u>	<u>\$ 680,822,351</u>	<u>\$ 642,449,618</u>
<b>LIABILITIES</b>						
Current liabilities	118,885,373	76,838,772	3,833,420	4,178,860	122,718,793	81,017,632
Long-term liabilities	<u>598,533,878</u>	<u>603,527,392</u>	<u>42,980,290</u>	<u>30,052,333</u>	<u>641,514,168</u>	<u>633,579,725</u>
Total liabilities	<u>717,419,251</u>	<u>680,366,164</u>	<u>46,813,710</u>	<u>34,231,193</u>	<u>764,232,961</u>	<u>714,597,357</u>
<b>NET POSITION</b>						
Investments in capital assets (net of debt)	168,323,625	175,040,568	56,076,992	47,259,222	224,400,617	222,299,790
Restricted	24,738,122	21,614,231	4,832,301	4,740,697	29,570,423	26,354,928
Unrestricted	<u>(323,855,964)</u>	<u>(320,669,960)</u>	<u>(13,525,686)</u>	<u>(132,497)</u>	<u>(337,381,650)</u>	<u>(320,802,457)</u>
Total net position	<u>(130,794,217)</u>	<u>(124,015,161)</u>	<u>47,383,607</u>	<u>51,867,422</u>	<u>(83,410,610)</u>	<u>(72,147,739)</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 586,625,034</u>	<u>\$ 556,351,003</u>	<u>\$ 94,197,317</u>	<u>\$ 86,098,615</u>	<u>\$ 680,822,351</u>	<u>\$ 642,449,618</u>

\*\* Total net position for fiscal year ended June 30, 2014 has been restated - refer to the restatement note (page 85) in the financial statements for the explanation.

**CITY OF NEW BEDFORD, MASSACHUSETTS**

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

Year Ended June 30, 2015

The City's net position for its governmental funds increased during the current fiscal year, due primarily to bond proceeds of \$7,948,000. Net income before transfers for business-type activities increased due to operating income in the amount of \$1,625,552.

**Governmental activities:** Governmental activities decreased the City's net position by \$(6,779,056) for fiscal year ended June 30, 2015.

**Business-type activities:** Business-type activities increased the City's net position by \$9,705,405 for 2015.

Transfers of capital assets net of related debt in the amount of \$9,422,622 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 pages:

**Changes in Net Position for the period ending June 30, 2015 and June 30, 2014 (Government-wide level)**

	Governmental Activities		Business-Type Activities		Total	
	2015	2014**	2015	2014**	2015	2014**
<b>REVENUES</b>						
Program revenues:						
Charges for service	\$ 53,872,265	\$ 48,108,409	\$ 13,345,837	\$ 11,946,173	\$ 67,218,102	\$ 60,054,582
Operating grants & contributions	180,766,856	193,410,279	-	-	180,766,856	193,410,279
Capital grants & contributions	19,328,858	9,119,991	-	(30,135)	19,328,858	9,089,856
General revenues:						
Property taxes	98,308,125	92,873,411	-	-	98,308,125	92,873,411
Motor vehicle excise	8,376,223	7,805,742	-	-	8,376,223	7,805,742
Tax liens, fines & other	6,312,922	5,119,861	-	-	6,312,922	5,119,861
Intergovernmental	23,060,658	22,301,097	-	-	23,060,658	22,301,097
Earnings on investments	375,916	903,140	-	-	375,916	903,140
Other	4,827,654	5,160,582	233,578	338,136	5,061,232	5,498,718
Total revenues	395,229,477	384,802,512	13,579,415	12,254,174	408,808,892	397,056,686

**CITY OF NEW BEDFORD, MASSACHUSETTS**

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

Year Ended June 30, 2015

**Changes in Net Position for the period ending June 30, 2015 and June 30, 2014 (Government-wide level)**

	Governmental Activities		Business-Type Activities		Total	
	2015	2014**	2015	2014**	2015	2014**
<b>EXPENSES</b>						
General government	\$ 16,068,463	\$ 15,141,811	\$ -	\$ -	\$ 16,068,463	\$ 15,141,811
Public safety	67,315,497	74,704,868	-	-	67,315,497	74,704,868
Public works	32,245,284	35,035,623	-	-	32,245,284	35,035,623
Education	201,478,727	222,311,813	-	-	201,478,727	222,311,813
Community and economic development	6,232,160	5,892,790	-	-	6,232,160	5,892,790
Health & human services	6,946,019	5,711,823	-	-	6,946,019	5,711,823
Culture and recreation	7,664,014	8,273,031	-	-	7,664,014	8,273,031
Debt service (interest)	7,141,982	7,567,178	-	-	7,141,982	7,567,178
Miscellaneous	9,599,109	8,822,341	-	-	9,599,109	8,822,341
State and county charges	12,149,703	10,252,470	-	-	12,149,703	10,252,470
Pension expense	24,789,517	-	-	-	24,789,517	-
Downtown Parking (enterprise)	-	-	713,144	-	713,144	-
Water (enterprise)	-	-	9,858,365	9,695,886	9,858,365	9,695,886
Airport (enterprise)	-	-	2,201,245	1,416,730	2,201,245	1,416,730
Total expenses	<u>391,630,475</u>	<u>393,713,748</u>	<u>12,772,754</u>	<u>11,112,616</u>	<u>404,403,229</u>	<u>404,826,364</u>
Increase (decrease) in net position before transfers	3,599,002	(8,911,236)	806,661	1,141,558	4,405,663	(7,769,678)
<b>TRANSFERS/SPECIAL ITEMS</b>						
GASB 68 Implementation Restatement	-	(269,595,188)	-	(14,189,220)	-	(283,784,408)
Transfers of capital assets (net of debt) from governmental activities	(9,422,622)	(6,056,348)	9,422,622	6,056,348	-	-
Net transfers between funds	523,878	1,919,086	(523,878)	(1,919,086)	-	-
Special item - insurance proceeds	99,416	9,063	-	-	99,416	9,063
Bond proceeds, net refundings	471,352	-	-	-	471,352	-
Capital lease proceeds	(2,050,082)	(1,143,394)	-	-	(2,050,082)	(1,143,394)
Increases (decrease) in net position	(6,779,056)	(283,778,017)	9,705,405	(8,910,400)	2,926,349	(292,688,417)
Net position - beginning	<u>(124,015,161)</u>	<u>159,762,856</u>	<u>37,678,202</u>	<u>46,588,602</u>	<u>(86,336,959)</u>	<u>206,351,458</u>
Net position - ending	<u>\$ (130,794,217)</u>	<u>\$ (124,015,161)</u>	<u>\$ 47,383,607</u>	<u>\$ 37,678,202</u>	<u>\$ (83,410,610)</u>	<u>\$ (86,336,959)</u>

\*\* This category was restated - Refer to restatement note (page 85) for explanation.

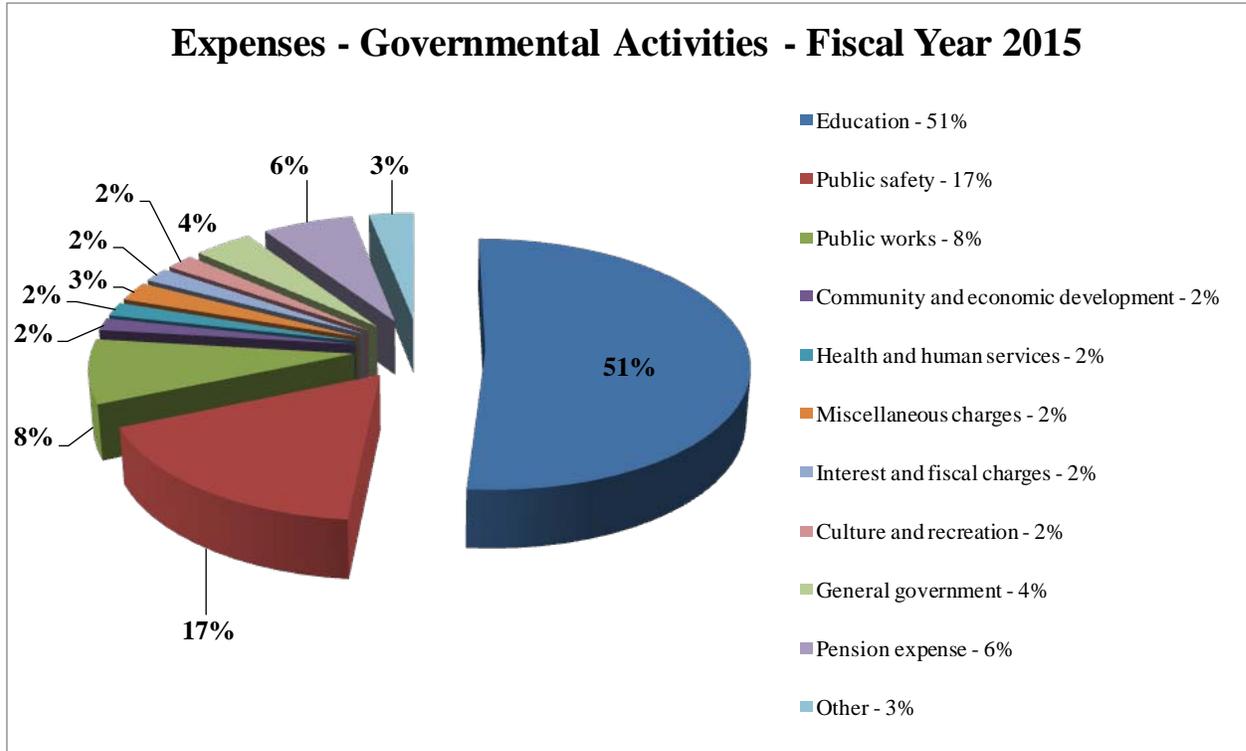
# CITY OF NEW BEDFORD, MASSACHUSETTS

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

Year Ended June 30, 2015

The majority of general revenues are tax collections from the City's taxpayers. This amount represented 75.5% of the total general revenues of \$141 million. The operating grants are also a significant source of revenue for the City. The total operating grants for fiscal year ended June 30, 2015 amounted to \$181 million of which \$164 million were received for education.

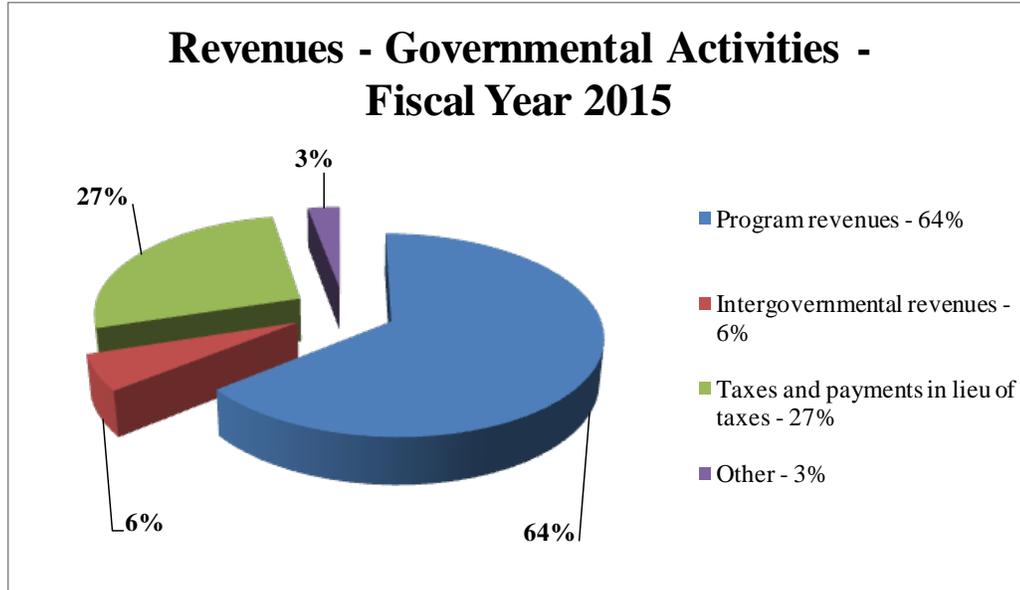
The most significant expense of the City is education which represented 51% of total expenses, followed by public safety at 17%.



CITY OF NEW BEDFORD, MASSACHUSETTS

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

Year Ended June 30, 2015



**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 \$36,101,913 for fiscal year ended June 30, 2015 and \$49,638,044 for fiscal year ended June 30, 2014. This decrease in fiscal year ended June 30, 2015, totaling \$13,536,131 is primarily due to bond proceeds of \$7,948,000 along with a deficiency of revenues over expenditure of \$22,107,425 as a result of ongoing capital projects to be funded by long-term debt issuances at a later date.

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 GASB Statement No. 54, 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 2015, the stabilization fund earned \$34,846 of investment income and had no transfers in or out to finish the year with a fund balance of \$9,452,780. Of this total, \$8,219,773 was held in the “City” stabilization fund and \$1,233,008 was held in the “School” stabilization fund.

# CITY OF NEW BEDFORD, MASSACHUSETTS

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

Year Ended June 30, 2015

## Financial Analysis of the Government's Funds (continued)

During 2015, governmental funds reported amounts of \$7,310,476 within the nonspendable fund balance category, \$19,610,711 within the restricted fund balance category, \$15,475,829 within the committed fund category, \$8,505 within the assigned fund balance category and \$(6,303,608) 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, airport and downtown parking funds had net position of \$16,782,648, \$32,236,312 and \$(1,635,353) as of June 30, 2015 and \$14,153,798, \$25,227,110 and \$(1,702,706) as of June 30, 2014 (restated), respectively.

## Budgetary Highlights

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

Budgetary changes:

### *Revenue and Other Sources:*

The total budgetary revenues were increased by \$22,302 over the original budget. This increase was a result of net changes in both state and real and personal property taxes assessed.

The total budgetary sources were increased by \$3,804,000 over the original budget. \$2,944,000 of this amount was from the certification of free cash and \$860,000 was as a result of the release of overlay reserves.

### *Expenditures and Other Uses:*

The total budgetary expenditures were increased by \$3,305,645 over the original budget. Three areas shared in most of this increase as follows; \$2,637,000 in the Fire Department, \$755,900 in General Government Unclassified and \$188,645 in Public works and facilities.

There were no budgetary uses in either the original or the final budgets.

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 \$673,677 lower than the final budget as a result of the following positive and negative differences;

- Departmental revenue was \$1,002,001 under the budgeted revenue. The significant departments were School at \$687,746 under budgeted revenue and traffic at \$350,152 under budgeted revenue.
- Miscellaneous non-recurring resulted in a positive turn back of \$819,724. The majority of the positive turn back being from premiums on the sale of both notes and bonds
- Negative impacts on the results, included a short fall in penalties and interest as well as anticipated State aid.

The total expenditures resulted in a savings of \$956,756 over the final budget. Some of the more significant departments contributing to this positive result are as follows;

- General government in the amount of \$331,626
- Police department in the amount of \$261,135
- Debt service in the amount of \$128,436

*Continued*

**CITY OF NEW BEDFORD, MASSACHUSETTS**

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

Year Ended June 30, 2015

**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, 2015 amounted to \$432,409,893 (net of accumulated depreciation). This investment in capital assets includes land, buildings and system, improvements, machinery and equipment, construction in progress and animals, etc. The total increase in the City's investment in capital assets for the current year was 5.23 percent.

**Capital Assets Net of Accumulated Depreciation  
June 30, 2015 and 2014**

	2015			2014		
	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	8,701,257	-	8,701,257	670,445	-	670,445
Infrastructure in progress	7,389,596	2,486,096	9,875,692	1,290,088	5,536,400	6,826,488
Infrastructure, net	66,168,091	74,455,119	140,623,210	67,476,749	64,390,884	131,867,633
Land improvements, net	1,922,501	401,797	2,324,298	874,810	432,879	1,307,689
Buildings and improvements, net	246,455,860	1,575,592	248,031,452	246,931,982	1,579,284	248,511,266
Machinery and equipment, net	9,072,348	2,604,750	11,677,098	7,988,865	2,558,407	10,547,272
Office equipment and furniture, net	272,775	-	272,775	301,367	1,407	302,774
Computer equipment, net	3,119,352	-	3,119,352	3,004,998	-	3,004,998
Library books and textbooks, net	147,727	-	147,727	359,785	-	359,785
Automobiles, net	1,433,579	326,895	1,760,474	1,423,479	224,484	1,647,963
Animals, net	11,530	-	11,530	13,457	-	13,457
Total capital assets	\$ 348,471,851	\$ 83,938,042	\$ 432,409,893	\$ 334,113,260	\$ 76,811,538	\$ 410,924,798

Additional information on the City's capital assets can be found on Note 5 on pages 57 through 61 of this report.

# CITY OF NEW BEDFORD, MASSACHUSETTS

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

Year Ended June 30, 2015

## Capital Asset and Debt Administration (Continued)

**Long-term debt:** The City had total bonded debt outstanding of \$205,578,265 as of June 30, 2015 and \$214,368,800 as of June 30, 2014. The full faith and credit of the City backs this entire amount. Of this amount \$27,616,058 relates to the business-type activities as of June 30, 2015 and \$29,596,150.

During the current year the City's total debt decreased by \$8,790,535. This resulted because the City incurred new debt totaling \$7,948,000 and pay downs totaled \$16,262,106 (including MWPAT subsidies) during the fiscal year ended June 30, 2015.

Additional information on the City's long-term debt can be found in Note 12 on pages 75 through 81 of this report.

In January of 2016, Standard and Poor's (S&P) reaffirmed New Bedford's AA- bond rating and the City has maintained the highest bond rating it has achieved in at least the last four decades. The AA- rating was first awarded to New Bedford in January 2014 and the reaffirmation of the rating puts New Bedford again among the top half of all issuers of municipal debt in the Commonwealth of Massachusetts.

## Economic Factors and Next Year's Budget and Rates

### Fiscal and Economic Outlook

#### 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 cases, reversed - the City's 2016 operating budget was developed using assumptions of negligible growth in state aid, modest improvement or stabilization in total assessed property valuations, and the continued realization of cost savings from efficiencies in the delivery of essential services.

Property tax valuations continue to await a return to more robust economic growth and increased market activity. Assessments reflect overall stabilization and even modest growth in comparison to prior years, with total taxable assessed valuations increasing 1.9%, from \$5.24 million in 2015 to \$5.34 million in 2016. Present expectations are for modest increases again in 2017.

In terms of tax levy, the City mitigated the impact of service costs on residents by refraining from tax increases for four consecutive years through 2013, which resulted in the accumulation of \$9.72 million of excess levy capacity heading into 2014. The City has utilized a portion of this excess over its last three fiscal budgets, but \$4.90 million of excess tax levy still remains available after certification of its 2016 tax recapitulation by the Massachusetts Department of Revenue. Excess levy 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 with the adoption of the 2016 Budget, which was balanced with no reliance on an additional appropriation from Free Cash or transfers from stabilization funds. Since 2011, the City has appropriated \$6.92 million to its municipal Stabilization Fund, and as of June 30, 2015, municipal and school Stabilization Funds reported fund balances of \$8.22 million and \$1.23 million, respectively. In 2014, the City adopted formal financial policies setting targets for fund balances, reserves, indebtedness, and standards for management of the City's investments. Management is committed to appropriating available balances to the Stabilization Fund when feasible.

The City will continue to explore opportunities to streamline its operations, reduce redundant activities, and consolidate departments with the intent of generating efficiencies. An energy management initiative has already yielded significant savings from streetlight conversions and the negotiation of power purchase agreements, and other initiatives are in stages ranging from discovery to implementation, each of which could generate modest revenue enhancements during 2016 and beyond.

## CITY OF NEW BEDFORD, MASSACHUSETTS

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

Year Ended June 30, 2015

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

#### **Fiscal and Economic Outlook (continued)**

#### **Economic Development**

A wide range of projects and business expansions at all stages of the development cycle and valued at more than \$140 million advanced throughout New Bedford during 2015. New professional buildings, historic mills, downtown storefronts, and state of the art research and education facilities are all part of a healthy mix of development activity that will fuel new growth and positive change for years to come.

##### *AFC/Doctors Express Urgent Care Center*

In May 2015, the 10,000 square-foot AFC/Doctors Express Urgent Care Center opened at Riverside Landing, a mixed-use development with an estimated cost of \$34.5 million that will create approximately 800 permanent jobs at full build-out. The \$4 million urgent care center, which was funded in partnership with Steward HealthCare's St. Anne's Hospital, offers a full lab, occupational health services, and diagnostic imaging services and will create more than 50 new jobs once the facility is fully operational.

##### *Darn It! expansion*

Darn It!, a unique provider of quality control and post-production repair, warehousing and distribution services to global retailers, catalogue companies, manufacturers and wholesalers, recently purchased an under-utilized office and artist workspace building in the Upper Harbor District, with plans to build out 30,000 vacant square feet that can accommodate 15 or more new units for artist studios and small business tenants, while retaining its 30 existing tenants.

##### *New Bedford Business Park*

In 1954 a group of area service clubs and businessmen organized the Greater New Bedford Industrial Foundation and opened a 550-acre park in the north end of the City seven years later. Today, the New Bedford Business Park has grown to 1,300 acres and hosts 39 companies with a combined workforce of more than 3,200 people. During 2015, the New Bedford Economic Development Council (NBEDC) assumed management responsibilities for the park. Over the past year, new investment has led to the creation of more than 100 jobs. Additionally, ribbon-cutting ceremonies were held for several new facilities, including SunEdison's 4.1-megawatt solar power facility, and headquarters and/or distribution facilities for MDT Tours, NWD Trucking, and Heat Transfer Products. More new facilities are expected in 2016, including the Shuster Corporation, Parallel Products, and Raw Seafoods, which will build a state-of-the-art cold storage and distribution facility. These projects represent investments of more than \$17 million and are expected to add at least 100 new jobs to the workforce while retaining just as many.

##### *New Bedford Whaling Museum Wattles Jacobs Education Center*

Construction was completed on the \$8 million Wattles Jacobs Education Center in 2015, adding space for the New Bedford Whaling Museum's burgeoning educational programs. With attendance steadily exceeding 100,000 per year and dramatic growth in structured school and college programming, this new 20,000 square-foot wing provides the physical space to cater effectively to utilization demands. The Center will provide a quadrupling of classroom capacity, a new media lab, a refurbished theater that allows for more complex and varied programs, and a new discovery center that will open in April 2016.

## CITY OF NEW BEDFORD, MASSACHUSETTS

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

Year Ended June 30, 2015

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

#### **Fiscal and Economic Outlook (continued)**

#### **Economic Development (continued)**

##### *Offshore wind energy*

The northeastern coast is home to some of the world's greatest reserves for offshore wind, with over four gigawatts of potential energy in Federal government waters south of Martha's Vineyard representing 25% of the wind reserves nationally. In 2013, the New Bedford Wind Energy Center was established within the NBEDC to ensure that activities to develop the offshore wind industry are fully integrated into the City's comprehensive economic agenda, and in 2015 two significant milestones aided the Center's efforts to build local capacity around offshore wind development. In January 2015, the \$113 million New Bedford Marine Commerce Terminal developed by the Massachusetts Clean Energy Center became operational and received its first two shipments of components for a four-turbine wind farm under construction in Plymouth. In that same month, the Department of the Interior's Bureau of Ocean Energy Management leased 354,000 acres of Federal waters off the coast of Massachusetts for potential wind energy development. There are now more than 519,000 acres of New England waters under competitively-awarded leases, an indicator of future demand for the 28-acre Marine Commerce Terminal that will fill the vacancy created by CapeWind's cancellation of its lease for the terminal last year.

##### *Sid Wainer & Son expansion*

Founded in New Bedford 1914, Sid Wainer & Son, with a workforce of 470 employees, is the most prominent importer and distributor of specialty produce in the country and supplies over 30,000 of the finest restaurants, hotels, gourmet shops, retailers and caterers around the world. In November 2015, the company broke ground on a 55,000 square-foot expansion valued at \$11 million, which will enhance and add efficiencies to its existing distribution center and gourmet outlet.

##### *UMass-Dartmouth SMAST2 expansion*

UMass-Dartmouth's School for Marine and Science Technology (SMAST) broke ground on a \$55 million research facility at Clark's Point in 2015 that will also include renovations to their adjacent existing facility and space for the Division of Marine Fisheries. The 76,000 square-foot facility is expected to create 56 new jobs and house an additional 50 employees relocating from other UMass-Dartmouth sites once construction is completed in mid-2017.

##### *Union and Purchase Innovation District*

In December 2015, the City received approval for the creation of the Union and Purchase Innovation District as part of MassDevelopment's Transformative Development Initiative (TDI), a redevelopment program for Gateway Cities designed to enhance local public-private engagement and community identity, stimulate an improved quality of life for local residents, and spur increased investment and economic activity. The Union and Purchase Innovation District is envisioned to be a high-density area of the downtown that is the heart of creative innovation in the Greater New Bedford region. Several development projects within the District are in the predevelopment stage by private-sector partners such as HallKeen, WHALE, and Stratford Capital. With a value of close to \$50 million, these projects would bring new market rate, artist, workforce, and possible graduate student housing while putting vacant buildings and lots back into purposeful uses. The City was also awarded open-space grants for the enhancement of Wing's Court and TDI funding made the build-out of the co-work space at the Quest Center possible.

**CITY OF NEW BEDFORD, MASSACHUSETTS**

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

Year Ended June 30, 2015

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

**Fiscal and Economic Outlook (continued)**

**Existing and Small Business Assistance**

Activity remained robust during the past year in the City's lending, business assistance, and incentive programs administered through the NBEDC, whose unifying goals are to strengthen existing businesses and create new jobs for New Bedford residents.

During 2015, the City's Lending Program lent \$649,500 to 18 New Bedford small businesses. Additionally, 14 SBA Microloans, three EDA loans, and one commercial loan provided the combined capital to create 12 new jobs and retain 18 existing jobs throughout the City. As of June 30, 2015, the NBEDC Lending Program portfolio was comprised of 81 loans totaling \$4.04 million.

Two 2015 projects were approved under the City's Tax Increment Financing (TIF) Program, which was created in 1996 to foster investment and job creation by the private sector through short-term tax incentives provided by the Commonwealth and City. As of year-end, 23 projects were active and compliant with the program's reporting requirements. To date, 97 projects have been certified, which have added \$334 million in new private-sector investment, created nearly 1,300 new jobs, and led to the retention of more than 2,400 existing jobs within New Bedford.

**Requests for Information**

This financial report is designed to provide a general overview of the City of New Bedford, Massachusetts' finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the Chief Financial Officer, 133 Williams Street, New Bedford, Massachusetts 02740.

**CITY OF NEW BEDFORD, MASSACHUSETTS**

Statement of Net Position

June 30, 2015

	<i>Primary Government</i>			<i>Component Units</i>			<b>Total Component Units</b>
	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>	<b>Greater New Bedford Regional Refuse Management District</b>	<b>New Bedford Harbor Development Commission</b>	<b>Non Major Component Units</b>	
<b>ASSETS</b>							
Current assets							
Unrestricted cash and investments	\$ 69,814,838	\$ 2,567,714	\$ 72,382,552	\$ 1,194,716	\$ 829,978	\$ 17,724	\$ 2,042,418
Restricted cash and investments	19,912,342	4,832,301	24,744,643	18,024,227	-	-	18,024,227
Accounts receivable, net of allowance	33,895,003	1,089,156	34,984,159	971,199	-	651,724	1,622,923
Taxes receivable, net	34,983,120	-	34,983,120	-	-	-	-
Loans receivable, net	20,223,860	-	20,223,860	-	-	-	-
Due from other funds	1,663,410	842	1,664,252	-	-	-	-
Due from other governments	-	-	-	1,254	3,878,063	581	3,879,898
Intra-entity receivable	1,900,816	-	1,900,816	-	-	-	-
Receivable from external parties	-	-	-	-	250,269	-	250,269
Inventories and prepaid expenses	716,893	216,325	933,218	326,842	-	2,406	329,248
Other assets - current	123,379	79,636	203,015	-	1,839	-	1,839
<b>Total current assets</b>	<b>183,233,661</b>	<b>8,785,974</b>	<b>192,019,635</b>	<b>20,518,238</b>	<b>4,960,149</b>	<b>672,435</b>	<b>26,150,822</b>
Non-current assets							
Other assets - noncurrent	-	-	-	233,591	-	-	233,591
MWPAT debt subsidy receivable	36,940,675	395,612	37,336,287	-	-	-	-
MSBA debt subsidy receivable	14,493,162	-	14,493,162	-	-	-	-
Capital assets							
Land	3,777,235	1,125,293	4,902,528	6,241,688	42,000	987,762	7,271,450
Landfill	-	-	-	1,212,412	-	-	1,212,412
Construction in progress	8,701,257	-	8,701,257	629,287	15,258,420	-	15,887,707
Infrastructure in progress	7,389,596	2,486,096	9,875,692	-	-	-	-
Easements	-	962,500	962,500	-	-	-	-
Land improvements, net	1,922,501	401,797	2,324,298	102,740	12,877,917	-	12,980,657
Infrastructure, net	66,168,091	74,455,119	140,623,210	-	-	-	-
Building and improvements, net	246,455,860	1,575,592	248,031,452	110,636	4,971,829	-	5,082,465
Office equipment and furniture, net	272,775	-	272,775	5,008	-	-	5,008
Computer equipment, net	3,119,352	-	3,119,352	-	-	-	-
Library books and textbooks, net	147,727	-	147,727	-	-	-	-
Automobiles, net	1,433,579	326,895	1,760,474	-	62,151	-	62,151
Machinery and equipment, net	9,072,348	2,604,750	11,677,098	873,920	1,138,347	-	2,012,267
Animals, net	11,530	-	11,530	-	-	-	-
<b>Total capital assets</b>	<b>348,471,851</b>	<b>83,938,042</b>	<b>432,409,893</b>	<b>9,175,691</b>	<b>34,350,664</b>	<b>987,762</b>	<b>44,514,117</b>
<b>Total non-current assets</b>	<b>399,905,688</b>	<b>84,333,654</b>	<b>484,239,342</b>	<b>9,409,282</b>	<b>34,350,664</b>	<b>987,762</b>	<b>44,747,708</b>
<b>Total assets</b>	<b>583,139,349</b>	<b>93,119,628</b>	<b>676,258,977</b>	<b>29,927,520</b>	<b>39,310,813</b>	<b>1,660,197</b>	<b>70,898,530</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>							
GASB 68 - Differences between expected and actual experience	3,195,629	1,077,689	4,273,318	34,951	-	-	34,951
Deferred asset advance refunding, net of amortization	290,056	-	290,056	-	-	-	-
<b>Total deferred outflows of resources</b>	<b>3,485,685</b>	<b>1,077,689</b>	<b>4,563,374</b>	<b>34,951</b>	<b>-</b>	<b>-</b>	<b>34,951</b>
<b>Total assets and deferred outflows of resource</b>	<b>\$ 586,625,034</b>	<b>\$ 94,197,317</b>	<b>\$ 680,822,351</b>	<b>\$ 29,962,471</b>	<b>\$ 39,310,813</b>	<b>\$ 1,660,197</b>	<b>\$ 70,933,481</b>

The accompanying notes are an integral part of this statement

**CITY OF NEW BEDFORD, MASSACHUSETTS**

Statement of Net Position

June 30, 2015

	<i>Primary Government</i>			<i>Component Units</i>			<i>Total Component Units</i>
	<i>Governmental Activities</i>	<i>Business-Type Activities</i>	<i>Total</i>	<i>Greater New Bedford Regional Refuse Management District</i>	<i>New Bedford Harbor Development Commission</i>	<i>Non Major Component Units</i>	
<b>LIABILITIES</b>							
<b>Current liabilities</b>							
Warrants payable	\$ 9,082,597	\$ 95,598	\$ 9,178,195	\$ -	\$ -	\$ -	\$ -
Accounts payable and accrued expenses	21,867,610	1,134,222	23,001,832	197,254	4,215,564	399,423	4,812,241
Retainage payable	247,350	-	247,350	-	-	-	-
Due to other governments	210	-	210	1,254	-	-	1,254
Intra-entity payable	-	-	-	-	1,124,885	775,931	1,900,816
Due to other funds	2,182,274	3,010	2,185,284	-	-	-	-
Accrued interest	1,813,192	283,770	2,096,962	-	-	-	-
Deposits held	449,723	-	449,723	-	-	15,000	15,000
Payroll withholdings	1,665,676	-	1,665,676	-	-	-	-
Other liabilities	96,571	112	96,683	-	-	-	-
Claims incurred but not reported	3,824,940	-	3,824,940	-	-	-	-
Deposits held in custody	-	-	-	361,667	-	-	361,667
Bonds and notes payable	70,883,584	1,972,692	72,856,276	-	-	-	-
Capital leases	768,208	153,347	921,555	-	-	-	-
Workers' compensation claims	229,110	-	229,110	-	-	-	-
Compensated absences	5,774,328	190,669	5,964,997	-	24,171	36,149	60,320
<b>Total current liabilities</b>	<b>118,885,373</b>	<b>3,833,420</b>	<b>122,718,793</b>	<b>560,175</b>	<b>5,364,620</b>	<b>1,226,503</b>	<b>7,151,298</b>
<b>Non-current liabilities</b>							
Accrued closure/post-closure costs	-	-	-	5,751,710	-	-	5,751,710
Bonds and notes payable	155,842,286	25,643,966	181,486,252	-	-	-	-
Net OPEB obligation (NOO)	149,000,587	2,324,349	151,324,936	381,554	-	-	381,554
Net pension liability (NPL)	274,375,582	14,440,820	288,816,402	3,000,885	-	-	3,000,885
Capital leases	2,274,793	328,945	2,603,738	-	-	-	-
Workers' compensation claims	6,316,879	-	6,316,879	-	-	-	-
Compensated absences	10,723,751	242,210	10,965,961	-	69,347	-	69,347
<b>Total non-current liabilities</b>	<b>598,533,878</b>	<b>42,980,290</b>	<b>641,514,168</b>	<b>9,134,149</b>	<b>69,347</b>	<b>-</b>	<b>9,203,496</b>
<b>Total liabilities</b>	<b>717,419,251</b>	<b>46,813,710</b>	<b>764,232,961</b>	<b>9,694,324</b>	<b>5,433,967</b>	<b>1,226,503</b>	<b>16,354,794</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>							
Other unearned revenues (component unit)	-	-	-	-	-	32,855	32,855
Unearned dockage revenues (component unit)	-	-	-	-	399,683	-	399,683
<b>Total deferred inflows of resources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>399,683</b>	<b>32,855</b>	<b>432,538</b>
<b>NET POSITION</b>							
Invested in capital assets, net of related debt	168,323,625	56,076,992	224,400,617	9,409,285	33,225,779	987,762	43,622,826
Restricted	24,738,122	4,832,301	29,570,423	11,686,249	29,314	-	11,715,563
Unrestricted	(323,855,964)	(13,525,686)	(337,381,650)	(827,387)	222,070	(586,923)	(1,192,240)
<b>Total net position</b>	<b>(130,794,217)</b>	<b>47,383,607</b>	<b>(83,410,610)</b>	<b>20,268,147</b>	<b>33,477,163</b>	<b>400,839</b>	<b>54,146,149</b>
<b>Total liabilities, deferred inflows of resources and net position</b>	<b>\$ 586,625,034</b>	<b>\$ 94,197,317</b>	<b>\$ 680,822,351</b>	<b>\$ 29,962,471</b>	<b>\$ 39,310,813</b>	<b>\$ 1,660,197</b>	<b>\$ 70,933,481</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, 2015

	<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><u>Governmental Activities:</u></b>					
General government	\$ 13,174,225	\$ 2,894,238	\$ 8,211,135	\$ 1,158,309	\$ 41,199
Public safety	53,149,501	14,165,996	13,204,409	7,836,757	(631)
Public works	29,493,470	2,751,814	21,056,137	363,996	5,600,269
Health and human services	6,345,808	600,211	1,680,789	1,548,160	-
Education	172,068,390	29,410,337	8,937,024	163,476,387	5,469,804
Community and economic development	6,232,160	-	(35,887)	5,597,087	-
Culture and recreation	6,621,275	1,042,739	818,658	784,948	-
Municipal airport	-	-	-	1,212	8,218,217
Pension expense	24,789,517	-	-	-	-
Health and other insurance	50,865,335	(50,865,335)	-	-	-
Miscellaneous	9,599,109	-	-	-	-
State and county charges	12,149,703	-	-	-	-
Debt service:					
Interest and fiscal charges	7,141,982	-	-	-	-
Total governmental activities	<u>391,630,475</u>	<u>-</u>	<u>53,872,265</u>	<u>180,766,856</u>	<u>19,328,858</u>
<b><u>Business-Type Activities:</u></b>					
Downtown Parking	713,144	-	805,292	-	-
Water	9,858,365	-	11,854,102	-	-
Airport	2,201,245	-	686,443	-	-
Total business-type activities	<u>12,772,754</u>	<u>-</u>	<u>13,345,837</u>	<u>-</u>	<u>-</u>
Total primary government	<u>404,403,229</u>	<u>-</u>	<u>67,218,102</u>	<u>180,766,856</u>	<u>19,328,858</u>
<b><u>Component Units:</u></b>					
Greater New Bedford Regional Refuse Management District	3,752,276	-	4,417,905	-	-
New Bedford Harbor Development Commission	3,483,453	-	1,776,622	175,678	6,783,621
Non-major component units	4,475,253	-	9,000	4,327,148	-
Total component units	<u>11,710,982</u>	<u>-</u>	<u>6,203,527</u>	<u>4,502,826</u>	<u>6,783,621</u>
Total City of New Bedford	<u>\$ 416,114,211</u>	<u>\$ -</u>	<u>\$ 73,421,629</u>	<u>\$ 185,269,682</u>	<u>\$ 26,112,479</u>

The accompanying notes are an integral part of this statement

Continued  
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**CITY OF NEW BEDFORD, MASSACHUSETTS**

Statement of Activities

For the Year Ended June 30, 2015

	Net (Expense) Revenue and Changes in Net Position						
	Primary Government			Component Units			
	Governmental Activities	Business-Type Activities	Total	Greater New Bedford Regional Refuse District	New Bedford Harbor Development Commission	Nonmajor Component Units	Total Component Units
<b>Governmental Activities:</b>							
General government	\$ (6,657,820)	\$ -	\$ (6,657,820)	\$ -	\$ -	\$ -	\$ -
Public safety	(46,274,962)	-	(46,274,962)	-	-	-	-
Public works	(5,224,882)	-	(5,224,882)	-	-	-	-
Health and human services	(3,717,070)	-	(3,717,070)	-	-	-	-
Education	(23,595,512)	-	(23,595,512)	-	-	-	-
Community and economic development	(670,960)	-	(670,960)	-	-	-	-
Culture and recreation	(6,060,408)	-	(6,060,408)	-	-	-	-
Municipal airport	8,219,429	-	8,219,429	-	-	-	-
Pension benefits	(24,789,517)	-	(24,789,517)	-	-	-	-
Health and other insurance	-	-	-	-	-	-	-
Miscellaneous	(9,599,109)	-	(9,599,109)	-	-	-	-
State and county charges	(12,149,703)	-	(12,149,703)	-	-	-	-
Debt service:	-	-	-	-	-	-	-
Interest and fiscal charges	(7,141,982)	-	(7,141,982)	-	-	-	-
Total governmental activities	<u>(137,662,496)</u>	<u>-</u>	<u>(137,662,496)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Business-Type Activities:</b>							
Downtown Parking	-	92,148	92,148	-	-	-	-
Water	-	1,995,737	1,995,737	-	-	-	-
Airport	-	(1,514,802)	(1,514,802)	-	-	-	-
Total business-type activities	<u>-</u>	<u>573,083</u>	<u>573,083</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total primary government	<u>(137,662,496)</u>	<u>573,083</u>	<u>(137,089,413)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Component Units:</b>							
Greater New Bedford Regional Refuse Management District	-	-	-	665,629	-	-	665,629
New Bedford Harbor Development Commission	-	-	-	-	5,252,468	-	5,252,468
Non-major component units	-	-	-	-	-	(139,105)	(139,105)
Total component units	<u>-</u>	<u>-</u>	<u>-</u>	<u>665,629</u>	<u>5,252,468</u>	<u>(139,105)</u>	<u>5,778,992</u>
<b>Total City of New Bedford (to next page)</b>	<b>\$ (137,662,496)</b>	<b>\$ 573,083</b>	<b>\$ (137,089,413)</b>	<b>\$ 665,629</b>	<b>\$ 5,252,468</b>	<b>\$ (139,105)</b>	<b>\$ 5,778,992</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, 2015

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

	<i>Primary Government</i>			<i>Component Units</i>			
	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>	<u>Greater New Bedford Regional Refuse District</u>	<u>New Bedford Harbor Development Commission</u>	<u>Nonmajor Component Units</u>	<u>Total Component Units</u>
<b>Total City of New Bedford (from previous page)</b>	<b>\$ (137,662,496)</b>	<b>\$ 573,083</b>	<b>\$ (137,089,413)</b>	<b>\$ 665,629</b>	<b>\$ 5,252,468</b>	<b>\$ (139,105)</b>	<b>\$ 5,778,992</b>
<b>General revenues:</b>							
Real estate and personal property, net of reserve for abatements	98,308,125	-	98,308,125	-	-	-	-
Motor vehicle and other excise taxes	8,376,223	-	8,376,223	-	-	-	-
Distribution - lottery	20,803,123	-	20,803,123	-	-	-	-
Exemptions - veterans, blind, surviving spouse & elde	2,243,702	-	2,243,702	-	-	-	-
State owned land	13,833	-	13,833	-	-	-	-
Tax foreclosures	4,891,263	-	4,891,263	-	-	-	-
Penalties and interest on taxes	1,136,906	-	1,136,906	-	-	-	-
Earnings on investments	375,916	-	375,916	144,323	69	1,532	145,924
Payments in lieu of taxes	284,753	-	284,753	-	-	-	-
Miscellaneous	4,827,654	233,578	5,061,232	-	-	-	-
<b>Total general revenues</b>	<b>141,261,498</b>	<b>233,578</b>	<b>141,495,076</b>	<b>144,323</b>	<b>69</b>	<b>1,532</b>	<b>145,924</b>
<b>Transfers/special items:</b>							
Transfers between funds - operating	523,878	(523,878)	-	-	-	-	-
Special item - transfer of capital asset (net of debt) from governmental activities - airport	(8,556,574)	8,556,574	-	-	-	-	-
Special item - transfer of capital asset (net of debt) from governmental activities - water	(866,048)	866,048	-	-	-	-	-
Special item - proceeds from advance refunding	471,352	-	471,352	-	-	-	-
Special item - insurance proceeds	99,416	-	99,416	-	-	-	-
Special item - capital lease proceeds	(2,050,082)	-	(2,050,082)	-	-	-	-
<b>Change in net position</b>	<b>(6,779,056)</b>	<b>9,705,405</b>	<b>2,926,349</b>	<b>809,952</b>	<b>5,252,537</b>	<b>(137,573)</b>	<b>5,924,916</b>
Net position - July 1, 2014 (restated)	(124,015,161)	37,678,202	(86,336,959)	19,458,195	28,224,626	538,412	48,221,233
<b>Net position - June 30, 2015</b>	<b>\$ (130,794,217)</b>	<b>\$ 47,383,607</b>	<b>\$ (83,410,610)</b>	<b>\$ 20,268,147</b>	<b>\$ 33,477,163</b>	<b>\$ 400,839</b>	<b>\$ 54,146,149</b>

The accompanying notes are an integral part of this statement

**CITY OF NEW BEDFORD, MASSACHUSETTS**

Governmental Funds  
Balance Sheet

June 30, 2015

	<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	\$ 18,385,106	\$ 4,730,713	\$ 38,920,374	\$ 62,036,193
Cash, restricted	9,452,780	5,332,151	5,127,411	19,912,342
Receivables, net:				
Real estate and personal property taxes	4,506,076	-	-	4,506,076
Tax liens and foreclosures	28,431,911	-	-	28,431,911
Motor vehicle and boat excise	2,075,709	-	-	2,075,709
User charges receivables	-	2,246,197	-	2,246,197
Departmental and other	12,398,162	213,738	-	12,611,900
Loans receivable	-	-	20,849,340	20,849,340
Other receivables	2,989,193	113,705	70,494	3,173,392
Special assessments	293	100,040	-	100,333
Due from federal or state government	231,644	-	22,969,287	23,200,931
Due from other funds	291,301	195,866	113,705	600,872
Intraentity receivable	1,900,816	-	-	1,900,816
Inventories	-	35,331	-	35,331
Prepaid assets	-	434,644	-	434,644
Other assets	25,970	-	-	25,970
Land inventory	-	-	246,918	246,918
	<hr/>	<hr/>	<hr/>	<hr/>
Total assets	80,688,961	13,402,385	88,297,529	182,388,875
	<hr/>	<hr/>	<hr/>	<hr/>
<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>\$ 80,688,961</u>	<u>\$ 13,402,385</u>	<u>\$ 88,297,529</u>	<u>\$ 182,388,875</u>

The accompanying notes are an integral part of this statement

**CITY OF NEW BEDFORD, MASSACHUSETTS**

Governmental Funds  
Balance Sheet

June 30, 2015

	<u>General Fund</u>	<u>Wastewater</u>	<u>Non-Major Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>LIABILITIES</b>				
Warrants payable	\$ 5,727,792	\$ 698,214	\$ 2,656,591	\$ 9,082,597
Accounts payable and accrued expenses	10,893,402	2,247,650	7,662,076	20,803,128
Retainage payable	-	-	247,350	247,350
Bonds and notes payable	-	-	33,484,658	33,484,658
Interim loan payable	-	-	15,279,605	15,279,605
Due to other funds	1,604,007	112,404	209,745	1,926,156
Deposits held	15,079	434,644	-	449,723
Due to other governments	-	-	210	210
Payroll withholdings	1,665,676	-	-	1,665,676
Other liabilities	62,162	13,232	21,177	96,571
	<u>19,968,118</u>	<u>3,506,144</u>	<u>59,561,412</u>	<u>83,035,674</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred property and excise tax revenues	26,053,966	-	-	26,053,966
Deferred departmental and other receipts	11,425,831	-	3,973	11,429,804
Deferred user fees, fines and charges for services	-	2,539,378	-	2,539,378
Unearned grant income	-	-	2,378,800	2,378,800
Unearned loan income	-	-	20,849,340	20,849,340
	<u>37,479,797</u>	<u>2,539,378</u>	<u>23,232,113</u>	<u>63,251,288</u>
<b>NET POSITION</b>				
Nonspendable	1,900,816	35,331	5,374,329	7,310,476
Restricted	-	3,845,882	15,764,829	19,610,711
Committed	9,452,780	3,475,650	2,547,399	15,475,829
Assigned	8,505	-	-	8,505
Unassigned	11,878,945	-	(18,182,553)	(6,303,608)
	<u>23,241,046</u>	<u>7,356,863</u>	<u>5,504,004</u>	<u>36,101,913</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 80,688,961</u>	<u>\$ 13,402,385</u>	<u>\$ 88,297,529</u>	<u>\$ 182,388,875</u>

The accompanying notes are an integral part of this statement

**CITY OF NEW BEDFORD, MASSACHUSETTS**

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

For the Year Ended June 30, 2015

	<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	\$ 97,468,071	\$ -	\$ -	\$ 97,468,071
Motor vehicle and other excise	8,312,974	-	-	8,312,974
MSBA assistance	2,415,193	-	4,184,804	6,599,997
Tax liens and foreclosures	2,387,623	198,101	-	2,585,724
Penalties and interest on taxes	1,136,906	-	-	1,136,906
Licenses and permits	2,312,112	-	-	2,312,112
Fines and forfeitures	155,621	-	-	155,621
Investment income	100,500	94,845	171,836	367,181
Intergovernmental - operating grants	39,144,544	-	44,040,520	83,185,064
Intergovernmental - operating grant - Chapter 7	123,168,343	-	-	123,168,343
Intergovernmental - capital grants	-	5,389,552	9,705,331	15,094,883
Charges for services	14,296,798	20,046,070	1,381,371	35,724,239
Other - indirects	1,455,715	-	-	1,455,715
Special assessments and betterments	159	30,380	-	30,539
Payments in lieu of taxes	284,753	-	-	284,753
Miscellaneous	835,335	(8,073)	4,004,128	4,831,390
Total revenues	<u>293,474,647</u>	<u>25,750,875</u>	<u>63,487,990</u>	<u>382,713,512</u>
<b>EXPENDITURES</b>				
General government	7,166,773	-	4,734,208	11,900,981
Public safety	41,900,942	-	8,374,314	50,275,256
Education	134,364,453	-	33,914,416	168,278,869
Public works	15,338,626	15,278,249	12,253,736	42,870,611
Community and economic development	-	-	5,986,424	5,986,424
Health and human services	4,325,026	-	1,513,068	5,838,094
Municipal airport	-	-	8,556,574	8,556,574
Culture and recreation	4,160,382	-	2,048,841	6,209,223
Pension benefits	23,204,752	-	-	23,204,752
Health and other insurance	38,008,103	-	-	38,008,103
Miscellaneous	9,599,109	-	-	9,599,109
State and county charges	12,149,703	-	-	12,149,703
Debt service:				
Principal payments	6,821,906	7,415,788	50,000	14,287,694
Short-term note interest	295,060	-	-	295,060
Bond interest costs	2,914,532	4,441,992	3,960	7,360,484
Total expenditures	<u>300,249,367</u>	<u>27,136,029</u>	<u>77,435,541</u>	<u>404,820,937</u>
Excess (deficiency) of revenues over expenditures	<u>(6,774,720)</u>	<u>(1,385,154)</u>	<u>(13,947,551)</u>	<u>(22,107,425)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Bond proceeds	-	-	7,948,000	7,948,000
Special item - insurance proceeds	-	-	99,416	99,416
Transfers in	2,133,131	6,303,074	198,160	8,634,365
Transfers out	(145,179)	(7,819,216)	(146,092)	(8,110,487)
Total other financing sources and uses	<u>1,987,952</u>	<u>(1,516,142)</u>	<u>8,099,484</u>	<u>8,571,294</u>
Change in net position	(4,786,768)	(2,901,296)	(5,848,067)	(13,536,131)
Net position - July 1, 2014	<u>28,027,814</u>	<u>10,258,159</u>	<u>11,352,071</u>	<u>49,638,044</u>
Net position - June 30, 2015	<u>\$ 23,241,046</u>	<u>\$ 7,356,863</u>	<u>\$ 5,504,004</u>	<u>\$ 36,101,913</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, 2015

Total governmental fund balances	\$ 36,101,913
Record allowance for doubtful accounts that are financial resources, for the governmental funds	(7,993,473)
Record advance refunding and related amortization that are not reported in the governmental funds	290,056
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	348,471,850
Record a long-term asset related to MWPAT and MSBA subsidies of principal for which revenue has been earned on the accrual basis	51,433,837
To record deferred outflows of resources related to GASB 68 actual versus expected experience not reported in the funds	3,195,629
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	63,251,288
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	3,692,719
In the statement of activities, interest is accrued on outstanding long-term debt, whereas in governmental funds interest is not reported until due.	(1,813,192)
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	(177,961,606)
Compensated absences	(16,498,079)
Capital leases	(3,043,001)
Workers' compensation claims	(6,545,989)
Net pension liability (NPL)	(274,375,582)
Net OPEB obligation (NOO)	<u>(149,000,587)</u>
Net position of governmental activities	<u>\$ (130,794,217)</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, 2015

Net change in fund balances - total governmental funds	\$ (13,536,131)
To record allowance for doubtful accounts that are resources for governmental funds	(1,465,459)
Record advance refunding and related amortization that are not reported in the governmental funds	(90,483)
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.	14,358,591
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.	6,645,536
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.	<u>(5,428,956)</u>
Net change in fund balances - total governmental funds (subtotal) - to next page	\$ 483,098

**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, 2015

Net change in fund balances - total governmental funds (subtotal) - from previous page	<u>\$ 483,098</u>
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.	5,330,291
In the statement of activities, interest is accrued on outstanding long-term debt, whereas in governmental funds interest, is not reported until due.	604,048
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	(11,374,992)
The pension expense required by GASB Statement No. 68, reported in the statement of activities, requires the use of current financial resources and is not reported as an expenditure in the governmental funds	(4,780,394)
To record deferred outflows of resources related to GASB 68 actual versus expected experience not reported in the funds	3,195,629
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.	(144,348)
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>(92,388)</u>
Change in net position of governmental activities	<u>\$ (6,779,056)</u>

The accompanying notes are an integral part of this statement

**CITY OF NEW BEDFORD, MASSACHUSETTS**

Proprietary Funds  
Statement of Net Position

June 30, 2015

	<b>Business-Type Activities</b>				<b>Governmental Activities</b>
	<b>Water</b>	<b>Airport</b>	<b>Downtown Parking</b>	<b>Total</b>	<b>Internal Service Fund</b>
<b>ASSETS</b>					
Current assets:					
Cash	\$ 1,952,897	\$ 365,899	\$ 248,918	\$ 2,567,714	\$ 7,778,645
Cash - restricted (stabilization)	4,832,301	-	-	4,832,301	-
User charges receivable, net	1,075,456	-	-	1,075,456	-
Other receivables, net	3,023	5,129	5,548	13,700	-
Due from other funds	-	-	842	842	1,062,538
Inventory	216,325	-	-	216,325	-
Other assets	79,636	-	-	79,636	(2,924)
<b>Total current assets</b>	<b>8,159,638</b>	<b>371,028</b>	<b>255,308</b>	<b>8,785,974</b>	<b>8,838,259</b>
Non-current assets:					
MWPAT debt subsidy	395,612	-	-	395,612	-
Capital assets:					
Land	600,000	525,293	-	1,125,293	-
Easements	962,500	-	-	962,500	-
Infrastructure in progress	2,436,096	-	50,000	2,486,096	-
Infrastructure, net	42,834,445	31,620,674	-	74,455,119	-
Land improvements, net	-	401,797	-	401,797	-
Building and improvements, net	147,381	1,428,211	-	1,575,592	-
Machinery and equipment, net	2,242,781	27,737	334,232	2,604,750	-
Automobiles, net	326,895	-	-	326,895	-
<b>Total capital assets</b>	<b>49,550,098</b>	<b>34,003,712</b>	<b>384,232</b>	<b>83,938,042</b>	<b>-</b>
<b>Total non-current assets</b>	<b>49,945,710</b>	<b>34,003,712</b>	<b>384,232</b>	<b>84,333,654</b>	<b>-</b>
<b>Total assets</b>	<b>58,105,348</b>	<b>34,374,740</b>	<b>639,540</b>	<b>93,119,628</b>	<b>8,838,259</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
GASB 68 - Differences between expected and actual experience	1,044,051	13,455	20,183	1,077,689	-
<b>Total deferred outflows of resources</b>	<b>1,044,051</b>	<b>13,455</b>	<b>20,183</b>	<b>1,077,689</b>	<b>-</b>
<b>Total assets and deferred outflows of resources</b>	<b>\$ 59,149,399</b>	<b>\$ 34,388,195</b>	<b>\$ 659,723</b>	<b>\$ 94,197,317</b>	<b>\$ 8,838,259</b>

The accompanying notes are an integral part of this statement

Continued  
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**CITY OF NEW BEDFORD, MASSACHUSETTS**

Proprietary Funds  
Statement of Net Position

June 30, 2015

	<b>Business-Type Activities</b>				<b>Governmental Activities</b>
	<b>Water</b>	<b>Airport</b>	<b>Downtown Parking</b>	<b>Total</b>	<b>Internal Service Fund</b>
<b>LIABILITIES</b>					
Current liabilities:					
Warrants payable	\$ 85,683	\$ 8,776	\$ 1,139	\$ 95,598	\$ -
Accounts payable and accrued expenses	878,649	16,927	238,646	1,134,222	1,064,482
Accrued interest	283,770	-	-	283,770	-
Bonds payable	1,937,692	35,000	-	1,972,692	-
Capital leases	27,289	-	126,058	153,347	-
Compensated absences	156,108	34,561	-	190,669	-
Due to other funds	2,869	-	141	3,010	256,118
Other liabilities	112	-	-	112	-
Claims incurred but not reported	-	-	-	-	3,824,940
<b>Total current liabilities</b>	<b>3,372,172</b>	<b>95,264</b>	<b>365,984</b>	<b>3,833,420</b>	<b>5,145,540</b>
Non-current liabilities:					
Bonds payable	24,933,966	710,000	-	25,643,966	-
Capital leases	132,751	-	196,194	328,945	-
Compensated absences	242,210	-	-	242,210	-
Net OPEB obligation (NOO)	2,132,996	191,353	-	2,324,349	-
Net pension liability (NPL)	11,552,656	1,155,266	1,732,898	14,440,820	-
<b>Total non-current liabilities</b>	<b>38,994,579</b>	<b>2,056,619</b>	<b>1,929,092</b>	<b>42,980,290</b>	<b>-</b>
<b>Total liabilities</b>	<b>42,366,751</b>	<b>2,151,883</b>	<b>2,295,076</b>	<b>46,813,710</b>	<b>5,145,540</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
None	-	-	-	-	-
<b>Total deferred inflows of resources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>NET POSITION</b>					
Invested in capital assets, net of related debt	22,630,242	33,258,712	188,038	56,076,992	-
Restricted - water stabilization fund	4,832,301	-	-	4,832,301	-
Unrestricted - airport operating fund	-	(1,022,400)	-	(1,022,400)	-
Unrestricted - water operating fund	(10,679,895)	-	-	(10,679,895)	-
Unrestricted - downtown parking operating fund	-	-	(1,823,391)	(1,823,391)	-
Unrestricted - internal service fund	-	-	-	-	3,692,719
<b>Total net position</b>	<b>16,782,648</b>	<b>32,236,312</b>	<b>(1,635,353)</b>	<b>47,383,607</b>	<b>3,692,719</b>
<b>Total liabilities, deferred inflows of resources and net position</b>	<b>\$ 59,149,399</b>	<b>\$ 34,388,195</b>	<b>\$ 659,723</b>	<b>\$ 94,197,317</b>	<b>\$ 8,838,259</b>

The accompanying notes are an integral part of this statement

**CITY OF NEW BEDFORD, MASSACHUSETTS**

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

For the Year Ended June 30, 2015

	<b>Business-Type Activities</b>				<b>Governmental Activities</b>
	<b>Water</b>	<b>Airport</b>	<b>Downtown Parking</b>	<b>Total</b>	<b>Internal Service Fund</b>
<b>OPERATING REVENUES</b>					
Charges for services	\$ 11,854,117	\$ 686,443	\$ 805,292	\$ 13,345,852	\$ -
Utility liens and penalties	(15)	-	-	(15)	-
Contributions (employee and employer)	-	-	-	-	51,327,804
Miscellaneous	201,556	26,059	5,963	233,578	-
Total operating revenues	<u>12,055,658</u>	<u>712,502</u>	<u>811,255</u>	<u>13,579,415</u>	<u>51,327,804</u>
<b>OPERATING EXPENSES</b>					
Salaries and benefits	4,144,922	427,366	330,686	4,902,974	45,438
Services and supplies	2,158,154	190,379	118,811	2,467,344	469,385
Capital outlay	63,783	340	71,071	135,194	-
Depreciation expense	2,531,239	1,467,094	47,747	4,046,080	-
Pension expense	160,889	96,553	144,829	402,271	-
Health and other insurance	-	-	-	-	50,914,104
Total operating expenses	<u>9,058,987</u>	<u>2,181,732</u>	<u>713,144</u>	<u>11,953,863</u>	<u>51,428,927</u>
Operating income (loss)	<u>2,996,671</u>	<u>(1,469,230)</u>	<u>98,111</u>	<u>1,625,552</u>	<u>(101,123)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>					
Investment earnings	91,604	-	-	91,604	8,735
Debt administrative costs	(25,864)	-	-	(25,864)	-
Debt service - interest payments	(865,118)	(19,513)	-	(884,631)	-
Total nonoperating revenue (expenses)	<u>(799,378)</u>	<u>(19,513)</u>	<u>-</u>	<u>(818,891)</u>	<u>8,735</u>
Income (loss) before transfers	<u>2,197,293</u>	<u>(1,488,743)</u>	<u>98,111</u>	<u>806,661</u>	<u>(92,388)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers out - operating	(434,491)	(58,629)	(30,758)	(523,878)	-
Transfers in - capital	866,048	8,556,574	-	9,422,622	-
Total transfers	<u>431,557</u>	<u>8,497,945</u>	<u>(30,758)</u>	<u>8,898,744</u>	<u>-</u>
Change in net position	<u>2,628,850</u>	<u>7,009,202</u>	<u>67,353</u>	<u>9,705,405</u>	<u>(92,388)</u>
Total net position - July 1, 2014 (restated)	<u>14,153,798</u>	<u>25,227,110</u>	<u>(1,702,706)</u>	<u>37,678,202</u>	<u>3,785,107</u>
Total net position - June 30, 2015	<u>\$ 16,782,648</u>	<u>\$ 32,236,312</u>	<u>\$ (1,635,353)</u>	<u>\$ 47,383,607</u>	<u>\$ 3,692,719</u>

The accompanying notes are an integral part of this statement

**CITY OF NEW BEDFORD, MASSACHUSETTS**

Proprietary Funds  
Statement of Cash Flows

For the Year Ended June 30, 2015

	Business-Type Activities				Governmental Activities
	Water	Airport	Downtown Parking	Total	Internal Service Fund
<b>Cash flows from operating activities:</b>					
Cash received from employee and employer contributions and governmental units	\$ -	\$ -	\$ -	\$ -	\$ 51,214,993
Cash received from customers	13,040,642	728,510	804,865	14,574,017	-
Payments from/(to) suppliers and employees	(6,917,545)	(700,324)	(93,351)	(7,711,220)	(51,114,136)
Cash received from interfund services provided	-	-	-	-	92,834
Internal activity-payments from (to) other funds	(892,408)	-	141	(892,267)	-
Net cash provided (used) by operating activities	5,230,689	28,186	711,655	5,970,530	193,691
<b>Cash flows from noncapital financing activities:</b>					
Transfers in (out)	(434,491)	8,497,945	(30,758)	8,032,696	-
Net cash provided by noncapital financing activities	(434,491)	8,497,945	(30,758)	8,032,696	-
<b>Cash flows from capital and related financing activities:</b>					
Purchases and construction of capital assets	(1,302,979)	(8,571,578)	-	(9,874,557)	-
Principal paid on capital debt	(1,912,796)	(35,000)	-	(1,947,796)	-
Interest paid on capital debt	(937,533)	(21,092)	-	(958,625)	-
Debt administrative costs	(25,864)	-	-	(25,864)	-
Net cash used by capital and related financing activities	(4,179,172)	(8,627,670)	-	(12,806,842)	-
<b>Cash flows from investing activities:</b>					
Purchase of investments	3,728,640	-	-	3,728,640	-
Interest and dividends	91,604	-	-	91,604	8,735
Net cash used by investing activities	3,820,244	-	-	3,820,244	8,735
Net increase in cash and cash equivalents	4,437,270	(101,539)	680,897	5,016,628	202,426
Balances-beginning of the year	2,348,228	467,438	-	2,815,666	7,576,219
Balances-end of the year	<u>\$ 6,785,498</u>	<u>\$ 365,899</u>	<u>\$ 680,897</u>	<u>\$ 7,832,294</u>	<u>\$ 7,778,645</u>
Displayed as:					
Cash and short-term investments	<u>\$ 6,785,198</u>	<u>\$ 365,899</u>	<u>\$ 248,918</u>	<u>\$ 7,400,015</u>	<u>\$ 7,778,645</u>
Total cash and short-term investments	<u>\$ 6,785,198</u>	<u>\$ 365,899</u>	<u>\$ 248,918</u>	<u>\$ 7,400,015</u>	<u>\$ 7,778,645</u>

The accompanying notes are an integral part of this statement

**CITY OF NEW BEDFORD, MASSACHUSETTS**

Proprietary Funds  
Statement of Cash Flows

For the Year Ended June 30, 2015

	<u>Business-Type Activities</u>				<u>Governmental</u>
	<u>Water</u>	<u>Airport</u>	<u>Downtown Parking</u>	<u>Total</u>	<u>Internal Service Fund</u>
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>					
Operating income (loss)	\$ 2,996,671	\$(1,469,230)	\$ 98,111	\$ 1,625,552	\$ (101,123)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:					
Depreciation expense	2,531,239	1,467,094	47,747	4,046,080	-
Change in assets and liabilities:					
(Increase) decrease in user charges receivables, net	1,703	-	-	1,703	-
(Increase) decrease in utility liens	92,409	-	-	92,409	-
(Increase) decrease other receivables, net	(1,643)	16,008	(5,548)	8,817	-
(Increase) decrease other assets	(77,964)	-	-	(77,964)	-
(Increase) decrease due from other funds	892,515	-	(842)	891,673	(115,735)
(Increase) decrease inventory, net	13,167	-	-	13,167	-
(Increase) decrease in escrow funds held	-	-	-	-	2,924
(Increase) decrease in deferred outflows	(1,044,051)	(13,455)	(20,183)	(1,077,689)	-
Increase (decrease) warrants and accounts payable	245,380	(13,560)	239,785	471,605	131,669
Increase (decrease) in net OPEB obligation (NOO)	187,344	19,219	-	206,563	-
Increase (decrease) in net pension liability (NPL)	201,280	20,128	30,192	251,600	-
Increase (decrease) in due to other funds	(892,408)	-	141	(892,267)	183,122
Increase (decrease) in capital leases	132,751	-	322,252	455,003	-
Increase (decrease) in compensated absences	(47,704)	1,982	-	(45,722)	-
Increase (decrease) in incurred but not reported	-	-	-	-	92,834
Net cash provided (used) by operating activities	<u>\$ 5,230,689</u>	<u>\$ 28,186</u>	<u>\$ 711,655</u>	<u>\$ 5,970,530</u>	<u>\$ 193,691</u>

The accompanying notes are an integral part of this statement

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

Fiduciary Funds and Similar Component Units  
Statement of Net Position

June 30, 2015

	<b>Pension Trust Fund (As of December 31, 2014)</b>	<b>Private Purpose Trust Funds</b>	<b>Agency</b>	<b>Total</b>
<b>ASSETS</b>				
Cash and short-term investments	\$ 4,118,502	\$ 401,649	\$ 6,188,309	\$ 10,708,460
Investments:				
Fixed income securities	46,730,184	-	-	46,730,184
Stocks / equities	122,079,794	-	-	122,079,794
International equities	33,661,732	-	-	33,661,732
Pooled funds	42,363,259	-	-	42,363,259
Real estate	20,141,961	-	-	20,141,961
Alternative investments	15,715,860	-	-	15,715,860
Receivables, net of allowance or uncollectibles:				
Employee	693,411	-	-	693,411
Interest and dividends	101,546	-	-	101,546
Other	-	-	785,044	785,044
Due from external parties - primary government	-	-	741,045	741,045
Total assets	<u>285,606,249</u>	<u>401,649</u>	<u>7,714,398</u>	<u>293,722,296</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
None	-	-	-	-
Total deferred outflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets and deferred outflows of resources	<u>\$ 285,606,249</u>	<u>\$ 401,649</u>	<u>\$ 7,714,398</u>	<u>\$ 293,722,296</u>
<b>LIABILITIES</b>				
Warrants payable	\$ -	\$ -	\$ 84,323	\$ 84,323
Accounts payable and accrued expenses	423,684	-	667,731	1,091,415
Due to other funds	-	-	219,849	219,849
Payable to external parties - primary government	-	-	164	164
Deposits held	-	-	6,725,201	6,725,201
Other liabilities	-	-	17,130	17,130
Total liabilities	<u>423,684</u>	<u>-</u>	<u>7,714,398</u>	<u>8,138,082</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unearned pension appropriation	<u>2,695,637</u>	<u>-</u>	<u>-</u>	<u>2,695,637</u>
Total deferred inflows of resources	<u>2,695,637</u>	<u>-</u>	<u>-</u>	<u>2,695,637</u>
<b>NET POSITION</b>				
Restricted - other purposes	-	401,649	-	401,649
Restricted - pension benefits	<u>282,486,928</u>	<u>-</u>	<u>-</u>	<u>282,486,928</u>
Total net position	<u>282,486,928</u>	<u>401,649</u>	<u>-</u>	<u>282,888,577</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 285,606,249</u>	<u>\$ 401,649</u>	<u>\$ 7,714,398</u>	<u>\$ 293,722,296</u>

The accompanying notes are an integral part of this statement

**CITY OF NEW BEDFORD, MASSACHUSETTS**

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

For the Year Ended June 30, 2015

	<b>Pension Trust Fund (As of December 31, 2014)</b>	<b>Private Purpose Trust Funds</b>	<b>Total</b>
<b><u>Additions:</u></b>			
Contributions:			
Employer	\$ 26,666,976	\$ -	\$ 26,666,976
Employee	8,457,273	-	8,457,273
Miscellaneous income	<u>11,650</u>	<u>-</u>	<u>11,650</u>
Total contributions	<u>35,135,899</u>	<u>-</u>	<u>35,135,899</u>
Net investment income:			
Dividends and interest	3,865,342	2,056	3,867,398
Net appreciation in fair value of investments	26,068,143	448	26,068,591
Gain (loss) on sale of investments	<u>(12,042,326)</u>	<u>(3,580)</u>	<u>(12,045,906)</u>
Total investment income	<u>17,891,159</u>	<u>(1,076)</u>	<u>17,890,083</u>
Less: investment expense	<u>2,077,537</u>	<u>-</u>	<u>2,077,537</u>
Net investment income	15,813,622	(1,076)	15,812,546
Intergovernmental	<u>1,045,741</u>	<u>-</u>	<u>1,045,741</u>
Total additions	<u>51,995,262</u>	<u>(1,076)</u>	<u>51,994,186</u>
<b><u>Deductions:</u></b>			
Retirement benefits	41,540,866	-	41,540,866
Administration	448,419	14,552	462,971
Transfers, reimbursements and refunds	<u>3,448,156</u>	<u>-</u>	<u>3,448,156</u>
Total deductions	<u>45,437,441</u>	<u>14,552</u>	<u>45,451,993</u>
Change in net position	6,557,821	(15,628)	6,542,193
Net position - July 1, 2014	<u>275,929,107</u>	<u>417,277</u>	<u>276,346,384</u>
Net position - June 30, 2015	<u>\$ 282,486,928</u>	<u>\$ 401,649</u>	<u>\$ 282,888,577</u>

The accompanying notes are an integral part of this statement

# CITY OF NEW BEDFORD, MASSACHUSETTS

## Notes to Financial Statements

June 30, 2015

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

The accompanying government-wide 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). The City maintains and reports its fund financial statements in accordance with practices prescribed by the Uniform Municipal Accounting System ("Uniform Systems") promulgated by the Commonwealth of Massachusetts Department of Revenue with the exception of the City's Wastewater Fund which is reported based on Sections 502 and 610 of the City's "Amended and Restated Wastewater System General Revenue Bond Resolution" between the City and the MWPAT (adopted October 29, 1998). The following is a summary of significant accounting policies.

#### **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's operating fund is reported on the government-wide financial statements as a major component unit (management's discretion). The Refuse District also has an Other Post Employment Benefit Trust fund with a net position of \$3,225,005 at June 30, 2015. The Refuse District's OPEB Trust fund is not presented in the government-wide financial statements as the net position of the fund is held in trust (i.e. a fiduciary fund). 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.

# CITY OF NEW BEDFORD, MASSACHUSETTS

## Notes to Financial Statements

June 30, 2015

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

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

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

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 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 2015. 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.

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 2015. 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.

# CITY OF NEW BEDFORD, MASSACHUSETTS

## Notes to Financial Statements

June 30, 2015

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

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

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

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 35 and 36). 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.

#### **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, airport and downtown parking 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.

CITY OF NEW BEDFORD, MASSACHUSETTS

Notes to Financial Statements

June 30, 2015

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

**B. Government-Wide Statements (continued)**

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.

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.

CITY OF NEW BEDFORD, MASSACHUSETTS

Notes to Financial Statements

June 30, 2015

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

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

*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.

*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.

# CITY OF NEW BEDFORD, MASSACHUSETTS

## Notes to Financial Statements

June 30, 2015

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

#### **D. Measurement Focus and Basis of Accounting**

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

##### *Accrual*

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

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

##### *Modified Accrual*

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

#### **E. Implementation of New Accounting Principles**

For the year ending June 30, 2015, the City implemented the following pronouncements issued by the GASB:

- GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*
- GASB Statement No. 69, *Government Combinations and Disposals of Government Operations*
- GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date—an amendment of GASB Statement No. 68*

The implementation GASB Statements No. 68 and 71 represented a significant change in the accounting and reporting of pension expense and the related liability. For the first time, the City recognized its long-term obligation for pension benefits as a liability to more comprehensively measure the annual costs of pension benefits. The implementation of this Statement also expanded pension related note disclosures and required supplementary information. As a result of this change in accounting principle, the City has restated its beginning net position within the business-type activities. See “Note 16 Restatement” on page 85 for more information.

The implementation of GASB Statement No. 69 had no material reporting impact for the City.

**CITY OF NEW BEDFORD, MASSACHUSETTS**

Notes to Financial Statements

June 30, 2015

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

**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.

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.

CITY OF NEW BEDFORD, MASSACHUSETTS

Notes to Financial Statements

June 30, 2015

Note 1. Summary of Significant Accounting Policies (Continued)

F. Financial Statement Amounts (continued)

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, 2015 and are included in the water and wastewater funds.

Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, bridges, curbs, gutters, streets, sidewalks, and drainage systems) are reported in the applicable governmental activities column in the government-wide financial statements. Capital assets purchased or acquired with an aggregated original cost of \$10,000 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Net interest costs related to construction projects are capitalized during the related period. Such costs were not considered material during fiscal 2015. 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

**CITY OF NEW BEDFORD, MASSACHUSETTS**

Notes to Financial Statements

June 30, 2015

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

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

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.

*Pensions*

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

*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.

*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.

CITY OF NEW BEDFORD, MASSACHUSETTS

Notes to Financial Statements

June 30, 2015

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

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

*Encumbrances*

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

*Net 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.

- a) *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).
- b) *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.
- c) *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 statutes which are passed by the City Council and approved by the Mayor.
- d) *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.
- e) *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.

*Continued*

CITY OF NEW BEDFORD, MASSACHUSETTS

Notes to Financial Statements

June 30, 2015

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

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

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.

*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.

**CITY OF NEW BEDFORD, MASSACHUSETTS**

Notes to Financial Statements

June 30, 2015

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

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

*Use of Estimates*

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

*Fund Deficit and Appropriation Deficits*

Several individual fund deficits existed at June 30, 2015 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 2015 were approved by the City Council as provided by the Charter.
- c) For day-to-day management control, expenditures plus encumbrances may not exceed the budget at the expenditure-type (i.e., personal services, other operations and maintenance, etc.) level of each cost center (activity within a program within a fund). The Mayor may transfer unencumbered appropriations within programs within funds.
- d) Appropriation control (City Council appropriate budget) is by program (i.e., safety, leisure, health, etc.) within a fund. City Council may, by ordinance, transfer amounts among programs within and between funds. Budgetary comparison schedules are presented in the Supplemental Section as Required Supplemental Information. The budgetary basis is the modified accrual basis of accounting with encumbrances included against appropriations.

**CITY OF NEW BEDFORD, MASSACHUSETTS**

Notes to Financial Statements

June 30, 2015

*Note 2. Compliance and Accountability (continued)*

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

**Interfund Transactions**

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

	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>	<u>Other Financing Sources</u>	<u>Other Financing Uses</u>
<b><u>Major Governmental Funds</u></b>				
General Fund	\$ 291,301	\$ 1,604,007	\$ 2,133,131	\$ 145,179
Wastewater Funds	195,866	112,404	6,303,074	7,819,216
<b><u>Non-Major Governmental Funds</u></b>				
Capital Projects	113,705	174,862	110,528	-
Special Revenue Funds	-	34,825	87,632	146,092
Permanent Funds	-	58	-	-
<b><u>Proprietary Funds</u></b>				
Internal Service Funds	1,062,538	256,118	-	-
Water	-	2,869	-	434,491
Airport	-	-	-	58,629
Downtown Parking	842	141	-	30,758
<b><u>Fiduciary Funds</u></b>				
Agency	741,045	220,013	-	-
Totals	<u>\$ 2,405,297</u>	<u>\$ 2,405,297</u>	<u>\$ 8,634,365</u>	<u>\$ 8,634,365</u>

In addition to the sources and uses above, transfers of \$8,556,574 were recorded (net of debt) for the airport enterprise fund and transfers of \$866,048 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 2015 (thus resulting in increases or decreases to net position within the enterprise fund).

**CITY OF NEW BEDFORD, MASSACHUSETTS**

Notes to Financial Statements

June 30, 2015

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

Cash and investment as of June 30, 2015 are classified in the accompanying financial statements as follows:

Cash and investments - Governmental Activities	\$ 89,727,180
Cash and investments - Business Type Activities	7,400,015
Cash and investments - Pension Trust Fund	284,811,292
Cash and investments - Private Purpose Trust Funds	401,649
Cash and investments - Agency Funds	<u>6,188,309</u>
	<u>\$ 388,528,445</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 \$7,435 on June 30, 2015.

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 \$103,717,513, including \$7,435 of petty cash and the bank balance was \$107,338,290. Of the bank balance \$2,806,929 was covered by Federal Depository Insurance, \$17,704,645 was covered by Depositors Insurance Fund and \$68,376,645 was held in collateralized accounts. The remaining balance was held in uncollateralized accounts.

At year end the City’s carrying amount of deposits for the pension trust fund was \$4,012,067 and the bank balance was \$4,812,191. Of the bank balance \$1,250,000 was covered by Federal Depository Insurance. The remaining balance 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, 2015 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, 2015

**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	\$ 820,811	\$ -	\$ 652,889	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 167,922
Corporate Bonds	4,269,089	-	-	1,584,510	1,511,864	846,657	-	-	326,058
Fixed Income	166,290	-	-	-	166,290	-	-	-	-
<b>Total Debt Securities</b>	<b>\$ 5,256,190</b>	<b>\$ -</b>	<b>\$ 652,889</b>	<b>\$ 1,584,510</b>	<b>\$ 1,678,154</b>	<b>\$ 846,657</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 493,980</b>

**Other Investments:**

Equities	\$ 4,115,739
Real Estate and Commodities	19,458
Certificate of Deposits	7,579,103
Mutual Funds - Equities and Other	213,336
Hedge Funds	11,452
<b>Total Investments</b>	<b>\$ 17,195,278</b>

**CITY OF NEW BEDFORD, MASSACHUSETTS**

Notes to Financial Statements

June 30, 2015

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

*Total Investments by Investment Type and S&P Ratings (continued):*

*Pension Trust Fund (at December 31, 2014)*

Investment Type	Fair Value	S&P Rating									Not Rated
		AAA	AA	A	BBB	BB	B	CCC	CC	D	
Auto Loan Receivable	\$ 1,062,278	\$ 157,967	\$ 49,546	\$ 19,824	\$ 357,091	\$ 71,846	\$ 28,484	\$ -	\$ -	\$ -	\$ 377,520
Bank Loans Receivable	518,147	-	-	-	32,849	192,542	291,998	407	-	-	351
Collateralized Mortgage Backed Securities	6,934,295	21,186	189,908	727,384	1,176,701	315,264	233,323	-	15,967	153,226	4,101,336
Convertible Bonds	2,327,695	-	-	236,333	665,817	531,051	277,575	-	-	-	616,919
Corporate Bonds	14,991,830	-	370,571	2,522,713	7,820,993	2,208,528	1,768,355	252,813	-	-	47,857
Credit Card Receivable	2,455,779	1,563,902	495,658	298,251	-	-	-	-	-	-	97,968
Equipment Loans Receivable	508,161	-	-	507,832	143	-	186	-	-	-	-
Federal Home Loan Mortgage Corp.	1,070,115	-	10,657	-	-	-	-	-	-	-	1,059,458
Federal Nation Mortgage Association	2,481,082	-	47,354	-	-	-	-	-	-	-	2,433,728
Government National Mortgage Association	38,902	-	-	-	-	-	-	-	-	-	38,902
Government Issues	7,937,854	183,548	875,968	760,468	226,086	-	-	-	-	-	5,891,784
Government Issued Yankee Bond	416,891	50,372	11,647	-	350,268	-	-	-	-	-	4,604
Municipal Bonds	600,532	27,788	136,155	225,965	112,383	-	7,871	-	-	-	90,370
National Association of Realtor Mortgage Backed Securities	1,170,889	-	2,835	41,664	89,151	47,747	74,569	179,662	1,188	119,835	614,238
Other Asset Backed Securities	596,836	-	-	331,547	33,337	46,413	23,499	-	-	-	162,040
Yankee Bonds	3,501,001	-	-	148,301	1,411,971	1,824,540	18,568	-	-	-	97,621
Yankee Bonds - Passed Due Interest	117,903	-	-	-	7,706	40,904	-	-	-	-	69,293
<b>Total Debt Securities</b>	<b>\$ 46,730,190</b>	<b>\$2,004,763</b>	<b>\$ 2,190,299</b>	<b>\$5,820,282</b>	<b>\$ 12,284,496</b>	<b>\$ 5,278,835</b>	<b>\$ 2,724,428</b>	<b>\$ 432,882</b>	<b>\$ 17,155</b>	<b>\$ 273,061</b>	<b>\$ 15,703,989</b>

**Other Investments:**

Equities	36,986,768
Pooled Emerging Market/Other Equities	42,363,259
Pooled Domestic Equities	85,093,026
Pooled International Equities	33,661,732
Pooled Alternative Investments	15,690,884
Pooled Real Estate Funds	20,141,961
Pooled Derivatives	24,970
<b>Total Investments</b>	<b>\$ 280,692,790</b>

**CITY OF NEW BEDFORD, MASSACHUSETTS**

Notes to Financial Statements

June 30, 2015

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

*Total Investments by Investment Type and Remaining Maturity:*

*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	\$ 820,811	\$ -	\$ 100,356	\$ 389,924	\$ 328,801	\$ 1,730	\$ -
Corporate Bonds	4,269,089	520,075	1,768,848	989,479	503,135	-	487,552
Fixed Income	166,290	-	-	-	-	166,290	-
Certificates of Deposit	7,579,103	-	-	-	-	-	7,579,103
Total Debt Securities	\$ 12,835,293	<u>\$ 520,075</u>	<u>\$ 1,869,204</u>	<u>\$ 1,379,403</u>	<u>\$ 831,936</u>	<u>\$ 168,020</u>	<u>\$ 8,066,655</u>

**Other Investments:**

Equities	\$ 4,115,739
Real Estate and Commodities	19,458
Mutual Funds - Equities and Other	213,336
Hedge Funds	<u>11,452</u>
Total Investments	<u>\$ 17,195,278</u>

**CITY OF NEW BEDFORD, MASSACHUSETTS**

Notes to Financial Statements

June 30, 2015

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

*Total Investments by Investment Type and Remaining Maturity (continued):*

*Pension Trust Fund (at December 31, 2014)*

<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>	
Auto Loan Receivable	\$ 1,062,278	\$ -	\$ 412,830	\$ 649,448	\$ -
Bank Loans Receivable	518,147	-	758	517,389	-
Collateralized Mortgage Backed Securities	6,934,295	-	-	-	6,934,295
Convertible Bonds	2,327,695	-	328,542	1,099,318	899,835
Corporate Bonds	14,991,830	-	-	502,416	14,489,414
Credit Card Receivable	2,455,779	-	496,624	1,959,155	-
Equipment Loans Receivable	508,161	-	329	-	507,832
Federal Home Loan Mortgage Corp.	1,070,115	-	10,657.00	-	1,059,458.00
Federal Nation Mortgage Association	2,481,082	-	47,354	-	2,433,728
Government National Mortgage Association	38,902	-	-	-	38,902
Government Issues	7,937,854	243,000	1,184,494	-	6,510,360
Government Issued Yankee Bond	416,891	50,372	11,647	-	354,872
Municipal Bonds	600,532	-	-	-	600,532
National Association of Realtor Mortgage Backed Securities	1,170,889	-	-	-	1,170,889
Other Asset Backed Securities	596,836	-	331,547	29,774	235,515
Yankee Bonds	3,501,001	-	-	653,326	2,847,675
Yankee Bonds - Passed Due Interest	117,903	-	-	110,197	7,706
Total Debt Securities	\$ 46,730,190	\$ 293,372	\$ 2,824,782	\$ 5,521,023	\$ 38,091,013
<b><u>Other Investments:</u></b>					
Equities	\$ 36,986,768				
Pooled Emerging Market/Other Equities	42,363,259				
Pooled Domestic Equities	85,093,026				
Pooled International Equities	33,661,732				
Pooled Alternative Investments	15,690,884				
Pooled Real Estate Funds	20,141,961				
Pooled Derivatives	24,970				
Total Investments	<u>\$ 280,692,790</u>				

**CITY OF NEW BEDFORD, MASSACHUSETTS**

Notes to Financial Statements

June 30, 2015

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

The following represent foreign assets the City has invested in:

<u>Investment Type</u>	<u>Currency</u>	<u>Total Amount</u>	<u>Maturity</u>	<u>Description</u>
<i>Foreign Currency Risk</i>				
<i>Primary Government, Private Purpose and Agency Funds</i>				
Common Stock - Foreign	N/A	\$ 4,296	N/A	Unilever PLC
Common Stock - Foreign	N/A	4,251	N/A	Toronto Dominion Bank
Common Stock - Foreign	N/A	6,749	N/A	Eaton Corp PLC
ETF - Int'l Dev	N/A	5,089	N/A	BHP Billiton LTD
ETF - Int'l Dev	N/A	12,758	N/A	Vodafone Group PLC
ETF - Emerging Markets - International	N/A	45,935	N/A	Wisdom Tree Emg Mkts Equity
ETF - International Stock	N/A	-	N/A	Wisdom Tree DEFA Fund
Mutual Funds - International Equity	N/A	-	N/A	EuroPacific Growth Fund
Total		<u>\$ 79,078</u>		

<u>Investment Type</u>	<u>Currency</u>	<u>Total Amount</u>	<u>Maximum Maturity (in years)</u>	<u>S&amp;P Rating</u>
<i>Foreign Currency Risk</i>				
<i>Pension Trust Fund (at December 31, 2014)</i>				
Corporate Bonds	MXN	\$ 92,970	22	A
Corporate Bonds	MXN	1,237	4	A
Corporate Bonds	AUD	151,495	4	A
Corporate Bonds	NZD	21,693	2	AA
Corporate Bonds	INR	179,134	5	AAA
Corporate Bonds	NOK	4,414	3	AAA
Corporate Bonds	NOK	70,400	35	B
Corporate Bonds	EUR	103,800	7	BB
Corporate Bonds	EUR	120,813	2	BB
Corporate Bonds	BRL	184,290	14	BBB
Corporate Bonds	COP	44,048	7	BBB
Corporate Bonds	GBP	133,900	7	BBB
Corporate Bonds	GBP	128,330	7	BBB
Corporate Bonds	MXN	8,383	29	BBB
Corporate Bonds	CLP	92,442	2	N/R
Corporate Bonds	CLP	43,239	9	N/R
Foreign Currency	ICELAND KRONA	(5,453)	N/A	N/R
Government Issues	MXN	609,910	24	A
Government Issues	PHP	150,558	1	A
Government Issues	PHP	160,890	22	BBB
Total		<u>\$ 2,296,493</u>		

**CITY OF NEW BEDFORD, MASSACHUSETTS**

Notes to Financial Statements

June 30, 2015

**Note 4. Receivables**

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

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

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

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

	Governmental Activities				Business-Type Activities			
	Major Funds		Non-Major	Total	Water	Airport	Downtown	Total
	General	Waste water	Governmental	Governmental			Parking	Business-Type
<b>Receivables:</b>								
Real estate and personal property taxes	\$ 4,506,076	\$ -	\$ -	\$ 4,506,076	\$ -	\$ -	\$ -	\$ -
Tax liens and foreclosures	28,431,911	-	-	28,431,911	-	-	-	-
Motor vehicle and boat excise	2,075,709	-	-	2,075,709	-	-	-	-
User charges receivables	-	2,246,197	-	2,246,197	1,215,456	-	-	1,215,456
Departmental and other	12,398,162	213,738	-	12,611,900	-	-	-	-
Loans receivable	-	-	20,849,340	20,849,340	-	-	-	-
Other receivables	2,989,193	113,705	70,494	3,173,392	3,023	5,579	5,548	14,150
Special assessments	293	100,040	-	100,333	-	-	-	-
Due from federal or state government	231,644	-	22,969,287	23,200,931	-	-	-	-
Gross receivables (governmental and proprietary funds)	<u>50,632,988</u>	<u>2,673,680</u>	<u>43,889,121</u>	<u>97,195,789</u>	<u>1,218,479</u>	<u>5,579</u>	<u>5,548</u>	<u>1,229,606</u>
Less: allowance for uncollectable	<u>(6,918,754)</u>	<u>(449,239)</u>	<u>(625,480)</u>	<u>(7,993,473)</u>	<u>(140,000)</u>	<u>(450)</u>	<u>-</u>	<u>(140,450)</u>
Net total receivables (GWFS)	<u>\$ 43,714,234</u>	<u>\$ 2,224,441</u>	<u>\$ 43,263,641</u>	<u>\$ 89,202,316</u>	<u>\$ 1,078,479</u>	<u>\$ 5,129</u>	<u>\$ 5,548</u>	<u>\$ 1,089,156</u>

**CITY OF NEW BEDFORD, MASSACHUSETTS**

Notes to Financial Statements

June 30, 2015

**Note 5. Capital Assets and Depreciation**

Capital asset activity for the year ended June 30, 2015 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	670,445	16,623,053	8,592,241	8,701,257
Infrastructure in progress	1,290,088	7,663,393	1,563,885	7,389,596
Subtotal	<u>5,737,768</u>	<u>24,286,446</u>	<u>10,156,126</u>	<u>19,868,088</u>
Other Capital Assets:				
Infrastructure	183,154,274	1,563,885	-	184,718,159
Land improvements	1,011,150	1,155,963	-	2,167,113
Buildings and improvements	363,775,526	9,639,810	-	373,415,336
Machinery and equipment	51,732,985	3,631,647	-	55,364,632
Office equipment and furniture	14,345,448	99,429	-	14,444,877
Computer equipment	13,187,164	774,957	-	13,962,121
Library books and textbooks	10,633,268	-	-	10,633,268
Automobiles	11,341,652	498,918	-	11,840,570
Animals	54,859	-	-	54,859
Subtotal	<u>649,236,326</u>	<u>17,364,609</u>	<u>-</u>	<u>666,600,935</u>
Accumulated Depreciation:				
Infrastructure	115,677,525	2,872,543	-	118,550,068
Land improvements	136,340	108,272	-	244,612
Buildings and improvements	116,843,544	10,115,932	-	126,959,476
Machinery and equipment	43,744,120	2,548,164	-	46,292,284
Office equipment and furniture	14,044,081	128,021	-	14,172,102
Computer equipment	10,182,166	660,603	-	10,842,769
Library books and textbooks	10,273,483	212,058	-	10,485,541
Automobiles	9,918,173	488,818	-	10,406,991
Animals	41,402	1,927	-	43,329
Subtotal	<u>320,860,834</u>	<u>17,136,338</u>	<u>-</u>	<u>337,997,172</u>
Net other capital assets	<u>328,375,492</u>	<u>228,271</u>	<u>-</u>	<u>328,603,763</u>
Net capital assets	<u>\$ 334,113,260</u>	<u>\$ 24,514,717</u>	<u>\$ 10,156,126</u>	<u>\$348,471,851</u>

**CITY OF NEW BEDFORD, MASSACHUSETTS**

Notes to Financial Statements

June 30, 2015

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

Capital asset activity for the year ended June 30, 2015 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b><u>Business-Type Activities - Water:</u></b>				
Not Being Depreciated:				
Land	\$ 600,000	\$ -	\$ -	\$ 600,000
Infrastructure in progress	811,865	1,624,231	-	2,436,096
Easements	962,500	-	-	962,500
Subtotal	<u>2,374,365</u>	<u>1,624,231</u>	<u>-</u>	<u>3,998,596</u>
Other Capital Assets:				
Infrastructure	92,020,865	-	-	92,020,865
Buildings and improvements	122,542	43,867	-	166,409
Machinery and equipment	6,050,156	243,279	-	6,293,435
Office equipment and furniture	96,935	-	-	96,935
Computer equipment	49,471	-	-	49,471
Automobiles	1,107,604	257,649	-	1,365,253
Subtotal	<u>99,447,573</u>	<u>544,795</u>	<u>-</u>	<u>99,992,368</u>
Accumulated Depreciation:				
Infrastructure	47,333,643	1,852,777	-	49,186,420
Buildings and improvements	11,422	7,606	-	19,028
Machinery and equipment	3,536,444	514,210	-	4,050,654
Office equipment and furniture	95,528	1,407	-	96,935
Computer equipment	49,471	-	-	49,471
Automobiles	883,120	155,238	-	1,038,358
Subtotal	<u>51,909,628</u>	<u>2,531,238</u>	<u>-</u>	<u>54,440,866</u>
Net other capital assets	<u>47,537,945</u>	<u>(1,986,443)</u>	<u>-</u>	<u>45,551,502</u>
Net capital assets	<u>\$ 49,912,310</u>	<u>\$ (362,212)</u>	<u>\$ -</u>	<u>\$ 49,550,098</u>

**CITY OF NEW BEDFORD, MASSACHUSETTS**

Notes to Financial Statements

June 30, 2015

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

Capital asset activity for the year ended June 30, 2015 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	<u>4,724,535</u>	<u>8,556,574</u>	<u>13,281,109</u>	<u>-</u>
Subtotal	<u>5,249,828</u>	<u>8,556,574</u>	<u>13,281,109</u>	<u>525,293</u>
Other Capital Assets:				
Infrastructure	23,006,351	13,281,109	-	36,287,460
Land improvements	621,822	-	-	621,822
Buildings and improvements	2,240,420	-	-	2,240,420
Machinery and equipment	887,281	15,000	-	902,281
Computer and equipment	52,400	-	-	52,400
Automobiles	74,710	-	-	74,710
Office equipment and furniture	<u>5,294</u>	<u>-</u>	<u>-</u>	<u>5,294</u>
Subtotal	<u>26,888,278</u>	<u>13,296,109</u>	<u>-</u>	<u>40,184,387</u>
Accumulated Depreciation:				
Infrastructure	3,302,689	1,364,099	-	4,666,788
Land improvements	188,943	31,082	-	220,025
Buildings and improvements	772,256	39,955	-	812,211
Machinery and equipment	842,586	31,958	-	874,544
Computer and equipment	52,400	-	-	52,400
Automobiles	74,710	-	-	74,710
Office equipment and furniture	<u>5,294</u>	<u>-</u>	<u>-</u>	<u>5,294</u>
Subtotal	<u>5,238,878</u>	<u>1,467,094</u>	<u>-</u>	<u>6,705,972</u>
Net other capital assets	<u>21,649,400</u>	<u>11,829,015</u>	<u>-</u>	<u>33,478,415</u>
Net capital assets	<u>\$ 26,899,228</u>	<u>\$ 20,385,589</u>	<u>\$ 13,281,109</u>	<u>\$ 34,003,708</u>

**CITY OF NEW BEDFORD, MASSACHUSETTS**

Notes to Financial Statements

June 30, 2015

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

Capital asset activity for the year ended June 30, 2015 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b><u>Business-Type Activities - Downtown Parking:</u></b>				
Not Being Depreciated:				
Land	\$ -	\$ -	\$ -	\$ -
Infrastructure in progress	-	50,000	-	50,000
Easements	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Subtotal	-	50,000	-	50,000
	<hr/>	<hr/>	<hr/>	<hr/>
Other Capital Assets:				
Infrastructure	-	-	-	-
Buildings and improvements	-	-	-	-
Machinery and equipment	-	381,979	-	381,979
Office equipment and furniture	-	-	-	-
Computer equipment	-	-	-	-
Automobiles	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Subtotal	-	381,979	-	381,979
	<hr/>	<hr/>	<hr/>	<hr/>
Accumulated Depreciation:				
Infrastructure	-	-	-	-
Buildings and improvements	-	-	-	-
Machinery and equipment	-	47,747	-	47,747
Office equipment and furniture	-	-	-	-
Computer equipment	-	-	-	-
Automobiles	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Subtotal	-	47,747	-	47,747
	<hr/>	<hr/>	<hr/>	<hr/>
Net other capital assets	-	334,232	-	334,232
	<hr/>	<hr/>	<hr/>	<hr/>
Net capital assets	\$ -	\$ 384,232	\$ -	\$ 384,232
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

CITY OF NEW BEDFORD, MASSACHUSETTS

Notes to Financial Statements

June 30, 2015

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

Depreciation was charged to functions as follows:

**Governmental Activities:**

General Government	\$	1,167,592
Public Safety		1,762,145
Education		8,466,428
Public Works		4,627,951
Community and Economic Development		265,667
Health and Human Services		155,017
Culture and Recreation		<u>691,538</u>
Total Governmental Activities	\$	<u>17,136,338</u>

**Business-Type Activities:**

Water		2,531,238
Airport		1,467,094
Downtown Parking		<u>47,747</u>
Total Business-Type Activities	\$	<u>4,046,079</u>

CITY OF NEW BEDFORD, MASSACHUSETTS

Notes to Financial Statements

June 30, 2015

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

**General Information about the Pension Plan**

*Plan description.* The System is a contributory defined benefit plan, as established by MGL Chapter 32, covering all City of New Bedford Retirement System member unit employees deemed eligible by the retirement board, with the exception of the school department employees who serve in a teaching capacity. The Massachusetts Teacher Retirement System (“MTRS”) administers the pensions of such school employees. The City does not contribute to the MTRS. As required by GASB Statement No. 24, the amount of payments made on behalf of the City of New Bedford by the Commonwealth of Massachusetts into the MTRS totaled \$13,219,419 for the fiscal year ended June 30, 2015 and, accordingly, are reported as intergovernmental revenues and expenditures within the City’s general fund. For further information regarding the MTRS, please see [www.mass.gov/mtrs](http://www.mass.gov/mtrs).

The System qualifies as a cost-sharing multiple employer plan since pension obligations exist for employees of more than one employer and plan assets can be used to pay the benefits of the employees of any employer. Additional disclosures as required by GASB Statement No. 68 with respect to single-employer pension plans were also integrated into this note (where applicable) for enhanced transparency over financial reporting due to the fact that the City of New Bedford is considered the “reporting entity”. Five employers currently participate in the System, the City of New Bedford, the New Bedford Housing Authority, the Greater New Bedford Regional Technical Vocational High School, the Greater New Bedford Regional Refuse Management District, and the Southeastern Regional Transit Authority. Each employer contributes into the plan annually as determined by the Public Employee Retirement Administration Commission (“PERAC”). Please see the section below entitled “Contributions” for more information.

The PERAC issues a publicly available report on the City of New Bedford Retirement System pursuant to MGL Chapter 32 Section 21 that can be obtained at [www.mass.gov/perac](http://www.mass.gov/perac). This report contains additional information with respect to the System.

*Benefits provided.* The System provides retirement, disability, and death benefits. Retirement benefits vest after ten years of creditable service and are determined by multiplying average salary by a benefit rate related to the member’s age and job classification at retirement, and the resulting product by his creditable service. The amount determined by the benefit formula cannot exceed 80% of the member’s highest three year average salary (for employees hired prior to April 2, 2012) or 80% of the member’s highest five year average (for employees hired on or after April 2, 2012). The benefit rate also varies with the member’s retirement age and group classification (see below). Members may elect to receive their retirement allowances in one of three forms of payment (Options A, B and C) per MGL Chapter 32.

Members of the System are eligible for two types disability benefits (ordinary and accidental disability) for which allowances are determined based on the date the member entered the System along with the “group” the member belongs to. Death benefits are also available for members who die as a result of a work-related injury if the member was retired for accidental disability and the death was the natural and proximate result of the injury or hazard undergone on account of which such member was retired. Allowances for death benefits consist of immediate payments to a named beneficiary equal to the accumulated deductions at the time of death, plus a pension equal to 72% of current salary. Other allowances are also entitled to those surviving spouses of the police or fire departments.

CITY OF NEW BEDFORD, MASSACHUSETTS

Notes to Financial Statements

June 30, 2015

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

General Information about the Pension Plan (continued)

Chapter 17 of the Acts of 1997 was adopted by the New Bedford Contributory Retirement System. The result of such adoption allows the Retirement Board to vote to pay a cost of living increase (COLA) for that year, with the percentage determined by the increase in the Consumer Price Index used for indexing Social Security benefits, but cannot exceed 3.0%.

Employees covered by benefit terms. At January 1, 2014 (the most recent actuarial valuation date) the following employees were covered by the benefit terms:

Active plan members	1,903
Inactive plan members	454
Retired, disabled and beneficiaries	<u>1,812</u>
Subtotal	<u><u>4,169</u></u>

Participation in the retirement system is mandatory for all full-time employees. For retirement purposes, employees are classified into four classes of membership. Group 3 consists exclusively of the State Police. The other three classes are as follows:

Group 1 – General employees, including clerical, administrative, technical and all other employees not otherwise classified.

Group 2 – Certain specified hazardous duty positions.

Group 4 – Police officers, firefighters, and other specified hazardous positions.

Contributions. Member contributions vary depending on the most recent date of membership. Members who entered the system prior to 1975 contribute 5% of regular compensation. Members who entered between 1975 and 1983 contribute 7% of regular compensation. Members who entered between 1984 and June 30, 1996 contribute 8% of regular compensation. Members who entered after July 1, 1996 will contribute 9% of regular compensation. Also, members who joined after 1978 are required to make extra contributions equal to 2% of all compensation exceeding \$30,000 annually.

Under Chapter 32 Section 22F of the Massachusetts Laws, employers are required to make the necessary contributions to the trust such that the plan reaches a full funding status by 2040. Thereafter, annual contributions equal to the normal cost will keep the Plan's assets and liabilities in balance. Contributions to the pension plan from participating employers was \$28,253,951 for the fiscal year ended June 30, 2015 as determined by PERAC. Of the \$28,253,951 contributed, \$24,433,112 represents contributions from the City of New Bedford. PERAC establishes rates based on an actuarially determined rate recommended by an independent actuary. The actuarially determined rate is the estimated amount necessary to finance the costs of the benefits earned by the employees during the year, with an additional amount to finance any unfunded accrued liability. For the fiscal year ended June 30, 2015, the City's average contribution rate was 33.47 percent of annual payroll.

Net Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

The System's net pension liability was measured as of December 31, 2014 (i.e. the "measurement date" as defined by GASB Statement No. 68), and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2014 performed by Sherman Actuarial Services, LLC. Update procedures were used to roll forward the total pension liability to the measurement date.

**CITY OF NEW BEDFORD, MASSACHUSETTS**

Notes to Financial Statements

June 30, 2015

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

***Net Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)***

At June 30, 2015 (i.e. the “reporting date” as defined by GASB Statement No. 68), the System reported a net pension liability of \$333,981,380 while the City of New Bedford reported a liability of \$288,816,402 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2014. The City’s proportion of the net pension liability was based on a projection of the City’s long-term share of contributions to the pension plan relative to the projected contributions of the three participating employers, actuarially determined. The following chart illustrates each employers proportionate share used at the measurement date:

<u>Employer</u>	<u>Fiscal Year 2015 Actual Employer Contributions</u>	<u>Employer Allocation Percentage</u>
City of New Bedford	\$ 24,433,112	86.4768%
New Bedford Housing Authority	1,913,079	6.7710%
Greater NB Regional Voc. Tech HS	1,532,478	5.4239%
Greater NB Regional Refuse Mgmt. District	253,867	0.8985%
Southeastern Regional Transit Authority	<u>121,415</u>	<u>0.4297%</u>
	<u>\$ 28,253,951</u>	<u>100.00%</u>

At December 31, 2014, the City’s proportion was 86.48 percent, which was a decrease of 0.15 percent from its proportion measured as of December 31, 2013.

For the year ended June 30, 2015, the System recognized pension expense of \$30,182,993. Of that amount, the City recognized pension expense of \$26,101,286. At June 30, 2015, the System reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 4,862,315	\$ -
	<u>\$ 4,862,315</u>	<u>\$ -</u>

\$0 was reported as deferred outflows of resources related to pensions resulting from System contributions subsequent to the measurement date of December 31, 2014. There were no employer contributions after December 3, 2014. Had employer contributions been made subsequent to the December 31, 2014 measurement date, it would have been recognized as a deferred outflow of resources in the year ended June 30, 2015 (per GASB Statement No. 71). Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

CITY OF NEW BEDFORD, MASSACHUSETTS

Notes to Financial Statements

June 30, 2015

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

*Net Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)*

<b>Year ended June 30:</b>	
2014	\$ 972,463
2015	972,463
2016	972,463
2017	972,463
2018	<u>972,463</u>
Subtotal - all years	<u>\$ 4,862,315</u>

*Actuarial assumptions.* The total pension liability in the January 1, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent
Salary increases	3.0 percent
Investment rate of return	7.75 percent

Mortality rates for both pre-retirement and post retirement for males and females, were based on the RP-2000 mortality table 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.

The actuarial assumptions used in the January 1, 2014 valuation were prepared using generally accepted actuarial principles and practices and meet the parameters set by GASB Statement No. 68. The assumptions used represent the best estimate of anticipated experience of the system.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

**CITY OF NEW BEDFORD, MASSACHUSETTS**

Notes to Financial Statements

June 30, 2015

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

***Net Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)***

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Expected Real Rate of Return</u>	<u>Long-Term Expected Rate of Return</u>
Domestic Equities	35.0%	6.6%	7.5%
International Equities	20.0%	7.2%	7.7%
Real Estate Funds	10.0%	4.4%	6.3%
Cash	0.0%	1.0%	0.0%
Fixed Income	18.0%	1.6%	4.2%
Private Equity	5.0%	11.5%	11.3%
GTAA	12.0%	3.5%	7.1%
 Total	 <u>100%</u>		

*Discount rate.* The discount rate used to measure the total pension liability was 7.75 percent (as selected by the Retirement Board; this discount rate approximates the long-term expectation of investment returns). The discount rate was selected based on a projection of employer and employee contributions benefit payments, expenses and the long-term expected rate of return on trust assets. Under Chapter 32 of the Massachusetts Laws, employers are required to make the necessary contributions to the trust such that the plan reaches a fully funded status by 2040. In addition, Chapter 32 also gives the Retirement Board the right to go directly to the Assessors of the community and add an additional property tax to bills for amounts not paid by employer. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**Changes in the Net Pension Liability**

	<u>Increase (Decrease)</u>		
	<u>Total Pension Liability (a)</u>	<u>Plan Fiduciary Net Position (b)</u>	<u>Net Pension Liability (a) - (b)</u>
<b>Balances at December 31, 2013</b>	\$ 606,929,503	\$ 275,999,587	\$ 330,929,916
<b>Changes for the year:</b>			
Service cost	10,369,481	-	10,369,481
Interest on liability and service cost	47,840,671	-	47,840,671
Contributions - employer	-	28,253,951	(28,253,951)
Contributions - employee	-	8,457,273	(8,457,273)
Other payments	-	1,057,391	(1,057,391)
Net investment income	-	16,227,627	(16,227,627)
Benefit payments, including refunds of employee contributions	(44,969,104)	(44,969,104)	-
Interest on benefit	(1,710,039)	-	(1,710,039)
Administrative expense	-	(547,593)	547,593
<b>Net changes</b>	<u>11,531,009</u>	<u>8,479,545</u>	<u>3,051,464</u>
<b>Balances at December 31, 2014</b>	\$ <u>618,460,512</u>	\$ <u>284,479,132</u>	\$ <u>333,981,380</u>

**CITY OF NEW BEDFORD, MASSACHUSETTS**

Notes to Financial Statements

June 30, 2015

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

**Changes in the Net Pension Liability (continued)**

*Sensitivity of the net pension liability to changes in the discount rate.* The following presents the net pension liability of the New Bedford Contributory Retirement System (in total) calculated using the discount rate of 7.75 percent, as well as what the System's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.75 percent) or 1-percentage-point higher (8.75 percent) than the current rate:

	<u>1% Decrease (6.75%)</u>	<u>Current Discount Rate (7.75%)</u>	<u>1% Increase (8.75%)</u>
New Bedford Contributory Retirement System's net pension liability	\$ 396,847,867	\$ 333,981,380	\$ 280,196,071

*Sensitivity of the City's proportionate share of the net pension liability to changes in the discount rate.* The following presents the City's proportionate share of the net pension liability calculated using the discount rate of 7.75 percent, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.75 percent) or 1-percentage-point higher (8.75 percent) than the current rate:

	<u>1% Decrease (6.75%)</u>	<u>Current Discount Rate (7.75%)</u>	<u>1% Increase (8.75%)</u>
City's proportionate share of the net pension liability	\$ 343,194,035	\$ 288,816,402	\$ 242,313,562

*Pension plan fiduciary net position.* Detailed information about the System's fiduciary net position is available in the separately issued "PERAC Audit Report" of the New Bedford Contributory Retirement System for the period of January 1, 2011 to December 31, 2013 (most recent available as of the date of this audit report). The market value of the pension trust fund at December 31, 2014 can be seen on page 35 of this document in the "Statement of Fiduciary Net Position."

**Payables to the pension plan**

At June 30, 2015, the City did not report any amounts payable to the System for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2015. The City paid-in 100% of its required appropriation.

**CITY OF NEW BEDFORD, MASSACHUSETTS**

Notes to Financial Statements

June 30, 2015

**Note 7. Other Employee Benefits**

**A. Other Postemployment Benefits**

*Plan Description*

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

*Funding Policy 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 July 1, 2014, the City’s latest actuarial valuation date, was as follows:

Active employees	2,578
Retired and beneficiaries	<u>3,015</u>
Total	<u>5,593</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, 2015.

**CITY OF NEW BEDFORD, MASSACHUSETTS**

Notes to Financial Statements

June 30, 2015

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

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

*Calculation of Net OPEB Obligation (NOO)*

Annual Required Contribution (ARC)	\$ 27,915,680
Interest on Net OPEB Obligation	5,589,735
Amortization Credit on NOO	<u>(5,339,936)</u>
Annual OPEB Cost (an expense)	<u>28,165,479</u>
Premiums and Implicit Subsidy Paid	16,583,924
Cash Contributions (to an OPEB Trust)	<u>-</u>
Total contributions	<u>16,583,924</u>
Change in Net OPEB Obligation (NOO)	11,581,555
NOO Beginning of Fiscal Year	<u>139,743,381</u>
NOO End of Fiscal Year 2015	<u><u>\$ 151,324,936</u></u>

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 2015 fiscal year and the three preceding 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>
6/30/2015	27,915,680	5,589,735	5,339,936	28,165,479	16,583,924	58.9%	11,581,555	151,324,936
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

**CITY OF NEW BEDFORD, MASSACHUSETTS**

Notes to Financial Statements

June 30, 2015

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

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

*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 \$424,773,972. 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%

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.

**CITY OF NEW BEDFORD, MASSACHUSETTS**

Notes to Financial Statements

June 30, 2015

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

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

*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 by Sherman Actuarial Services, LLC, 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 Net OPEB Obligation:*

Net OPEB Obligation (NOO) was allocated to the City’s functions as follows:

	<b>NOO</b>	<b>Change in Net OPEB</b>	<b>NOO</b>
	<b>June 30, 2014</b>	<b>Obligation (NOO)</b>	<b>June 30, 2015</b>
<b>Governmental Activities:</b>			
General government	\$ 3,913,545	\$ 330,704	\$ 4,244,249
Public safety	40,104,604	3,856,510	43,961,114
Public works	6,820,248	415,221	7,235,469
Education	80,648,273	6,093,735	86,742,008
Health and human services	3,560,576	393,717	3,954,293
Culture and recreation	2,578,349	285,105	2,863,454
Total AOPEBC - governmental activities	<u>\$ 137,625,595</u>	<u>\$ 11,374,992</u>	<u>\$ 149,000,587</u>
<b>Business-Type Activities:</b>			
Water	1,945,652	187,344	\$ 2,132,996
Airport	172,134	19,219	191,353
Total AOPEBC - business-type activities	<u>\$ 2,117,786</u>	<u>\$ 206,563</u>	<u>\$ 2,324,349</u>
Total AOPEBC - government-wide	<u>\$ 139,743,381</u>	<u>\$ 11,581,555</u>	<u>\$ 151,324,936</u>

**CITY OF NEW BEDFORD, MASSACHUSETTS**

Notes to Financial Statements

June 30, 2015

**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>
2016	\$ 768,208	\$ 217,939	\$ 986,147
2017	644,806	217,939	862,745
2018	448,048	67,021	515,069
2019	328,148	-	328,148
2020 - 2025	<u>1,150,943</u>	<u>-</u>	<u>1,150,943</u>
Minimum lease payments for all capital leases	\$ 3,340,153	\$ 502,899	\$ 3,843,052
Less: amount representing interest	<u>(297,152)</u>	<u>(20,607)</u>	<u>(317,759)</u>
Present value of net minimum lease payments	<u>\$ 3,043,001</u>	<u>\$ 482,292</u>	<u>\$ 3,525,293</u>

The following is a schedule of the changes in capital leases as of the year ended June 30, 2015:

	<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>					
All American Investment Group - Sch. #5	\$ 159,692	\$ -	\$ 73,272	\$ 6,574	\$ 79,846
All American Investment Group - Sch. #10	217,780	-	81,199	5,913	130,668
All American Investment Group - Sch. #8A	14,576	-	13,768	808	-
All American Investment Group - Sch. #9	49,829	-	47,470	2,359	-
Oshkosh Capital	1,293,194	-	129,406	32,244	1,131,544
All American Investment Group - Sch. #17	-	296,389	87,000	-	209,389
All American Investment Group - Sch. #11	-	173,045	25,597	3,266	144,182
All American Investment Group - Sch. #16	-	179,299	30,000	-	149,299
Oshkosh Capital	-	1,331,991	-	-	1,331,991
All American Investment Group - Sch. #15	-	143,812	47,937	-	95,875
All American Investment Group - Sch. #14	-	101,042	33,681	-	67,361
Total Governmental Activities	<u>\$ 1,735,071</u>	<u>\$ 2,225,578</u>	<u>\$ 569,330</u>	<u>\$ 51,164</u>	<u>\$ 3,340,155</u>
<b><u>Business-Type Activities</u></b>					
John Deere Financial	\$ 12,441	\$ -	\$ 12,353	\$ 88	\$ -
All American Investment Group - Sch. #8B	15,814	-	14,936	878	-
All American Investment Group - Sch. #11	-	403,771	59,727	7,623	336,421
All American Investment Group - Sch. #13	-	249,716	83,239	-	166,477
Total Business-Type Activities	<u>\$ 28,255</u>	<u>\$ 653,487</u>	<u>\$ 170,255</u>	<u>\$ 8,589</u>	<u>\$ 502,898</u>
<b><u>Total Governmental and Business-Type Activities</u></b>	<u>\$ 1,763,326</u>	<u>\$ 2,879,065</u>	<u>\$ 739,585</u>	<u>\$ 59,753</u>	<u>\$ 3,843,053</u>

CITY OF NEW BEDFORD, MASSACHUSETTS

Notes to Financial Statements

June 30, 2015

Note 8. Other Commitments (continued)

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, 2015, future minimum rental payments under operating leases that have initial or remaining non-cancellable lease terms are immaterial.

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, 2015

### **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).

*Continued*

**CITY OF NEW BEDFORD, MASSACHUSETTS**

Notes to Financial Statements

June 30, 2015

**Note 12. Debt (Continued)**

**A. Primary Government (Continued)**

The City issued Bond Anticipation Notes, dated July 30, 2014, February 6, 2015 and June 30, 2015 for the purposes noted on the following page.

**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 2015, a deferred asset (now classified as a “deferred outflow of resources”) remains of \$290,056 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).

Subsequent to fiscal year ended June 30, 2015, the City refunded additional debt. Please refer to the subsequent event note on pages 86 and 87 for more information.

**CITY OF NEW BEDFORD, MASSACHUSETTS**

Notes to Financial Statements

June 30, 2015

**Note 12. Debt (continued)**

The City has the following bond anticipation notes (BANs) payable outstanding at June 30, 2015:

	<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>								
BAN - Keith School Project	\$ 5,415,346	\$ 660,485	\$ 5,415,346	\$ 660,485	02/06/15	02/05/16	1.25%	\$ 54,003
BAN - Management Information System	4,200,000	1,000,000	4,200,000	1,000,000	02/06/15	02/05/16	1.25%	41,883
BAN - Harborwalk	504,000	344,000	504,000	344,000	02/06/15	02/05/16	1.25%	5,026
BAN - Hannigan School Feasibility Study	750,000	750,000	750,000	750,000	02/06/15	02/05/16	1.25%	7,479
BAN - SCADA System	1,850,000	1,850,000	1,850,000	1,850,000	02/06/15	02/05/16	1.25%	18,449
BAN - Airport Improvements	6,297,000	1,606,137	6,297,000	1,606,137	02/06/15	02/05/16	1.25%	62,795
BAN - Repairs/Renovations to City Buildings	5,867,000	5,867,000	5,867,000	5,867,000	02/06/15	02/05/16	1.25%	58,507
BAN - Soil Remediation at High School	300,000	200,000	300,000	200,000	02/06/15	02/05/16	1.25%	2,992
BAN - High School Improvements	-	5,287,036	-	5,287,036	02/06/15	02/05/16	1.25%	-
BAN - Energy Efficiency Improvements	-	4,700,000	-	4,700,000	02/06/15	02/05/16	1.25%	-
BAN - Taylor School at SeaLab Construction	-	6,250,000	-	6,250,000	06/17/15	05/03/16	1.50%	-
BAN - City Building Repairs	-	4,970,000	-	4,970,000	06/17/15	05/03/16	1.50%	-
BAN - Energy Efficiency Improvements	-	5,400,000	5,400,000	-	07/30/14	02/06/15	0.75%	20,925
BAN - High School Technology Infrastructure Upgrades	-	2,889,700	2,889,700	-	07/30/14	02/06/15	0.75%	11,198
BAN - High School Security and Communication Technology	-	1,000,000	1,000,000	-	07/30/14	02/06/15	0.75%	3,875
BAN - High School Univents	-	750,000	750,000	-	07/30/14	02/06/15	0.75%	2,906
BAN - High School Locker Replacements	-	114,000	114,000	-	07/30/14	02/06/15	0.75%	442
BAN - High School Boiler Repairs	-	200,000	200,000	-	07/30/14	02/06/15	0.75%	775
BAN - High School Bus Stop Roof Repairs	-	15,000	15,000	-	07/30/14	02/06/15	0.75%	58
BAN - High School Fire Alarm Upgrade	-	65,000	65,000	-	07/30/14	02/06/15	0.75%	252
BAN - High School Disability Code Upgrades	-	902,060	902,060	-	07/30/14	02/06/15	0.75%	3,495
<b>Total Capital Projects</b>	<b>\$ 25,183,346</b>	<b>\$ 44,820,418</b>	<b>\$ 36,519,106</b>	<b>\$ 33,484,658</b>				<b>\$ 295,060</b>
<b>Total Primary Government</b>	<b>\$ 25,183,346</b>	<b>\$ 44,820,418</b>	<b>\$ 36,519,106</b>	<b>\$ 33,484,658</b>				<b>\$ 295,060</b>

**CITY OF NEW BEDFORD, MASSACHUSETTS**

Notes to Financial Statements

June 30, 2015

**Note 12. Debt (Continued)**

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

	<b>Maturity Dates</b>	<b>Beginning Balance</b>	<b>Additions</b>	<b>Advance Refunding Net of Refunding</b>	<b>City Retirements</b>	<b>State Subsidies</b>	<b>Ending Balance</b>	<b>Balance Due in 2016</b>
<b>Governmental Activities</b>								
4.60-5.80% Note	10/01/97-10/01/16	\$ 1,785,000	\$ -	\$ (1,200,000)	\$ 585,000	\$ -	\$ -	\$ -
4.25-5.00% G.O. Bond	10/14/98-10/01/18	1,187,000	-	-	216,000	-	971,000	-
4.25-5.00% G.O. Bond	10/14/98-10/01/18	1,937,000	-	-	393,000	-	1,544,000	390,000
4.25-5.50% G.O. Bond	05/01/02-05/01/21	22,341,000	-	-	2,895,000	-	19,446,000	2,970,000
4.25-6.00% Revenue Refunding Bond	02/01/97-02/01/16	785,000	-	-	2,855	512,145	270,000	270,000
4.00-5.25% Revenue Bond	02/01/98-02/01/99	77,945,000	-	-	2,613,835	2,471,165	72,860,000	5,490,000
4.00-6.00% Revenue Bond	08/01/01-08/01/31	3,895,000	-	-	139,547	30,453	3,725,000	180,000
HUD 108 - 2003-A	02/01/04-08/01/22	950,000	-	-	105,000	-	845,000	105,000
3.125-5.00% State Qualified G.O. Bond	03/15/06-09/15/25	5,730,000	-	(4,560,000)	585,000	-	585,000	585,000
.85% Revenue Bond	07/15/06-07/15/25	389,929	-	-	29,040	-	360,889	29,627
.85% Revenue Bond	02/15/07-02/15/27	4,236,130	-	-	149,520	-	4,086,610	153,009
Pool 11 MWPAT 03-36A	03/18/09 - 7/15/35	518,115	-	-	18,050	-	500,065	18,493
General Obligation State Qualified Bond	02/15/07-02/15/27	9,960,000	-	(6,715,000)	1,060,000	-	2,185,000	1,080,000
General Obligation Series A Bonds	02/14/08-10/1/27	10,575,000	-	-	650,000	-	9,925,000	665,000
General Obligation Series A Bonds	02/14/08-10/1/22	2,780,000	-	-	335,000	-	2,445,000	335,000
General Obligation State Qualified 2010	02/11/10-06/30/35	2,790,000	-	-	305,000	-	2,485,000	315,000
General Obligation State Qualified	03/18/09-07/15/28	600,000	-	-	90,000	-	510,000	95,000
2.4 % Revenue Bond	07/08/10-07/15/40	6,159,425	-	-	164,100	-	5,995,325	168,068
General Obligation State Series A Bonds	06/14/12-06/30/32	2,385,000	-	-	160,000	-	2,225,000	170,000
General Obligation Satate Series B Series	06/14/12-06/30/32	4,265,000	-	-	165,000	-	4,100,000	175,000
MWPAT Series 16 CWS-09-12-A	06/13/12-01/15/43	10,174,051	-	-	241,133	-	9,932,918	247,288
General Obligation State Qualified	02/07/13-06/30/33	3,385,000	-	-	180,000	-	3,205,000	185,000
GO State Qualified School Project Loan, Ch 70B	02/06/14-06/30/39	10,000,000	-	-	120,000	-	9,880,000	250,000
General Obligation State Qualified	03/05/15-12/01/42	-	7,948,000	-	-	-	7,948,000	438,000
General Obligation Bonds Refunding	10/16-14-2/15-27	-	-	12,003,648	71,848	-	11,931,800	1,262,300
Compensated absences	N/A	17,503,375	(1,005,295)	-	-	-	16,498,080	5,774,328
Capital leases (incl interest)	N/A	1,735,071	1,307,930	-	-	-	3,043,001	768,208
<b>Total Governmental Activities</b>		<b>\$ 204,011,096</b>	<b>\$ 8,250,635</b>	<b>\$ (471,352)</b>	<b>\$ 11,273,928</b>	<b>\$ 3,013,763</b>	<b>\$ 197,502,688</b>	<b>\$ 22,119,321</b>

**CITY OF NEW BEDFORD, MASSACHUSETTS**

Notes to Financial Statements

June 30, 2015

**Note 12. Debt (Continued)**

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

	<b>Maturity Dates</b>	<b>Beginning Balance</b>	<b>Additions</b>	<b>Advance Refunding Net of Refunding</b>	<b>City Retirements</b>	<b>State Subsidies</b>	<b>Ending Balance</b>	<b>Balance Due in 2016</b>
<b>Business-Type Activities</b>								
4.00-6.00% G.O. Bond	04/15/96-04/15/13	\$ 730,000	\$ -	\$ (370,000)	\$ 360,000	\$ -	\$ -	\$ 363,200
4.25-5.50% G.O. Bond	05/01/02-05/01/21	750,000	-	-	111,000	-	639,000	109,000
.85% Revenue Bond	08/01/03-08/01/24	417,332	-	-	29,118	11,597	376,617	42,411
.85% Revenue Bond	08/01/03-08/01/24	825,000	-	-	59,902	20,098	745,000	80,000
.85% Revenue Bond	02/01/05-08/01/24	1,335,041	-	-	100,041	-	1,235,000	105,000
.85% Revenue Bond	02/01/05-08/01/24	2,626,461	-	-	197,786	-	2,428,675	204,888
2% MWPAT Bond	12/14/06 - 7/15/26	283,978	-	-	19,320	-	264,658	19,710
2% MWPAT Bond	12/14/06-07/15/26	4,206,429	-	-	286,179	-	3,920,250	291,961
.85% Revenue Bond	12/14/06-07/15/26	6,298,422	-	-	363,678	-	5,934,744	371,025
General Obligation State Qualified 2010	03/18/09-07/15/28	9,510,000	-	-	300,000	-	9,210,000	310,000
General Obligation State Qualified	02/07/13-06/30/33	780,000	-	-	35,000	-	745,000	35,000
MWPAT Series 16 DW-09-23	06/13/12-01/15/33	1,833,487	-	-	78,973	-	1,754,514	80,689
General Obligation Bonds Refunding	10/16-14-2/15-27	-	-	364,922	1,722	-	363,200	363,200
Compensated absences	N/A	514,381	(81,503)	-	-	-	432,878	190,669
Capital leases (incl interest)	N/A	28,255	454,037	-	-	-	482,292	153,347
<b>Total Business-Type Activities</b>		<b>\$ 30,138,786</b>	<b>\$ 372,534</b>	<b>\$ (5,078)</b>	<b>\$ 1,942,719</b>	<b>\$ 31,695</b>	<b>\$ 28,531,828</b>	<b>\$ 2,720,100</b>
<b>Total Government-Wide</b>		<b>\$ 234,149,882</b>	<b>\$ 8,623,169</b>	<b>\$ (476,430)</b>	<b>\$ 13,216,648</b>	<b>\$ 3,045,458</b>	<b>\$ 226,034,516</b>	<b>\$ 24,839,421</b>

**CITY OF NEW BEDFORD, MASSACHUSETTS**

Notes to Financial Statements

June 30, 2015

**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>
2016	17,120,188	8,385,289	25,146,395	2,415,527	2,970,232	33,217	3,003,449	19,727,419
2017	16,819,442	7,425,500	23,598,809	2,415,527	2,902,001	35,523	2,937,524	18,245,758
2018	16,900,683	6,387,115	22,457,812	2,415,527	2,996,220	37,792	3,034,012	17,008,273
2019	17,669,321	5,724,528	22,573,386	2,415,527	3,088,870	39,559	3,128,429	17,029,430
2020	17,318,670	4,964,024	21,682,635	2,415,527	3,186,369	42,521	3,228,890	16,038,218
2021	17,123,754	4,205,984	20,730,959	2,415,527	3,282,267	44,380	3,326,647	14,988,785
2022	13,609,583	3,440,443	16,444,031	-	3,400,473	49,946	3,450,419	12,993,612
2023	13,181,182	2,883,652	15,916,500	-	3,498,309	61,375	3,559,684	12,356,816
2024	13,109,267	2,345,162	15,307,887	-	3,604,095	22,062	3,626,157	11,681,730
2025	13,435,748	1,765,439	15,056,690	-	3,785,750	29,237	3,814,987	11,241,703
2026	12,518,199	1,471,233	13,840,858	-	3,848,606	-	3,848,606	9,992,252
2027	4,429,419	1,143,983	5,425,356	-	66,255	-	66,255	5,359,101
2028	3,396,452	1,019,792	4,269,680	-	70,758	-	70,758	4,198,922
2029	3,392,552	909,885	4,157,556	-	75,345	-	75,345	4,082,211
2030	3,023,450	801,794	3,677,353	-	80,099	-	80,099	3,597,254
2031	3,046,084	694,551	3,595,038	-	85,026	-	85,026	3,510,012
2032	2,724,267	594,258	3,174,501	-	-	-	-	3,174,501
2033	2,363,016	500,199	2,720,014	-	-	-	-	2,720,014
2034	2,258,517	422,571	2,534,045	-	-	-	-	2,534,045
2035	2,335,850	344,280	2,410,518	-	-	-	-	2,410,518
2036	1,708,734	263,095	1,703,676	-	-	-	-	1,703,676
2037	1,488,045	214,493	1,431,100	-	-	-	-	1,431,100
2038	1,530,518	166,992	1,428,169	-	-	-	-	1,428,169
2039	1,578,428	117,488	1,428,969	-	-	-	-	1,428,969
2040	991,788	79,478	801,956	-	-	-	-	801,956
2041	1,020,606	53,321	802,642	-	-	-	-	802,642
2042	731,176	30,168	493,392	-	-	-	-	493,392
2043	753,328	10,160	494,115	-	-	-	-	494,115
2044	-	-	-	-	-	-	-	-
	<u>\$ 205,578,267</u>	<u>\$ 56,364,875</u>	<u>\$ 253,304,040</u>	<u>\$ 14,493,162</u>	<u>\$ 36,940,675</u>	<u>\$ 395,612</u>	<u>\$ 37,336,287</u>	<u>\$ 201,474,591</u>

**CITY OF NEW BEDFORD, MASSACHUSETTS**

Notes to Financial Statements

June 30, 2015

**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 \$37,336,287 and interest costs totaling \$14,666,401. The principal subsidies are guaranteed and therefore a \$37,336,287 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, 2015, principal and interest subsidies from the MWPAT totaled \$3,045,458 and \$2,495,947, 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, 2014, the principal and interest subsidies from the MWPAT totaled \$3,075,835 and \$ 2,604,997, respectively.

The following is a summary of MWPAT principal subsidies at June 30, 2015 by loan agreement:

	<b>Wastewater Special Revenue</b>	<b>Water Enterprise</b>	<b>Total</b>
Federal Loan 1996	\$ 267,215	\$ -	\$ 267,215
Federal Loan 1998	35,708,844	-	35,708,844
Series 6 99-26	622,018	-	622,018
Series 6 98-141	342,598	-	342,598
<b>Total Governmental Activities</b>	<b>36,940,675</b>	<b>-</b>	<b>36,940,675</b>
Series 8 DW 00-12	-	113,287	113,287
Pool 9 DW 00-12A	-	214,840	214,840
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>395,612</b>	<b>395,612</b>
<b>Total Government-Wide</b>	<b>\$ 36,940,675</b>	<b>\$ 395,612</b>	<b>\$ 37,336,287</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, 2015 principal in the amount of \$14,493,162 is due to the City under a reimbursement agreement under old School Building Authority rules. The principal subsidies are guaranteed and therefore a \$14,493,162 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, 2015, principal subsidies from the MSBA totaled \$2,415,193. On the modified accrual basis of accounting, the principal subsidies were recorded as revenue in the City’s general fund during fiscal year 2015. 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, 2014, the principal subsidies from the MSBA totaled \$2,415,152.

**CITY OF NEW BEDFORD, MASSACHUSETTS**

Notes to Financial Statements

June 30, 2015

*Note 12. Debt (Continued)*

*Authorized & Unissued Debt:*

The City had debt authorized but unissued at June 30, 2015 as follows:

<u>Purpose</u>	<u>Amount</u>
Governmental Projects	\$ 19,596,000
School Projects	126,848,993
Airport Projects	12,096,931
Water & Sewer Projects	<u>126,968,431</u>
Total	<u>\$ 285,510,355</u>

**CITY OF NEW BEDFORD, MASSACHUSETTS**

Notes to Financial Statements

June 30, 2015

**Note 13. Fund Balance Classification Details**

The components of fund balance for the City's governmental funds as of June 30, 2015 are as follows:

	Major Funds		Non-Major Funds			Total
	General Fund	Wastewater	Special Revenue	Capital Projects	Permanent 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	-	35,331	-	-	-	35,331
Land inventory	-	-	246,918	-	-	246,918
<b>Restricted for:</b>						
General government activity	-	-	1,017,966	-	7,642	1,025,608
Public safety operations	-	-	757,079	-	-	757,079
Educational purposes	-	-	1,535,031	-	646,488	2,181,519
Public works	-	-	95,236	-	-	95,236
Community housing and development	-	-	1,444,452	-	-	1,444,452
Culture and recreational purposes	-	-	435,811	-	1,948,170	2,383,981
Health and human services	-	-	249,347	-	309	249,656
Municipal airport	-	-	11,154	-	-	11,154
New Bedford cable access	-	-	3,633,126	-	-	3,633,126
Cemetery perpetual care (sale of lots)	-	-	471,500	-	-	471,500
Sullivan's ledge escrow	-	-	1,132,769	-	-	1,132,769
School lunch operations	-	-	2,062,766	-	-	2,062,766
CSO main construction project	-	-	-	22,064	-	22,064
Normandin middle school construction project	-	-	-	77,097	-	77,097
Wastewater debt service	-	2,230,736	-	-	-	2,230,736
Wastewater renewal and replacement	-	1,615,146	-	-	-	1,615,146
Highways	-	-	216,822	-	-	216,822

**CITY OF NEW BEDFORD, MASSACHUSETTS**

Notes to Financial Statements

June 30, 2015

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

The components of fund balance for the City’s governmental funds as of June 30, 2015 are as follows (continued):

	<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>	
<b>Committed to:</b>						
Economic stabilization	\$ 9,452,780	\$ -	\$ -	\$ -	\$ -	\$ 9,452,780
Emergency board-up of vacant buildings	-	-	543,656	-	-	543,656
Maintenance and operation of the NB Railyard and Rail Crossing	-	-	160,573	-	-	160,573
Elections and voting equipment	-	-	-	10,036	-	10,036
Communication equipment bond	-	-	-	1,048	-	1,048
Building reconstruction and maintenance	-	-	-	89,996	-	89,996
Autometer read project	-	-	-	138,150	-	138,150
Keith middle school	-	-	-	956,173	-	956,173
Landfill closure project	-	-	-	4,724	-	4,724
River road project	-	-	-	11,690	-	11,690
Buttonwood zoo reconstruction	-	-	-	11,131	-	11,131
Railroad depot	-	-	-	248,860	-	248,860
West end cement lining project	-	-	-	14,802	-	14,802
Route 18 project	-	-	-	12,979	-	12,979
Computer bond project	-	-	-	162,845	-	162,845
Acushnet ave international market	-	-	-	4,781	-	4,781
Departmental capital purchases	-	-	-	164,799	-	164,799
Wastewater special projects	-	1,965,788	-	-	-	1,965,788
Wastewater operations	-	1,509,862	-	11,156	-	1,521,018
<b>Assigned to:</b>						
Encumbrances	8,505	-	-	-	-	8,505
<b>Unassigned:</b>	<u>11,878,945</u>	<u>-</u>	<u>(295,174)</u>	<u>(17,887,379)</u>	<u>-</u>	<u>(6,303,608)</u>
<b>Total Net Position (Governmental Funds):</b>	<u>\$ 23,241,046</u>	<u>\$ 7,356,863</u>	<u>\$ 13,719,032</u>	<u>\$ (15,945,048)</u>	<u>\$ 7,730,020</u>	<u>\$ 36,101,913</u>

At June 30, 2015, the balance of the stabilization funds (City and School) were \$9,452,780 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, 2015, 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, 2015

**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, 2014 and June 30, 2015 totaled \$6,545,989 and \$5,615,958 (respectively) and were recorded as a liability in the government-wide financial statements. The City estimated a current liability at June 30, 2015 of \$229,110 (3.5% of the estimated June 30, 2015 liability) based on historical analysis.

**Note 15. Fund Deficit**

The City had deficit fund balances present at June 30, 2015 in the following funds:

<b>Capital Project Funds:</b>		<b>LESS:</b>	
<b>Fund Name:</b>	<b>Fund Deficit</b>	<b>MWPAT Interim Loan O/S, RANs O/S, and BAN's O/S</b>	<b>Net Deficit</b>
NBHarborwlc PARC#11-EEA/ 540kB	\$ 334,161	\$ (344,000)	\$ -
Energy Bond - 5.4M	4,008,918	(4,700,000)	-
4.9M CIP - FY15	208,443	(4,970,000)	-
Buildings R&M 5.8M	3,554,464	(5,867,000)	-
SCADA 2.4M	1,576,184	(1,850,000)	-
Taylor @ SeaLab 12.5M	1,028,350	(6,250,000)	-
Hannigan Feasib/Construction	300,421	(750,000)	-
NBHS Imp 5.9M	2,329,756	(5,287,036)	-
Keith Middle School Bonds	-	(660,485)	-
Lincoln Elementary 20 8M Bond	7,127	-	7,127
Transmission Main 5MSRF-MaDEP	101,729	(5,000,000)	-
Coggeshall St-SRF MaDEP	1,485,867	(8,279,605)	-
WW &Stormwater Pl Ph2 2.1M-SRF	1,102,000	(2,000,000)	-
1M HS-8 NBHS Solar Park Bond	202,255	(200,000)	2,255
4 2M Bond -Software Costs	847,601	(1,000,000)	-
Airport Safety Improvements	800,103	(1,606,137)	-
<b>Total Capital Projects Funds:</b>	<b>\$ 17,887,379</b>	<b>\$ (48,764,263)</b>	<b>\$ 9,382</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 \$13,921, \$24,817 and \$270,357 (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, 2015

**Note 16. 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 *or to implement new accounting standards*. The implementation of GASB Statement Nos. 68 and 71 resulted in the establishment of a net pension liability in the Statement of Net Position, to include all related deferred inflows and outflows related to pension activities. Therefore, per paragraph 137 of Statement No. 68, the City has restated its 2015 beginning net position during the implementation year (fiscal year 2015). The cumulative effect of the change in accounting principle is as follows:

**Proprietary Funds:**

	<u>Water</u>	<u>Airport</u>	<u>Downtown Parking</u>	<u>Total Proprietary</u>
Beginning balance, July 1, 2014	\$ 25,505,174	\$ 26,362,248	\$ -	\$ 51,867,422
To restate for the implementation of GASB Statement No. 68 (i.e. recording the beginning net pension liability) per GASB Statement No. 68 paragraph 137	<u>(11,351,376)</u>	<u>(1,135,138)</u>	<u>(1,702,706)</u>	<u>(14,189,220)</u>
Beginning balance, July 1, 2014, restated	<u>\$ 14,153,798</u>	<u>\$ 25,227,110</u>	<u>\$ (1,702,706)</u>	<u>\$ 37,678,202</u>

The following were the restatements that occurred at the Government-Wide level, also as a result of the implementation of GASB Statement Nos. 68 and 71. This includes the adjustments at the fund level above (i.e. the proprietary funds/business-type activities) plus additional adjustments within the City's Governmental Activities:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Beginning balance, July 1, 2014	\$ 145,580,027	\$ 51,867,422
To restate for the implementation of GASB Statement No. 68 (i.e. recording the beginning net pension liability) per GASB Statement No. 68 paragraph 137	<u>(269,595,188)</u>	<u>(14,189,220)</u>
Beginning balance, July 1, 2014, restated	<u>\$ (124,015,161)</u>	<u>\$ 37,678,202</u>

**CITY OF NEW BEDFORD, MASSACHUSETTS**

Notes to Financial Statements

June 30, 2015

***Note 17. 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, 2015 is as follows:

Health Claims, July 1, 2014	\$ 3,732,106
Incurred Claims	50,914,104
Payments of claims attributable to events of the fiscal year:	
Health	(50,821,270)
Health Claims, June 30, 2015	<u>\$ 3,824,940</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.

## CITY OF NEW BEDFORD, MASSACHUSETTS

### Notes to Financial Statements

June 30, 2015

#### *Note 18. 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, 2015, and through March 25, 2016, the date on which the financial statements were available to be issued. The following represents these subsequent events:

On August 19, 2015, the Committee on Finance, approved for the refinancing of the outstanding balance of the City's \$1,760,000 loan dated August 1, 2003 through the United States Department of Housing and Urban Development (HUD) (the Loan), of which refinancing is being accomplished by amending the original Loan repayment schedule with HUD, resulting in a total interest cost savings to the City of \$125,703.

On September 10, 2015, the Municipal Council approved the appropriation of \$36,747,197 for the purpose of paying costs of the demolition of the existing John Hannigan School and the construction of the new PK-5 school for approximately 400 students on the same site (33 Emery Street, including the payment of all costs incidental or related thereto, with the school facility having an anticipated useful life as an educational facility for the instruction of school children for at least 50 years, and for which the City of New Bedford may be eligible for a grant from the Massachusetts School Building Authority ("MSBA").

Also on September 10, 2015, the Municipal Council approved the appropriation of \$4,641,000 for the costs of reconstructing and making lighting and signage improvements to Taxiway A at the New Bedford Regional Airport, and for the payment of all other costs incidental and related thereto. The amount authorized to be borrowed by this appropriation shall be reduced to the extent of all federal and state grants received by the City on account of this project.

On September 24, 2015 the Municipal Council approved a five year lease with All American Investment Group, LLC for the purchase of sixteen new snow removal vehicles and equipment.

On October 8, 2015, the Municipal Council approved entering into a master lease agreement in an amount not to exceed \$13,505,000 for the financing of the costs of energy conservation measures and facility improvement measures to various municipal buildings and facilities pursuant to the Master Energy Management Services agreement between the City and Siemens Industry, Inc. which was previously approved by the City Council on February 26, 2015.

On December 17, 2015, the Municipal Council approved the execution and delivery of an Investment Agreement with the State Retiree benefits Trust ("SRBT") with respect to its OPEB Trust Fund. The Municipal Council also approved that the sum of \$759,483 be appropriated as the initial investment into the SRBT Fund.

Also on December 17, 2015, the Municipal Council approved a loan order appropriating \$5,039,280 to pay the costs of remodeling, reconstructing and making extraordinary repairs to the Elm Street Parking Garage including structural repairs and stabilization, facade and lobby improvements, lighting and security upgrades, installation of auto pay units, door and window replacement, resurfacing and installation of a fire protection system and for the payment of all costs incidental and related thereto. Phase 1 of the project is to be borrowed for \$3,179,088 and the remaining amount of \$1,860,192 may be borrowed or expended upon certification from the Chief Financial Officer certifies to the Mayor and City Council that the amount of Downtown Parking Enterprise Fund revenues is sufficient to support the additional amount of debt service allocable to Phase 2 of the project. On this date the City also partially defeased the General Obligation State Qualified Bonds of 2008, Series A & B, saving the taxpayers \$3,913,515 through fiscal year 2026.

On March 22, 2016, the Municipal Council approved a loan order appropriating \$5,509,000 for the purpose of making critically-needed repairs to the City-owned buildings, authorizing the Treasurer with approval of the Mayor, to borrow pursuant to MGL Chapter 44, Section 7(3A). Also on this date, the Municipal Council approved a loan order appropriating \$18,128,896 for four school projects with \$14,272,763 to be reimbursed by the MSBA under its "Accelerated Repair Program".

CITY OF NEW BEDFORD, MASSACHUSETTS

Notes to Financial Statements

June 30, 2015

**Note 19. Future Implementation of GASB Pronouncements**

The GASB has issued the following statements:

- 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.
- GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*, which is required to be implemented during fiscal year 2017. Management does not believe the implementation of this Statement will materially impact the basic financial statements.
- GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, which is required to be implemented during fiscal year 2017. Management does not believe the implementation of this Statement will materially impact the basic financial statements.
- GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, which is required to be implemented during fiscal year 2018. Management will begin to evaluate the potential effects of this statement on the basic financial statements in the near future.
- GASB Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, 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.
- GASB Statement No. 77, *Tax Abatement Disclosures*, which is required to be implemented during fiscal year 2017. Management is currently evaluating the impact this Statement may have on its basic financial statements.
- GASB Statement No. 78, *Pensions Provided Through Certain Multiple-Employer Defined Benefit Pension Plans*, which is required to be implemented during fiscal year 2017. Management does not believe the implementation of this Statement will materially impact the basic financial statements.
- GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*, which is required to be implemented during fiscal year 2016. Management is currently evaluating the impact this Statement may have on its basic financial statements.
- GASB Statement No. 80, *Blending Requirements for Certain Component Units - an amendment of GASB Statement No. 14*, which is required to be implemented during fiscal year 2017. Management is currently evaluating the impact this Statement may have on its 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, 2015

	<u>Original Budget</u>		<u>Additional Appropriations and Transfers</u>	<u>Total Budgeted</u>	<u>Actual</u>	<u>Encumbrances Carried Forward</u>	<u>Variance Favorable (Unfavorable)</u>
	<u>Encumbrances Carried Forward</u>	<u>Budget As Adopted</u>					
Revenues:							
Tax collections net of refunds:							
Real estate and personal property taxes	\$ -	\$ 100,590,704	\$ (163,303)	\$ 100,427,401	\$ 100,427,401	\$ -	\$ -
Local Receipts:							
Motor vehicle excise	-	6,157,000	-	6,157,000	6,857,849	-	700,849
Other excise collections	-	1,458,000	-	1,458,000	1,527,442	-	69,442
Penalties and interest	-	1,363,300	-	1,363,300	1,136,906	-	(226,394)
Payments in lieu of taxes	-	280,000	-	280,000	284,753	-	4,753
Charges for services:							
Trash	-	2,000	-	2,000	1,086	-	(914)
Departmental:							
School	-	1,500,000	-	1,500,000	812,254	-	(687,746)
Library	-	15,500	-	15,500	13,078	-	(2,422)
Cemeteries	-	442,000	-	442,000	483,629	-	41,629
Traffic	-	1,313,400	-	1,313,400	963,248	-	(350,152)
Other	-	12,089,306	-	12,089,306	12,085,996	-	(3,310)
Fines and forfeitures	-	170,000	-	170,000	155,621	-	(14,379)
Licenses and permits	-	2,485,000	-	2,485,000	2,090,500	-	(394,500)
Indirects	-	5,834,932	-	5,834,932	5,446,115	-	(388,817)
Earnings on investments	-	100,000	-	100,000	65,654	-	(34,346)
Miscellaneous recurring	-	15,000	-	15,000	15,612	-	612
Miscellaneous non-recurring	-	-	-	-	819,724	-	819,724
Special assessments & betterments	-	400	-	400	157	-	(243)
Governmental revenue:							
Federal	-	18,000	-	18,000	21,313	-	3,313
State	-	151,512,529	185,605	151,698,134	151,487,358	-	(210,776)
Total revenues	\$ -	\$ 285,347,071	\$ 22,302	\$ 285,369,373	\$ 284,695,696	\$ -	\$ (673,677)

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, 2015

	<u>Original Budget</u>		<u>Additional Appropriations and Transfers</u>	<u>Total Budgeted</u>	<u>Actual</u>	<u>Encumbrances Carried Forward</u>	<u>Variance Favorable (Unfavorable)</u>
	<u>Encumbrances Carried Forward</u>	<u>Budget As Adopted</u>					
Expenditures:							
General government	\$ 134,919	\$ 7,428,631	\$ (75,673)	\$ 7,487,877	\$ 7,172,771	\$ -	\$ 315,106
General government unclassified:	-	8,859,729	755,900	9,615,629	9,599,109	-	16,520
Public safety:							
Police	-	23,576,510	(165,000)	23,411,510	23,150,375	-	261,135
Fire	-	12,335,826	2,637,000	14,972,826	14,957,428	-	15,398
EMS	-	2,607,585	57,000	2,664,585	2,632,660	-	31,925
Inspector of Buildings	-	840,045	(41,500)	798,545	777,188	-	21,357
Traffic	-	463,542	(18,200)	445,342	398,920	-	46,422
Public works and facilities:							
Health and sanitation operations	-	1,811,105	(79,000)	1,732,105	1,709,187	-	22,918
Public infrasturture	152,847	4,466,541	252,231	4,871,619	4,796,546	7,369	67,704
Public facilities	134,919	8,017,305	(380,000)	7,772,224	7,651,999	-	120,225
Snow removal	-	350,000	395,414	745,414	1,207,044	-	(461,630)
Education:							
School Department	-	116,400,000	-	116,400,000	116,307,587	1,136	91,277
Other	-	4,837,457	-	4,837,457	4,837,457	-	-
Human services	10,196	4,369,946	29,273	4,409,415	4,332,526	-	76,889
Culture and recreation	3,762	3,036,542	(66,000)	2,974,304	2,865,569	-	108,735
Zoo	-	1,394,585	4,200	1,398,785	1,384,714	-	14,071
Debt service	-	10,159,934	-	10,159,934	10,031,498	-	128,436
Health and Life Insurance	-	38,775,000	-	38,775,000	38,773,103	-	1,897
Pension	-	24,433,112	-	24,433,112	24,433,112	-	-
Intergovernmental expenditures	-	12,228,076	-	12,228,076	12,149,704	-	78,372
<b>Total expenditures</b>	<b>\$ 436,642</b>	<b>\$ 286,391,471</b>	<b>\$ 3,305,645</b>	<b>\$ 290,133,758</b>	<b>\$ 289,168,497</b>	<b>\$ 8,505</b>	<b>\$ 956,756</b>
Excess (deficiency) of revenues over expenditures	\$ (436,642)	\$ (1,044,400)	\$ (3,283,343)	\$ (4,764,385)	\$ (4,472,801)	\$ (8,505)	\$ 283,079

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, 2015

	<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	\$ -	\$ 44,400	\$ -	\$ 44,400	\$ 136,091	\$ -	\$ 91,691
Free cash	-	1,000,000	2,944,000	3,944,000	-	-	(3,944,000)
Overlay reserve	-	-	860,000	860,000	-	-	(860,000)
Total other financing sources and (uses)	-	1,044,400	3,804,000	4,848,400	136,091	-	(4,712,309)
Excess (deficiency) of revenues and other sources over expenditures and other uses	\$ (436,642)	\$ -	\$ 520,657	\$ 84,015	\$ (4,336,710)	\$ (8,505)	\$ (4,429,230)
Budgetary Fund Balance, June 30, 2014					16,244,582		
Budgetary Fund Balance, June 30, 2015					\$ 11,907,872		

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, 2015

	<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	\$ -	\$ 19,948,533	\$ -	\$ 19,948,533	\$ 20,184,157	\$ -	\$ 235,624
Liens and penalties	-	166,666	-	166,666	198,101	-	31,435
Departmental	-	-	-	-	13,803	-	13,803
Special assessments	-	8,000	-	8,000	30,380	-	22,380
Earnings on investments	-	-	-	-	91,644	-	91,644
<b>Total Revenues</b>	<b>-</b>	<b>20,123,199</b>	<b>-</b>	<b>20,123,199</b>	<b>20,518,085</b>	<b>-</b>	<b>394,886</b>
Expenditures:							
Salaries and Wages	-	1,431,171	(75,000)	1,356,171	1,357,736	-	(1,565)
Charges for Services	55,001	8,950,038	400,000	9,405,039	9,354,602	-	50,437
Materials and Supplies	-	489,500	100,000	589,500	514,693	-	74,807
Capital Outlay	21,785	997,000	(425,000)	593,785	439,895	-	153,890
Debt Service	-	6,622,675	-	6,622,675	6,623,805	-	(1,130)
<b>Total Expenditures</b>	<b>76,786</b>	<b>18,490,384</b>	<b>-</b>	<b>18,567,170</b>	<b>18,290,731</b>	<b>-</b>	<b>276,439</b>
Excess (deficiency) of revenues over	(76,786)	1,632,815	-	1,556,029	2,227,354	-	671,325
Other financing sources and (uses):							
Operating transfers out - indirects	-	(1,632,815)	-	(1,632,815)	(1,629,847)	-	2,968
Operating transfers out	-	-	-	-	(1,100,000) *	-	(1,100,000)
<b>Total other financing sources and (uses)</b>	<b>-</b>	<b>(1,632,815)</b>	<b>-</b>	<b>(1,632,815)</b>	<b>(2,729,847)</b>	<b>-</b>	<b>(1,097,032)</b>
Excess (deficiency) of revenues and other sources over expenditures and other uses	\$ (76,786)	\$ -	\$ -	\$ (76,786)	\$ (502,493)	\$ -	\$ (425,707)
Budgetary Fund Balance - June 30, 2014					3,831,976		
Budgetary Fund Balance - June 30, 2015					<u>\$ 3,329,483</u>		

\* - Transfer of prior year surplus to special projects fund based on MWPAT agreement

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, 2015

**Budgetary - GAAP Reporting Reconciliation**

The accompanying Combined Statement of Revenues, Expenditures or Expenses - Budget and Actual (Non-GAAP Budgetary Basis) - for the General Fund 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, 2015 are as follows:

	<u>Governmental Funds</u>	
	<u>General</u>	<u>Special Revenue</u>
	<u>Fund</u>	<u>Wastewater</u>
Revenues and other financing sources:		
GAAP Basis	\$ 295,572,932	\$ 20,358,122
Adjustments:		
Increase in real estate and personal property taxes to full accrual	571,707	-
Change in deferred revenue	-	-
Change in 60 day accrual	(86,803)	-
MTRB on-behalf payments	(13,219,409)	-
Miscellaneous GAAP adjustments	-	159,963
Change in long-term recievable (MWPAT) GAAP basis only	-	-
Transfer of governmental fund expenditures to enterprise capital assets - GAAP basis	-	-
Budgetary Basis	<u>\$ 282,838,427</u>	<u>\$ 20,518,085</u>

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, 2015

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

	<u>Governmental Funds</u>	
	<u>General</u>	<u>Special Revenue</u>
	<u>Fund</u>	<u>Wastewater</u>
Expenditures and other financing uses:		
GAAP Basis	\$ 300,394,546	\$ 21,040,678
Adjustments:		
MTRB on-behalf payments	(13,219,409)	-
Change in compensated absences	-	-
GAAP inventory adjustment	-	(20,100)
Principal paid on long-term debt	-	-
Additions to capital assets	-	-
Unbudgeted transfers to other funds (GAAP only)	-	-
Depreciation expense	-	-
Change in accrued interest	-	-
Change in net pension liability (GAAP only)	-	-
Change in net OPEB liability (GAAP only)	-	-
	<u>                    </u>	<u>                    </u>
Budgetary Basis	<u>\$ 287,175,137</u>	<u>\$ 21,020,578</u>

**Excess of Expenditures Over Appropriations**

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

In fiscal year 2015, no expenditures exceeded appropriations at the category level.

See accompanying independent auditors' report

**CITY OF NEW BEDFORD, MASSACHUSETTS**

Required Supplementary Information  
 Contributory Retirement System  
 Schedule of Changes in the System's Net Pension Liability and Related Ratios - Last 10 Fiscal Years\*\*

	<u>2015</u>
<b>Total pension liability</b>	
Service cost	\$ 10,369,481
Interest on liability and service cost	47,840,671
Changes in benefit terms	-
Differences between expected and actual experience	-
Changes in assumptions	-
Benefit payments, including refunds of employee contributions	(44,969,104)
Interest on benefit	<u>(1,710,039)</u>
<b>Net change in total pension liability</b>	11,531,009
Total pension liability - beginning	\$ 606,929,503
<b>Total pension liability - ending (a)</b>	<u>\$ 618,460,512</u>
<b>Plan fiduciary net position</b>	
Contributions - employer	\$ 28,253,951
Contributions - employee	8,457,273
Other payments	1,057,391
Net investment income	16,227,627
Benefit payments, including refunds of employee contributions	(44,969,104)
Administrative expense	(547,593)
Other	<u>-</u>
<b>Net change in plan fiduciary net position</b>	8,479,545
Plan fiduciary net position - beginning	<u>275,999,587</u>
<b>Plan fiduciary net position - ending (b)</b>	<u>\$ 284,479,132</u>
<b>System's net pension liability - ending (a) - (b)</b>	<u>\$ 333,981,380</u>
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	46.00%
<b>Covered-employee payroll</b>	\$ 84,425,116
<b>System's net pension liability as a percentage of covered employee payroll</b>	395.59%

\*\* - Per paragraph 138 of GASB Statement No. 68, the City is not required to retrospectively present its' 10-year RSI schedules, as this information was not available at transition and historical information was not measured in accordance with the parameters of GASB Statement No. 68.

**CITY OF NEW BEDFORD, MASSACHUSETTS**

Required Supplementary Information  
Contributory Retirement System  
Schedule of Changes in the City's Net Pension Liability and Related Ratios - Last 10 Fiscal Years\*\*

	<u>2015</u>
City's proportion of the net pension liability (asset)	86.48%
City's proportionate share of the net pension liability (asset)	\$ 288,816,402
City's covered employee payroll	\$ 73,420,569
City's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	393.37%
Plan fiduciary net position as a percentage of the total pension liability	46.00%

\*\* - Per paragraph 138 of GASB Statement No. 68, the City is not required to retrospectively present its' 10-year RSI schedules, as this information was not available at transition and historical information was not measured in accordance with the parameters of GASB Statement No. 68.

**CITY OF NEW BEDFORD, MASSACHUSETTS**

Required Supplementary Information  
Contributory Retirement System  
Schedule of System Contributions - Last 10 Fiscal Years\*\*

	<u>2015</u>
Actuarially determined contribution	\$ 28,253,951
System contributions in relation to the actuarially determined contribution	\$ 28,253,951
Contribution deficiency (excess)	<u>\$ -</u>
Covered-employee payroll	\$ 84,425,116
Contributions as a percentage of covered-employee payroll	33.47%

**Notes to Schedule**

Valuation Date:

The January 1, 2014 actuarial valuation was rolled forward, in accordance with the parameters of GASB Statement No. 68, to December 31, 2014, the measurement date.

Methods and assumptions used to determine contribution rates:

Contribution rates are recommended by the System's independent actuary and are approved by PERAC in order to comply with the applicable funding statute (MGL Chapter 32 Section 22F)

\*\* - Per paragraph 138 of GASB Statement No. 68, the City is not required to retrospectively present its' 10-year RSI schedules, as this information was not available at transition and historical information was not measured in accordance with the parameters of GASB Statement No. 68.

**CITY OF NEW BEDFORD, MASSACHUSETTS**

Required Supplementary Information  
Contributory Retirement System  
Schedule of Employer Contributions - Last 10 Fiscal Years\*\*

	<u>2015</u>
City's contractually required contribution	\$ 24,433,112
City's contributions in relation to the contractually required contribution	\$ 24,433,112
Contribution deficiency (excess)	<u>\$ -</u>
City's covered-employee payroll	\$ 73,420,569
Contributions as a percentage of covered-employee payroll	33.28%

\*\* - Per paragraph 138 of GASB Statement No. 68, the City is not required to retrospectively present its' 10-year RSI schedules, as this information was not available at transition and historical information was not measured in accordance with the parameters of GASB Statement No. 68.

**CITY OF NEW BEDFORD, MASSACHUSETTS**

Required Supplementary Information  
Contributory Retirement System

**For the Valuation Dated January 1, 2014**

**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

**For the Valuation Dated January 1, 2014**

**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 2015.

**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, 2015

	<u>Original Budget</u>		<u>Additional Appropriations and Transfers</u>	<u>Available for Current Year Expenditures</u>	<u>Actual</u>	<u>Encumbrances Carried Forward</u>	<u>Variance Favorable (Unfavorable)</u>
	<u>Encumbrances Carried Forward</u>	<u>Budget As Adopted</u>					
Revenues:							
Charges for services	\$ -	\$ 11,140,045	\$ -	\$ 11,140,045	\$ 11,854,117	\$ -	\$ 714,072
Utility liens and penalties	-	84,968	-	84,968	92,562	-	7,594
Other	-	483,370	-	483,370	233,252	-	(250,118)
<b>Total Revenues</b>	<b>-</b>	<b>11,708,383</b>	<b>-</b>	<b>11,708,383</b>	<b>12,179,931</b>	<b>-</b>	<b>471,548</b>
Expenditures:							
Salaries and wages	-	3,453,250	(75,000)	3,378,250	3,325,282	-	52,968
Charges for services	-	1,781,350	150,000	1,931,350	1,906,442	-	24,908
Materials and supplies	-	1,014,700	114,039	1,128,739	1,092,320	-	36,419
Capital outlay	-	374,500	158,112	532,612	380,237	-	152,375
Debt service	-	2,743,493	165,000	2,908,493	2,750,888	-	157,605
<b>Total Expenditures</b>	<b>-</b>	<b>9,367,293</b>	<b>512,151</b>	<b>9,879,444</b>	<b>9,455,169</b>	<b>-</b>	<b>424,275</b>
Excess (deficiency) of revenues over expenditures	-	2,341,090	(512,151)	1,828,939	2,724,762	-	895,823
Other financing sources and (uses):							
From Free Cash	-	-	629,852	629,852	-	-	(629,852)
Operating Transfers Out	-	(2,341,090)	(117,701)	(2,458,791)	(2,118,151)	-	340,640
<b>Total other financing sources and (uses)</b>	<b>-</b>	<b>(2,341,090)</b>	<b>512,151</b>	<b>(1,828,939)</b>	<b>(2,118,151)</b>	<b>-</b>	<b>(289,212)</b>
Excess (deficiency) of revenues and other sources over expenditures and other uses	\$ -	\$ -	\$ -	\$ -	\$ 606,611	\$ -	\$ 606,611
Budgetary Fund Balance, June 30, 2014					770,788		
Budgetary Fund Balance, June 30, 2015					<u>\$ 1,377,399</u>		

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

**CITY OF NEW BEDFORD, MASSACHUSETTS**

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

For the Year Ended June 30, 2015

	<u>Original Budget</u>		<u>Additional</u>	<u>Available</u>		<u>Encumbrances</u>	<u>Variance</u>
	<u>Encumbrances</u>	<u>Budget</u>	<u>Appropriations</u>	<u>for Current</u>	<u>Actual</u>	<u>Carried</u>	<u>Favorable</u>
	<u>Carried</u>	<u>As</u>	<u>and</u>	<u>Year</u>		<u>Forward</u>	<u>(Unfavorable)</u>
	<u>Forward</u>	<u>Adopted</u>	<u>Transfers</u>	<u>Expenditures</u>			
Revenues:							
Charges for services	\$ -	\$ 702,793	\$ -	\$ 702,793	\$ 703,832	\$ -	\$ 1,039
Departmental	-	-	-	-	14,829	-	14,829
Earnings on investments	-	-	-	-	11,180	-	11,180
Other	-	-	-	-	50	-	50
<b>Total Revenues</b>	<b>-</b>	<b>702,793</b>	<b>-</b>	<b>702,793</b>	<b>729,891</b>	<b>-</b>	<b>27,098</b>
Expenditures:							
Salaries and wages	-	367,299	15,000	382,299	371,164	-	11,135
Charges for services	-	129,254	30,000	159,254	153,985	-	5,269
Materials and supplies	-	45,500	-	45,500	36,394	-	9,106
Capital outlay	340	15,000	15,340	30,340	15,340	-	15,000
Debt service	-	42,625	-	42,625	54,516	-	(11,891)
Indirect charges	-	159,466	38,200	197,666	145,309	-	52,357
<b>Total Expenditures</b>	<b>340</b>	<b>759,144</b>	<b>98,540</b>	<b>857,684</b>	<b>776,708</b>	<b>-</b>	<b>80,976</b>
Excess (deficiency) of revenues over expenditures	(340)	(56,351)	(98,540)	(154,891)	(46,817)	-	108,074
Other financing sources and (uses):							
Free Cash	-	56,351	98,540	154,891	-	-	(154,891)
<b>Total other financing sources and (uses)</b>	<b>-</b>	<b>56,351</b>	<b>98,540</b>	<b>154,891</b>	<b>-</b>	<b>-</b>	<b>(154,891)</b>
Excess (deficiency) of revenues and other sources over expenditures and other uses	\$ (340)	\$ -	\$ -	\$ -	\$ (46,817)	\$ -	\$ (46,817)
Budgetary Fund Balance, June 30, 2014					445,424		
Budgetary Fund Balance, June 30, 2015					<u>\$ 398,607</u>		

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

**CITY OF NEW BEDFORD, MASSACHUSETTS**

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

For the Year Ended June 30, 2015

	<u>Original Budget</u>		<u>Additional Appropriations and Transfers</u>	<u>Available for Current Year Expenditures</u>	<u>Actual</u>	<u>Encumbrances Carried Forward</u>	<u>Variance Favorable (Unfavorable)</u>
	<u>Encumbrances Carried Forward</u>	<u>Budget As Adopted</u>					
Revenues:							
Charges for services	\$ -	\$ 850,366	\$ -	\$ 850,366	\$ 805,292	\$ -	\$ (45,074)
Other	-	-	-	-	5,963	-	5,963
<b>Total Revenues</b>	<b>-</b>	<b>850,366</b>	<b>-</b>	<b>850,366</b>	<b>811,255</b>	<b>-</b>	<b>(39,111)</b>
Expenditures:							
Salaries and Wages	-	304,805	-	304,805	280,686	-	24,119
Charges for Services	-	121,500	-	121,500	111,086	-	10,414
Materials and Supplies	-	16,000	-	16,000	7,725	-	8,275
Capital Outlay	-	135,000	52,500	187,500	180,798	-	6,702
Debt Service	-	52,500	(52,500)	-	-	-	-
<b>Total Expenditures</b>	<b>-</b>	<b>629,805</b>	<b>-</b>	<b>629,805</b>	<b>580,295</b>	<b>-</b>	<b>49,510</b>
Excess (deficiency) of revenues over expenditures	-	220,561	-	220,561	230,960	-	10,399
Other financing sources and (uses):							
Operating Transfers Out	-	(220,561)	-	(220,561)	(215,578)	-	4,983
<b>Total other financing sources and (uses)</b>	<b>-</b>	<b>(220,561)</b>	<b>-</b>	<b>(220,561)</b>	<b>(215,578)</b>	<b>-</b>	<b>4,983</b>
Excess (deficiency) of revenues and other sources over expenditures and other uses	\$ -	\$ -	\$ -	\$ -	\$ 15,382	\$ -	\$ 15,382
Budgetary Fund Balance, June 30, 2014					-		
Budgetary Fund Balance, June 30, 2015					<u>\$ 15,382</u>		

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

**CITY OF NEW BEDFORD, MASSACHUSETTS**

Notes to the Supplementary Information  
Statement of Revenues and Expenditures and Changes  
in Fund Balance - Budget and Actual - Budgetary Basis

For the Year Ended June 30, 2015

**Budgetary - GAAP Reporting Reconciliation**

The accompanying Combined Statement of Revenues, Expenditures or Expenses - Budget and Actual (Non-GAAP Budgetary Basis) - for the Water, Airport and Downtown Parking Enterprise Funds 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, 2015 are as follows:

	Proprietary Funds		
	Water	Airport	Downtown Parking
Revenues and other financing sources:			
GAAP Basis	\$ 12,921,707	\$ 9,269,077	\$ 811,255
Adjustments:			
Increase in real estate and personal property taxes to full accrual	-	-	-
Change in deferred revenue	92,577	17,388	-
Change in 60 day accrual	-	-	-
MTRB on-behalf payments	-	-	-
Miscellaneous GAAP adjustments	-	-	-
Change in long-term receivable (MWPAT) GAAP basis only	31,695	-	-
Transfer of governmental fund expenditures to enterprise capital assets - GAAP basis	(866,048)	(8,556,574)	-
Budgetary Basis	\$ 12,179,931	\$ 729,891	\$ 811,255

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

**CITY OF NEW BEDFORD, MASSACHUSETTS**

Notes to the Supplementary Information  
Statement of Revenues and Expenditures and Changes  
in Fund Balance - Budget and Actual - Budgetary Basis

For the Year Ended June 30, 2015

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

	<b>Proprietary Funds</b>		
	<b>Water</b>	<b>Airport</b>	<b>Downtown Parking</b>
Expenditures and other financing uses:			
GAAP Basis	\$ 10,384,461	\$ 2,259,875	\$ 743,902
Adjustments:			
MTRB on-behalf payments	-	-	-
Change in compensated absences	47,704	(1,982)	-
GAAP inventory adjustment	(13,167)	-	-
Principal paid on long-term debt	1,909,599	35,000	-
Additions to capital assets	1,170,228	15,000	109,726
Unbudgeted transfers to other funds (GAAP only)	-	(38,197)	-
Depreciation expense	(2,531,239)	(1,467,094)	(47,747)
Change in accrued interest	(47,813)	-	-
Change in net pension liability (GAAP only)	(842,771)	(6,675)	(10,008)
Change in net OPEB liability (GAAP only)	(187,342)	(19,219)	-
Budgetary Basis	<u>\$ 9,889,660</u>	<u>\$ 776,708</u>	<u>\$ 795,873</u>

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

**CITY OF NEW BEDFORD, MASSACHUSETTS**

Supplementary Information  
Major Governmental Funds - Wastewater  
Combining Balance Sheet

June 30, 2015

	<u>Operating</u>	<u>Special Projects</u>	<u>Debt Service</u>	<u>Total Wastewater</u>
<b>ASSETS</b>				
Cash	\$ 4,730,713	\$ 2,666,771	\$ 2,665,380	\$ 10,062,864
User charges receivable	2,246,197	-	-	2,246,197
Utility liens receivable	66,960	-	-	66,960
Special assessments receivable	100,040	-	-	100,040
Department receivables	146,778	-	-	146,778
Other receivables	-	113,705	-	113,705
Inventory	35,331	-	-	35,331
Prepaid expenses	434,644	-	-	434,644
Due from other funds	19,507	176,359	-	195,866
	<u>7,780,170</u>	<u>2,956,835</u>	<u>2,665,380</u>	<u>13,402,385</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
None	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total deferred outflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets and deferred outflows of resources	<u>\$ 7,780,170</u>	<u>\$ 2,956,835</u>	<u>\$ 2,665,380</u>	<u>\$ 13,402,385</u>
<b>LIABILITIES:</b>				
Accounts payable and accrued expenses	2,068,521	877,343	-	2,945,864
Deposits held	-	-	434,644	434,644
Other liabilities	13,232	-	-	13,232
Due to other funds	(1,300)	113,704	-	112,404
	<u>2,080,453</u>	<u>991,047</u>	<u>434,644</u>	<u>3,506,144</u>
Total liabilities	<u>2,080,453</u>	<u>991,047</u>	<u>434,644</u>	<u>3,506,144</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred user fees, fines and charges for services	<u>2,539,378</u>	<u>-</u>	<u>-</u>	<u>2,539,378</u>
Total deferred inflows of resources	<u>2,539,378</u>	<u>-</u>	<u>-</u>	<u>2,539,378</u>
<b>NET POSITION</b>				
Nonspendable	35,331	-	-	35,331
Restricted	1,615,146	-	2,230,736	3,845,882
Committed	1,509,862	1,965,788	-	3,475,650
	<u>3,160,339</u>	<u>1,965,788</u>	<u>2,230,736</u>	<u>7,356,863</u>
Total net position	<u>3,160,339</u>	<u>1,965,788</u>	<u>2,230,736</u>	<u>7,356,863</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 7,780,170</u>	<u>\$ 2,956,835</u>	<u>\$ 2,665,380</u>	<u>\$ 13,402,385</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, 2015

	<u>Operating</u>	<u>Special Projects</u>	<u>Debt Service</u>	<u>Total Wastewater</u>
<b>Revenues:</b>				
Utility usage charges	\$ 20,046,070	\$ -	\$ -	\$ 20,046,070
Liens and penalties	198,101	-	-	198,101
Departmental	13,803	-	-	13,803
Intergovernmental revenues	-	-	5,389,552	5,389,552
Special assessments	30,380	-	-	30,380
Investment income	91,644	2,827	374	94,845
Other	(21,876)	-	-	(21,876)
<b>Total revenues</b>	<b>20,358,122</b>	<b>2,827</b>	<b>5,389,926</b>	<b>25,750,875</b>
<b>Expenditures:</b>				
Salaries	1,357,736	-	-	1,357,736
Charges and services	9,354,602	-	-	9,354,602
Supplies and materials	534,794	-	-	534,794
Capital outlay	439,895	3,435,647	-	3,875,542
Debt admin fees	155,575	-	-	155,575
Principal paid on debt	1,043,945	-	6,371,843	7,415,788
Interest paid on debt	334,915	-	4,107,077	4,441,992
<b>Total expenditures</b>	<b>13,221,462</b>	<b>3,435,647</b>	<b>10,478,920</b>	<b>27,136,029</b>
Excess (deficiency) of revenues over expenditures	7,136,660	(3,432,820)	(5,088,994)	(1,385,154)
Transfers in	-	1,213,705	5,089,369	6,303,074
Transfers (out)	(7,819,216)	-	-	(7,819,216)
Excess (deficiency) of revenues and other sources over expenditures and other uses	(682,556)	(2,219,115)	375	(2,901,296)
Net position - July 1, 2014	3,842,895	4,184,903	2,230,361	10,258,159
Net position - June 30, 2015	<b>\$ 3,160,339</b>	<b>\$ 1,965,788</b>	<b>\$ 2,230,736</b>	<b>\$ 7,356,863</b>

See accompanying independent auditors' report

**CITY OF NEW BEDFORD, MASSACHUSETTS**

Supplementary Information  
Non-Major Governmental Funds  
Combining Balance Sheet

June 30, 2015

	<b>Highway Improvements</b>	<b>Revolving</b>	<b>Reserve for Appropriation</b>	<b>Donations</b>	<b>Federal / State Grants</b>	<b>School Grants</b>	<b>Community Development</b>	<b>Total Special Revenue</b>
<b>ASSETS</b>								
Cash and investments	\$ (179,475)	\$ 4,755,178	\$ 1,682,308	\$ 318,914	\$ 4,342,932	\$ 343,662	\$ 1,434,727	\$ 12,698,246
Federal and state grants receivable	1,015,372	1,268,449	-	-	1,412,958	2,486,706	522,944	6,706,429
Loans receivable	-	-	-	-	-	-	20,849,340	20,849,340
Receivable, other	-	12,338	-	45	1,600	56,511	-	70,494
Land inventory	-	-	-	-	-	-	246,918	246,918
Total assets	<u>835,897</u>	<u>6,035,965</u>	<u>1,682,308</u>	<u>318,959</u>	<u>5,757,490</u>	<u>2,886,879</u>	<u>23,053,929</u>	<u>40,571,427</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>								
None	-	-	-	-	-	-	-	-
Total deferred outflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets and deferred outflows of resources	<u>835,897</u>	<u>6,035,965</u>	<u>1,682,308</u>	<u>318,959</u>	<u>5,757,490</u>	<u>2,886,879</u>	<u>23,053,929</u>	<u>40,571,427</u>
<b>LIABILITIES</b>								
Accounts payable and accrued expenses	619,075	313,753	-	704	591,833	1,585,147	453,558	3,564,070
Due to state or federal government	-	-	-	-	-	210	-	210
Due to other funds	-	-	-	(56)	18,993	-	15,888	34,825
Other liabilities	-	-	-	-	-	-	21,178	21,178
Total liabilities	<u>619,075</u>	<u>313,753</u>	<u>-</u>	<u>648</u>	<u>610,826</u>	<u>1,585,357</u>	<u>490,624</u>	<u>3,620,283</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>								
Deferred departmental and other receipts	-	3,972	-	-	-	-	-	3,972
Unearned grant income	-	-	-	-	961,265	1,394,940	22,595	2,378,800
Unearned loan income	-	-	-	-	-	-	20,849,340	20,849,340
Total deferred inflows of resources	<u>-</u>	<u>3,972</u>	<u>-</u>	<u>-</u>	<u>961,265</u>	<u>1,394,940</u>	<u>20,871,935</u>	<u>23,232,112</u>
<b>NET POSITION</b>								
Nonspendable	-	-	-	-	-	-	246,918	246,918
Restricted	216,822	5,014,011	1,682,308	318,311	4,210,216	176,939	1,444,452	13,063,059
Committed	-	704,229	-	-	-	-	-	704,229
Unassigned	-	-	-	-	(24,817)	(270,357)	-	(295,174)
Total net position	<u>216,822</u>	<u>5,718,240</u>	<u>1,682,308</u>	<u>318,311</u>	<u>4,185,399</u>	<u>(93,418)</u>	<u>1,691,370</u>	<u>13,719,032</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 835,897</u>	<u>\$ 6,035,965</u>	<u>\$ 1,682,308</u>	<u>\$ 318,959</u>	<u>\$ 5,757,490</u>	<u>\$ 2,886,879</u>	<u>\$ 23,053,929</u>	<u>\$ 40,571,427</u>

See accompanying independent auditors' report

**CITY OF NEW BEDFORD, MASSACHUSETTS**

Supplemental Information  
Non-Major Governmental Funds  
Combining Balance Sheet

June 30, 2015

	<b>Capital Projects</b>	<b>Permanent Trust Funds</b>	<b>Total Nonmajor Governmental Funds</b>
<b>ASSETS</b>			
Cash and investments, unrestricted	\$ 23,613,377	\$ 2,608,751	\$ 38,920,374
Cash, restricted	-	5,127,411	5,127,411
Receivables, net:			
Federal & state grants receivable	16,262,858	-	22,969,287
Loans receivable	-	-	20,849,340
Other receivables	-	-	70,494
Due from other funds	113,705	-	113,705
Land inventory	-	-	246,918
 Total assets	 <u>39,989,940</u>	 <u>7,736,162</u>	 <u>88,297,529</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
None	-	-	-
 Total deferred outflows of resources	 <u>-</u>	 <u>-</u>	 <u>-</u>
 Total assets and deferred outflows of resources	 <u>\$ 39,989,940</u>	 <u>\$ 7,736,162</u>	 <u>\$ 88,297,529</u>
<b>LIABILITIES</b>			
Warrants payable	\$ 2,098,156	\$ -	\$ 2,656,591
Accounts payable and accrued expenses	4,650,357	6,084	7,662,076
Retainage payable	247,350	-	247,350
Bonds and notes payable	33,484,658	-	33,484,658
Interim loan payable	15,279,605	-	15,279,605
Due to other funds	174,862	58	209,745
Due to other governments	-	-	210
Other liabilities	-	-	21,177
 Total liabilities	 <u>55,934,988</u>	 <u>6,142</u>	 <u>59,561,412</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred departmental and other receipts	-	-	3,973
Unearned grant income	-	-	2,378,800
Unearned loan income	-	-	20,849,340
 Total deferred inflows of resources	 <u>-</u>	 <u>-</u>	 <u>23,232,113</u>
<b>NET POSITION</b>			
Nonspendable	-	5,127,411	5,374,329
Restricted	99,161	2,602,609	15,764,829
Committed	1,843,170	-	2,547,399
Unassigned	<u>(17,887,379)</u>	<u>-</u>	<u>(18,182,553)</u>
 Total net position	 <u>(15,945,048)</u>	 <u>7,730,020</u>	 <u>5,504,004</u>
 Total liabilities, deferred inflows of resources and net position	 <u>\$ 39,989,940</u>	 <u>\$ 7,736,162</u>	 <u>\$ 88,297,529</u>

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, 2015

	<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	\$ 3,064,534	\$ 7,705,381	\$ -	\$ -	\$ 7,685,179	\$ 13,588,150	\$ 4,946,343	\$ 36,989,587
State grants	-	2,185,393	-	-	3,086,569	1,364,375	414,596	7,050,933
Investment income	-	243	847	718	80	-	622	2,510
Charges for services	-	1,357,238	24,133	-	-	-	-	1,381,371
Miscellaneous and other revenues	-	421,015	114,845	262,419	1,591,894	624,183	717,305	3,731,661
Total revenues	<u>3,064,534</u>	<u>11,669,270</u>	<u>139,825</u>	<u>263,137</u>	<u>12,363,722</u>	<u>15,576,708</u>	<u>6,078,866</u>	<u>49,156,062</u>
<b>EXPENDITURES</b>								
General government	-	320,213	-	125,000	511,841	-	-	957,054
Public safety	-	223,083	-	-	8,132,815	-	-	8,355,898
Public works	2,909,178	71,674	75,000	4,915	387,227	-	-	3,447,994
Education	-	8,092,283	-	-	-	15,830,363	-	23,922,646
Health and human services	-	133,141	-	7,529	1,372,398	-	-	1,513,068
Culture and recreation	-	322,127	-	6,737	1,467,522	-	-	1,796,386
Principal payments	-	-	-	-	50,000	-	-	50,000
Interest payments	-	-	-	-	3,960	-	-	3,960
Community and economic development	-	-	-	-	-	-	5,986,424	5,986,424
Total expenditures	<u>2,909,178</u>	<u>9,162,521</u>	<u>75,000</u>	<u>144,181</u>	<u>11,925,763</u>	<u>15,830,363</u>	<u>5,986,424</u>	<u>46,033,430</u>
Excess (deficiency) of revenue over expenditures	<u>155,356</u>	<u>2,506,749</u>	<u>64,825</u>	<u>118,956</u>	<u>437,959</u>	<u>(253,655)</u>	<u>92,442</u>	<u>3,122,632</u>
<b>OTHER FINANCING SOURCES (USES)</b>								
Special item - proceeds from insurance recovery	-	99,416	-	-	-	-	-	99,416
Transfers in	26,150	-	-	-	61,482	-	-	87,632
Transfers out	-	-	(136,092)	-	-	-	(10,000)	(146,092)
Total other financing sources (uses)	<u>26,150</u>	<u>99,416</u>	<u>(136,092)</u>	<u>-</u>	<u>61,482</u>	<u>-</u>	<u>(10,000)</u>	<u>40,956</u>
Change in net position	181,506	2,606,165	(71,267)	118,956	499,441	(253,655)	82,442	3,163,588
Net position - July 1, 2014	35,316	3,112,075	1,753,575	199,355	3,685,958	160,237	1,608,928	10,555,444
Net position - June 30, 2015	<u>\$ 216,822</u>	<u>\$ 5,718,240</u>	<u>\$ 1,682,308</u>	<u>\$ 318,311</u>	<u>\$ 4,185,399</u>	<u>\$ (93,418)</u>	<u>\$ 1,691,370</u>	<u>\$ 13,719,032</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, 2015

	<b>Capital Projects</b>	<b>Permanent Trust Funds</b>	<b>Total Nonmajor Governmental Funds</b>
<b>REVENUE</b>			
MSBA assistance	\$ 4,184,804	\$ -	\$ 4,184,804
Investment income	-	169,326	171,836
Intergovernmental - operating grants	-	-	44,040,520
Intergovernmental - capital grants	9,705,331	-	9,705,331
Charges for services	-	-	1,381,371
Miscellaneous	-	272,467	4,004,128
Total revenues	<u>13,890,135</u>	<u>441,793</u>	<u>63,487,990</u>
<b>EXPENDITURES</b>			
General government	3,777,154	-	4,734,208
Public safety	18,416	-	8,374,314
Education	9,987,159	4,611	33,914,416
Public works	8,627,632	178,110	12,253,736
Community and economic development	-	-	5,986,424
Health and human services	-	-	1,513,068
Municipal airport	8,556,574	-	8,556,574
Culture and recreation	84,180	168,275	2,048,841
Debt service:			
Principal payments	-	-	50,000
Interest and fiscal charges	-	-	3,960
Total expenditures	<u>31,051,115</u>	<u>350,996</u>	<u>77,435,541</u>
Excess (deficiency) of revenues over expenditures	<u>(17,160,980)</u>	<u>90,797</u>	<u>(13,947,551)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Bond proceeds	7,948,000	-	7,948,000
Special item - insurance proceeds	-	-	99,416
Transfers in	110,528	-	198,160
Transfers out	-	-	(146,092)
Total other financing sources and uses	<u>8,058,528</u>	<u>-</u>	<u>8,099,484</u>
Change in net position	(9,102,452)	90,797	(5,848,067)
Net position - July 1, 2014	<u>(6,842,596)</u>	<u>7,639,223</u>	<u>11,352,071</u>
Net position - June 30, 2015	<u><u>\$(15,945,048)</u></u>	<u><u>\$ 7,730,020</u></u>	<u><u>\$ 5,504,004</u></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, 2015

	<b>BEGINNING BALANCE</b>	<b>COMMITMENTS</b>	<b>COLLECTIONS</b>	<b>MISCELLANEOUS ADJUSTMENTS</b>	<b>EXEMPTIONS &amp; ABATEMENTS</b>	<b>TRANSFER TO TAX TITLE</b>	<b>REFUNDS</b>	<b>ENDING BALANCE</b>
<b><u>Personal Property:</u></b>								
2015	\$ -	\$ 6,312,032	\$ (6,256,149)	\$ (76)	\$ (7,852)	\$ -	\$ -	\$ 47,955
2014	42,815	-	(6,192)	(18)	-	-	5,202	41,807
2013	12,349	-	(8,246)	-	-	-	22,582	26,685
2012	53,005	-	(6,793)	-	-	-	22	46,234
2011	49,358	-	(6,038)	-	-	-	-	43,320
2010	41,996	-	(3,707)	-	-	-	-	38,289
2009	28,832	-	(1,575)	-	-	-	-	27,257
2008	21,975	-	(2,252)	-	-	-	-	19,723
2007	22,244	-	(1,809)	-	-	-	-	20,435
2006	26,682	-	(2,598)	-	-	-	-	24,084
2005	(571)	-	-	-	-	-	-	(571)
2004	(305)	-	-	-	-	-	-	(305)
2003	(13)	-	-	-	-	-	-	(13)
2002	-	-	-	-	-	-	-	-
2001 and prior	(92)	-	-	-	-	-	-	(92)
<b>Total Personal Property:</b>	<b>\$ 298,275</b>	<b>\$ 6,312,032</b>	<b>\$ (6,295,359)</b>	<b>\$ (94)</b>	<b>\$ (7,852)</b>	<b>\$ -</b>	<b>\$ 27,806</b>	<b>\$ 334,808</b>
<b><u>Real Estate:</u></b>								
2015	\$ -	\$ 95,284,104	\$ (90,451,125)	\$ (59,732)	\$ (781,628)	\$ -	\$ 235,930	\$ 4,227,549
2014	3,908,765	-	(1,795,386)	24,109	(69,396)	(2,361,188)	282,673	(10,423)
2014 Supplemental	22,861	-	(22,861)	-	(39,418)	-	-	(39,418)
2013	1,597	-	438	1,101	-	-	-	3,136
2012	(288)	-	-	4	-	-	-	(284)
2011	-	-	-	(1)	-	-	-	(1)
2010	2,263	-	-	3	-	-	-	2,266
2009	(377)	-	-	-	-	-	-	(377)
2008	3,328	-	-	(2,570)	-	(2,725)	-	(1,967)
2007 and prior	52,093	-	-	-	-	-	-	52,093
<b>Total Real Estate:</b>	<b>\$ 3,990,242</b>	<b>\$ 95,284,104</b>	<b>\$ (92,268,934)</b>	<b>\$ (37,086)</b>	<b>\$ (890,442)</b>	<b>\$ (2,363,913)</b>	<b>\$ 518,603</b>	<b>\$ 4,232,574</b>
<b>Total Property Taxes:</b>	<b>\$ 4,288,517</b>	<b>\$ 101,596,136</b>	<b>\$ (98,564,293)</b>	<b>\$ (37,180)</b>	<b>\$ (898,294)</b>	<b>\$ (2,363,913)</b>	<b>\$ 546,409</b>	<b>\$ 4,567,382</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, 2015

	<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>								
2015	\$ -	\$ 6,377,944	\$ (5,526,061)	\$ 94	\$ (128,351)	\$ -	\$ 29,648	\$ 753,274
2014	854,154	684,192	(1,180,605)	(75)	(86,511)	-	49,465	320,620
2013	309,125	936	(144,992)	31	(12,140)	-	4,094	157,054
2012	138,563	336	(35,186)	17	(2,615)	-	509	101,624
2011	109,794	84	(18,508)	1	(1,328)	-	398	90,441
2010	91,449	-	(13,391)	-	(713)	-	234	77,579
2009	81,724	-	(5,768)	41	(212)	-	12	75,797
2008	81,737	-	(3,491)	-	(373)	-	126	77,999
2007	99,935	-	(2,551)	25	(125)	-	46	97,330
2006	92,051	-	(2,921)	48	(628)	-	81	88,631
2005	94,236	-	(2,053)	-	(249)	-	158	92,092
2004	82,371	-	(1,820)	-	(137)	-	71	80,485
<b>Total Motor Vehicle:</b>	<b>\$ 2,035,139</b>	<b>\$ 7,063,492</b>	<b>\$ (6,937,347)</b>	<b>\$ 182</b>	<b>\$ (233,382)</b>	<b>\$ -</b>	<b>\$ 84,842</b>	<b>\$ 2,012,926</b>
<b>Total Property and Motor Vehicle:</b>	<b>\$ 6,323,656</b>	<b>\$ 108,659,628</b>	<b>\$ (105,501,640)</b>	<b>\$ (36,998)</b>	<b>\$ (1,131,676)</b>	<b>\$ (2,363,913)</b>	<b>\$ 631,251</b>	<b>\$ 6,580,308</b>

See accompanying independent auditors' report

**CITY OF NEW BEDFORD, MASSACHUSETTS**

Supplementary Information  
Schedule of Ten Years of Long-Term Debt Maturities

June 30, 2015

	<b>Outstanding Balance June 30, 2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>
Sewer Bonds	\$ 971,000	\$ 226,000	\$ 238,000	\$ 249,000	\$ 258,000	\$ -
General Public Improvement	1,544,000	390,000	387,000	385,000	382,000	-
Federal Loan 1996 Series A	270,000	270,000	-	-	-	-
Federal Loan 1998 Series A	72,860,000	5,490,000	5,920,000	6,090,000	6,260,000	6,440,000
Federal Loan 2000 Series 6	3,725,000	180,000	185,000	185,000	195,000	200,000
Middle School, Public Imp	20,085,000	3,079,000	3,160,000	3,266,000	3,370,000	3,525,000
Federal Loan 2003 Series 8	376,617	42,412	44,108	44,108	45,805	47,501
Federal Loan 2003 Pool 9	745,001	80,000	85,000	90,000	90,000	95,000
HUD 108 - 2003-A	845,000	105,000	105,000	105,000	105,000	105,000
Federal Loan DW-02-13	1,235,000	105,000	110,000	110,000	115,000	120,000
Federal Loan DW-02-20	2,428,675	204,888	214,883	219,880	229,875	239,869
\$11.434M GOB 2006	585,000	585,000	-	-	-	-
Federal Loan CW-04-28	360,889	29,627	30,225	30,836	31,459	32,094
Federal Loan CW-03-36	4,086,611	153,009	156,581	160,235	163,975	167,802
GOSQ Bond 2007	2,185,000	1,080,000	1,105,000	-	-	-
Federal Loan DW-02-13A	264,657	19,710	20,108	20,514	20,929	21,352
Federal Loan DW-04-13	3,920,250	291,961	297,859	303,876	310,015	316,277
GOB 2008 Series A	9,925,000	665,000	680,000	695,000	715,000	725,000
General Obligation SQ Bond - Series B	2,445,000	335,000	335,000	335,000	330,000	330,000
MWPAT CW 03-36A	500,065	18,493	18,946	19,410	19,886	20,373
MWPAT DW 06-10 Series 14	5,934,744	371,025	378,521	386,167	393,969	401,928
\$950,000 General Obligation State Qualified	510,000	95,000	100,000	100,000	105,000	110,000
\$14.571 Million Bond Issue	11,695,000	625,000	640,000	665,000	690,000	710,000
\$19.30 Million ARRA Revenue Bond	5,995,325	168,086	172,169	176,351	180,635	185,023
\$2.704 Million GOB Series A	2,225,000	170,000	160,000	170,000	175,000	175,000
\$4.589 Million GOB Series B	4,100,000	175,000	180,000	185,000	195,000	200,000
MWPAT Series 16 CWS-09-12-A	9,932,918	247,288	253,599	260,071	266,708	273,515
MWPAT Series 16 DWS-09-23	1,754,512	80,689	82,443	84,235	86,065	87,936
\$4.373 Million GOB SQ Bond	3,950,000	220,000	220,000	225,000	230,000	235,000
\$10 Million GOB, Ch 70B Bond	9,880,000	250,000	260,000	275,000	290,000	300,000
General Obligation State Qualified	7,948,000	428,000	465,000	675,000	700,000	510,000
\$12.295 Million Refunding	12,295,000	940,000	815,000	1,390,000	1,715,000	1,745,000
	<b>\$ 205,578,264</b>	<b>\$ 17,120,188</b>	<b>\$ 16,819,442</b>	<b>\$ 16,900,683</b>	<b>\$ 17,669,321</b>	<b>\$ 17,318,670</b>

See accompanying independent auditors' report

**CITY OF NEW BEDFORD, MASSACHUSETTS**

Supplementary Information  
Schedule of Ten Years of Long-Term Debt Maturities

June 30, 2015

	2021	2022	2023	2024	2025
Sewer Bonds	\$ -	\$ -	\$ -	\$ -	\$ -
General Public Improvement	-	-	-	-	-
Federal Loan 1996 Series A	-	-	-	-	-
Federal Loan 1998 Series A	6,620,000	6,810,000	7,005,000	7,205,000	7,405,000
Federal Loan 2000 Series 6	210,000	220,000	225,000	235,000	240,000
Middle School, Public Imp	3,685,000	-	-	-	-
Federal Loan 2003 Series 8	49,198	50,894	52,593	-	-
Federal Loan 2003 Pool 9	100,000	100,000	105,000	-	-
HUD 108 - 2003-A	105,000	105,000	110,000	-	-
Federal Loan DW-02-13	125,000	130,000	135,000	140,000	145,000
Federal Loan DW-02-20	244,866	254,861	264,856	274,850	279,847
\$11,434M GOB 2006	-	-	-	-	-
Federal Loan CW-04-28	32,742	33,404	34,079	34,767	35,470
Federal Loan CW-03-36	171,717	175,726	179,827	184,024	188,320
GOSQ Bond 2007	-	-	-	-	-
Federal Loan DW-02-13A	21,784	22,223	22,673	23,131	23,598
Federal Loan DW-04-13	322,667	329,185	335,836	342,621	349,542
GOB 2008 Series A	745,000	770,000	1,005,000	1,145,000	1,170,000
General Obligation SQ Bond - Series B	330,000	330,000	120,000	-	-
MWPAT CW 03-36A	20,873	21,384	21,908	22,445	22,995
MWPAT DW06-10 Series 14	410,047	418,331	426,782	435,404	444,200
\$950,000 General Obligation State Qualifie	-	-	-	-	-
\$14.571 Million Bond Issue	740,000	765,000	460,000	415,000	430,000
\$19.30 Million ARRA Revenue Bond	189,517	194,121	198,837	203,667	208,614
\$2.704 Million GOB Series A	185,000	105,000	110,000	110,000	115,000
\$4.589 Million GOB Series B	210,000	220,000	225,000	235,000	245,000
MWPAT Series 16 CWS-09-12-A	280,496	287,654	294,996	302,525	310,246
MWPAT Series 16 DWS-09-23	89,847	91,800	93,795	95,833	97,916
\$4.373 Million GOB SQ Bond	245,000	250,000	255,000	255,000	260,000
\$10 Million GOB, Ch 70B Bond	320,000	330,000	345,000	355,000	370,000
	535,000	570,000	130,000	135,000	140,000
	1,135,000	1,025,000	1,025,000	960,000	955,000
	\$ 17,123,754	\$ 13,609,583	\$ 13,181,182	\$ 13,109,267	\$ 13,435,748

See accompanying independent auditors' report