

**CITY OF NEW BEDFORD,
MASSACHUSETTS
BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016**



Jonathan F. Mitchell
Mayor

Ari J. Sky
Chief Financial Officer

Prepared by the: Office of the Chief Financial Officer



CITY OF NEW BEDFORD, MASSACHUSETTS

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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, 2016 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, 2016, 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 No. 72

As discussed in Note 1 to the financial statements, during fiscal year 2016, the City adopted GASB Statement No. 72, *Fair Value Measurement and Application*. 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 19 and 98 through 109 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 110 through 124 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 110 through 124 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 110 through 124 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 30, 2017, 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., P.C.

Fall River, Massachusetts
March 30, 2017

CITY OF NEW BEDFORD, MASSACHUSETTS

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

Year Ended June 30, 2016

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, 2016 and 2015. We encourage readers to consider the information presented here in conjunction with additional information found within the body of the audit.

FINANCIAL Highlights:

- The City's government-wide level total net position decreased \$10,908,396 for the fiscal year ended June 30, 2016, to a deficit of (\$94,319,006) at June 30, 2016. Of this amount, unrestricted net position accounted for a deficit of (\$359,840,337), primarily due to the recognition of more than \$465 million in non-current liabilities for net OPEB obligation (NOO) and net pension liability (NPL) under the requirements of GASB Statement No. 45 and 68, respectively.
- The City's Governmental Funds total net position increased \$6,836,666, or 19%, to \$42,938,579 at June 30, 2016. Of this amount, General Fund unassigned net position increased \$5,365,934, or 45%, to \$17,244,879 at June 30, 2016, representing 5.5% of total General Fund expenditures.
- The City's total long term debt (including compensated absences and capital lease liabilities) increased by \$14,889,521 from \$226,034,516 to \$240,924,037 during the current fiscal year. The key factors in this increase are that the City has incurred new debt totaling \$22,325,124, pay downs were made totaling \$11,058,565 and the state subsidized principal payments totaled \$3,003,231 through the Massachusetts Water Pollution Trust.

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, (e.g., 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, 2016

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 20 through 24 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, 2016

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 25 through 27 of this report. The budgetary statements can be found on pages 98 through 103 of this report.

Proprietary funds: The City maintains three 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, airport and downtown parking 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 31 through 35 of this report. The budgetary statements can be found on pages 110 through 114 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 36 through 37 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 38 through 97 of this report.

Other information: In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information and other 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 98 through 103 and pages 110 through 114.

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 \$94,319,006 as of June 30, 2016 and \$83,410,610 as of June 30, 2015.

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, 2016

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

The City's unrestricted net position is negative as of June 30, 2016, mainly as a result of increasing OPEB liabilities in accordance with the City's amortization schedule (for more information see Note 9 to the financial statements) as well as the implementation of GASB Statement No. 68 starting with fiscal year 2015 (for more information see Note 8 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 (\$35,793,105) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position \$(359,840,337) 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, 2016 and June 30, 2015 cash and investments of the primary government consisted of \$111,028,297 and \$103,717,153 respectively.

At the end of fiscal year 2016, 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, GASB Statement No. 68 requires the City to record its proportionate share of the Retirement System's net pension liability. For year ended 2016, 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 recording of the changes in the net pension liability as required by 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, 2016, the total Unfunded Actuarial Accrued Liability ("UAAL") was \$486.3 million.

Because the City of New Bedford was unable fund the annual required contribution ("ARC") into a trust, the actuarial study assumed an amortization period of 30 years as of July 1, 2016 for this valuation and for all future valuations. The \$166 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 \$486.3 million that is reported in the actuarial study. According to the July 1, 2016 study, the City's OPEB Cost (i.e. the ARC) for fiscal 2016 is \$31.5 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 \$16.0 million and did contribute \$759,483 as an initial investment into the State Retiree Benefits Trust ("SRBT") during fiscal year 2016. The \$16.0 million of payments during fiscal 2016 include an actuarially calculated "implicit subsidy" associated with covering retirees. The net OPEB obligation (NOO) is the difference between the ARC (\$31.5 million) and the attributed premiums paid (\$16.0 million) plus the cash contributions to the OPEB trust. This totals \$14.7 million, which is equal to the increase in the liability for OPEB within the fiscal year 2016 financial statements. Please refer to Note 9 of the financial statements for more detailed information.

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, 2016 utilized in these financial statements is available by contacting the Office of the Chief Financial Officer, 133 William Street, New Bedford, MA 02740.

Continued

CITY OF NEW BEDFORD, MASSACHUSETTS

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

Year Ended June 30, 2016

Net Position for the period ending June 30, 2016 and June 30, 2015 (Government-wide level)

	Governmental Activities		Business-Type Activities		Total	
	2016	2015	2016	2015	2016	2015
ASSETS						
Current assets	\$ 183,225,994	\$ 183,233,661	\$ 10,249,185	\$ 8,785,974	\$ 193,475,179	\$ 192,019,635
Long-term assets	46,048,078	51,433,837	362,395	395,612	46,410,473	51,829,449
Capital assets	377,876,598	348,471,851	80,051,740	83,938,042	457,928,338	432,409,893
Total assets	607,150,670	583,139,349	90,663,320	93,119,628	697,813,990	676,258,977
DEFERRED OUTFLOWS OF RESOURCES						
GASB 68 - Differences between expected and actual experience	26,596,486	3,195,629	1,399,815	1,077,689	27,996,301	4,273,318
Deferred asset advance refunding, net amortization	201,070	290,056	-	-	201,070	290,056
Total deferred outflows of resources	26,797,556	3,485,685	1,399,815	1,077,689	28,197,371	4,563,374
Total assets and deferred outflows of resources	\$ 633,948,226	\$ 586,625,034	\$ 92,063,135	\$ 94,197,317	\$ 726,011,361	\$ 680,822,351
LIABILITIES						
Current liabilities	\$ 117,941,493	\$ 118,885,373	\$ 2,969,284	\$ 3,833,420	\$ 120,910,778	\$ 122,718,793
Long-term liabilities	642,806,306	598,533,878	42,376,360	42,980,290	685,182,666	641,514,168
Total liabilities	760,747,799	717,419,251	45,345,644	46,813,710	806,093,443	764,232,961
DEFERRED INFLOWS OF RESOURCES						
Total governmental activities	13,525,077	-	-	-	13,525,077	-
Total business-type activities	-	-	711,847	-	711,847	-
Total deferred inflows of resources	13,525,077	-	711,847	-	14,236,924	-
NET POSITION						
Investments in capital assets (net of debt)	175,951,450	168,323,625	53,776,776	56,076,992	229,728,226	224,400,617
Restricted	31,303,068	24,738,122	4,490,037	4,832,301	35,793,105	29,570,423
Unrestricted	(347,579,168)	(323,855,964)	(12,261,169)	(13,525,686)	(359,840,337)	(337,381,650)
Total net position	(140,324,650)	(130,794,217)	46,005,644	47,383,607	(94,319,006)	(83,410,610)
Total liabilities, deferred inflows of resources and net position	\$ 633,948,226	\$ 586,625,034	\$ 92,063,135	\$ 94,197,317	\$ 726,011,361	\$ 680,822,351

CITY OF NEW BEDFORD, MASSACHUSETTS

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

Year Ended June 30, 2016

Governmental activities: Governmental activities decreased the City's net position by \$(9,530,433) for fiscal year ended June 30, 2016.

Business-type activities: Business-type activities decreased the City's net position by \$(1,377,963) for 2016.

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

Changes in Net Position for the period ending June 30, 2016 and June 30, 2015 (Government-wide level)

	Governmental Activities		Business-Type Activities		Total	
	2016	2015	2016	2015	2016	2015
REVENUES						
Program revenues:						
Charges for service	\$ 51,764,265	\$ 53,872,265	\$ 14,406,095	\$ 13,345,837	\$ 66,170,360	\$ 67,218,102
Operating grants & contributions	186,105,062	180,766,856	112,737	-	186,217,799	180,766,856
Capital grants & contributions	16,772,965	19,328,858	-	-	16,772,965	19,328,858
General revenues:						
Property taxes	102,644,537	98,308,125	-	-	102,644,537	98,308,125
Motor vehicle excise	8,491,077	8,376,223	-	-	8,491,077	8,376,223
Tax liens, fines & other	7,459,544	6,312,922	-	-	7,459,544	6,312,922
Intergovernmental	24,023,561	23,060,658	-	-	24,023,561	23,060,658
Earnings on investments	668,425	375,916	-	-	668,425	375,916
Other	3,474,794	4,827,654	112,807	233,578	3,587,601	5,061,232
Total revenues	<u>401,404,230</u>	<u>395,229,477</u>	<u>14,631,639</u>	<u>13,579,415</u>	<u>416,035,869</u>	<u>408,808,892</u>

CITY OF NEW BEDFORD, MASSACHUSETTS

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

Year Ended June 30, 2016

Changes in Net Position for the period ending June 30, 2016 and June 30, 2015 (Government-wide level)

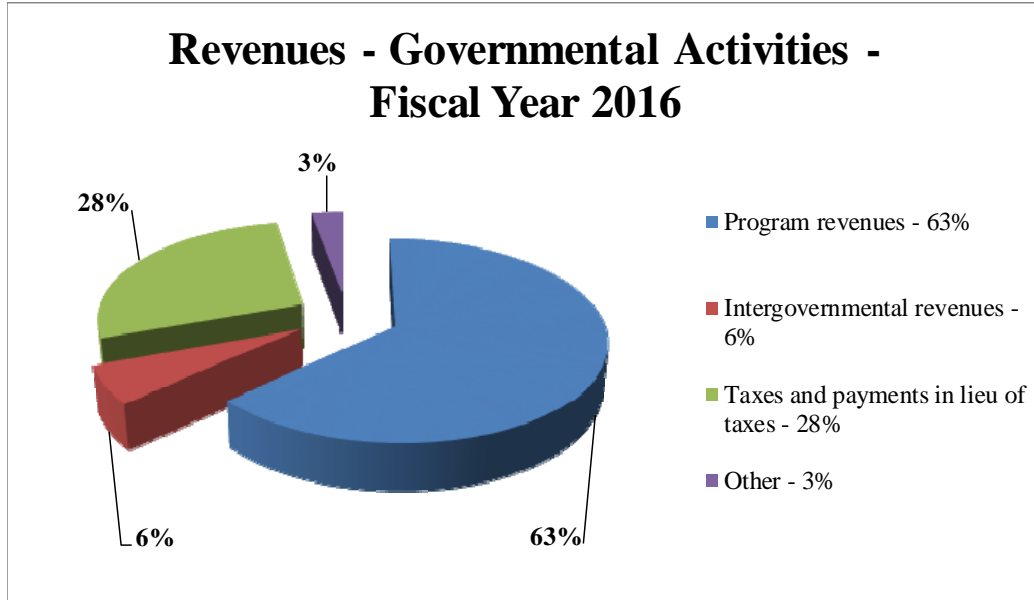
	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
EXPENSES						
General government	\$ 8,839,182	\$ 16,068,463	\$ -	\$ -	\$ 8,839,182	\$ 16,068,463
Public safety	73,006,134	67,315,497	-	-	73,006,134	67,315,497
Public works	34,771,249	32,245,284	-	-	34,771,249	32,245,284
Education	230,778,684	201,478,727	-	-	230,778,684	201,478,727
Community and economic development	5,293,557	6,232,160	-	-	5,293,557	6,232,160
Health & human services	8,155,432	6,946,019	-	-	8,155,432	6,946,019
Municipal airport	3,073,279	-	-	-	3,073,279	-
Culture and recreation	7,795,457	7,664,014	-	-	7,795,457	7,664,014
Debt service (interest)	7,312,597	7,141,982	-	-	7,312,597	7,141,982
Miscellaneous	8,972,342	9,599,109	-	-	8,972,342	9,599,109
State and county charges	13,624,678	12,149,703	-	-	13,624,678	12,149,703
Pension expense	-	24,789,517	-	-	-	24,789,517
Downtown Parking (enterprise)	-	-	573,285	713,144	573,285	713,144
Water (enterprise)	-	-	10,391,744	9,858,365	10,391,744	9,858,365
Airport (enterprise)	-	-	2,260,833	2,201,245	2,260,833	2,201,245
Total expenses	<u>401,622,591</u>	<u>391,630,475</u>	<u>13,225,862</u>	<u>12,772,754</u>	<u>414,848,453</u>	<u>404,403,229</u>
Increase (decrease) in net position before transfers	(218,361)	3,599,002	1,405,777	806,661	1,187,416	4,405,663
TRANSFERS/SPECIAL ITEMS						
Transfers of capital assets (net of debt) from governmental activities	474,954	(9,422,622)	(474,954)	9,422,622	-	-
Net transfers between funds	1,549,303	523,878	(2,308,786)	(523,878)	(759,483)	-
Special item - insurance proceeds	13,659	99,416	-	-	13,659	99,416
Special item - loan forgiveness	216,481	-	-	-	216,481	-
Bond proceeds, net refundings	3,074,146	471,352	-	-	3,074,146	471,352
Capital lease proceeds	<u>(14,640,615)</u>	<u>(2,050,082)</u>	<u>-</u>	<u>-</u>	<u>(14,640,615)</u>	<u>(2,050,082)</u>
Increases (decrease) in net position	(9,530,433)	(6,779,056)	(1,377,963)	9,705,405	(10,908,396)	2,926,349
Net position - beginning	<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>
Net position - ending	<u>\$ (140,324,650)</u>	<u>\$ (130,794,217)</u>	<u>\$ 46,005,644</u>	<u>\$ 47,383,607</u>	<u>\$ (94,319,006)</u>	<u>\$ (83,410,610)</u>

CITY OF NEW BEDFORD, MASSACHUSETTS

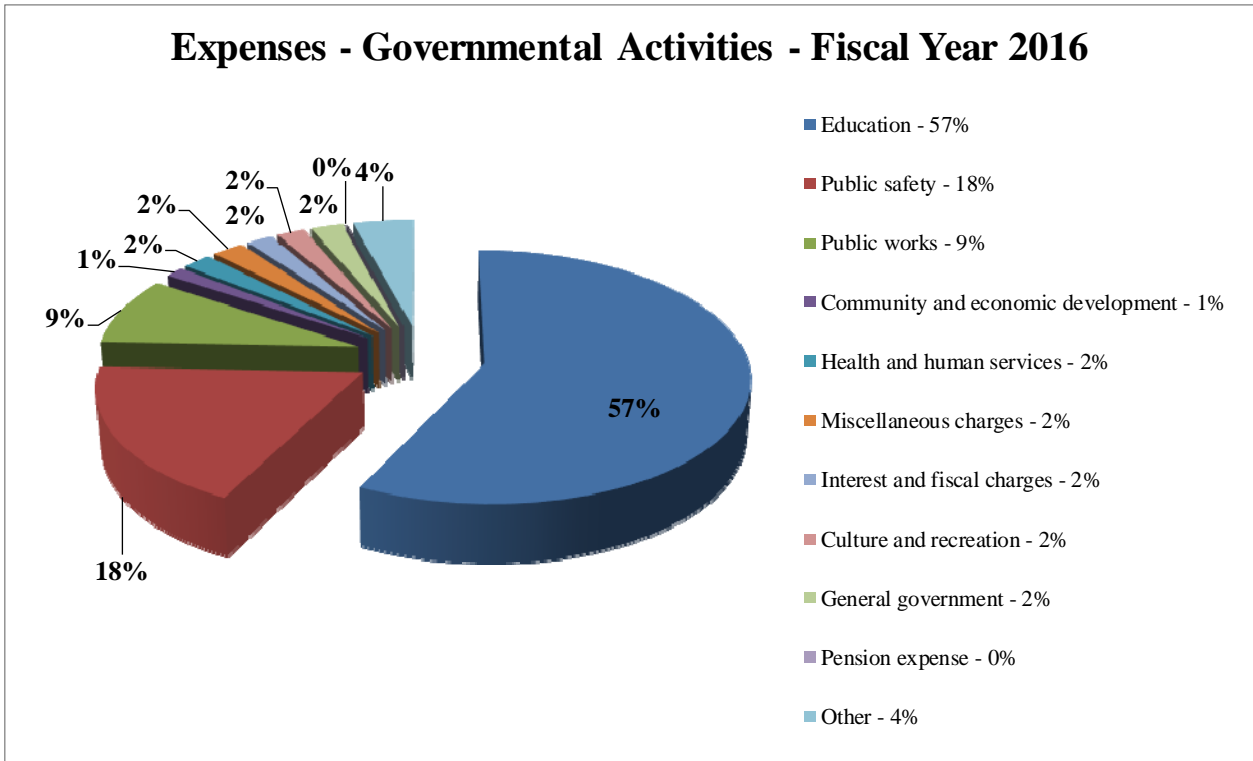
Management’s Discussion and Analysis (MD&A) (Unaudited)

Year Ended June 30, 2016

The majority of general revenues are tax collections from the City’s taxpayers. This amount represented 75.7% of the total general revenues of \$147 million. The operating grants are also a significant source of revenue for the City. The total operating grants for fiscal year ended June 30, 2016 amounted to \$186 million of which \$171 million were received for education.



The most significant expense of the City is education which represented 57% of total expenses, followed by public safety at 18%.



CITY OF NEW BEDFORD, MASSACHUSETTS

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

Year Ended June 30, 2016

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 \$42,938,579 for fiscal year ended June 30, 2016 and \$36,101,913 for fiscal year ended June 30, 2015. This increase in fiscal year ended June 30, 2016, totaling \$6,836,606 is primarily due to the performance of the general fund, which had a change in net position of \$4,668,994.

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 2016, the stabilization fund earned \$69,107 of investment income and had transfers out of \$433,649 to finish the year with a fund balance of \$9,088,239. Of this total, \$7,809,217 was held in the "City" stabilization fund and \$1,279,022 was held in the "School" stabilization fund.

Continued

CITY OF NEW BEDFORD, MASSACHUSETTS

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

Year Ended June 30, 2016

Financial Analysis of the Government's Funds (continued)

During 2016, governmental funds reported amounts of \$6,704,600 within the nonspendable fund balance category, \$26,175,657 within the restricted fund balance category, \$12,525,116 within the committed fund category, \$32,073 within the assigned fund balance category and \$(2,498,867) within the unassigned fund balance category. Please refer to Note 15 "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 \$17,207,487, \$30,270,942 and \$(1,472,785) as of June 30, 2016 and \$16,782,648, \$32,236,312 and \$(1,635,353) as of June 30, 2015, 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 \$2,857,271 over the original budget. This increase was a result of additional amounts raised on the tax recapulation.

The total budgetary sources were reduced by \$1,077,015 over the original budget. This reduction in budgetary sources is as a result of reductions in free cash used of \$1,574,401 and a \$300,000 reduction in overlay reserves (i.e. a release of overlay reserves).

Expenditures and Other Uses:

The total budgetary expenditures were increased by \$1,780,256 over the original budget. Three areas shared in most of this increase as follows; \$1,018,000 in the Fire Department, \$1,081,659 in General Government Unclassified and \$403,451 in Police.

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:

For the year ended June 30, 2016, actual results were \$5,015,954 favorable to budget, the combined effect of \$1,850,934 more in revenues and other sources and \$3,165,020 less in expenditures. Favorable results were primarily driven by:

- o \$2,848,220 of additional real and personal property taxes as a result of enhanced collection efforts, highlighted by a May 2016 tax lien foreclosure sale which also accounted for \$1,355,892 of added penalties and interest revenue
- o \$1,500,031 less in health and life insurance expenditures due to less utilization of the City's self-insured health plans, adoption of an Employer Group Waiver Plan, and certain plan redesigns
- o \$369,782 of additional State benefits recognized in fiscal 2016, together with \$390,599 less in State assessments, largely for charter schools

Continued

CITY OF NEW BEDFORD, MASSACHUSETTS

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

Year Ended June 30, 2016

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, 2016 amounted to \$457,928,338 (net of accumulated depreciation), an increase of 6% over the prior year. This investment in capital assets includes land, buildings and system, improvements, machinery and equipment, construction in progress and animals, etc.

**Capital Assets Net of Accumulated Depreciation
June 30, 2016 and 2015**

	2016			2015		
	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total
Land	\$ 4,187,235	\$ 1,125,293	\$ 5,312,528	\$ 3,777,235	\$ 1,125,293	\$ 4,902,528
Easements	-	962,500	962,500	-	962,500	962,500
Construction in progress	19,340,332	-	19,340,332	8,701,257	-	8,701,257
Infrastructure in progress	13,301,998	2,486,096	15,788,094	7,389,596	2,486,096	9,875,692
Infrastructure, net	72,172,517	70,962,754	143,135,271	66,168,091	74,455,119	140,623,210
Land improvements, net	1,869,708	370,706	2,240,414	1,922,501	401,797	2,324,298
Buildings and improvements, net	251,508,543	1,726,915	253,235,458	246,455,860	1,575,592	248,031,452
Machinery and equipment, net	9,200,846	2,231,012	11,431,858	9,072,348	2,604,750	11,677,098
Office equipment and furniture, net	227,246	-	227,246	272,775	-	272,775
Computer equipment, net	3,261,950	-	3,261,950	3,119,352	-	3,119,352
Library books and textbooks, net	1,074,024	-	1,074,024	147,727	-	147,727
Automobiles, net	1,722,538	186,464	1,909,002	1,433,579	326,895	1,760,474
Animals, net	9,661	-	9,661	11,530	-	11,530
Total capital assets	\$ 377,876,598	\$ 80,051,740	\$ 457,928,338	\$ 348,471,851	\$ 83,938,042	\$ 432,409,893

Additional information on the City's capital assets can be found on Note 7 on pages 64 through 68 of this report.

CITY OF NEW BEDFORD, MASSACHUSETTS

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

Year Ended June 30, 2016

Capital Asset and Debt Administration (Continued)

Long-term debt: Bonded debt outstanding as of June 30, 2016 totaled \$207,861,255, an increase of \$2,282,990 over the prior year. The full faith and credit of the City backs this entire amount. Of this amount \$26,078,727 relates to the business-type activities as of June 30, 2016. The following is a summary of the City's debt as of June 30, 2016:

	Governmental Activities		Business-Type Activities		Total	
	2016	2015	2016	2015	2016	2015
Bonds payable	\$ 181,782,528	\$ 177,961,607	\$ 26,078,727	\$ 27,616,658	\$ 207,861,255	\$ 205,578,265
Notes payable and interim loans payable	47,824,604	48,764,263	-	-	47,824,604	48,764,263
Capital leases	16,688,491	3,043,001	389,540	482,292	17,078,031	3,525,293
Total	\$ 246,295,623	\$ 229,768,871	\$ 26,468,267	\$ 28,098,950	\$ 272,763,890	\$ 257,867,821

Additional information on the City's long-term debt can be found in Note 14 on pages 83 through 90 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 a modestly-growing economy will continue in the year ahead. While indications are that recent declines in valuation have begun to reverse, the City's 2017 operating budget was developed using assumptions of modest 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 modest growth in comparison to prior years, with total taxable assessed valuations increasing 3.8%, from \$5.34 million in 2016 to \$5.54 million in 2017. Present expectations are for modest increases to continue in 2018.

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 2017 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 future years.

CITY OF NEW BEDFORD, MASSACHUSETTS

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

Year Ended June 30, 2016

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

Fiscal and Economic Outlook (continued)

Fiscal Outlook (continued)

Existing reserves will continue to be safeguarded with the adoption of the 2017 budget. Although the budget was balanced with a \$700,000 appropriation from Free Cash, the City increased stabilization funds by 6.4% and, as of June 30, 2016, municipal and school Stabilization Funds reported fund balances of \$7.83 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 2017 and beyond.

Economic Development

Ground breakings and busy construction sites for projects of all sizes marked a busy year of development across New Bedford. While new projects for industry, research and education, and creative enterprises were all under construction, new plans for waterfront growth, a boutique hotel, and dynamic downtown retail spaces all began to take shape.

Sid Wainer & Son Expansion

In early November of 2015, a gathering of more than 200 celebrated the groundbreaking of Sid Wainer & Son's 55,000 square foot expansion with a value of more than \$11 million. Under construction now, the project will not only add state of the art space and equipment in the addition, but also enhance the existing facility to increase the company's efficiency and allow them to stay ahead in a competitive marketplace. To help get the project off the ground, the City Council gave unanimous approval to a ten-year TIF agreement that will ensure all of Sid Wainer & Son's 370 employes are retained while new hires come on board when the project is complete.

Sid Wainer & Son was founded in 1914 by Henry Wainer on the historic cobblestone streets of New Bedford. Today, Sid Wainer & Son 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. The company has an annual payroll of \$20.1 million, and has a long-standing reputation as one of New Bedford's premier corporate citizens.

Darn It! Expansion

Work to expand one of the city's hidden gems began in late 2015 after a nearly two year long effort to acquire the historic mill—88-90 Hatch Street, an underutilized office and artist workspace building in the Upper Harbor District. Darn It! began to build out the currently vacant 30,000 square feet on the second floor to create at least 15 more units for artist studios and small business tenants, to complement the existing community of 30 artists whose studios have been at Hatch Street for a decade. At the end of 2016 nine of the 15 units have been built out and rented to artists, while others are under construction.

Darn It! represents a local family employing workers in the textile industry in New Bedford for three generations. Some of the existing employees have been with the company since the early days of Ronnie Manufacturing, more than 30 years ago. Darn It! is a unique provider of quality control and post-production, repair, warehousing and distribution services to global retailers, catalogue companies, manufacturers and wholesalers.

CITY OF NEW BEDFORD, MASSACHUSETTS

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

Year Ended June 30, 2016

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

Fiscal and Economic Outlook (continued)

Economic Development (continued)

SMAST Expansion by UMass Dartmouth

In late October of 2015 the UMass Dartmouth School for Marine and Science Technology (SMAST) broke ground on its new \$55 million research facility. The Clark's Point project will not only add a state-of-the-art research facility on South Rodney French Boulevard but will also include renovations to their adjacent existing facility. At the close of 2016 construction activities had passed the halfway point on the new facility that will also include space for the Division of Marine Fisheries.

Beyond the investment and expansion of research capacity, the 76,000 square foot project will represent meaningful job creation opportunities. The 68 UMass Dartmouth employees on site already will be increased when more than 50 employees from other locations move to the new space, and 56 new jobs are also expected to be created – in addition to the hundreds of construction jobs that are associated with a project of this scale.

Boutique Hotel in Downtown

Fully permitted and financed is a boutique hotel planned for the former yellow-brick office building at the corner of Union and Pleasant Streets. This project will consist of a complete exterior restoration and full interior build-out of the 46,600 square foot building. The proposed hotel will have 68 rooms, a 3,300 square foot restaurant, and a 5,100 square foot banquet space. The project is being done by New Bedford Urban Renaissance II and will be managed by the Waterford Hotel Group as an Ascend Collection Hotel by Choice Hotels.

The project proposes the creation of 24 permanent full time jobs for hotel and restaurant operations and is also expected to create 34 jobs during the design and construction phase of the project, and represents an investment of \$10 million for acquisition, improvements, equipment, furnishings, and associated soft costs. The hotel project will be funded by a combination of private equity utilizing the UCIS EB-5 program and private financing with a MassDevelopment loan guarantee and a TIF agreement with the City of New Bedford.

New Bedford Urban Renaissance's first New Bedford project was the redevelopment of the former Standard Times building, revitalizing a long vacant historic building in downtown. After a faithful restoration, the building now hosts various professional offices, including IoT Impact Labs, and a restaurant.

WHALE Co-Creative Center

In the early days of 2015, the City and the NBEDC were eager to assist WHALE with the early planning work to explore the possibilities of transforming two historic structures in the center of the downtown with the support of the Massachusetts Cultural Council. The \$2.3 million project at 139 Union and 141 Union Street, called the Co-Creative Center, are abutting vacant historic commercial buildings, circa 1840, on Union Street in downtown New Bedford that will house a 10,000 square foot maker-space, collaborative learning center, arts gallery and market as well as co-work space, two new eateries, and four apartments.

Now under construction, the Co-Creative Center development will provide local artists, engineers, makers, and thinkers the tools and learning resources to make their ideas a reality. The Center will promote science, technology and art, while working and experimenting on innovative ideas to encourage learning and capacity building within the community.

CITY OF NEW BEDFORD, MASSACHUSETTS

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

Year Ended June 30, 2016

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

Fiscal and Economic Outlook (continued)

Economic Development (continued)

Moby Dick Brewing Company

Continuing a trend in new development taking shape in the downtown, a team of local investors will open a new brewpub in March of 2017.

The project redevelops the first floor and basement space of the historic building at 52 Union Street, located at the "four corners" intersection of the Whaling National Historical Park. It will be a full service brewpub of 4,000 square feet on the main floor and additional space in the basement area. Beer will be brewed on site and the facility will have a full service kitchen. The total investment to transform the vacant space is more than \$1.5 million, and the brewpub will employ more than 15 people with an estimated annual payroll of more than \$420,000.

Transformative Development Initiative—The Union and Purchase Innovation District

TDI is 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. In the previous year, MassDevelopment approved the City's proposal for the Union and Purchase Innovation District and awarded an open-space grant for the enhancement of Wing's Court while TDI funding made the build-out of the co-work space at the Quest Center possible. In addition, New Bedford was chosen as one of three TDI districts in the Commonwealth to be the home of a MassDevelopment Fellow. The TDI Fellows, who have experience in urban planning, community partnership building, real estate, and economic development, will work in their host Districts for three years in collaboration with local partnerships.

The TDI district program offered a new lens to meet the development goals of the core of the Seaport Cultural District, established in 2013, and comprised of a mix of property owners, downtown businesses, and art and cultural institutions. The vision for the Union and Purchase Innovation District is to have a high-density area of the downtown that is the heart of creative innovation in the Greater New Bedford Region-with full and diverse residential occupancy and exceptional design exhibited in art, infrastructure and architecture.

Kempton and Purchase Street Gateway

Work on this project was completed in 2016. The project consisted of the removal of the structurally unsound pedestrian bridge, widening tree lined sidewalks, installing new downtown style lighting, and completing much needed crosswalk safety upgrades.

New Bedford Business Park

In 1954 a group of area service clubs and businessmen organized the Greater New Bedford Industrial Foundation determined to reverse the downward economic trends that began to face cities such as New Bedford and return the city to a position of strength in the regional economy. After successfully canvassing the area for funds they set up a fifteen-man committee to select an appropriate site for a new industrial park. They found their site in the far North-end of the City and the 550-acre park was officially opened in September 1961 with four plants completed and a fifth under construction.

Today, the New Bedford Business Park covers 1,300 acres and has 39 companies employing more than 3,200 people. All manors of goods are manufactured in the park, from the world's #1 golf ball, to medical devices and textile products. The park continues to be one of New Bedford's greatest economic development assets.

CITY OF NEW BEDFORD, MASSACHUSETTS

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

Year Ended June 30, 2016

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

Fiscal and Economic Outlook (continued)

Economic Development (continued)

New Bedford Business Park (continued)

2016 was another active year in the Business Park, with millions being invested, new expansions planned, and relocations set in motion.

- Construction continued throughout the year on the MDT Tours facility—a project that will bring 45 new jobs to the park, while the Shuster Corporation—a marine industrial supply company founded in 1916—settled into their new facility with all of their existing employees and plans to grow in the years ahead.
- Eversource announced plans to relocate their waterfront operations to the Business Park in a move that will provide them with a 200,000 sq. ft. facility (on a portion of the former Polaroid campus) that will meet the needs of the 180 employees serving the area, while also making a critical waterfront site available for new development opportunities.
- The Commonwealth began expansion of several agency locations in the park including the Registry of Motor Vehicles.
- Planning moved forward for a \$10 million expansion by AHEAD that would add nearly 80,000 sq. ft. to their existing facility and allow for the creation of an additional 35 jobs.
- The Foundation worked closely with the town of Dartmouth and the city of New Bedford on a new inter-municipal agreement that will ensure all park companies receive the highest levels of service.

Plans are also in the early stages for a new facility for Parallel Products given the Eversource relocation, and the push for new facilities at the 45 acre site on Flaherty Drive continue to attract interest, given the site's capacity to house a buildable footprint of 250,000 sq. ft.

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 in 2015, and offshore developers' presence in the City has increased significantly over the past year.

CITY OF NEW BEDFORD, MASSACHUSETTS

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

Year Ended June 30, 2016

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 \$380,319 to 15 New Bedford small businesses. Overall, the NBEDC loan Portfolio consisted of 70 loans totaling over \$3.6 million. Through FY13-15 the NBEDC funded 56 new loans to 47 New Bedford small businesses totaling \$3,479,550. The proceeds of these loans have stabilized existing businesses enabling the retention of 75 existing jobs and the creation of 33 new jobs. In addition, the NBEDC was recognized by the SBA Boston District Office as the 2nd largest SBA Microloan Lender in the district, which provided the impetus to approve an additional \$350,000 SBA Loan to the NBEDC, at zero percent interest through FY17.

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.

The City's Tax Increment Financing (TIF) Program 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. The TIF Board, City Council and the Commonwealth approved five new projects in 2016, totaling more than \$18 million in new investment. 23 projects were active and compliant with the program's reporting requirements, which together have added \$342 million in new private-sector investment, while creating and retaining thousands of jobs in 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, 2016

	<i>Primary Government</i>			<i>Component Units</i>			
	Governmental Activities	Business-Type Activities	Total	Greater New Bedford Regional Refuse Management District	New Bedford Harbor Development Commission	Non Major Component Units	Total Component Units
ASSETS							
Current assets							
Unrestricted cash and investments	\$ 84,902,041	\$ 3,825,709	\$ 88,727,750	\$ 2,447,073	\$ 1,000,118	\$ 217,889	\$ 3,665,080
Restricted cash and investments	17,810,510	4,490,037	22,300,547	16,745,032	-	-	16,745,032
Accounts receivable, net of allowance	22,109,023	1,719,009	23,828,032	933,160	-	170,758	1,103,918
Taxes receivable, net	30,544,128	-	30,544,128	-	-	-	-
Loans receivable, net	20,178,190	-	20,178,190	-	-	-	-
Due from other funds	4,904,103	-	4,904,103	-	-	-	-
Investments in property	-	-	-	-	-	-	-
Due from other governments	-	-	-	32,736	110,121	206,857	349,714
Intra-entity receivable	1,550,816	-	1,550,816	-	-	-	-
Receivable from external parties	-	-	-	-	122,469	-	122,469
Inventories and prepaid expenses	903,122	214,430	1,117,552	44,645	-	2,406	47,051
Other assets - current	324,061	-	324,061	-	3,452	-	3,452
Total current assets	183,225,994	10,249,185	193,475,179	20,202,646	1,236,160	597,910	22,036,716
Non-current assets							
Other assets - noncurrent	-	-	-	207,636	-	-	207,636
MWPAT debt subsidy receivable	33,970,443	362,395	34,332,838	-	-	-	-
MSBA debt subsidy receivable	12,077,635	-	12,077,635	-	-	-	-
Capital assets							
Land	4,187,235	1,125,293	5,312,528	5,960,163	42,000	926,062	6,928,225
Landfill	-	-	-	4,622,181	-	-	4,622,181
Construction in progress	19,340,332	-	19,340,332	606,207	-	-	606,207
Infrastructure in progress	13,301,998	2,486,096	15,788,094	-	19,841,395	-	19,841,395
Easements	-	962,500	962,500	-	-	-	-
Land improvements, net	1,869,708	370,706	2,240,414	82,579	12,925,503	-	13,008,082
Infrastructure, net	72,172,517	70,962,754	143,135,271	-	-	-	-
Building and improvements, net	251,508,543	1,726,915	253,235,458	100,062	4,517,429	-	4,617,491
Office equipment and furniture, net	227,246	-	227,246	4,257	-	-	4,257
Computer equipment, net	3,261,950	-	3,261,950	-	-	-	-
Library books and textbooks, net	1,074,024	-	1,074,024	-	-	-	-
Automobiles, net	1,722,538	186,464	1,909,002	-	71,786	-	71,786
Machinery and equipment, net	9,200,846	2,231,012	11,431,858	659,674	1,624,501	-	2,284,175
Animals, net	9,661	-	9,661	-	-	-	-
Total capital assets	377,876,598	80,051,740	457,928,338	12,035,123	39,022,614	926,062	51,983,799
Total non-current assets	423,924,676	80,414,135	504,338,811	12,242,759	39,022,614	926,062	52,191,435
Total assets	607,150,670	90,663,320	697,813,990	32,445,405	40,258,774	1,523,972	74,228,151
DEFERRED OUTFLOWS OF RESOURCES							
GASB 68 - deferred outflows of resources	26,596,486	1,399,815	27,996,301	274,738	-	-	274,738
Deferred asset advance refunding, net of amortization	201,070	-	201,070	-	-	-	-
Total deferred outflows of resources	26,797,556	1,399,815	28,197,371	274,738	-	-	274,738
Total assets and deferred outflows of resource	\$ 633,948,226	\$ 92,063,135	\$ 726,011,361	\$ 32,720,143	\$ 40,258,774	\$ 1,523,972	\$ 74,502,889

The accompanying notes are an integral part of this statement

CITY OF NEW BEDFORD, MASSACHUSETTS

Statement of Net Position

June 30, 2016

	<i>Primary Government</i>			<i>Component Units</i>			Total Component Units
	Governmental Activities	Business-Type Activities	Total	Greater New Bedford Regional Refuse Management District	New Bedford Harbor Development Commission	Non Major Component Units	
LIABILITIES							
Current liabilities							
Warrants payable	\$ 7,647,450	\$ 268,196	\$ 7,915,646	\$ -	\$ -	\$ -	\$ -
Accounts payable and accrued expenses	19,348,579	240,102	19,588,681	142,872	462,556	375,996	981,424
Retainage payable	430,437	-	430,437	-	-	-	-
Due to other governments	209	-	209	32,736	-	-	32,736
Intra-entity payable	-	-	-	-	899,886	650,930	1,550,816
Due to other funds	4,968,479	65,394	5,033,873	-	-	-	-
Accrued interest	1,677,603	254,166	1,931,769	-	-	-	-
Deposits held	3,321,989	-	3,321,989	6,365	-	15,000	21,365
Payroll withholdings	28,396	-	28,396	-	-	-	-
Other liabilities	3,877,400	1,057	3,878,457	-	-	-	-
Claims incurred but not reported	3,152,737	-	3,152,737	-	-	-	-
Bonds and notes payable	66,081,989	1,702,922	67,784,911	-	-	-	-
Capital leases	1,698,599	266,610	1,965,209	-	-	-	-
Workers' compensation claims	225,017	-	225,017	-	-	-	-
Compensated absences	5,482,609	170,837	5,653,447	-	22,428	36,246	58,674
Total current liabilities	117,941,493	2,969,284	120,910,778	181,973	1,384,870	1,078,172	2,645,015
Non-current liabilities							
Accrued closure/post-closure costs	-	-	-	6,345,903	-	-	6,345,903
Bonds and notes payable	163,525,143	24,375,805	187,900,948	-	-	-	-
Net OPEB obligation (NOO)	163,466,454	2,589,893	166,056,347	327,979	377,384	-	705,363
Net pension liability (NPL)	284,438,783	14,970,462	299,409,245	3,064,676	-	-	3,064,676
Capital leases	14,989,892	122,930	15,112,822	-	-	-	-
Workers' compensation claims	6,204,045	-	6,204,045	-	-	-	-
Compensated absences	10,181,989	317,270	10,499,259	-	117,489	-	117,489
Total non-current liabilities	642,806,306	42,376,360	685,182,666	9,738,558	494,873	-	10,233,431
Total liabilities	760,747,799	45,345,644	806,093,443	9,920,531	1,879,743	1,078,172	12,878,446
DEFERRED INFLOWS OF RESOURCES							
GASB 68 - deferred inflows of resources	13,525,077	711,847	14,236,924	184,030	-	-	184,030
Other unearned revenues (component unit)	-	-	-	29,346	23,687	-	53,033
Unearned dockage revenues (component unit)	-	-	-	-	408,537	-	408,537
Total deferred inflows of resources	13,525,077	711,847	14,236,924	213,376	432,224	-	645,600
NET POSITION							
Invested in capital assets, net of related debt	175,951,450	53,776,776	229,728,226	12,242,759	38,122,729	926,062	51,291,550
Restricted	31,303,068	4,490,037	35,793,105	10,285,506	14,522	-	10,300,028
Unrestricted	(347,579,168)	(12,261,169)	(359,840,337)	57,971	(190,444)	(480,262)	(612,735)
Total net position	(140,324,650)	46,005,644	(94,319,006)	22,586,236	37,946,807	445,800	60,978,843
Total liabilities, deferred inflows of resources and net position	\$ 633,948,226	\$ 92,063,135	\$ 726,011,361	\$ 32,720,143	\$ 40,258,774	\$ 1,523,972	\$ 74,502,889

The accompanying notes are an integral part of this statement

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CITY OF NEW BEDFORD, MASSACHUSETTS

Statement of Activities

For the Year Ended June 30, 2016

	<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>
<u>Governmental Activities:</u>					
General government	\$ 5,877,368	\$ 2,961,814	\$ 11,818,957	\$ 1,315,099	\$ 310,000
Public safety	60,483,359	12,522,775	6,934,127	5,362,137	-
Public works	33,446,917	1,324,332	21,753,631	621,981	6,177,689
Health and human services	7,491,668	663,764	503,819	2,672,646	-
Education	198,933,465	31,845,219	9,927,937	171,074,513	6,641,294
Community and economic development	5,293,557	-	1,412	4,330,399	-
Culture and recreation	6,897,135	898,322	824,382	610,677	-
Municipal airport	3,073,279	-	-	117,610	3,643,982
Health and other insurance	50,216,226	(50,216,226)	-	-	-
Miscellaneous	8,972,342	-	-	-	-
State and county charges	13,624,678	-	-	-	-
Debt service:					
Interest and fiscal charges	7,312,597	-	-	-	-
Total governmental activities	<u>401,622,591</u>	<u>-</u>	<u>51,764,265</u>	<u>186,105,062</u>	<u>16,772,965</u>
<u>Business-Type Activities:</u>					
Downtown Parking	573,285	-	856,450	-	-
Water	10,391,744	-	12,771,001	112,737	-
Airport	2,260,833	-	778,644	-	-
Total business-type activities	<u>13,225,862</u>	<u>-</u>	<u>14,406,095</u>	<u>112,737</u>	<u>-</u>
Total primary government	<u>414,848,453</u>	<u>-</u>	<u>66,170,360</u>	<u>186,217,799</u>	<u>16,772,965</u>
<u>Component Units:</u>					
Greater New Bedford Regional Refuse Management District	4,062,927	-	5,854,195	-	-
New Bedford Harbor Development Commission	3,891,549	-	1,828,692	243,037	6,481,555
Non-major component units	3,544,088	-	9,000	3,579,516	-
Total component units	<u>11,498,564</u>	<u>-</u>	<u>7,691,887</u>	<u>3,822,553</u>	<u>6,481,555</u>
Total City of New Bedford	<u>\$ 426,347,017</u>	<u>\$ -</u>	<u>\$ 73,862,247</u>	<u>\$ 190,040,352</u>	<u>\$ 23,254,520</u>

The accompanying notes are an integral part of this statement

CITY OF NEW BEDFORD, MASSACHUSETTS

Statement of Activities

For the Year Ended June 30, 2016

	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
Governmental Activities:							
General government	\$ 4,604,874	\$ -	\$ 4,604,874	\$ -	\$ -	\$ -	\$ -
Public safety	(60,709,870)	-	(60,709,870)	-	-	-	-
Public works	(6,217,948)	-	(6,217,948)	-	-	-	-
Health and human services	(4,978,967)	-	(4,978,967)	-	-	-	-
Education	(43,134,940)	-	(43,134,940)	-	-	-	-
Community and economic development	(961,746)	-	(961,746)	-	-	-	-
Culture and recreation	(6,360,398)	-	(6,360,398)	-	-	-	-
Municipal airport	688,313	-	688,313	-	-	-	-
Health and other insurance	-	-	-	-	-	-	-
Miscellaneous	(8,972,342)	-	(8,972,342)	-	-	-	-
State and county charges	(13,624,678)	-	(13,624,678)	-	-	-	-
Debt service:	-	-	-	-	-	-	-
Interest and fiscal charges	(7,312,597)	-	(7,312,597)	-	-	-	-
Total governmental activities	(146,980,299)	-	(146,980,299)	-	-	-	-
Business-Type Activities:							
Downtown Parking	-	283,165	283,165	-	-	-	-
Water	-	2,491,994	2,491,994	-	-	-	-
Airport	-	(1,482,189)	(1,482,189)	-	-	-	-
Total business-type activities	-	1,292,970	1,292,970	-	-	-	-
Total primary government	(146,980,299)	1,292,970	(145,687,329)	-	-	-	-
Component Units:							
Greater New Bedford Regional Refuse Management District	-	-	-	1,791,268	-	-	1,791,268
New Bedford Harbor Development Commission	-	-	-	-	4,661,735	-	4,661,735
Non-major component units	-	-	-	-	-	44,428	44,428
Total component units	-	-	-	1,791,268	4,661,735	44,428	6,497,431
Total City of New Bedford (to next page)	\$ (146,980,299)	\$ 1,292,970	\$ (145,687,329)	\$ 1,791,268	\$ 4,661,735	\$ 44,428	\$ 6,497,431

The accompanying notes are an integral part of this statement

CITY OF NEW BEDFORD, MASSACHUSETTS

Statement of Activities

For the Year Ended June 30, 2016

	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
Total City of New Bedford (from previous page)	\$ (146,980,299)	\$ 1,292,970	\$ (145,687,329)	\$ 1,791,268	\$ 4,661,735	\$ 44,428	\$ 6,497,431
General revenues:							
Real estate and personal property, net of reserve for abatements	102,644,537	-	102,644,537	-	-	-	-
Motor vehicle and other excise taxes	8,491,077	-	8,491,077	-	-	-	-
Distribution - lottery	21,206,423	-	21,206,423	-	-	-	-
Exemptions - veterans, blind, surviving spouse & elde	2,803,303	-	2,803,303	-	-	-	-
State owned land	13,835	-	13,835	-	-	-	-
Tax foreclosures	4,596,216	-	4,596,216	-	-	-	-
Penalties and interest on taxes	2,596,564	-	2,596,564	-	-	-	-
Earnings on investments	668,425	-	668,425	387,545	-	533	388,078
Payments in lieu of taxes	266,764	-	266,764	-	-	-	-
Miscellaneous	3,474,794	112,807	3,587,601	139,276	-	-	139,276
Total general revenues	146,761,938	112,807	146,874,745	526,821	-	533	527,354
Transfers/special items:							
Transfers between funds - operating	1,982,953	(1,698,786)	284,167	-	-	-	-
Special item - transfer of capital asset (net of debt) from governmental activities - airport	307,000	(307,000)	-	-	-	-	-
Special item - transfer of capital asset (net of debt) from governmental activities - water	167,954	(167,954)	-	-	-	-	-
Net transfers to water stabilization fund	-	(610,000)	(610,000)	-	-	-	-
Net transfers to city and school stabilization fund	(433,650)	-	(433,650)	-	-	-	-
Special item - proceeds from advance refunding	3,074,146	-	3,074,146	-	-	-	-
Special item - loan forgiveness	216,481	-	216,481	-	-	-	-
Special item - insurance proceeds	13,659	-	13,659	-	-	-	-
Special item - capital lease proceeds	(14,640,615)	-	(14,640,615)	-	-	-	-
Change in net position	(9,530,433)	(1,377,963)	(10,908,396)	2,318,089	4,661,735	44,961	7,024,785
Net position - beginning	(130,794,217)	47,383,607	(83,410,610)	20,268,147	33,285,072	400,839	53,954,058
Net position - ending	\$ (140,324,650)	\$ 46,005,644	\$ (94,319,006)	\$ 22,586,236	\$ 37,946,807	\$ 445,800	\$ 60,978,843

The accompanying notes are an integral part of this statement

CITY OF NEW BEDFORD, MASSACHUSETTS

Governmental Funds
Balance Sheet

June 30, 2016

	<u>General Fund</u>	<u>Wastewater</u>	<u>Non-Major Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash and investments, unrestricted	\$ 22,522,976	\$ 5,988,033	\$ 49,550,653	\$ 78,061,662
Cash, restricted	9,088,239	3,594,860	5,127,411	17,810,510
Receivables, net:				
Real estate and personal property taxes	4,128,548	-	-	4,128,548
Tax liens and foreclosures	24,446,991	-	-	24,446,991
Motor vehicle and boat excise	1,999,165	-	-	1,999,165
User charges receivables	-	2,916,454	-	2,916,454
Departmental and other	7,045,488	76,900	-	7,122,388
Loans receivable	-	-	20,802,259	20,802,259
Other receivables	1,096,083	42,237	178,173	1,316,493
Special assessments	5,001	102,912	-	107,913
Due from federal or state government	-	-	14,298,313	14,298,313
Due from other funds	1,701,799	72,217	2,873,822	4,647,838
Intraentity receivable	1,550,816	-	-	1,550,816
Inventories	-	26,373	-	26,373
Prepaid assets	172,140	457,691	-	629,831
Land inventory	-	-	246,918	246,918
	<u>73,757,246</u>	<u>13,277,677</u>	<u>93,077,549</u>	<u>180,112,472</u>
DEFERRED OUTFLOWS OF RESOURCES				
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>\$ 73,757,246</u>	<u>\$ 13,277,677</u>	<u>\$ 93,077,549</u>	<u>\$ 180,112,472</u>

The accompanying notes are an integral part of this statement

CITY OF NEW BEDFORD, MASSACHUSETTS

Governmental Funds
Balance Sheet

June 30, 2016

	<u>General Fund</u>	<u>Wastewater</u>	<u>Non-Major Governmental Funds</u>	<u>Total Governmental Funds</u>
LIABILITIES				
Warrants payable	\$ 3,557,235	\$ 574,376	\$ 3,515,839	\$ 7,647,450
Accounts payable and accrued expenses	11,038,961	903,914	7,112,721	19,055,596
Retainage payable	-	-	430,437	430,437
Bonds and notes payable	-	-	33,818,882	33,818,882
Interim loan payable	-	-	14,005,722	14,005,722
Due to other funds	3,157,817	1,506,647	49,659	4,714,123
Deposits held	44,548	507,824	2,769,617	3,321,989
Due to other governments	-	-	209	209
Payroll withholdings	28,396	-	-	28,396
Other liabilities	432,680	28,520	16,200	477,400
Total liabilities	<u>18,259,637</u>	<u>3,521,281</u>	<u>61,719,286</u>	<u>83,500,204</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred property and excise tax revenues	21,149,884	-	-	21,149,884
Deferred departmental and other receipts	6,437,685	-	62,177	6,499,862
Deferred user fees, fines and charges for service	-	3,081,448	-	3,081,448
Unearned grant income	-	-	2,140,236	2,140,236
Unearned loan income	-	-	20,802,259	20,802,259
Total deferred inflows of resources	<u>27,587,569</u>	<u>3,081,448</u>	<u>23,004,672</u>	<u>53,673,689</u>
NET POSITION				
Nonspendable	1,550,816	26,373	5,127,411	6,704,600
Restricted	-	4,051,960	22,123,697	26,175,657
Committed	9,088,239	2,590,648	846,229	12,525,116
Assigned	26,106	5,967	-	32,073
Unassigned	17,244,879	-	(19,743,746)	(2,498,867)
Total net position	<u>27,910,040</u>	<u>6,674,948</u>	<u>8,353,591</u>	<u>42,938,579</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 73,757,246</u>	<u>\$ 13,277,677</u>	<u>\$ 93,077,549</u>	<u>\$ 180,112,472</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, 2016

	General Fund	Wastewater	Non-Major Governmental Funds	Total Governmental Funds
REVENUES				
Real estate and personal property taxes	\$ 106,305,255	\$ -	\$ -	\$ 106,305,255
Motor vehicle and other excise	8,651,851	-	-	8,651,851
MSBA assistance	2,415,527	-	6,641,294	9,056,821
Tax liens and foreclosures	4,596,216	478,581	-	5,074,797
Penalties and interest on taxes	2,820,472	-	-	2,820,472
Licenses and permits	2,576,211	-	-	2,576,211
Fines and forfeitures	210,950	-	-	210,950
Investment income	172,281	121,598	387,366	681,245
Intergovernmental - operating grants	46,903,101	-	40,977,084	87,880,185
Intergovernmental - operating grant - Chapter	125,331,473	-	-	125,331,473
Intergovernmental - capital grants	-	5,320,262	4,760,609	10,080,871
Charges for services	12,422,024	20,030,371	1,614,264	34,066,659
Other - indirects	646,482	-	-	646,482
Special assessments and betterments	71	15,193	-	15,264
Payments in lieu of taxes	266,764	-	-	266,764
Miscellaneous	987,280	9,316	4,858,368	5,854,964
Total revenues	<u>314,305,958</u>	<u>25,975,321</u>	<u>59,238,985</u>	<u>399,520,264</u>
EXPENDITURES				
General government	7,166,581	-	4,784,129	11,950,710
Public safety	43,932,773	-	5,371,660	49,304,433
Education	143,733,307	-	35,161,995	178,895,302
Public works	13,493,814	13,283,175	21,319,600	48,096,589
Community and economic development	-	-	5,066,579	5,066,579
Health and human services	4,215,198	-	2,075,159	6,290,357
Municipal airport	-	-	3,073,277	3,073,277
Culture and recreation	4,134,050	-	2,079,541	6,213,591
Pension benefits	25,734,949	-	-	25,734,949
Health and other insurance	37,842,585	-	-	37,842,585
Miscellaneous	8,972,342	-	-	8,972,342
State and county charges	13,624,678	-	-	13,624,678
Debt service:				
Principal payments	7,447,500	7,619,803	50,000	15,117,303
Short-term note interest	427,189	-	-	427,189
Bond interest costs	2,848,972	4,085,832	2,960	6,937,764
Total expenditures	<u>313,573,938</u>	<u>24,988,810</u>	<u>78,984,900</u>	<u>417,547,648</u>
Excess (deficiency) of revenues over expenditures	<u>732,020</u>	<u>986,511</u>	<u>(19,745,915)</u>	<u>(18,027,384)</u>
OTHER FINANCING SOURCES (USES)				
Bond proceeds	-	-	22,325,124	22,325,124
Special item - loan forgiveness	-	-	216,481	216,481
Special item - insurance proceeds	-	-	13,659	13,659
Transfers in	4,425,226	5,275,440	378,132	10,078,798
Transfers out	(488,252)	(6,943,866)	(337,894)	(7,770,012)
Total other financing sources and uses	<u>3,936,974</u>	<u>(1,668,426)</u>	<u>22,595,502</u>	<u>24,864,050</u>
Change in net position	4,668,994	(681,915)	2,849,587	6,836,666
Net position - beginning of year	<u>23,241,046</u>	<u>7,356,863</u>	<u>5,504,004</u>	<u>36,101,913</u>
Net position - end of year	<u>\$ 27,910,040</u>	<u>\$ 6,674,948</u>	<u>\$ 8,353,591</u>	<u>\$ 42,938,579</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, 2016

Total governmental fund balances	\$ 42,938,579
Record allowance for doubtful accounts that are financial resources, for the governmental funds	(4,199,270)
Record advance refunding and related amortization that are not reported in the governmental funds	201,070
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	377,876,597
Record a long-term asset related to MWPAT and MSBA subsidies of principal for which revenue has been earned on the accrual basis	46,048,078
To record deferred outflows of resources related to GASB 68 actual versus expected experience not reported in the funds	13,071,409
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	53,673,689
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	3,612,716
In the statement of activities, interest is accrued on outstanding long-term debt, whereas in governmental funds interest is not reported until due.	(1,677,603)
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	(181,782,527)
Compensated absences	(15,664,598)
Capital leases	(16,688,491)
Workers' compensation claims	(6,429,062)
Other claims and settlements	(3,400,000)
Net pension liability (NPL)	(284,438,783)
Net OPEB obligation (NOO)	<u>(163,466,454)</u>
Net position of governmental activities	<u>\$ (140,324,650)</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, 2016

Net change in fund balances - total governmental funds	\$ 6,836,666
To record allowance for doubtful accounts that are resources for governmental funds	3,794,203
Record advance refunding and related amortization that are not reported in the governmental funds	(88,986)
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.	29,404,748
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.	(9,577,599)
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>(5,385,759)</u>
Net change in fund balances - total governmental funds (subtotal) - to next page	\$ 24,983,273

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, 2016

Net change in fund balances - total governmental funds (subtotal) - from previous page	<u>\$ 24,983,273</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.	(17,466,412)
In the statement of activities, interest is accrued on outstanding long-term debt, whereas in governmental funds interest, is not reported until due.	135,589
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	(14,465,867)
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	(10,063,201)
To record deferred outflows of resources related to GASB 68 actual versus expected experience not reported in the funds	9,875,780
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.	(2,449,592)
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>(80,003)</u>
Change in net position of governmental activities	<u>\$ (9,530,433)</u>

CITY OF NEW BEDFORD, MASSACHUSETTS

Proprietary Funds
Statement of Net Position

June 30, 2016

	Business-Type Activities - Enterprise Funds			Governmental
	Major Fund	Total	Total	Activities
	Water	Non-Major	Enterprise	Internal
		Funds	Funds	Service Fund
ASSETS				
Current assets:				
Cash	\$ 3,090,953	\$ 734,756	\$ 3,825,709	\$ 6,840,379
Cash - restricted (stabilization)	4,490,037	-	4,490,037	-
User charges receivable, net	1,686,029	-	1,686,029	-
Other receivables, net	12,038	20,942	32,980	219,072
Due from other funds	-	-	-	256,265
Inventory	214,430	-	214,430	-
Other assets	-	-	-	(2,924)
Total current assets	9,493,487	755,698	10,249,185	7,312,792
Non-current assets:				
MWPAT debt subsidy	362,395	-	362,395	-
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	41,040,786	29,921,968	70,962,754	-
Land improvements, net	-	370,706	370,706	-
Building and improvements, net	338,752	1,388,163	1,726,915	-
Machinery and equipment, net	1,981,777	249,235	2,231,012	-
Automobiles, net	186,464	-	186,464	-
Total capital assets	47,546,375	32,505,365	80,051,740	-
Total non-current assets	47,908,770	32,505,365	80,414,135	-
Total assets	57,402,257	33,261,063	90,663,320	7,312,792
DEFERRED OUTFLOWS OF RESOURCES				
GASB 68 - Deferred outflows of resources	1,119,852	279,963	1,399,815	-
Total deferred outflows of resources	1,119,852	279,963	1,399,815	-
Total assets and deferred outflows of resources	\$ 58,522,109	\$ 33,541,026	\$ 92,063,135	\$ 7,312,792

The accompanying notes are an integral part of this statement

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CITY OF NEW BEDFORD, MASSACHUSETTS

Proprietary Funds
Statement of Net Position

June 30, 2016

	Business-Type Activities - Enterprise Funds			Governmental
	Major Fund	Total	Total	Activities
	Water	Non-Major	Enterprise	Internal
		Funds	Funds	Service Fund
LIABILITIES				
Current liabilities:				
Warrants payable	\$ 268,196	\$ -	\$ 268,196	\$ -
Accounts payable and accrued expenses	197,589	42,513	240,102	292,983
Accrued interest	254,166	-	254,166	-
Bonds payable	1,660,922	42,000	1,702,922	-
Capital leases	136,780	129,830	266,610	-
Compensated absences	142,454	28,383	170,837	-
Due to other funds	3,164	62,230	65,394	254,356
Other liabilities	1,057	-	1,057	-
Claims incurred but not reported	-	-	-	3,152,737
Total current liabilities	2,664,328	304,956	2,969,284	3,700,076
Non-current liabilities:				
Bonds payable	23,400,805	975,000	24,375,805	-
Capital leases	56,566	66,364	122,930	-
Compensated absences	264,557	52,713	317,270	-
Net OPEB obligation (NOO)	2,382,519	207,374	2,589,893	-
Net pension liability (NPL)	11,976,370	2,994,092	14,970,462	-
Total non-current liabilities	38,080,817	4,295,543	42,376,360	-
Total liabilities	40,745,145	4,600,499	45,345,644	3,700,076
DEFERRED INFLOWS OF RESOURCES				
GASB 68 - Deferred inflows of resources	569,477	142,370	711,847	-
Total deferred inflows of resources	569,477	142,370	711,847	-
NET POSITION				
Invested in capital assets, net of related debt	22,484,649	31,292,127	53,776,776	-
Restricted - water stabilization fund	4,490,037	-	4,490,037	-
Unrestricted - airport operating fund	-	(928,688)	(928,688)	-
Unrestricted - water operating fund	(9,767,199)	-	(9,767,199)	-
Unrestricted - downtown parking operating fund	-	(1,565,282)	(1,565,282)	-
Unrestricted - internal service fund	-	-	-	3,612,716
Total net position	17,207,487	28,798,157	46,005,644	3,612,716
Total liabilities, deferred inflows of resources and net position	\$ 58,522,109	\$ 33,541,026	\$ 92,063,135	\$ 7,312,792

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, 2016

	Business-Type Activities - Enterprise Funds			Governmental Activities
	Major Fund	Total	Total	Internal Service Fund
	Water	Non-Major Funds	Enterprise Funds	
OPERATING REVENUES				
Charges for services	\$ 12,527,925	\$ 1,635,094	\$ 14,163,019	\$ -
Utility liens and penalties	243,076	-	243,076	-
Operating grants and contributions	112,737	-	112,737	-
Contributions (employee and employer)	-	-	-	50,164,252
Miscellaneous	92,315	20,492	112,807	-
Total operating revenues	<u>12,976,053</u>	<u>1,655,586</u>	<u>14,631,639</u>	<u>50,164,252</u>
OPERATING EXPENSES				
Salaries and benefits	4,294,447	642,456	4,936,903	49,871
Services and supplies	2,763,216	282,842	3,046,058	311,123
Depreciation expense	2,728,273	1,882,578	4,610,851	-
Health and other insurance	-	-	-	49,133,569
Total operating expenses	<u>9,785,936</u>	<u>2,807,876</u>	<u>12,593,812</u>	<u>49,494,563</u>
Operating income (loss)	<u>3,190,117</u>	<u>(1,152,290)</u>	<u>2,037,827</u>	<u>669,689</u>
NONOPERATING REVENUES (EXPENSES)				
Investment earnings	267,852	1,213	269,065	9,791
Debt administrative costs	(24,092)	-	(24,092)	-
Debt service - interest payments	(849,568)	(27,455)	(877,023)	-
Total nonoperating revenue (expenses)	<u>(605,808)</u>	<u>(26,242)</u>	<u>(632,050)</u>	<u>9,791</u>
Income (loss) before transfers	2,584,309	(1,178,532)	1,405,777	679,480
OTHER FINANCING SOURCES (USES)				
Transfers in - operating	610,000	-	610,000	-
Transfers out - operating	(1,991,516)	(317,270)	(2,308,786)	(759,483)
Transfers in - capital	168,992	-	168,992	-
Transfers out - capital	(336,946)	(307,000)	(643,946)	-
Transfers out - water stabilization fund	(610,000)	-	(610,000)	-
Total transfers	<u>(2,159,470)</u>	<u>(624,270)</u>	<u>(2,783,740)</u>	<u>(759,483)</u>
Change in net position	424,839	(1,802,802)	(1,377,963)	(80,003)
Total net position - beginning of year	<u>16,782,648</u>	<u>30,600,959</u>	<u>47,383,607</u>	<u>3,692,719</u>
Total net position - end of year	<u>\$ 17,207,487</u>	<u>\$ 28,798,157</u>	<u>\$ 46,005,644</u>	<u>\$ 3,612,716</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, 2016

	Business-Type Activities - Enterprise Funds			Governmental
	Major Fund	Total	Total	Activities
	Water	Non-Major	Enterprise	Internal
		Funds	Funds	Service Fund
Cash flows from operating activities:				
Cash received from employee and employer contributions and governmental units	\$ -	\$ -	\$ -	\$ 50,751,453
Cash received from customers	12,356,465	1,646,164	14,002,629	-
Payments from/(to) suppliers and employees	(6,264,822)	(1,209,803)	(7,474,625)	(50,267,824)
Internal activity-payments from (to) other funds	295	62,089	62,384	(672,203)
Net cash provided (used) by operating activities	6,091,938	498,450	6,590,388	(188,574)
Cash flows from noncapital financing activities:				
Transfers in (out)	-	(132,370)	(132,370)	-
Net cash provided by noncapital financing activities	-	(132,370)	(132,370)	-
Cash flows from capital and related financing activities:				
Purchases and construction of capital assets	(724,550)	-	(724,550)	-
Proceeds from bond issuance	-	307,000	307,000	-
Principal paid on capital debt	(1,776,714)	(35,000)	(1,811,714)	-
Interest paid on capital debt	(879,172)	(18,813)	(897,985)	-
Debt administrative costs	(24,092)	-	(24,092)	-
Net cash used by capital and related financing activities	(3,404,528)	253,187	(3,151,341)	-
Cash flows from investing activities:				
Interest and dividends	267,852	-	267,852	9,791
Net cash used by investing activities	267,852	-	267,852	9,791
Net increase in cash and cash equivalents	2,955,262	619,267	3,574,529	(178,783)
Balances-beginning of the year	6,785,198	614,817	7,400,015	7,778,646
Balances-end of the year	\$ 9,740,460	\$ 1,234,084	\$ 10,974,544	\$ 7,599,863
Displayed as:				
Cash and short-term investments	\$ 7,580,990	\$ 734,756	\$ 8,315,746	\$ 6,840,379
Total cash and short-term investments	\$ 7,580,990	\$ 734,756	\$ 8,315,746	\$ 6,840,379

The accompanying notes are an integral part of this statement

Continued
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CITY OF NEW BEDFORD, MASSACHUSETTS

Proprietary Funds
Statement of Cash Flows (Continued)

For the Year Ended June 30, 2016

	<u>Business-Type Activities - Enterprise Funds</u>			<u>Governmental</u>
	<u>Major Fund</u>	<u>Total</u>	<u>Total</u>	<u>Activities</u>
	<u>Water</u>	<u>Non-Major</u>	<u>Enterprise</u>	<u>Internal</u>
		<u>Funds</u>	<u>Funds</u>	<u>Service Fund</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:				
Operating income (loss)	\$ 3,190,117	\$ (1,152,290)	\$ 2,037,827	\$ 669,689
Adjustments to reconcile operating income to net cash provided (used) by operating activities:				
Depreciation expense	2,728,273	1,882,578	4,610,851	-
Change in assets and liabilities:				
(Increase) decrease in user charges receivables, net	(243,600)	-	(243,600)	-
(Increase) decrease in utility liens	(366,973)	-	(366,973)	-
(Increase) decrease other receivables, net	(9,015)	(10,264)	(19,279)	(219,072)
(Increase) decrease other assets	79,638	-	79,638	-
(Increase) decrease due from other funds	-	842	842	806,273
(Increase) decrease inventory, net	1,895	-	1,895	-
(Increase) decrease in deferred outflows	(75,801)	(246,325)	(322,126)	-
Increase (decrease) warrants and accounts payable	(497,604)	(222,976)	(720,580)	(771,499)
Increase (decrease) in net OPEB obligation (NOO)	249,523	16,021	265,544	-
Increase (decrease) in net pension liability (NPL)	423,714	105,928	529,642	-
Increase (decrease) in deferred inflows	569,477	142,370	711,847	-
Increase (decrease) in due to other funds	295	62,089	62,384	(1,762)
Increase (decrease) in capital leases	33,306	(126,058)	(92,752)	-
Increase (decrease) in compensated absences	8,693	46,535	55,228	-
Increase (decrease) in incurred but not reported	-	-	-	(672,203)
Net cash provided (used) by operating activities	<u>\$ 6,091,938</u>	<u>\$ 498,450</u>	<u>\$ 6,590,388</u>	<u>\$ (188,574)</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, 2016

	Pension Trust Fund (As of December 31, 2015)	Other Post Employment Benefit Trust Fund	Private Purpose Trust Funds	Agency	Total
ASSETS					
Cash and short-term investments	\$ 2,280,267	\$ -	\$ 435,679	\$ 6,590,409	\$ 9,306,355
Investments:					
Fixed income securities	43,015,738	-	-	-	43,015,738
Stocks / equities	113,641,001	-	-	-	113,641,001
International equities	33,490,849	-	-	-	33,490,849
Pooled funds	44,253,246	-	-	-	44,253,246
Real estate	22,894,497	-	-	-	22,894,497
Alternative investments	16,030,833	-	-	-	16,030,833
Invested in the PRIT fund	-	807,069	-	-	807,069
Receivables, net of allowance or uncollectibles:					
Employee	1,308,701	-	-	-	1,308,701
Interest and dividends	111,151	-	-	-	111,151
Other	26,601	-	-	17,334	43,935
Due from external parties - primary government	-	-	-	203,133	203,133
Total assets	<u>277,052,884</u>	<u>807,069</u>	<u>435,679</u>	<u>6,810,876</u>	<u>285,106,508</u>
DEFERRED OUTFLOWS OF RESOURCES					
None	-	-	-	-	-
Total deferred outflows of resources	-	-	-	-	-
Total assets and deferred outflows of resources	<u>\$ 277,052,884</u>	<u>\$ 807,069</u>	<u>\$ 435,679</u>	<u>\$ 6,810,876</u>	<u>\$285,106,508</u>
LIABILITIES					
Warrants payable	\$ -	\$ -	\$ -	276,736	\$ 276,736
Accounts payable and accrued expenses	1,626,243	-	-	287,952	1,914,195
Due to other funds	-	-	-	73,049	73,049
Payable to external parties - primary government	-	-	-	314	314
Deposits held	-	-	-	6,156,725	6,156,725
Other liabilities	-	-	-	16,100	16,100
Total liabilities	<u>1,626,243</u>	<u>-</u>	<u>-</u>	<u>6,810,876</u>	<u>8,437,119</u>
DEFERRED INFLOWS OF RESOURCES					
Unearned pension appropriation	<u>752,478</u>	-	-	-	<u>752,478</u>
Total deferred inflows of resources	<u>752,478</u>	-	-	-	<u>752,478</u>
NET POSITION					
Restricted - other purposes	-	807,069	435,679	-	1,242,748
Restricted - pension benefits	<u>274,674,163</u>	-	-	-	<u>274,674,163</u>
Total net position	<u>274,674,163</u>	<u>807,069</u>	<u>435,679</u>	<u>-</u>	<u>275,916,911</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 277,052,884</u>	<u>\$ 807,069</u>	<u>\$ 435,679</u>	<u>\$ 6,810,876</u>	<u>\$285,106,508</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, 2016

	Pension Trust Fund (As of December 31, 2015)	Other Post Employment Benefit Trust Fund	Private Purpose Trust Funds	Total
<u>Additions:</u>				
Contributions:				
Employer	\$ 31,711,957	\$ -	\$ -	\$ 31,711,957
Employee	8,986,594	-	-	8,986,594
Miscellaneous income	16,500	-	35,409	51,909
Total contributions	<u>40,715,051</u>	<u>-</u>	<u>35,409</u>	<u>40,750,460</u>
Net investment income:				
Dividends and interest	2,886,789	8,013	10,491	2,905,293
Net appreciation in fair value of investments	(5,779,540)	41,500	3,235	(5,734,805)
Gain (loss) on sale of investments	1,746,688	-	(2,924)	1,743,764
Total investment income	<u>(1,146,063)</u>	<u>49,513</u>	<u>10,802</u>	<u>(1,085,748)</u>
Less: investment expense	<u>2,005,920</u>	<u>-</u>	<u>-</u>	<u>2,005,920</u>
Net investment income	(3,151,983)	49,513	10,802	(3,091,668)
Intergovernmental	998,930	-	-	998,930
Total additions	<u>38,561,998</u>	<u>49,513</u>	<u>46,211</u>	<u>38,657,722</u>
<u>Deductions:</u>				
Retirement benefits	43,232,785	-	-	43,232,785
Administration	472,889	1,927	12,180	486,996
Transfers, reimbursements and refunds	2,669,090	-	-	2,669,090
Total deductions	<u>46,374,764</u>	<u>1,927</u>	<u>12,180</u>	<u>46,388,871</u>
<u>Other Financing Sources (Uses):</u>				
Transfers in - OPEB Trust Fund	-	759,483	-	759,483
Total other financing sources (uses)	<u>-</u>	<u>759,483</u>	<u>-</u>	<u>759,483</u>
Change in net position	(7,812,766)	807,069	34,031	(6,971,666)
Net position - beginning of year	282,486,929	-	401,648	282,888,577
Net position - ending of year	<u>\$ 274,674,163</u>	<u>\$ 807,069</u>	<u>\$ 435,679</u>	<u>\$ 275,916,911</u>

The accompanying notes are an integral part of this statement

CITY OF NEW BEDFORD, MASSACHUSETTS

Notes to Financial Statements

June 30, 2016

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 \$3,501,954 at June 30, 2016. 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, 2016

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 2016. 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 2016, 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 2016. 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, 2016

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 36 and 37). 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, 2016

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.

Continued

CITY OF NEW BEDFORD, MASSACHUSETTS

Notes to Financial Statements

June 30, 2016

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, 2016

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, 2016, the City implemented the following pronouncements issued by the GASB:

- GASB Statement No. 72, *Fair Value Measurement and Application*
- GASB Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*
- GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*

The implementation of GASB Statement Nos. 76 and 79 had no material reporting impact for the City.

CITY OF NEW BEDFORD, MASSACHUSETTS

Notes to Financial Statements

June 30, 2016

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 1st of every year. Real estate and personal property taxes levied are recorded as receivables in the fiscal year of the levy.

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

Tax liens may be subject to foreclosure if the tax liens are not paid in accordance with the period required by the law (M.G.L. Ch.60, 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.

Continued

CITY OF NEW BEDFORD, MASSACHUSETTS

Notes to Financial Statements

June 30, 2016

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, 2016 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 2016. 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, 2016

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, 2016

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, 2016

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, 2016

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, 2016 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 2016 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, 2016

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>
<u>Major Governmental Funds</u>				
General Fund	\$ 1,701,799	\$ 3,157,817	\$ 4,425,226	\$ 54,602
Wastewater Funds	72,217	1,506,647	5,275,440	6,943,866
City & School Stabilization Fund	-	-	-	433,650
<u>Non-Major Governmental Funds</u>				
Capital Projects	2,872,483	-	360,840	155,561
Special Revenue Funds	1,339	49,603	17,292	182,333
Permanent Funds	-	56	-	-
<u>Proprietary Funds</u>				
Internal Service Funds	256,265	254,356	-	759,483
Water	-	3,164	610,000	2,601,516
Airport	-	-	-	184,900
Downtown Parking	-	62,230	-	132,370
<u>Fiduciary Funds</u>				
Agency	203,133	73,363	-	-
OPEB Trust Fund	-	-	759,483	-
Totals	<u>\$ 5,107,236</u>	<u>\$ 5,107,236</u>	<u>\$ 11,448,281</u>	<u>\$ 11,448,281</u>

In addition to the sources and uses above, capital uses of \$307,000 were recorded for the airport enterprise fund and net capital uses of \$167,954 were recorded for the water enterprise fund for capital assets purchased from governmental funds and long-term issuances of debt during fiscal year 2016 (thus resulting in increases or decreases to net position within the enterprise fund).

CITY OF NEW BEDFORD, MASSACHUSETTS

Notes to Financial Statements

June 30, 2016

Note 3. Cash, Cash Equivalents and Investments

Cash and investment as of June 30, 2016 are classified in the accompanying financial statements as follows:

Governmental Activities	\$ 102,712,551
Business-Type Activities	<u>8,315,746</u>
Total Cash and Investments - Primary Government	<u>\$ 111,028,297</u>
Private Purpose Trust Funds	435,679
OPEB Trust Fund	807,069
Agency Funds	<u>6,590,409</u>
Total Cash and Investments - Fiduciary Funds	<u>\$ 7,833,157</u>
Pension Trust Funds - Cash	\$ 2,280,267
Pension Trust Funds - Investments	<u>273,326,164</u>
Total Cash and Investments - New Bedford Contributory Retirement	<u>\$ 275,606,431</u>
Total Cash and Investments - City of New Bedford	<u>\$ 394,467,885</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 \$9,204 on June 30, 2016.

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, the OPEB trust fund and the agency funds was \$118,861,454, including \$9,204 of petty cash and the bank balance was \$125,852,443. Of the bank balance \$2,893,962 was covered by Federal Depository Insurance, \$40,388,942 was covered by Depositors Insurance Fund and \$62,954,460 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 \$2,280,261 and the bank balance was \$2,988,599. Of the bank balance \$500,000 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.

CITY OF NEW BEDFORD, MASSACHUSETTS

Notes to Financial Statements

June 30, 2016

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

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, 2016

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	-	-	-	-
Total Debt Securities	\$ 5,256,190	\$ -	\$ 652,889	\$ 1,584,510	\$ 1,678,154	\$ 846,657	\$ -	\$ -	\$ 493,980

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
Total Investments	\$ 17,195,278

CITY OF NEW BEDFORD, MASSACHUSETTS

Notes to Financial Statements

June 30, 2016

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

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

Pension Trust Fund (at December 31, 2015)

Investment Type	Fair Value	S&P Rating									Not Rated	
		AAA	AA	A	BBB	BB	B	CCC	CC	D		
Auto Loan Receivable	\$ 133,001	\$ 67,168	\$ 60,460	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,373
Bank Loans Receivable	51,551	-	-	-	-	-	-	-	-	-	-	51,551
Collateralized Mortgage Backed Securities	6,141,652	6,885	206,260	727,317	907,877	228,513	-	-	-	131,331	-	3,933,470
Convertible Bonds	1,044,843	-	-	-	-	-	-	-	-	-	-	1,044,843
Corporate Bonds	15,057,349	-	194,393	989,293	3,149,346	82,485	-	-	-	-	-	10,641,832
Credit Card Receivable	916,606	297,453	320,727	298,425	-	-	-	-	-	-	-	-
Equipment Loans Receivable	606,786	-	-	-	-	-	-	-	-	-	-	606,786
Federal Home Loan Mortgage Corp.	1,014,862	-	-	-	-	-	-	-	-	-	-	1,014,862
Federal National Mortgage Association	2,320,041	-	-	-	-	-	-	-	-	-	-	2,320,041
Government National Mortgage Association	33,822	-	-	-	-	-	-	-	-	-	-	33,822
Government Issues	6,798,731	-	-	-	-	-	-	-	-	-	-	6,798,731
Loomis Mutual Fund (Full Discretion)	2,236,017	-	-	-	-	-	-	-	-	-	-	2,236,017
Municipal Bonds	387,052	-	138,085	147,757	-	-	-	-	-	-	-	101,210
National Association of Realitor Mortgage Backed Securities	709,539	-	-	-	-	-	-	-	-	-	-	709,539
Other Asset Backed Securities	1,294,845	-	-	99,995	-	-	-	-	-	-	-	1,194,850
Other Investments	751,069	-	-	-	-	-	-	-	-	-	-	751,069
Yankee Bonds	3,517,973	-	-	-	-	-	-	-	-	-	-	3,517,973
Total Debt Securities	\$ 43,015,738	\$ 371,505	\$ 919,925	\$ 2,262,788	\$ 4,057,223	\$ 310,997	\$ -	\$ -	\$ -	\$ 131,331	\$ -	\$ 34,961,970

Other Investments:

Equities	\$ 33,820,482
Pooled Emerging Market/Other Equities	44,253,246
Pooled Domestic Equities	79,820,519
Pooled International Equities	33,490,849
Pooled Alternative Investments	16,030,833
Pooled Real Estate Funds	22,894,497
Total Investments	\$ 273,326,164

CITY OF NEW BEDFORD, MASSACHUSETTS

Notes to Financial Statements

June 30, 2016

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	\$ 520,075	\$ 1,869,204	\$ 1,379,403	\$ 831,936	\$ 168,020	\$ 8,066,655

Other Investments:

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

CITY OF NEW BEDFORD, MASSACHUSETTS

Notes to Financial Statements

June 30, 2016

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

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

Pension Trust Fund (at December 31, 2015)

Investment Type	Fair Value	Remaining Maturity (in years)					Not Available
		0-1 years	1-2 years	3-5 year	6-10 years	More than 10 years	
Auto Loan Receivable	\$ 133,001	\$ 5,373	\$ 6,514	\$ 121,113	\$ -	\$ -	\$ -
Bank Loans Receivable	51,551	-	-	14,331	37,220	-	-
Collateralized Mortgage Backed Securities	6,141,652	-	-	153,726	80,470	5,907,456	-
Convertible Bonds	1,044,843	60,940	253,870	483,300	95,810	111,126	39,797
Corporate Bonds	15,057,349	601,724	656,884	2,676,935	7,432,675	3,688,504	628
Credit Card Receivable	916,606	-	-	496,485	323,689	96,432	-
Equipment Loans Receivable	606,786	-	-	-	233,467	373,319	-
Federal Home Loan Mortgage Corp.	1,014,862	-	-	11,523	-	1,003,339	-
Federal National Mortgage Association	2,320,041	-	-	23,266	10,635	2,286,140	-
Government National Mortgage Association	33,822	-	-	-	-	33,822	-
Government Issues	6,798,731	279,738	689,551	2,088,122	2,776,439	964,881	-
Loomis Mutual Fund (Full Discretion)	2,236,017	-	-	-	-	-	2,236,017
Municipal Bonds	387,052	-	-	-	-	387,052	-
National Association of Realtor Mortgage Backed Securitie	709,539	-	-	-	145,216	564,323	-
Other Asset Backed Securities	1,294,845	-	99,995	651,444	351,768	191,637	-
Other Investments	751,069	-	-	-	-	2,972	748,097
Yankee Bonds	3,517,973	-	119,867	193,995	2,037,616	1,166,495	-
Total Debt Securities	\$ 43,015,738	\$ 947,776	\$ 1,826,682	\$ 6,914,239	\$ 13,525,005	\$ 16,777,497	\$ 3,024,540

Other Investments:

Equities	\$ 33,820,482
Pooled Emerging Market/Other Equities	44,253,246
Pooled Domestic Equities	79,820,519
Pooled International Equities	33,490,849
Pooled Alternative Investments	16,030,833
Pooled Real Estate Funds	22,894,497
Total Investments	\$ 273,326,164

CITY OF NEW BEDFORD, MASSACHUSETTS

Notes to Financial Statements

June 30, 2016

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	<u>45,935</u>	N/A	Wisdom Tree Emg Mkts Equity
Total		<u>\$ 79,078</u>		

<u>Investment Type</u>	<u>Currency</u>	<u>Total Amount</u>	<u>Maximum Maturity (in years)</u>	<u>S&P Rating</u>
<i>Foreign Currency Risk</i>				
<i>Pension Trust Fund (at December 31, 2015)</i>				
Corporate Bond	AUD	\$ 155,926	3	Not Rated
Corporate Bond	BRL	204,578	12	Not Rated
Corporate Bond	CLP	98,295	<1	Not Rated
Corporate Bond	COP	220,709	8	Not Rated
Corporate Bond	EUR	13,628	26	Not Rated
Corporate Bond	INR	416,870	4	Not Rated
Corporate Bond	MXN	631,900	28	Not Rated
Corporate Bond	NOK	4,364	2	Not Rated
Corporate Bond	NZD	<u>3,191</u>	3	Not Rated
Total		<u>\$ 1,749,461</u>		

CITY OF NEW BEDFORD, MASSACHUSETTS

Notes to Financial Statements

June 30, 2016

Note 4. Fair Value Disclosures – Primary Government, Private Purpose and Agency Funds

The City holds investments that are measured at fair value on a recurring basis. Recurring fair value measurements are those that the GASB Statement requires or permits in the Statement of Net Position at the end of each reporting period. Because investing is not a core part of the City's mission, the City determined that the disclosures related to these investments only need to be disaggregated by major type. The City chose a narrative format for the fair value disclosures instead of using a tabular format for disclosing the levels within the fair value hierarchy.

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles and GASB Statement No. 72, *Fair Value Measurement and Application*. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

The City has the following recurring fair value measurements as of June 30, 2016:

Debt Securities:

- US Treasury and Other Government Securities of \$732,319 are valued using quoted market prices (Level 1 inputs)
- Mutual Funds totaling \$234,350 are valued using quoted market prices (Level 1 inputs)
- Corporate Bonds and Other Fixed Income Securities totaling \$6,824,651 are valued using quoted market prices (Level 1 inputs)
- Certificates of Deposit totaling \$4,548,465 are valued using quoted market prices (Level 1 inputs)

Equity Securities:

- Equities of \$5,844,618 are valued using quoted market prices (Level 1 inputs)

The City had no nonrecurring fair value measurements as of June 30, 2016.

Investments Measured at the Net Asset Value (NAV)

The City owns units, or shares in the State Retiree Benefits Trust Fund reported in the City's OPEB Trust Fund at a net asset value (NAV) of \$807,069 as of June 30, 2016. By law, such investments are required to be invested in the Pension Reserves Investment Trust ("PRIT") Fund. The investments are irrevocable and invested for the sole purpose to provide funding for the City's post-employment benefits for the exclusive benefit of the City's retired employees and their eligible dependents; and for defraying the reasonable expenses of the Trust in accordance with the Trust agreement. The fair values of the investments in this type have been determined using the NAV per share (or its equivalent) of the City's ownership of the fund.

PRIT meets the criteria of an external investment pool and operates in accordance with applicable state laws and regulations. The Treasurer of the Commonwealth serves as Trustee and provides regulatory oversight. The reported value of the pool is the same as the fair value of the City's position in pool shares.

CITY OF NEW BEDFORD, MASSACHUSETTS

Notes to Financial Statements

June 30, 2016

Note 5. Fair Value Disclosures – New Bedford Contributory Retirement System (a Defined Benefit Pension Plan)

The New Bedford Contributory Retirement System (“the System”) holds significant amounts of investments that are measured at fair value on a recurring basis. Because investing is a key part of the System’s activities, the System shows greater disaggregation in their disclosures. The System chose to display a tabular format for disclosing the levels within the fair value hierarchy per GASB Statement No. 72, *Fair Value Measurement and Application*.

The System categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The System has the following recurring fair value measurements as of December 31, 2015:

	<u>Fair Value Measurements Using:</u>			
	<u>December 31, 2015</u>	<u>Quoted Prices in Active Markets for Identical Assets (Level 1)*</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
Investments by Fair Value Level:				
Equity Securities:				
Boston Company	\$ 33,820,482	\$ 33,820,482	\$ -	\$ -
SSgA Russell 3000 Index NL Fund	31,775,421	31,775,421	-	-
Wellington Management Company, LLP	14,785,105	-	14,785,105	-
Westfield All Cap Equity Collective Fund	33,259,993	33,259,993	-	-
SSgA MSCI EAFE Index NL Fund	33,490,849	33,490,849	-	-
Fixed Income Securities:				
Aberdeen Fixed Income	21,666,120	21,666,120	-	-
Pooled Funds:				
Acadian Emerging Markets Equity II Fund LLC	25,284,191	25,284,191	-	-
PIMCO All Asset Collective Trust	18,969,055	18,969,055	-	-
Alternative Investments:				
INVESCO Partnership Fund IV, LP	2,199,711	-	-	2,199,711
Hunt Redevelopment & Renovation Fund LLC	1,629,817	-	-	1,629,817
Lexington Capital Partners VIII LP	1,635,084	-	-	1,635,084
Mesirow Financial Private Equity Partnership Fund V, LP	6,618,089	-	-	6,618,089
Realty Associates Fund VIII Corporation	3,367,089	-	-	3,367,089
Wilton Private Equity Fund	581,043	-	-	581,043
Total investments by fair value level	<u>\$ 229,082,049</u>	<u>\$ 198,266,111</u>	<u>\$ 14,785,105</u>	<u>\$ 16,030,833</u>
Total investments measured at fair value	<u>\$ 229,082,049</u>	<u>\$ 198,266,111</u>	<u>\$ 14,785,105</u>	<u>\$ 16,030,833</u>
Other investments held:				
Investments Measured at Net Asset Value (NAV):				
UBS Asset Management - Trumbull Property Fund	\$ 9,959,145			
Loomis Multisector Full Discrn Tr B	21,349,619			
Blackrock Granite Property Fund	<u>12,935,351</u>			
Total other investments held:	<u>44,244,115</u>			
Total investments held by the New Bedford Contributory Retirement System:	<u>\$ 273,326,164</u>			

CITY OF NEW BEDFORD, MASSACHUSETTS

Notes to Financial Statements

June 30, 2016

Note 5. Fair Value Disclosures – New Bedford Contributory Retirement System (a Defined Benefit Pension Plan) (continued)

The valuation method for investments measured at the net asset value (NAV) per share (or its equivalent) is presented on the following table:

Investments Measured at the NAV:

Investment:	Fair Value	Unfunded Commitments	Redemption Frequency (If Currently Eligible)	Redemption Notice Period
UBS Asset Management - Trumbull Property Fund ⁽¹⁾	\$ 9,959,145	--	--	30 - 60 day
Loomis Multisector Full Discrn Tr B ⁽²⁾	21,349,619	--	--	30 - 60 day
Blackrock Granite Property Fund ⁽³⁾	12,935,351	--	--	30 - 60 day
Total investments measured at the NAV:	<u>\$ 44,244,115</u>			

⁽¹⁾ UBS Asset Management – Trumbull Property Fund

The Trumbull Property Fund LP is a Delaware limited partnership having multiple subsidiaries for its real estate investments. Certain subsidiaries have elected to be taxed as real estate investment trusts (“REITs”) or taxable REIT subsidiaries for U.S. federal income tax purposes. The purpose of the Fund is to actively manage a core portfolio of primarily equity real estate investments located in the United States. The general partner of the Fund is Trumbull Property Fund GP LLC, whose sole member, UBS Realty Investors LLC, provides investment advisory services to the Fund pursuant to one or more Advisory Agreements with the Fund and its subsidiaries. UBS Realty is organized as a limited liability company and has been registered with the U.S. Securities and Exchange Commission (“SEC”) as an investment advisor under the Investment Advisers Act of 1940, as amended, since January 5, 1994.

Valuation Policy:

- The real estate investments of the Fund are stated at estimated fair value. Fair value means the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair values of real estate investments do not reflect transaction costs that may be incurred upon disposition of the real estate investments. The Fund’s real estate values do not necessarily represent the prices at which the real estate investments would be sold or repaid, since market prices of real estate investments can only be determined by negotiation between a willing buyer and seller. Amounts ultimately realized from each investment may vary materially from the fair values reflected in the consolidated financial statements.
- A third-party firm is engaged by the Fund to administer the Fund’s valuation policies and procedures, including managing the Fund’s independent appraisal process and reviewing the Fund’s independent appraisals.
- The Fund's real estate investments are generally appraised every quarter starting with the first full quarter after an investment is made. An independent appraisal of the underlying real estate for each investment is performed annually. This annual appraisal includes a property inspection and market analysis. In the interim quarters, the valuation is updated by the independent appraiser through a restricted appraisal report. In these appraisals, the prior cash flow assumptions for the real estate investments are updated for factual changes, and changes in market conditions are evaluated. All appraisals are certified by members of the Appraisal Institute who hold the MAI designation. Appraisals and appraisal reports are required to comply with the Uniform Standards of Professional Appraisal Practice (“USPAP”), as promulgated by the Appraisal Foundation.

CITY OF NEW BEDFORD, MASSACHUSETTS

Notes to Financial Statements

June 30, 2016

Note 5. Fair Value Disclosures – New Bedford Contributory Retirement System (a Defined Benefit Pension Plan)
(continued)

⁽²⁾ Loomis Multisector Full Discretion Trust

- Seeks to maximize total return
- The objective is to outperform Barclays Gov/Credit index over a market cycle although this index is used for comparative purposes and isn't intended to parallel the risk or investment style of the strategy
- Broad investable universe with flexibility to gain significant exposure to opportunities out of the benchmark including high yield, emerging markets, bank loans, convertibles, preferred equity, asset backed securities, etc.
- Value oriented & opportunistic. Returns typically come from income generation as well as price appreciation
- Long term time horizon

Valuation Policy:

In fulfilling its duty to the Fund Board and to its Client Accounts, the Adviser relies on approved pricing vendors and/or broker dealers to furnish Market Quotations, or, in the absence of readily available Market Quotations, it will Fair Value securities in good faith based upon criteria set forth in these Procedures. The Adviser utilizes the Fair Value Information Services ("FVIS") that is offered by Interactive Data Corporation ("IDC") to assist in the daily Fair Valuation of certain:

- Foreign equity securities excluding preferred securities ("Foreign Equities"),
- Futures contracts on foreign equity indices ("Foreign Equity Index Futures"),
- Options contracts on foreign equity indices ("Foreign Equity Index Options"), and
- Options contracts on single name foreign equities ("Foreign Single Name Equity Options")

Furthermore, the Adviser cannot simply rely on pricing vendors to compute value; it must monitor for "significant events" or other factors the effect of which suggest the Market Quotation of a security does not represent an amount the Adviser would reasonably expect to receive upon its current sale. Once the Adviser identifies a significant event or other factor, the Pricing Manager will determine whether the Market Quotation for a security or group of securities as obtained from the regular approved pricing source is (are) reliable and, if the Market Quotation(s) is (are) not deemed to be reliable, the Pricing Manager will determine whether the security(ies) should be priced in accordance with the Procedure's Standing Instructions, or the Pricing Manager will convene a Pricing Committee meeting to Fair Value such security(ies) in good faith.

⁽³⁾ BlackRock Granite Property Fund

BlackRock US Core Property Fund, L.P. is a Delaware limited partnership organized pursuant to the limited partnership agreement dated September 15, 2016. The Fund is organized as a perpetual life, open-end, commingled fund to invest in real estate assets. BLPF GP, LLC, a Delaware limited liability company, serves as general partner hereunder, and each of the persons admitted to the Fund from time to time as Limited Partners. The General Partner holds no percentage interest in the Fund. The General Partner is responsible for the management and administration of the Partnership's affairs.

CITY OF NEW BEDFORD, MASSACHUSETTS

Notes to Financial Statements

June 30, 2016

***Note 5. Fair Value Disclosures – New Bedford Contributory Retirement System (a Defined Benefit Pension Plan)
(continued)***

⁽³⁾ BlackRock Granite Property Fund (continued)

Valuation Policy:

- Independent third-party appraisals completed at least annually
- External appraisals performed by independent third-party appraisal firms on a rotation of the lesser of what is mandated by the specific vehicles governing documents or by the local regulatory policy or seven years, through reviewing the external appraisal contracts every three years
- The external appraisers are selected by the Global Head of Real Estate Valuation in conjunction with the Regional Valuation Secretaries based on their experience and qualifications and are considered best in class within their respective region/location
- External appraisals performed in accordance with standards issued by Uniform Standards of Professional Appraisal Practice (USPAP), the Royal Institute of Chartered Surveyors (RICS), or other applicable governing body
- Internal valuations are completed no less than quarterly, except when already subject to an external appraisal
- The Global Real Estate Valuation Policy is subject to review and approval by the VOC and GVMC, and is consistent with applicable firm-wide valuation policies such as the Global Valuation Policy

CITY OF NEW BEDFORD, MASSACHUSETTS

Notes to Financial Statements

June 30, 2016

Note 6. 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	Wastewater	Governmental	Governmental			Parking	Business-Type
Receivables:								
Real estate and personal property taxes	\$ 4,128,548	\$ -	\$ -	\$ 4,128,548	\$ -	\$ -	\$ -	\$ -
Tax liens and foreclosures	24,446,991	-	-	24,446,991	-	-	-	-
Motor vehicle and boat excise	1,999,165	-	-	1,999,165	-	-	-	-
User charges receivables	-	2,916,454	-	2,916,454	1,826,029	-	-	1,826,029
Departmental and other	7,045,488	76,900	-	7,122,388	-	-	-	-
Loans receivable	-	-	20,802,259	20,802,259	-	-	-	-
Other receivables	1,096,083	42,237	178,173	1,316,493	12,038	18,231	3,161	33,430
Special assessments	5,001	102,912	-	107,913	-	-	-	-
Due from federal or state government	-	-	14,298,313	14,298,313	-	-	-	-
Gross receivables (governmental and proprietary funds)	<u>38,721,276</u>	<u>3,138,503</u>	<u>35,278,745</u>	<u>77,138,524</u>	<u>1,838,067</u>	<u>18,231</u>	<u>3,161</u>	<u>1,859,459</u>
Less: allowance for uncollectable	<u>(3,145,257)</u>	<u>(429,944)</u>	<u>(624,069)</u>	<u>(4,199,270)</u>	<u>(140,000)</u>	<u>(450)</u>	<u>-</u>	<u>(140,450)</u>
Net total receivables (GWFS)	<u>\$ 35,576,019</u>	<u>\$ 2,708,559</u>	<u>\$ 34,654,676</u>	<u>\$ 72,939,254</u>	<u>\$ 1,698,067</u>	<u>\$ 17,781</u>	<u>\$ 3,161</u>	<u>\$ 1,719,009</u>

CITY OF NEW BEDFORD, MASSACHUSETTS

Notes to Financial Statements

June 30, 2016

Note 7. Capital Assets and Depreciation

Capital asset activity for the year ended June 30, 2016 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<u>Governmental Activities:</u>				
Not Being Depreciated:				
Land	\$ 3,777,235	\$ 410,000	\$ -	\$ 4,187,235
Construction in progress	8,701,257	15,353,550	4,714,475	19,340,332
Infrastructure in progress	7,389,596	10,535,356	4,622,954	13,301,998
Subtotal	<u>19,868,088</u>	<u>26,298,906</u>	<u>9,337,429</u>	<u>36,829,565</u>
Other Capital Assets:				
Infrastructure	184,718,159	9,070,490	-	193,788,649
Land improvements	2,167,113	119,162	-	2,286,275
Buildings and improvements	373,415,336	16,167,303	-	389,582,639
Machinery and equipment	55,364,632	2,867,233	-	58,231,865
Office equipment and furniture	14,444,877	42,226	-	14,487,103
Computer equipment	13,962,121	1,055,504	-	15,017,625
Library books and textbooks	10,633,268	1,154,424	-	11,787,692
Automobiles	11,840,570	2,609,294	29,005	14,420,859
Animals	54,859	-	-	54,859
Subtotal	<u>666,600,935</u>	<u>33,085,636</u>	<u>29,005</u>	<u>699,657,566</u>
Accumulated Depreciation:				
Infrastructure	118,550,068	3,066,064	-	121,616,132
Land improvements	244,612	171,955	-	416,567
Buildings and improvements	126,959,476	11,114,620	-	138,074,096
Machinery and equipment	46,292,284	2,738,735	-	49,031,019
Office equipment and furniture	14,172,102	87,755	-	14,259,857
Computer equipment	10,842,769	912,906	-	11,755,675
Library books and textbooks	10,485,541	228,127	-	10,713,668
Automobiles	10,406,991	2,291,330	-	12,698,321
Animals	43,329	1,869	-	45,198
Subtotal	<u>337,997,172</u>	<u>20,613,361</u>	<u>-</u>	<u>358,610,533</u>
Net other capital assets	<u>328,603,763</u>	<u>12,472,275</u>	<u>29,005</u>	<u>341,047,033</u>
Net capital assets	<u>\$ 348,471,851</u>	<u>\$ 38,771,181</u>	<u>\$ 9,366,434</u>	<u>\$ 377,876,598</u>

The total amount of net capital assets obtained through capital leases totaled \$18,889,794 at June 30, 2016. Total accumulated depreciation against these assets totaled \$1,767,095 at June 30, 2016.

CITY OF NEW BEDFORD, MASSACHUSETTS

Notes to Financial Statements

June 30, 2016

Note 7. Capital Assets and Depreciation (continued)

Capital asset activity for the year ended June 30, 2016 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<u>Business-Type Activities - Water:</u>				
Not Being Depreciated:				
Land	\$ 600,000	\$ -	\$ -	\$ 600,000
Infrastructure in progress	2,436,096	-	-	2,436,096
Easements	962,500	-	-	962,500
Subtotal	<u>3,998,596</u>	<u>-</u>	<u>-</u>	<u>3,998,596</u>
Other Capital Assets:				
Infrastructure	92,020,865	60,136	-	92,081,001
Buildings and improvements	166,409	204,089	-	370,498
Machinery and equipment	6,293,435	281,333	-	6,574,768
Office equipment and furniture	96,935	-	-	96,935
Computer equipment	49,471	-	-	49,471
Automobiles	1,365,253	178,992	-	1,544,245
Subtotal	<u>99,992,368</u>	<u>724,550</u>	<u>-</u>	<u>100,716,918</u>
Accumulated Depreciation:				
Infrastructure	49,186,420	1,853,795	-	51,040,215
Buildings and improvements	19,028	12,718	-	31,746
Machinery and equipment	4,050,654	542,337	-	4,592,991
Office equipment and furniture	96,935	-	-	96,935
Computer equipment	49,471	-	-	49,471
Automobiles	1,038,358	319,423	-	1,357,781
Subtotal	<u>54,440,866</u>	<u>2,728,273</u>	<u>-</u>	<u>57,169,139</u>
Net other capital assets	<u>45,551,502</u>	<u>(2,003,723)</u>	<u>-</u>	<u>43,547,779</u>
Net capital assets	<u>\$ 49,550,098</u>	<u>\$ (2,003,723)</u>	<u>\$ -</u>	<u>\$ 47,546,375</u>

CITY OF NEW BEDFORD, MASSACHUSETTS

Notes to Financial Statements

June 30, 2016

Note 7. Capital Assets and Depreciation (continued)

Capital asset activity for the year ended June 30, 2016 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<u>Business-Type Activities - Airport:</u>				
Not Being Depreciated:				
Land	\$ 525,293	\$ -	\$ -	\$ 525,293
Infrastructure in progress	-	-	-	-
Subtotal	<u>525,293</u>	<u>-</u>	<u>-</u>	<u>525,293</u>
Other Capital Assets:				
Infrastructure	36,287,460	3	-	36,287,463
Land improvements	621,822	-	-	621,822
Buildings and improvements	2,240,420	-	-	2,240,420
Machinery and equipment	902,281	-	-	902,281
Computer and equipment	52,400	-	-	52,400
Automobiles	74,710	-	-	74,710
Office equipment and furniture	5,294	-	-	5,294
Subtotal	<u>40,184,387</u>	<u>3</u>	<u>-</u>	<u>40,184,390</u>
Accumulated Depreciation:				
Infrastructure	4,666,788	1,698,706	-	6,365,494
Land improvements	220,025	31,091	-	251,116
Buildings and improvements	812,211	40,046	-	852,257
Machinery and equipment	874,544	17,237	-	891,781
Computer and equipment	52,400	-	-	52,400
Automobiles	74,710	-	-	74,710
Office equipment and furniture	5,294	-	-	5,294
Subtotal	<u>6,705,972</u>	<u>1,787,080</u>	<u>-</u>	<u>8,493,052</u>
Net other capital assets	<u>33,478,415</u>	<u>(1,787,077)</u>	<u>-</u>	<u>31,691,338</u>
Net capital assets	<u>\$ 34,003,708</u>	<u>\$ (1,787,077)</u>	<u>\$ -</u>	<u>\$ 32,216,631</u>

CITY OF NEW BEDFORD, MASSACHUSETTS

Notes to Financial Statements

June 30, 2016

Note 7. Capital Assets and Depreciation (continued)

Capital asset activity for the year ended June 30, 2016 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<u>Business-Type Activities - Downtown Parking:</u>				
Not Being Depreciated:				
Land	\$ -	\$ -	\$ -	\$ -
Infrastructure in progress	50,000	-	-	50,000
Easements	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Subtotal	50,000	-	-	50,000
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
Accumulated Depreciation:				
Infrastructure	-	-	-	-
Buildings and improvements	-	-	-	-
Machinery and equipment	47,747	95,497	-	143,244
Office equipment and furniture	-	-	-	-
Computer equipment	-	-	-	-
Automobiles	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Subtotal	47,747	95,497	-	143,244
Net other capital assets	<hr/>	<hr/>	<hr/>	<hr/>
	334,232	(95,497)	-	238,735
Net capital assets	<hr/>	<hr/>	<hr/>	<hr/>
	\$ 384,232	\$ (95,497)	\$ -	\$ 288,735

CITY OF NEW BEDFORD, MASSACHUSETTS

Notes to Financial Statements

June 30, 2016

Note 7. Capital Assets and Depreciation (continued)

Depreciation was charged to functions as follows:

Governmental Activities:

General Government	\$	1,811,858
Public Safety		3,425,801
Education		8,915,646
Public Works		5,374,147
Community and Economic Development		241,092
Health and Human Services		151,507
Culture and Recreation		<u>693,309</u>
Total Governmental Activities	\$	<u>20,613,360</u>

Business-Type Activities:

Water		2,728,273
Airport		1,787,082
Downtown Parking		<u>95,496</u>
Total Business-Type Activities	\$	<u>4,610,851</u>

CITY OF NEW BEDFORD, MASSACHUSETTS

Notes to Financial Statements

June 30, 2016

Note 8. 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 \$19,501,405 for the fiscal year ended June 30, 2016 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.

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. 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, 2016

Note 8. 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, 2016 (the most recent actuarial valuation date) the following employees were covered by the benefit terms:

Active plan members	1,959
Inactive plan members	409
Retired, disabled and beneficiaries	<u>1,845</u>
Subtotal	<u>4,213</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 \$29,821,401 for the fiscal year ended June 30, 2016 as determined by PERAC. Of the \$29,821,401 contributed, \$25,734,949 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, 2016, the City's average contribution rate was 33.30 percent of annual payroll.

CITY OF NEW BEDFORD, MASSACHUSETTS

Notes to Financial Statements

June 30, 2016

Note 8. 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

The System’s net pension liability was measured as of December 31, 2015 (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, 2016 performed by Sherman Actuarial Services, LLC. Update procedures were used to roll forward the total pension liability to the measurement date.

At June 30, 2016 (i.e. the “reporting date” as defined by GASB Statement No. 68), the System reported a net pension liability of \$344,345,604 while the City of New Bedford reported a liability of \$299,409,245 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2016. 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 2016 Actual Employer Contributions</u>	<u>Employer Allocation Percentage</u>
City of New Bedford	\$ 25,734,949	86.2969%
New Bedford Housing Authority	2,084,443	6.9898%
Greater NB Regional Voc. Tech HS	1,579,893	5.2978%
Greater NB Regional Refuse Mgmt. District	274,375	0.9201%
Southeastern Regional Transit Authority	147,741	0.4954%
	<u>\$ 29,821,401</u>	<u>100.00%</u>

At December 31, 2015, the City’s proportion was 86.30 percent, which was a decrease of 0.18 percent from its proportion measured as of December 31, 2014.

For the year ended June 30, 2016, the System recognized pension expense of \$30,535,014. Of that amount, the City recognized pension expense of \$26,858,956. At June 30, 2016, the System reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

CITY OF NEW BEDFORD, MASSACHUSETTS

Notes to Financial Statements

June 30, 2016

Note 8. 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>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 7,807,245	\$ -
Changes of assumptions	-	16,415,223
Net difference between projected and actual earnings on pension plan investments	23,062,226	-
Changes in proportion and differences between System contributions and proportionate share of contributions	<u>1,469,025</u>	<u>1,469,025</u>
	<u>\$ 32,338,496</u>	<u>\$ 17,884,248</u>

\$0 was reported as deferred outflows of resources related to pensions resulting from System contributions subsequent to the measurement date of December 31, 2015. Had employer contributions been made subsequent to the December 31, 2015 measurement date, it would have been recognized as a deferred outflow of resources in the year ended June 30, 2016 (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, 2016

Note 8. 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)

Deferred Outflow Recognition

Year ended June 30:	
2017	\$ 8,836,803
2018	8,836,803
2019	8,836,803
2020	<u>5,828,087</u>
Subtotal - all years	<u>\$ 32,338,496</u>

Deferred Inflow Recognition

Year ended June 30:	
2017	\$ 5,452,514
2018	5,452,514
2019	5,452,514
2020	<u>1,526,706</u>
Subtotal - all years	<u>\$ 17,884,248</u>

Actuarial assumptions. The total pension liability in the January 1, 2016 actuarial valuation was determined using actuarial assumptions, applied to all periods included in the measurement. Please see the “Required Supplementary Information” beginning on page 104 for a listing of assumptions utilized.

The actuarial assumptions used in the January 1, 2016 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, 2016

Note 8. 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>Long-Term Expected Rate of Return</u>
Cash Equivalents	0.83%	0.00%
Short Term Investments	0.00%	0.00%
Fixed Income Securities	15.61%	4.20%
Domestic Equities	48.12%	7.50%
International Equities	21.33%	7.70%
Real Estate	8.31%	6.30%
Other	5.80%	11.30%
 Total	 <u>100.00%</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>
Balances at December 31, 2014, restated	\$ 618,460,512	\$ 282,486,929	\$ 335,973,583
Changes for the year:			
Service cost	10,680,565	-	10,680,565
Interest on liability and service cost	48,758,434	-	48,758,434
Differences between expected and actual experience	10,187,503	-	10,187,503
Contributions - employer	-	29,758,906	(29,758,906)
Contributions - employee	-	9,305,456	(9,305,456)
Other payments	-	1,025,323	(1,025,323)
Net investment income	-	(3,014,143)	3,014,143
Change in assumptions	(21,419,864)	-	(21,419,864)
Benefit payments, including refunds of employee contributions	(45,901,874)	(45,901,874)	-
Interest on benefit	(1,745,509)	-	(1,745,509)
Administrative expense	-	(562,794)	562,794
Adjust assets to market value	-	1,576,360	(1,576,360)
Net changes	<u>559,255</u>	<u>(7,812,766)</u>	<u>8,372,021</u>
Balances at December 31, 2015	<u>\$ 619,019,767</u>	<u>\$ 274,674,163</u>	<u>\$ 344,345,604</u>

CITY OF NEW BEDFORD, MASSACHUSETTS

Notes to Financial Statements

June 30, 2016

Note 8. 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	\$ 408,843,626	\$ 344,345,604	\$ 288,898,319

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	\$ 352,819,375	\$ 299,409,245	\$ 249,310,293

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, 2015 can be seen on page 36 of this document in the "Statement of Fiduciary Net Position."

Payables to the pension plan

At June 30, 2016, 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, 2016. The City paid-in 100% of its required appropriation.

CITY OF NEW BEDFORD, MASSACHUSETTS

Notes to Financial Statements

June 30, 2016

Note 9. 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, 2016, the City's latest actuarial valuation date, was as follows:

Active employees	2,720
Retired and beneficiaries	<u>3,439</u>
Total	<u><u>6,159</u></u>

Annual OPEB and Net OPEB Obligation

The District's annual OPEB cost (expense) is calculated based on the annual required contribution (ARC) of the employer, an actuarially determined amount that is calculated in accordance with the parameters set forth in GASB Statement 45. The amount that was actuarially determined by using the Projected Unit Credit Cost Method. Under this method the annual contribution consists of two pieces: Normal Cost plus a payment towards the unfunded accrued liability. The normal cost is similarly determined as the present value of the portion of the projected benefit attributable to the current year. The unfunded accrued liability is the accrued liability less the value of any plan assets. The level percent amortization method was utilized to determine the current year ARC. The following table shows the elements of the City's annual OPEB cost for the year, the amount actually paid on behalf of the Plan (including the actuarially calculated "implicit subsidy"), and changes in the City's net OPEB obligation to the Plan for the year ended June 30, 2016.

CITY OF NEW BEDFORD, MASSACHUSETTS

Notes to Financial Statements

June 30, 2016

Note 9. Other Employee Benefits (Continued)

A. Other Postemployment Benefits (Continued)

Calculation of Net OPEB Obligation (NOO)

Annual Required Contribution (ARC)	\$ 31,261,415
Interest on Net OPEB Obligation	6,052,997
Amortization Credit on NOO	<u>(5,782,496)</u>
Annual OPEB Cost (an expense)	<u>31,531,916</u>
Premiums and Implicit Subsidy Paid	16,041,022
Cash Contributions (to an OPEB Trust)	<u>759,483</u>
Total contributions	<u>16,800,505</u>
Change in Net OPEB Obligation (NOO)	14,731,411
NOO Beginning of Fiscal Year	<u>151,324,936</u>
NOO End of Fiscal Year	<u><u>\$ 166,056,347</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 2016 fiscal year and the three preceding years were as follows:

Fiscal Year Ended	(a) Annual Required Contribution	(b) Interest on NOO	(c) Amortization of NOO	(d) (a)+(b)-(c) Annual OPEB Cost	(e) Pay-as-you-go Contributions	(f) (e/d) % of OPEB Cost Contributed	(g) (d)-(e) Increase in OPEB Obligation	(h) Net OPEB Obligation (NOO)
6/30/2016	31,261,415	6,052,997	5,782,496	31,531,916	16,800,505	53.3%	14,731,411	166,056,347
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

CITY OF NEW BEDFORD, MASSACHUSETTS

Notes to Financial Statements

June 30, 2016

Note 9. Other Employee Benefits (Continued)

A. Other Postemployment Benefits (Continued)

Funded Status and Funding Progress

As of July 1, 2016, the most recent actuarial valuation date, the Plan was 0.17% funded. The actuarial accrued liability (AAL) for benefits was \$486,302,553, whereas the unfunded AAL was \$485,495,485. During fiscal year 2016, the City contributed a total of \$759,483 into the State Retiree Benefits Trust Fund (SRBTF). The net asset value of the City's investment in this fund at June 30, 2016 was \$807,069.

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, 2016, the most recent actuarial valuation, was as follows:

Schedule of Funding Progress - 4.0%*

Actuarial Valuation Date	(a) Actuarial Value of Assets	(b) Actuarial Accrued Liability (AAL)	(b)-(a) Unfunded AAL (UAL)	(a) / (b) Funded Ratio	(c) Covered Payroll	[(b)-(a)]/(c) UAL as a Percentage of Covered Payroll
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%
7/1/2016	807,068	486,302,553	485,495,485	0.17%	152,671,185	318.00%

* 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, 2016

Note 9. 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. 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, 2016
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, 2016 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:

	NOO June 30, 2015	Change in Net OPEB Obligation (NOO)	NOO June 30, 2016
Governmental Activities:			
General government	\$ 4,244,249	\$ 435,297	\$ 4,679,546
Public safety	43,961,114	3,188,519	47,149,633
Public works	7,235,469	450,792	7,686,261
Education	86,742,008	9,186,861	95,928,869
Health and human services	3,954,293	698,551	4,652,844
Culture and recreation	2,863,454	505,847	3,369,301
Total AOPEBC - governmental activities	<u>\$ 149,000,587</u>	<u>\$ 14,465,867</u>	<u>\$ 163,466,454</u>
Business-Type Activities:			
Water	2,132,996	249,523	\$ 2,382,519
Airport	191,353	16,021	207,374
Total AOPEBC - business-type activities	<u>\$ 2,324,349</u>	<u>\$ 265,544</u>	<u>\$ 2,589,893</u>
Total AOPEBC - government-wide	<u>\$ 151,324,936</u>	<u>\$ 14,731,411</u>	<u>\$ 166,056,347</u>

CITY OF NEW BEDFORD, MASSACHUSETTS

Notes to Financial Statements

June 30, 2016

Note 10. 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>
2017	\$ 1,698,599	\$ 276,654	\$ 1,975,253
2018	1,723,734	125,736	1,849,470
2019	1,607,898	-	1,607,898
2020	1,627,262	-	1,627,262
2021 - 2026	<u>13,522,578</u>	<u>-</u>	<u>13,522,578</u>
Minimum lease payments for all capital leases	\$ 20,180,071	\$ 402,390	\$ 20,582,461
Less: amount representing interest	<u>(3,491,580)</u>	<u>(12,251)</u>	<u>(3,503,831)</u>
Present value of net minimum lease payments	<u>\$ 16,688,491</u>	<u>\$ 390,139</u>	<u>\$ 17,078,630</u>

The following is a schedule of the changes in capital leases as of the year ended June 30, 2016:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Principal Payments</u>	<u>Interest Paid</u>	<u>Ending Balance</u>
<u>Governmental Activities</u>					
All American Investment Group - Sch. #5	\$ 79,846	\$ -	\$ 76,488	\$ 3,358	\$ -
All American Investment Group - Sch. #10	130,668	-	83,777	3,335	43,556
Oshkosh Capital / PNC	1,131,544	-	133,055	28,594	969,895
All American Investment Group - Sch. #17	209,389	-	78,214	5,542	125,633
All American Investment Group - Sch. #11	144,182	-	54,025	3,703	86,454
All American Investment Group - Sch. #16	149,299	-	46,045	3,955	99,299
Oshkosh Capital / PNC	1,331,991	-	129,871	36,628	1,165,492
All American Investment Group - Sch. #15	95,875	-	45,476	2,461	47,938
All American Investment Group - Sch. #14	67,361	-	31,952	1,729	33,680
All American Investment Group - Sch. #18	-	970,348	215,000	-	755,348
All American Investment Group - Sch. #19	-	169,813	84,906	-	84,907
All American Investment Group - Sch. #20	-	48,929	16,320	-	32,609
Master Energy Management Services Agreement - Siemens Industry, Inc. / First Niagara	-	16,735,260	-	-	16,735,260
Total Governmental Activities	<u>\$ 3,340,155</u>	<u>\$ 17,924,350</u>	<u>\$ 995,129</u>	<u>\$ 89,305</u>	<u>\$ 20,180,071</u>
<u>Business-Type Activities</u>					
All American Investment Group - Sch. #11	\$ 336,421	\$ -	\$ 126,058	\$ 8,642	\$ 201,721
All American Investment Group - Sch. #13	166,477	-	78,966	4,273	83,238
All American Investment Group - Sch. #20	-	173,552	56,121	-	117,431
Total Business-Type Activities	<u>\$ 502,898</u>	<u>\$ 173,552</u>	<u>\$ 261,145</u>	<u>\$ 12,915</u>	<u>\$ 402,390</u>
<u>Total Governmental and Business-Type Activities</u>	<u>\$ 3,843,053</u>	<u>\$ 18,097,902</u>	<u>\$ 1,256,274</u>	<u>\$ 102,220</u>	<u>\$ 20,582,461</u>

CITY OF NEW BEDFORD, MASSACHUSETTS

Notes to Financial Statements

June 30, 2016

Note 10. Other Commitments (continued)

Capital Leases (continued)

Master Energy Management Services Agreement

On May 17, 2015, the City entered into a Master Energy Management Services Agreement (Agreement) with Siemens Industry, Inc., an energy service company, or ESCO, for the design, implementation, and monitoring of conservation and facilities improvement measures at various municipal and school facilities, together with initial task orders totaling \$14,433,059. As part of the Agreement, Siemens guaranteed energy savings of 3.6 million kilowatt hours of electricity, 110,000 therms of natural gas, and 102,000 gallons of fuel annually for the 15-year performance period under the initial task orders, for a total estimated savings of \$15.3 million over the term of the Agreement.

Initial task orders will be funded through a \$13,505,000 lease-purchasing agreement (Lease) dated October 8, 2015 between the City (Lessee) and First Niagara Leasing, Inc (Lessor), which transfers ownership of all leased property to the City at the end of its 15-year term. The Lease will be amortized over 29 semi-annual payments that include interest at the rate of 2.68% per annum, plus an initial interest-only payment of \$332,778, which the City made on October 1, 2016. Interest to be paid over the life of the lease will total \$3,230,260.

The City has accounted for the arrangement as a capital lease under GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. Accordingly, the City recorded a capital asset for \$13,505,000 at the beginning of the lease term of minimum lease payments per GASB Statement No. 62, paragraph 216 and is depreciating that asset over the life of the agreement.

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, 2016, future minimum rental payments under operating leases that have initial or remaining non-cancellable lease terms are immaterial.

CITY OF NEW BEDFORD, MASSACHUSETTS

Notes to Financial Statements

June 30, 2016

Note 11. 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, 2016

Note 11. 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 12. 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 2015 calendar year have not been received.

Note 13. 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 14. Debt

A. Primary Government

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

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

CITY OF NEW BEDFORD, MASSACHUSETTS

Notes to Financial Statements

June 30, 2016

Note 14. Debt (Continued)

A. Primary Government (Continued)

The City issued Bond Anticipation Notes, dated May 3, 2016 for the purposes noted on the following page.

B. Defeasance of Debt

Advance refundings 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 2016, a deferred asset (now classified as a “deferred outflow of resources”) remains of \$201,070 in the government-wide statement of net-position to be fully amortized by the year 2019 (the year in which the defeased debt would have matured).

CITY OF NEW BEDFORD, MASSACHUSETTS

Notes to Financial Statements

June 30, 2016

Note 14. Debt (continued)

The City has the following bond anticipation notes (BANs) payable outstanding at June 30, 2016:

	<u>Beginning Balance</u>	<u>Additions/ Renewals</u>	<u>Retirements</u>	<u>Ending Balance</u>	<u>Issuance Date</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Interest Paid</u>
Capital Projects:								
BAN - Keith School Project	\$ 660,485	\$ -	\$ 660,485	\$ -	02/06/15	02/05/16	1.25%	\$ 8,233
BAN - Management Information System	1,000,000	-	1,000,000	-	02/06/15	02/05/16	1.25%	12,465
BAN - Harborwalk	344,000	-	344,000	-	02/06/15	02/05/16	1.25%	4,288
BAN - Hannigan School Feasibility Study	750,000	-	750,000	-	02/06/15	02/05/16	1.25%	9,349
BAN - SCADA System	1,850,000	-	1,850,000	-	02/06/15	02/05/16	1.25%	2,493
BAN - Airport Improvements	1,606,137	-	1,606,137	-	02/06/15	02/05/16	1.25%	23,061
BAN - Repairs/Renovations to City Buildings	5,867,000	-	5,867,000	-	02/06/15	02/05/16	1.25%	20,021
BAN - Soil Remediation at High School	200,000	-	200,000	-	02/06/15	02/05/16	1.25%	73,134
BAN - High School Improvements	5,287,036	1,232,882	5,287,036	1,232,882	05/03/16	05/03/17	1.82%	65,904
BAN - Energy Efficiency Improvements	4,700,000	-	4,700,000	-	02/06/15	02/05/16	1.25%	58,587
BAN - Taylor School at SeaLab Construction	6,250,000	4,831,000	6,250,000	4,831,000	05/03/16	05/03/17	1.82%	82,292
BAN - City Building Repairs	4,970,000	4,970,000	4,970,000	4,970,000	05/03/16	05/03/17	1.82%	65,438
BAN - High School Soil Remediation	-	78,962	78,962	-	02/05/16	05/03/16	0.88%	116
BAN - High School Improvements	-	1,232,882	1,232,882	-	02/05/16	05/03/16	0.88%	1,808
BAN - Hannigan School Demolition & PreK-5 Construction	-	11,256,000	-	11,256,000	05/03/16	05/03/17	1.82%	-
BAN - School Repair Projects	-	2,850,000	-	2,850,000	05/03/16	05/03/17	1.82%	-
BAN - Elm Street Parking Garage Reconstruction	-	3,170,000	-	3,170,000	05/03/16	05/03/17	1.82%	-
BAN - City-Owned Building Repairs	-	5,509,000	-	5,509,000	05/03/16	05/03/17	1.82%	-
Total Capital Projects	<u>\$ 33,484,658</u>	<u>\$ 35,130,726</u>	<u>\$ 34,796,502</u>	<u>\$ 33,818,882</u>				<u>\$ 427,189</u>
Total Primary Government	<u>\$ 33,484,658</u>	<u>\$ 35,130,726</u>	<u>\$ 34,796,502</u>	<u>\$ 33,818,882</u>				<u>\$ 427,189</u>

CITY OF NEW BEDFORD, MASSACHUSETTS

Notes to Financial Statements

June 30, 2016

Note 14. Debt (Continued)

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

	Maturity Dates	Beginning Balance	Additions	Advance Refunding Net of Refunding	City Retirements	State Subsidies	Ending Balance	Balance Due in 2017
Governmental Activities								
4.25-5.00% G.O. Bond	10/14/98-10/01/18	\$ 971,000	\$ -	\$ -	\$ 226,000	\$ -	\$ 745,000	\$ 238,000
4.25-5.00% G.O. Bond	10/14/98-10/01/18	1,544,000	-	-	390,000	-	1,154,000	2,619,000
4.25-5.50% G.O. Bond	05/01/02-05/01/21	19,446,000	-	-	2,970,000	-	16,476,000	3,052,000
4.25-6.00% Revenue Refunding Bond	02/01/97-02/01/16	270,000	-	-	2,785	267,215	-	-
4.00-5.25% Revenue Bond	02/01/98-02/01/99	72,860,000	-	-	2,820,058	2,669,942	67,370,000	5,920,000
4.00-6.00% Revenue Bond	08/01/01-08/01/31	3,725,000	-	-	147,144	32,856	3,545,000	185,000
HUD 108 - 2003-A	02/01/04-08/01/22	845,000	-	-	105,000	-	740,000	105,000
3.125-5.00% State Qualified G.O. Bond	03/15/06-09/15/25	585,000	-	-	585,000	-	-	-
.85% Revenue Bond	07/15/06-07/15/25	360,889	-	-	29,627	-	331,262	30,225
.85% Revenue Bond	02/15/07-02/15/27	4,086,610	-	-	153,009	-	3,933,601	156,581
Pool 11 MWPAT 03-36A	03/18/09-07/15/35	500,065	-	-	18,493	-	481,572	18,946
General Obligation State Qualified Bond	02/15/07-02/15/27	2,185,000	-	-	1,080,000	-	1,105,000	1,105,000
General Obligation Series A Bonds	02/14/08-10/01/27	9,925,000	-	(1,200,000)	665,000	-	8,060,000	580,000
General Obligation Series A Bonds	02/14/08-10/01/22	2,445,000	-	(1,874,146)	340,854	-	230,000	230,000
General Obligation State Qualified 2010	02/11/10-06/30/35	2,485,000	-	-	315,000	-	2,170,000	320,000
General Obligation State Qualified	03/18/09-07/15/28	510,000	-	-	95,000	-	415,000	100,000
2.4 % Revenue Bond	07/08/10-07/15/40	5,995,325	-	-	168,086	-	5,827,239	172,789
General Obligation State Series A Bonds	06/14/12-06/30/32	2,225,000	-	-	170,000	-	2,055,000	160,000
General Obligation State Series B Series	06/14/12-06/30/32	4,100,000	-	-	175,000	-	3,925,000	180,000
MWPAT Series 16 CWS-09-12-A	06/13/12-01/15/43	9,932,918	-	-	247,288	-	9,685,630	253,599
General Obligation State Qualified	02/07/13-06/30/33	3,205,000	-	-	185,000	-	3,020,000	185,000
GO State Qualified School Project Loan, Ch 70B	02/06/14-06/30/39	9,880,000	-	-	250,000	-	9,630,000	260,000
General Obligation State Qualified	03/05/15-12/01/42	7,948,000	-	-	438,000	-	7,510,000	375,000
General Obligation Bonds Refunding	10/16/14-02/15/27	11,931,800	-	-	576,700	-	11,355,100	815,000
MCWT CWP-14-19	02/11/16-01/16/46	-	8,063,124	-	-	-	8,063,124	181,245
Municipal Purpose Loan of 2016 Bonds	02/04/16-06/30/44	-	13,955,000	-	-	-	13,955,000	1,015,000
Compensated absences	N/A	16,498,079	-	-	833,481	-	15,664,598	5,482,609
Capital leases (incl interest)	N/A	3,043,001	14,640,616	-	995,126	-	16,688,491	1,698,599
Total Governmental Activities		\$ 197,502,687	\$ 36,658,740	\$ (3,074,146)	\$ 13,981,651	\$ 2,970,013	\$ 214,135,617	\$ 25,438,593

CITY OF NEW BEDFORD, MASSACHUSETTS

Notes to Financial Statements

June 30, 2016

Note 14. Debt (Continued)

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

	<u>Maturity Dates</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Advance Refunding Net of Refunding</u>	<u>City Retirements</u>	<u>State Subsidies</u>	<u>Ending Balance</u>	<u>Balance Due in 2017</u>
Business-Type Activities								
General Obligation State Qualified	02/07/13-06/30/33	\$ 745,000	\$ -	\$ -	\$ 35,000	\$ -	\$ 710,000	\$ 35,000
Municipal Purpose Loan of 2016 Bonds	02/04/16-06/30/44	-	307,000	-	-	-	307,000	7,000
Compensated absences	N/A	34,561	-	-	-	-	34,561	12,096
Capital leases (incl interest)	N/A	-	-	-	-	-	-	-
Total Airport Enterprise		<u>779,561</u>	<u>307,000</u>	<u>-</u>	<u>35,000</u>	<u>-</u>	<u>1,051,561</u>	<u>54,096</u>
Compensated absences		-	46,535	-	-	-	46,535	16,287
Capital leases (incl interest)		<u>322,252</u>	<u>-</u>	<u>-</u>	<u>126,058</u>	<u>-</u>	<u>196,194</u>	<u>129,830</u>
Total Downtown Parking Enterprise		<u>322,252</u>	<u>46,535</u>	<u>-</u>	<u>126,058</u>	<u>-</u>	<u>242,729</u>	<u>146,117</u>
4.00-6.00% G.O. Bond	04/15/96-04/15/13	-	-	-	-	-	-	-
4.25-5.50% G.O. Bond	05/01/02-05/01/21	639,000	-	-	109,000	-	530,000	108,000
.85% Revenue Bond	08/01/03-08/01/24	376,617	-	-	30,142	12,270	334,205	44,108
.85% Revenue Bond	08/01/03-08/01/24	745,000	-	-	59,052	20,948	665,000	85,000
.85% Revenue Bond	02/01/05-08/01/24	1,235,000	-	-	105,000	-	1,130,000	110,000
.85% Revenue Bond	02/01/05-08/01/24	2,428,675	-	-	204,888	-	2,223,787	214,883
2% MWPAT Bond	12/14/06 - 7/15/26	264,658	-	-	19,710	-	244,948	20,108
2% MWPAT Bond	12/14/06-07/15/26	3,920,250	-	-	291,961	-	3,628,289	297,859
.85% Revenue Bond	12/14/06-07/15/26	5,934,744	-	-	371,025	-	5,563,719	378,521
General Obligation State Qualified 2010	03/18/09-07/15/28	9,210,000	-	-	310,000	-	8,900,000	320,000
MWPAT Series 16 DW-09-23	06/13/12-01/15/33	1,754,514	-	-	80,689	-	1,673,825	82,443
General Obligation Bonds Refunding	10/16-14-2/15-27	363,200	-	-	363,200	-	-	-
Compensated absences	N/A	398,318	8,693	-	-	-	407,011	142,454
Capital leases (incl interest)	N/A	<u>160,040</u>	<u>168,993</u>	<u>-</u>	<u>135,687</u>	<u>-</u>	<u>193,346</u>	<u>136,780</u>
Total Water Enterprise		<u>27,430,016</u>	<u>177,686</u>	<u>-</u>	<u>2,080,354</u>	<u>33,218</u>	<u>25,494,130</u>	<u>1,940,156</u>
Total Business-Type Activities		<u>\$ 28,531,829</u>	<u>\$ 531,221</u>	<u>\$ -</u>	<u>\$ 2,241,412</u>	<u>\$ 33,218</u>	<u>\$ 26,788,420</u>	<u>\$ 2,140,369</u>
Total Government-Wide		<u>\$ 226,034,516</u>	<u>\$ 37,189,961</u>	<u>\$ (3,074,146)</u>	<u>\$ 16,223,063</u>	<u>\$ 3,003,231</u>	<u>\$ 240,924,037</u>	<u>\$ 27,578,962</u>

CITY OF NEW BEDFORD, MASSACHUSETTS

Notes to Financial Statements

June 30, 2016

Note 14. Debt (Continued)

Debt service requirements to maturity:

Fiscal Year Ended June 30,	Total Principal	Total Interest	Total Debt	Less: MSBA Roosevelt Jr. High School Grant Payments (Principal)	Less: Total Subsidized Payments MWPAT Principal (Sewer)	Less: Total Subsidized Payments MWPAT Principal (Water)	Less: Total Subsidized Payments MWPAT Interest (Total)	Total City Debt Service (including interest cost)
2017	\$ 17,912,687	\$ 7,932,283	\$ 25,844,970	\$ 2,415,527	\$ 2,902,001	\$ 35,523	\$ 2,937,524	\$ 20,491,919
2018	17,601,609	6,858,087	24,459,696	2,415,527	2,996,220	37,792	3,034,012	19,010,157
2019	18,405,049	6,187,051	24,592,100	2,415,527	3,088,870	39,559	3,128,429	19,048,144
2020	18,079,325	5,413,104	23,492,429	2,415,527	3,186,369	42,521	3,228,890	17,848,012
2021	17,914,462	4,641,303	22,555,765	2,415,527	3,282,267	44,380	3,326,647	16,813,591
2022	14,435,475	3,873,498	18,308,973	-	3,400,473	49,946	3,450,419	14,858,554
2023	14,032,390	3,302,672	17,335,062	-	3,498,309	61,375	3,559,684	13,775,378
2024	13,995,933	2,733,927	16,729,860	-	3,604,095	22,062	3,626,157	13,103,703
2025	14,063,010	2,127,504	16,190,514	-	3,785,750	29,237	3,814,987	12,375,527
2026	13,176,202	1,811,470	14,987,672	-	3,848,606	-	3,848,606	11,139,066
2027	4,908,411	1,465,454	6,373,865	-	66,255	-	66,255	6,307,610
2028	3,886,386	1,325,750	5,212,136	-	70,758	-	70,758	5,141,378
2029	3,893,683	1,199,984	5,093,667	-	75,345	-	75,345	5,018,322
2030	3,520,938	1,076,286	4,597,224	-	80,099	-	80,099	4,517,125
2031	3,550,094	954,784	4,504,878	-	85,026	-	85,026	4,419,852
2032	3,244,967	836,374	4,081,341	-	-	-	-	4,081,341
2033	2,915,579	726,638	3,642,217	-	-	-	-	3,642,217
2034	2,823,120	633,993	3,457,113	-	-	-	-	3,457,113
2035	2,897,675	540,592	3,438,267	-	-	-	-	3,438,267
2036	2,287,967	444,123	2,732,090	-	-	-	-	2,732,090
2037	2,084,878	379,391	2,464,269	-	-	-	-	2,464,269
2038	2,145,147	314,896	2,460,043	-	-	-	-	2,460,043
2039	2,211,055	247,886	2,458,941	-	-	-	-	2,458,941
2040	1,642,619	191,842	1,834,461	-	-	-	-	1,834,461
2041	1,694,853	146,857	1,841,710	-	-	-	-	1,841,710
2042	1,419,056	104,123	1,523,179	-	-	-	-	1,523,179
2043	1,460,065	64,073	1,524,138	-	-	-	-	1,524,138
2044	740,822	31,282	772,104	-	-	-	-	772,104
2045	370,142	17,596	387,738	-	-	-	-	387,738
2046	379,702	9,113	388,815	-	-	-	-	388,815
2047	-	-	-	-	-	-	-	-
	\$ 207,693,301	\$ 55,591,936	\$ 263,285,237	\$ 12,077,635	\$ 33,970,443	\$ 362,395	\$ 34,332,838	\$ 216,874,764

CITY OF NEW BEDFORD, MASSACHUSETTS

Notes to Financial Statements

June 30, 2016

Note 14. 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 \$34,332,838 and interest costs totaling \$12,279,298. The principal subsidies are guaranteed and therefore a \$34,332,838 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, 2016, principal and interest subsidies from the MWPAT totaled \$3,003,231 and \$2,387,105, 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, 2015, the principal and interest subsidies from the MWPAT totaled \$3,045,458 and \$2,495,947, respectively.

The following is a summary of MWPAT principal subsidies at June 30, 2016 by loan agreement:

	Wastewater Special Revenue	Water Enterprise	Total
Federal Loan 1998	\$ 33,038,902	\$ -	\$ 33,038,902
Series 6 99-26	600,677	-	600,677
Series 6 98-141	330,864	-	330,864
Total Governmental Activities	33,970,443	-	33,970,443
Series 8 DW 00-12	-	101,018	101,018
Pool 9 DW 00-12A	-	193,892	193,892
Pool 10 DW 02-13	-	22,696	22,696
Pool 10 DW 02-20	-	44,789	44,789
Total Business-Type Activities	-	362,395	362,395
Total Government-Wide	\$ 33,970,443	\$ 362,395	\$ 34,332,838

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, 2016 principal in the amount of \$12,077,635 is due to the City under a reimbursement agreement under old School Building Authority rules. The principal subsidies are guaranteed and therefore a \$12,077,635 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, 2016, principal subsidies from the MSBA totaled \$2,415,527. On the modified accrual basis of accounting, the principal subsidies were recorded as revenue in the City’s general fund during fiscal year 2016. 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, 2015, the principal subsidies from the MSBA totaled \$2,415,192.

CITY OF NEW BEDFORD, MASSACHUSETTS

Notes to Financial Statements

June 30, 2016

Note 14. Debt (Continued)

Authorized & Unissued Debt:

The City had debt authorized but unissued at June 30, 2016 as follows:

<u>Purpose</u>	<u>Amount</u>
Governmental Projects	\$ 18,233,280
School Projects	174,720,409
Airport Projects	10,490,794
Water & Sewer Projects	<u>121,423,826</u>
Total	<u>\$ 324,868,309</u>

CITY OF NEW BEDFORD, MASSACHUSETTS

Notes to Financial Statements

June 30, 2016

Note 15. Fund Balance Classification Details

The components of fund balance for the City's governmental funds as of June 30, 2016 are as follows:

	<u>Major Funds</u>		<u>Non-Major Funds</u>			<u>Total</u>
	<u>General Fund</u>	<u>Wastewater</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Permanent Trusts</u>	
Fund Balances:						
Nonspendable:						
Long-term receivable - discretely presented component units	\$ 1,550,816	\$ -	\$ -	\$ -	\$ -	\$ 1,550,816
Corpus of cemetery perpetual care fund	-	-	-	-	4,016,748	4,016,748
Corpus of other endowment funds	-	-	-	-	1,110,663	1,110,663
Inventory	-	26,373	-	-	-	26,373
Restricted for:						
General government activity	-	-	1,848,327	582,318	7,768	2,438,413
Public safety operations	-	-	1,865,329	31,128	-	1,896,457
Educational purposes	-	-	6,875,973	210,432	658,220	7,744,625
Public works	-	-	706,816	488,363	-	1,195,179
Community housing and development	-	-	1,630,686	-	-	1,630,686
Culture and recreational purposes	-	-	4,414,904	7,385	1,989,456	6,411,745
Health and human services	-	-	242,718	-	317,539	560,257
Municipal airport	-	-	27,255	219,080	-	246,335
Wastewater debt service	-	2,346,661	-	-	-	2,346,661
Wastewater renewal and replacement	-	1,705,299	-	-	-	1,705,299

CITY OF NEW BEDFORD, MASSACHUSETTS

Notes to Financial Statements

June 30, 2016

Note 15. Fund Balance Classification Details (Continued)

The components of fund balance for the City’s governmental funds as of June 30, 2016 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>Permanent Trusts</u>	
Committed to:						
Economic stabilization	\$ 9,088,239	\$ -	\$ -	\$ -	\$ -	\$ 9,088,239
Public safety	-	-	75,207	-	-	75,207
Public works	-	-	771,022	-	-	771,022
Wastewater special projects	-	566,907	-	-	-	566,907
Wastewater operations	-	2,023,741	-	-	-	2,023,741
Assigned to:						
Encumbrances	26,106	5,967	-	-	-	32,073
Unassigned:	17,244,879	-	(47,013)	(19,696,733)	-	(2,498,867)
Total Net Position (Governmental Funds):	<u>\$ 27,910,040</u>	<u>\$ 6,674,948</u>	<u>\$ 18,411,224</u>	<u>\$ (18,158,027)</u>	<u>\$ 8,100,394</u>	<u>\$ 42,938,579</u>

At June 30, 2016, the balance of the stabilization funds (City and School) were \$9,088,239 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, 2016, 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, 2016

Note 16. 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, 2015 and June 30, 2016 totaled \$5,615,958 and \$6,429,062 (respectively) and were recorded as a liability in the government-wide financial statements. The City estimated a current liability at June 30, 2016 of \$255,017 (3.5% of the estimated June 30, 2016 liability) based on historical analysis.

Note 17. Fund Deficits

The City had deficit fund balances present at June 30, 2016 in the following funds:

Capital Project Funds:

Elm Street Parking Garage	\$ 235,000
4.9M CIP Project	2,436,051
\$1M Building Improvements	119,345
School ARP 18.1M	1,042,816
Taylor at SeaLab 12.5M	3,972,609
Hannigan Feasibility / Construction	2,158,942
Hazelwood Park	11,215
Transmission Main Project	7,162,564
Coggeshall St SRF	610,235
WW & Stormwater Phase 2	1,627,000
NBHS Solar Park Bond	38,676
4.2M Bond Software	105,144
4.2M Bond Hardware	35,658
Taxiway A 4.6M Bond	<u>141,478</u>
Total Capital Project Fund Deficits:	<u>\$ 19,696,733</u>
Deficits to be funded by future long-term debt issuances:	19,364,562
Deficits to be funded by future Federal and State grant funding:	<u>332,171</u>
Net Capital Project Fund Deficits at June 30, 2016:	<u>\$ -</u>

Additionally, the other special revenue, city grants, school grants and community development funds had total deficits of \$516, \$6,441, \$38,427 and \$1,629 (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, 2016

Note 18. Risk Management

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

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

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

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

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

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

Changes in the self insurance liability for the year ended June 30, 2016 is as follows:

Health Claims, July 1, 2015	\$ 3,824,940
Incurred Claims	49,133,569
Payments of claims attributable to events of the fiscal year:	
Health	(49,805,772)
Health Claims, June 30, 2016	<u>\$ 3,152,737</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, there are two pending claims exceeding \$100,000, individually or in the aggregate, that are probable and estimable.

The first claim involves a dispute with AFSCME. In 2011, the City and AFSCME Council 93, AFL-CIO both appealed a decision of the Commonwealth Employee Relations Board (CERB) to the Massachusetts Appeals Court regarding furloughs imposed upon union members. In November 2016, the City learned that it lost its appeal and that it would owe union members a total of approximately \$1.8 million. The City accrued \$1.8 million in its government-wide financial statements as a result of its loss in the appellate court to the union.

The City has also been informed of a claim by the United States Environmental Protection Agency (EPA) for reimbursement of remediation costs EPA says it incurred in the vicinity of the Parker Street Waste Site. The EPA states that its remediation costs were approximately \$18 million. The mayor and the EPA have negotiated a tentative settlement of \$1.6 million. This settlement must be finally approved by the New Bedford City Council, the EPA, and the United States Department of Justice. The City accrued \$1.6 million in its government-wide financial statements as a result of the negotiated tentative settlement amount.

CITY OF NEW BEDFORD, MASSACHUSETTS

Notes to Financial Statements

June 30, 2016

Note 19. Subsequent Events

For the purposes of determining the effects of subsequent events on these financial statements, management has evaluated events which have occurred subsequent to June 30, 2016, and through March 30, 2017, the date on which the financial statements were available to be issued. The following represents these subsequent events:

On October 13, 2016, the City Council voted to approve the authorization to enter into a five (5) year lease for the purchase of five (5) trucks, a bucket truck, a backhoe, a Bobcat, one chipper and two sander inserts for existing vehicles. Also on October 13, 2016, the City Council voted to appropriate \$2,000,000 from the Water Stabilization Fund to be transferred into “water capital outlay”.

On November 22, 2016, the City Council voted to approve the authorization to enter an eight (8) year lease for the purchase of two (2) Pierce Arrow XT Pumpers. The City Council and Mayor also approved the policy entitled “Other Post-Employment Benefits Trust Fund” for the purposes of establishing guidelines for the management of the City’s OPEB liability.

Also on November 22, 2016, the City Council voted to approve two separate bond authorizations. The first authorization, in the amount of \$63,000,000, is appropriated for the purpose of financing the construction of water distribution and treatment systems improvements including Quittacas Water Treatment Plant Upgrades consisting of repairs and replacement of the electrical system, High Hill Reservoir Upgrades including structural repairs to the reservoir and its roof and other upgrades, a Lead Service Abatement Program to replace lead service lines in the City for public health purposes, a water meter replacement and fixed-network AMI program including testing, repair and replacement of meter reading and other equipment, and general system improvements. The second authorization, in the amount of \$25,000,000, is appropriated for the purpose of financing the costs of projects outlined in the City’s Long-Term CSO Control and Integrated Capital Improvements Plan including Supplemental Integrated Capital Planning, Wastewater Collection System Improvements consisting of improvements to interceptor and collector sewers and improvements to the Shawmut Avenue and MacArthur Drive Sewers, Pumping Station Improvements consisting of improvements at the Front Street and Merrimac Street Pumping Stations, a Wastewater Collection System Investigation Program including field investigations and design recommendations for outlining conveyance system improvements for the next 20- years, MS4 Permit Compliance and Reporting including field mapping and preparation of planning documents, and general system improvements.

On December 8, 2016, the City Council voted to (1) appropriate \$100,000 of the Airport Enterprise Fund’s free cash to the Airport Stabilization Fund and (2) to appropriate an additional \$150,000 to the Airport “capital outlay” account. Also on December 8, 2016 the City Council voted to appropriate \$700,000 of General Fund free cash to provide for the payment of current expenses and to balance the budget for the fiscal year 2017 at the approved fiscal year 2017 tax rates. As a result of this vote, the portion raised by “Ordinary Revenue and Municipal Receipts” was reduced by \$700,000.

On January 12, 2017, the City Council voted to appropriate \$8,336,514 for the purposes of paying the costs of repairs to the John Avery Parker Elementary School consisting of the replacement of windows and doors, the abatement of hazardous materials, handicap accessibility improvements, and a new fire protection system, including the payment of all costs incidental or related thereto. The treasurer is authorized to borrow such amount under MGL Ch. 44 Section 70B. The City has also applied for a grant for this project from the Massachusetts School Building Authority (“MSBA”).

CITY OF NEW BEDFORD, MASSACHUSETTS

Notes to Financial Statements

June 30, 2016

Note 19. Subsequent Events (continued)

On February 23, 2017, the City Council voted to appropriate \$5,039,280 to pay costs of remodeling, reconstructing and making extraordinary repairs to the Elm Street Parking Garage, including structural repairs and stabilization, façade and lobby improvements, lighting and security upgrades, installation of auto pay units, door and window replacement, resurfacing and installation of the fire protection system, and for the payment of all costs incidental and related thereto.

On March 9, 2017, the City Council voted to transfer from free cash the following: \$270,000 to the OPEB trust fund, \$900,000 to the School Department (Other Financing Uses), \$200,000 to the Police Department Capital Outlay account, \$200,000 to the Public Infrastructure Capital Outlay account, and \$40,000 to the Tourism Department Charges and Services account.

CITY OF NEW BEDFORD, MASSACHUSETTS

Notes to Financial Statements

June 30, 2016

Note 20. Future Implementation of GASB Pronouncements

The GASB has issued the following 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 is currently evaluating the potential impact that the implementation of this Statement will have on the basic financial statements.
- GASB Statement No. 77, *Tax Abatement Disclosures*, which is required to be implemented during 2017. Management does not believe the implementation of this Statement will materially impact the basic financial statements.
- GASB Statement No. 78, *Pensions Provided Through Certain Multiple-Employer Defined Benefit Pension Plans*, which is required to be implemented during 2017. Management does not believe the implementation of this Statement will materially impact the basic financial statements.
- GASB Statement No. 80, *Blending Requirements for Certain Component Units*, which is required to be implemented during 2017. Management does not believe the implementation of this Statement will materially impact the basic financial statements.
- GASB Statement No. 81, *Irrevocable Split-Interest Agreements*, which is required to be implemented during fiscal year 2018. Management does not believe the implementation of this Statement will materially impact the basic financial statements.
- GASB Statement No. 82, *Pension Issues – an amendment of GASB Statements No. 67, No. 68, and No. 73*, which is required to be implemented during fiscal year 2017. Management is currently evaluating the potential impact that the implementation of this Statement will have on the basic financial statements.
- GASB Statement No. 83, *Certain Asset Retirement Obligations*, which is required to be implemented during fiscal year 2019. Management does not believe the implementation of this Statement will materially impact the basic financial statements.

These pronouncements will be implemented by their respective implementation dates.

CITY OF NEW BEDFORD, MASSACHUSETTS

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

For the Year Ended June 30, 2016

	Original Budget		Additional Appropriations and Transfers	Total Budgeted	Actual	Encumbrances Carried Forward	Variance Favorable (Unfavorable)
	Encumbrances Carried Forward	Budget As Adopted					
Revenues:							
Tax collections net of refunds:							
Real estate and personal property taxes	\$ -	\$ 105,392,434	\$ 2,640,380	\$ 108,032,814	\$ 110,881,034	\$ -	\$ 2,848,220
Local Receipts:							
Motor vehicle excise	-	6,507,000	278,000	6,785,000	7,082,772	-	297,772
Other excise collections	-	1,658,000	(83,000)	1,575,000	1,569,079	-	(5,921)
Penalties and interest	-	1,469,300	(4,720)	1,464,580	2,820,472	-	1,355,892
Payments in lieu of taxes	-	310,000	(26,000)	284,000	266,764	-	(17,236)
Charges for services:							
Trash	-	2,000	24,000	26,000	1,365	-	(24,635)
Zoo	-	250,000	250,000	500,000	303,946	-	(196,054)
Other Fess & Rentals	-	357,500	(15,500)	342,000	372,778	-	30,778
Departmental:							
School	-	1,300,000	(257,300)	1,042,700	555,323	-	(487,377)
Parking	-	1,130,000	(285,400)	844,600	1,091,711	-	247,111
EMS	-	5,005,000	117,900	5,122,900	4,558,069	-	(564,831)
Health	-	3,175,000	(211,000)	2,964,000	1,520,336	-	(1,443,664)
Other	-	708,100	(130,600)	577,500	967,457	-	389,957
Cemetery	-	432,000	29,000	461,000	440,383	-	(20,617)
Fines and forfeitures	-	174,000	(18,000)	156,000	212,250	-	56,250
Licenses and permits	-	3,448,800	(650,500)	2,798,300	3,222,248	-	423,948
Indirect charges	-	1,100,000	355,000	1,455,000	646,482	-	(808,518)
Earnings on investments	-	70,000	(5,000)	65,000	103,173	-	38,173
Miscellaneous recurring	-	-	-	-	6,315	-	6,315
Miscellaneous non-recurring	-	15,000	979,000	994,000	881,605	-	(112,395)
Special assessments & betterments	-	400	(250)	150	-	-	(150)
Governmental revenue:							
Federal	-	20,000	(2,000)	18,000	16,678	-	(1,322)
State	-	156,937,537	(126,739)	156,810,798	157,180,580	-	369,782
Total revenues	\$ -	\$ 289,462,071	\$ 2,857,271	\$ 292,319,342	\$ 294,700,820	\$ -	\$ 2,381,478

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, 2016

	<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	\$ -	\$ 6,951,281	\$ 388,238	\$ 7,339,519	\$ 7,165,437	\$ 8,510	\$ 165,572
General government unclassified:	-	8,326,621	693,421	9,020,042	8,972,342	-	47,700
Public safety:							
Police	-	24,173,603	403,451	24,577,054	24,368,774	10,775	197,505
Fire	-	14,572,077	1,018,000	15,590,077	15,683,718	2,902	(96,543)
EMS	-	2,655,089	101,400	2,756,489	2,730,254	-	26,235
Inspector of Buildings	-	803,874	-	803,874	764,858	-	39,016
Traffic	-	442,567	8,140	450,707	393,271	-	57,436
Public works and facilities:							
Sanitation operations	-	774,576	-	774,576	774,576	-	-
Public infrastructure	7,369	3,974,757	399,866	4,381,992	4,289,160	3,920	88,912
Public facilities	-	7,345,984	51,000	7,396,984	7,055,909	-	341,075
Snow removal	-	250,000	154,384	404,384	401,852	-	2,532
Education:							
School department	1,136	124,231,902	1,138	124,234,176	124,231,902	-	2,274
Health & Human services	-	5,281,634	25,640	5,307,274	5,190,515	-	116,759
Culture and recreation	-	2,901,432	37,417	2,938,849	2,798,550	-	140,299
Zoo	-	1,382,043	-	1,382,043	1,345,499	-	36,544
Debt service	-	11,052,735	(220,000)	10,832,735	10,723,661	-	109,074
Health and Life Insurance	-	40,775,000	(1,432,384)	39,342,616	37,842,585	-	1,500,031
Pension	-	25,734,949	-	25,734,949	25,734,949	-	-
Intergovernmental expenditures	-	13,864,732	150,545	14,015,277	13,624,678	-	390,599
Total expenditures	\$ 8,505	\$ 295,494,856	\$ 1,780,256	\$ 297,283,617	\$ 294,092,490	\$ 26,107	\$ 3,165,020
Excess (deficiency) of revenues over expenditures:	\$ (8,505)	\$ (6,032,785)	\$ 1,077,015	\$ (4,964,275)	\$ 608,330	\$ (26,107)	\$ 5,546,498

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, 2016

	<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 (Includes Transfers From Stabilization)	\$ -	\$ -	\$ 797,386	\$ 797,386	\$ 515,982	\$ -	\$ (281,404)
Operating Transfers In - Enterprise Indirect Charges	-	4,532,785	-	4,532,785	3,909,244	-	(623,541)
Free cash	-	1,500,000	(1,574,401)	(74,401)	-	-	74,401
Overlay reserve	-	-	(300,000)	(300,000)	-	-	300,000
Total other financing sources and (uses)	-	6,032,785	(1,077,015)	4,955,770	4,425,226	-	(530,544)
Excess (deficiency) of revenues and other sources over expenditures and other uses	\$ (8,505)	\$ -	\$ -	\$ (8,505)	\$ 5,033,556	\$ (26,107)	\$ 5,015,954
Budgetary fund balance - beginning					11,907,872		
Budgetary fund balance - ending					\$ 16,941,428		

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, 2016

	<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	\$ -	\$ 19,877,012	\$ -	\$ 19,877,012	\$ 20,030,371	\$ -	\$ 153,359
Liens and penalties	-	315,299	-	315,299	478,581	-	163,282
Departmental and other	-	192,004	-	192,004	66,574	-	(125,430)
Special assessments	-	-	-	-	15,193	-	15,193
Earnings on investments	-	-	-	-	119,766	-	119,766
Total Revenues	-	20,384,315	-	20,384,315	20,710,485	-	326,170
Expenditures:							
Salaries and Wages	-	1,485,273	-	1,485,273	1,382,552	-	102,721
Charges for Services	-	9,273,800	-	9,273,800	9,178,759	5,968	89,073
Materials and Supplies	-	491,500	-	491,500	468,833	-	22,667
Capital Outlay	-	695,000	-	695,000	620,170	-	74,830
Debt Service	-	6,736,990	-	6,736,990	6,843,525	-	(106,535)
Total Expenditures	-	18,682,563	-	18,682,563	18,493,839	5,968	182,756
Excess (deficiency) of revenues over	-	1,701,752	-	1,701,752	2,216,646	(5,968)	508,926
Other financing sources and (uses):							
Operating transfers out - indirects	-	(1,701,752)	-	(1,701,752)	(1,606,647)	-	95,105
Total other financing sources and (uses)	-	(1,701,752)	-	(1,701,752)	(1,606,647)	-	95,105
Excess (deficiency) of revenues and other sources over expenditures and other uses	\$ -	\$ -	\$ -	\$ -	\$ 609,999	\$ (5,968)	\$ 604,031
Budgetary Fund Balance - beginning					3,329,483		
Budgetary Fund Balance - ending					<u>\$ 3,939,482</u>		

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, 2016

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, 2016 are as follows:

	<u>Governmental Funds</u>	
	<u>General Fund</u>	<u>Special Revenue Wastewater</u>
Revenues and other financing sources:		
GAAP Basis	\$ 318,731,182	\$ 20,710,485
Adjustments:		
Change in deferred revenue	-	-
MTRB on-behalf payments	(19,501,405)	-
Stabilization fund - income statement activity	(69,107)	-
Miscellaneous GAAP adjustments	(34,624)	-
Change in the allowance for bad debts	-	-
Change in long-term recievable (MWPAT)		
GAAP basis only	-	-
Transfer of governmental fund expenditures to enterprise capital assets - GAAP basis	-	-
Budgetary Basis	<u>\$ 299,126,046</u>	<u>\$ 20,710,485</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, 2016

Budgetary - GAAP Reporting Reconciliation (Continued)

	<u>Governmental Funds</u>	
	<u>General Fund</u>	<u>Special Revenue Wastewater</u>
Expenditures and other financing uses:		
GAAP Basis	\$ 314,062,190	\$ 20,109,445
Adjustments:		
MTRB on-behalf payments	(19,501,405)	-
Stabilization fund - income statement activity	(433,649)	-
Miscellaneous GAAP adjustments	(34,646)	-
Change in compensated absences	-	-
GAAP inventory adjustment	-	(8,959)
Principal paid on long-term debt	-	-
Additions to capital assets	-	-
Unbudgeted long-term debt acquired (GAAP only)	-	-
Depreciation expense	-	-
Change in accrued interest	-	-
Change in net pension liability (GAAP only)	-	-
Change in net OPEB liability (GAAP only)	-	-
Budgetary Basis	<u>\$ 294,092,490</u>	<u>\$ 20,100,486</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 2016, 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>2016</u>	<u>2015</u>
Total pension liability		
Service cost	\$ 10,680,565	\$ 10,369,481
Interest on liability and service cost	48,758,434	47,840,671
Differences between expected and actual experience	10,187,503	-
Changes in assumptions	(21,419,864)	-
Benefit payments, including refunds of employee contributions	(45,901,874)	(44,969,104)
Interest on benefit	<u>(1,745,509)</u>	<u>(1,710,039)</u>
Net change in total pension liability	559,255	11,531,009
Total pension liability - beginning	\$ 618,460,512	606,929,503
Total pension liability - ending (a)	<u>\$ 619,019,767</u>	<u>\$ 618,460,512</u>
Plan fiduciary net position		
Contributions - employer	\$ 29,758,906	\$ 28,253,951
Contributions - employee	9,305,456	8,457,273
Other payments	1,025,323	1,057,391
Net investment income	(3,014,143)	16,227,627
Benefit payments, including refunds of employee contributions	(45,901,874)	(44,969,104)
Administrative expense	(562,794)	(547,593)
Adjust assets to market value	<u>1,576,360</u>	<u>(1,992,203)</u>
Net change in plan fiduciary net position	(7,812,766)	6,487,342
Plan fiduciary net position - beginning	282,486,929	275,999,587
Plan fiduciary net position - ending (b)	<u>\$ 274,674,163</u>	<u>\$ 282,486,929</u>
System's net pension liability - ending (a) - (b)	<u>\$ 344,345,604</u>	<u>\$ 335,973,583</u>
Plan fiduciary net position as a percentage of the total pension liability	44.37%	45.68%
Covered-employee payroll	\$ 89,560,393	\$ 84,425,116
System's net pension liability as a percentage of covered employee payroll	384.48%	397.95%

** - 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>2016</u>	<u>2015</u>
City's proportion of the net pension liability (asset)	86.297%	86.477%
City's proportionate share of the net pension liability (asset)	\$ 299,409,245	\$ 288,816,402
City's covered employee payroll	\$ 77,287,856	73,420,569
City's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	387.39%	393.37%
Plan fiduciary net position as a percentage of the total pension liability	44.37%	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>2016</u>	<u>2015</u>
Actuarially determined contribution	\$ 29,758,906	\$ 28,253,951
System contributions in relation to the actuarially determined contribution	\$ 29,821,401	28,253,951
Contribution deficiency (excess)	<u>\$ (62,495)</u>	<u>\$ -</u>
Covered-employee payroll	\$ 89,560,393	\$ 84,425,116
Contributions as a percentage of covered-employee payroll	33.30%	33.47%

Notes to Schedule

Valuation Date:
 January 1, 2016

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>2016</u>	<u>2015</u>
City's contractually required contribution	\$ 25,734,949	\$ 24,433,112
City's contributions in relation to the contractually required contribution	\$ 25,734,949	24,433,112
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
City's covered-employee payroll	\$ 77,287,856	\$ 73,420,569
Contributions as a percentage of covered-employee payroll	33.30%	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, 2016

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, 2016
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 between 4.5% and 3.25% per year dependent on years of service.
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	0.2080	0.0150
10	0.0650	0.0150
20	0.0400	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-2014 Blue Collar Mortality with Scale MP-2014, fully generational. Mortality for retired members is represented by the RP-2000 Mortality Table.

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	0.036 - 1.00	0.11 - 1.00	0.014 - 1.00
(Hired on or after April 2, 2012)	50-70	0.00 - 1.00	0.000 - 1.00	0.007 - 1.00

See accompanying independent auditors' report

CITY OF NEW BEDFORD, MASSACHUSETTS

Required Supplementary Information
Contributory Retirement System

For the Valuation Dated January 1, 2016

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	0.00010	0.0005
30	0.00015	0.0009
40	0.00066	0.0025
50	0.00127	0.0076

In addition, it is assumed for the general employees that 20% of all disabilities are ordinary (80% are service connected). For police and fire employees, 5% of all disabilities are assumed to be ordinary (95% 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 2016 is \$1,500,000.

No changes in actuarial assumptions or benefit provisions that would significantly affect the valuation of the actuarial accrued liability occurred during fiscal year 2016.

CITY OF NEW BEDFORD, MASSACHUSETTS

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

For the Year Ended June 30, 2016

	<u>Original Budget</u>						
	<u>Encumbrances Carried Forward</u>	<u>Budget As Adopted</u>	<u>Additional Appropriations and Transfers</u>	<u>Available for Current Year Expenditures</u>	<u>Actual</u>	<u>Encumbrances Carried Forward</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:							
Charges for services	\$ -	\$ 11,391,188	\$ -	\$ 11,391,188	\$ 11,908,632	\$ -	\$ 517,444
Utility liens and penalties	-	85,000	-	85,000	243,076	-	158,076
Intergovernmental revenues	-	364,247	-	364,247	145,954	-	(218,293)
Other	-	1,500	-	1,500	92,430	-	90,930
Total Revenues	-	11,841,935	-	11,841,935	12,390,092	-	548,157
Expenditures:							
Salaries and wages	-	3,566,263	-	3,566,263	3,118,841	-	447,422
Charges for services	-	1,762,700	-	1,762,700	1,766,138	5,967	(9,405)
Materials and supplies	-	1,173,300	-	1,173,300	1,130,870	-	42,430
Capital outlay	-	115,000	610,000	725,000	555,557	-	169,443
Debt service	-	2,819,585	-	2,819,585	2,881,147	-	(61,562)
Total Expenditures	-	9,436,848	610,000	10,046,848	9,452,553	5,967	588,328
Excess (deficiency) of revenues over expenditures	-	2,405,087	(610,000)	1,795,087	2,937,539	5,967	1,136,485
Other financing sources and (uses):							
From Stabilization	-	-	610,000	610,000	610,000	-	-
Operating Transfers Out	-	(2,405,087)	-	(2,405,087)	(1,991,516)	-	413,571
Total other financing sources and (uses)	-	(2,405,087)	610,000	(1,795,087)	(1,381,516)	-	413,571
Excess (deficiency) of revenues and other sources over expenditures and other uses	\$ -	\$ -	\$ -	\$ -	\$ 1,556,023	\$ 5,967	\$ 1,550,056
Budgetary fund balance - beginning fund balance					1,377,399		
Budgetary fund balance - ending fund balance					<u>\$ 2,933,422</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, 2016

	<u>Original Budget</u>						
	<u>Encumbrances Carried Forward</u>	<u>Budget As Adopted</u>	<u>Additional Appropriations and Transfers</u>	<u>Available for Current Year Expenditures</u>	<u>Actual</u>	<u>Encumbrances Carried Forward</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:							
Charges for services	\$ -	\$ 772,960	\$ -	\$ 772,960	\$ 778,644	\$ -	\$ 5,684
Departmental	-	15,000	-	15,000	8,719	-	(6,281)
Total Revenues	-	787,960	-	787,960	787,363	-	(597)
Expenditures:							
Salaries and wages	-	352,413	(6,190)	346,223	296,259	-	49,964
Charges for services	-	124,854	-	124,854	124,810	-	44
Materials and supplies	-	44,400	-	44,400	17,059	-	27,341
Debt service	-	53,812	-	53,812	53,812	-	-
Indirect charges	-	197,481	6,190	203,671	178,710	-	24,961
Total Expenditures	-	772,960	-	772,960	670,650	-	102,310
Excess (deficiency) of revenues over expenditures	-	15,000	-	15,000	116,713	-	101,713
Other financing sources and (uses):							
Operating transfers out	-	(15,000)	-	(15,000)	(6,190)	-	8,810
Total other financing sources and (uses)	-	(15,000)	-	(15,000)	(6,190)	-	8,810
Excess (deficiency) of revenues and other sources over expenditures and other uses	\$ -	\$ -	\$ -	\$ -	\$ 110,523	\$ -	\$ 110,523
Budgetary Fund Balance - beginning of year					398,607		
Budgetary Fund Balance - end of year					<u>\$ 509,130</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, 2016

	<u>Original Budget</u>						
	<u>Encumbrances Carried Forward</u>	<u>Budget As Adopted</u>	<u>Additional Appropriations and Transfers</u>	<u>Available for Current Year Expenditures</u>	<u>Actual</u>	<u>Encumbrances Carried Forward</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:							
Charges for services	\$ -	\$ 875,520	\$ -	\$ 875,520	\$ 856,450	\$ -	\$ (19,070)
Other	-	12,000	-	12,000	12,986	-	986
Total Revenues	-	887,520	-	887,520	869,436	-	(18,084)
Expenditures:							
Salaries and Wages	-	303,055	-	303,055	281,668	-	21,387
Charges for Services	-	143,500	-	143,500	133,952	-	9,548
Materials and Supplies	-	25,000	-	25,000	7,021	-	17,979
Capital Outlay	-	135,000	-	135,000	134,700	-	300
Debt Service	-	52,500	-	52,500	8,642	-	43,858
Total Expenditures	-	659,055	-	659,055	565,983	-	93,072
Excess (deficiency) of revenues over expenditures	-	228,465	-	228,465	303,453	-	74,988
Other financing sources and (uses):							
Operating Transfers Out	-	(228,465)	-	(228,465)	(132,370)	-	96,095
Total other financing sources and (uses)	-	(228,465)	-	(228,465)	(132,370)	-	96,095
Excess (deficiency) of revenues and other sources over expenditures and other uses	\$ -	\$ -	\$ -	\$ -	\$ 171,083	\$ -	\$ 171,083
Budgetary Fund Balance - beginning					15,382		
Budgetary Fund Balance - ending					<u>\$ 186,465</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, 2016

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, 2016 are as follows:

	Proprietary Funds		
	Water	Non-Major	
		Airport	Downtown Parking
Revenues and other financing sources:			
GAAP Basis	\$ 14,022,896	\$ 787,363	\$ 869,436
Adjustments:			
Change in deferred revenue	(669,575)	-	-
MTRB on-behalf payments	-	-	-
Stabilization fund - income statement activity	(267,737)	-	-
Miscellaneous GAAP adjustments	-	-	-
Change in the allowance for bad debts	50,283	-	-
Change in long-term receivable (MWPAT)			
GAAP basis only	33,217	-	-
Transfer of governmental fund expenditures to enterprise capital assets - GAAP basis	(168,992)	-	-
Budgetary Basis	\$ 13,000,092	\$ 787,363	\$ 869,436

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, 2016

Budgetary - GAAP Reporting Reconciliation (continued)

	<u>Proprietary Funds</u>		
	<u>Water</u>	<u>Non-Major</u>	
		<u>Airport</u>	<u>Downtown Parking</u>
Expenditures and other financing uses:			
GAAP Basis	\$ 13,598,057	\$ 2,752,732	\$ 706,869
Adjustments:			
MTRB on-behalf payments	-	-	-
Stabilization fund - income statement activity	(610,000)	-	-
Miscellaneous GAAP adjustments	-	-	-
Change in compensated absences	(8,693)	-	(46,535)
GAAP inventory adjustment	(1,895)	-	-
Principal paid on long-term debt	1,977,885	35,000	-
Additions to capital assets	354,298	-	134,700
Unbudgeted long-term debt acquired (GAAP only)	-	(307,000)	-
Depreciation expense	(2,728,273)	(1,787,082)	(95,496)
Change in accrued interest	29,603	-	-
Change in net pension liability (GAAP only)	(917,390)	(789)	(1,185)
Change in net OPEB liability (GAAP only)	(249,523)	(16,021)	-
Budgetary Basis	<u>\$ 11,444,069</u>	<u>\$ 676,840</u>	<u>\$ 698,353</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, 2016

	<u>Operating</u>	<u>Special Projects</u>	<u>Debt Service</u>	<u>Total Wastewater</u>
ASSETS				
Cash	\$ 5,988,033	\$ 790,510	\$ 2,804,350	\$ 9,582,893
User charges receivable	2,149,722	-	-	2,149,722
Utility liens receivable	766,732	-	-	766,732
Special assessments receivable	102,912	-	-	102,912
Department receivables	76,900	-	-	76,900
Other receivables	40,000	2,237	-	42,237
Inventory	26,373	-	-	26,373
Prepaid expenses	457,691	-	-	457,691
Due from other funds	70,721	1,496	-	72,217
	<hr/>	<hr/>	<hr/>	<hr/>
Total assets	9,679,084	794,243	2,804,350	13,277,677
DEFERRED OUTFLOWS OF RESOURCES				
None	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total deferred outflows of resources	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total assets and deferred outflows of resources	<u>\$ 9,679,084</u>	<u>\$ 794,243</u>	<u>\$ 2,804,350</u>	<u>\$ 13,277,677</u>
LIABILITIES:				
Warrants payable	574,376	-	-	574,376
Accounts payable and accrued expenses	697,507	206,407	-	903,914
Deposits held	50,135	-	457,689	507,824
Other liabilities	28,520	-	-	28,520
Due to other funds	1,485,718	20,929	-	1,506,647
	<hr/>	<hr/>	<hr/>	<hr/>
Total liabilities	2,836,256	227,336	457,689	3,521,281
DEFERRED INFLOWS OF RESOURCES				
Deferred user fees, fines and charges for services	3,081,448	-	-	3,081,448
	<hr/>	<hr/>	<hr/>	<hr/>
Total deferred inflows of resources	3,081,448	-	-	3,081,448
NET POSITION				
Nonspendable	26,373	-	-	26,373
Restricted	1,705,299	-	2,346,661	4,051,960
Committed	2,023,741	566,907	-	2,590,648
Assigned	5,967	-	-	5,967
Unassigned	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total net position	3,761,380	566,907	2,346,661	6,674,948
	<hr/>	<hr/>	<hr/>	<hr/>
Total liabilities, deferred inflows of resources and net position	<u>\$ 9,679,084</u>	<u>\$ 794,243</u>	<u>\$ 2,804,350</u>	<u>\$ 13,277,677</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, 2016

	<u>Operating</u>	<u>Special Projects</u>	<u>Debt Service</u>	<u>Total Wastewater</u>
Revenues:				
Utility usage charges	\$ 20,030,371	\$ -	\$ -	\$ 20,030,371
Liens and penalties	478,581	-	-	478,581
Departmental	6,136	-	-	6,136
Intergovernmental revenues	57,258	18,403	5,244,601	5,320,262
Special assessments	15,193	-	-	15,193
Investment income	119,766	907	925	121,598
Other	3,180	-	-	3,180
	<hr/>	<hr/>	<hr/>	<hr/>
Total revenues	20,710,485	19,310	5,245,526	25,975,321
	<hr/>	<hr/>	<hr/>	<hr/>
Expenditures:				
Salaries	1,382,552	-	-	1,382,552
Charges and services	9,178,759	107,823	-	9,286,582
Supplies and materials	477,791	-	-	477,791
Capital outlay	620,170	1,370,081	-	1,990,251
Debt admin fees	145,999	-	-	145,999
Principal paid on debt	1,063,300	-	6,556,503	7,619,803
Interest paid on debt	297,007	-	3,788,825	4,085,832
	<hr/>	<hr/>	<hr/>	<hr/>
Total expenditures	13,165,578	1,477,904	10,345,328	24,988,810
	<hr/>	<hr/>	<hr/>	<hr/>
Excess (deficiency) of revenues over expenditures	7,544,907	(1,458,594)	(5,099,802)	986,511
Transfers in	-	59,713	5,215,727	5,275,440
Transfers (out)	(6,943,866)	-	-	(6,943,866)
	<hr/>	<hr/>	<hr/>	<hr/>
Excess (deficiency) of revenues and other sources over expenditures and other uses	601,041	(1,398,881)	115,925	(681,915)
Net position - beginning of year	3,160,339	1,965,788	2,230,736	7,356,863
	<hr/>	<hr/>	<hr/>	<hr/>
Net position - end of year	\$ 3,761,380	\$ 566,907	\$ 2,346,661	\$ 6,674,948
	<hr/>	<hr/>	<hr/>	<hr/>

See accompanying independent auditors' report

CITY OF NEW BEDFORD, MASSACHUSETTS

Supplementary Information
Non-Major Governmental Funds
Combining Balance Sheet

June 30, 2016

	Highway Improvements	Revolving	Reserve for Appropriation	Donations	City Grants	School Grants	Community Development	Total Special Revenue
ASSETS								
Cash and investments	\$ (456,742)	\$ 7,909,300	\$ 2,486,358	\$ 253,337	\$ 5,869,638	\$ (224,053)	\$ 1,335,623	\$ 17,173,461
Federal and state grants receivable	899,524	1,761,362	-	-	1,845,063	919,119	373,055	5,798,123
Loan receivables	-	-	-	-	-	-	20,802,259	20,802,259
Due from other funds	-	-	-	-	-	-	1,339	1,339
Receivable, other	-	17,731	49,145	-	55,250	40,127	-	162,253
Land inventory	-	-	-	-	-	-	246,918	246,918
Total assets	<u>442,782</u>	<u>9,688,393</u>	<u>2,535,503</u>	<u>253,337</u>	<u>7,769,951</u>	<u>735,193</u>	<u>22,759,194</u>	<u>44,184,353</u>
DEFERRED OUTFLOWS OF RESOURCES								
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>442,782</u>	<u>9,688,393</u>	<u>2,535,503</u>	<u>253,337</u>	<u>7,769,951</u>	<u>735,193</u>	<u>22,759,194</u>	<u>44,184,353</u>
LIABILITIES								
Warrants payable	-	217,396	-	-	892,044	-	-	1,109,440
Accounts payable and accrued expenses	371,375	207,080	-	2,529	379,413	321,311	311,297	1,593,005
Due to state or federal government	-	-	-	-	-	209	-	209
Due to other funds	-	-	-	(56)	49,278	-	381	49,603
Other liabilities	-	-	-	-	-	-	16,200	16,200
Total liabilities	<u>371,375</u>	<u>424,476</u>	<u>-</u>	<u>2,473</u>	<u>1,320,735</u>	<u>321,520</u>	<u>327,878</u>	<u>2,768,457</u>
DEFERRED INFLOWS OF RESOURCES								
Deferred departmental and other receipts	-	9,321	52,856	-	-	-	-	62,177
Unearned grant income	-	-	-	-	1,873,516	266,720	-	2,140,236
Unearned loan income	-	-	-	-	-	-	20,802,259	20,802,259
Total deferred inflows of resources	<u>-</u>	<u>9,321</u>	<u>52,856</u>	<u>-</u>	<u>1,873,516</u>	<u>266,720</u>	<u>20,802,259</u>	<u>23,004,672</u>
NET POSITION								
Restricted	71,923	8,408,367	2,482,647	250,864	4,582,141	185,380	1,630,686	17,612,008
Committed	-	846,229	-	-	-	-	-	846,229
Unassigned	(516)	-	-	-	(6,441)	(38,427)	(1,629)	(47,013)
Total net position	<u>71,407</u>	<u>9,254,596</u>	<u>2,482,647</u>	<u>250,864</u>	<u>4,575,700</u>	<u>146,953</u>	<u>1,629,057</u>	<u>18,411,224</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 442,782</u>	<u>\$ 9,688,393</u>	<u>\$ 2,535,503</u>	<u>\$ 253,337</u>	<u>\$ 7,769,951</u>	<u>\$ 735,193</u>	<u>\$ 22,759,194</u>	<u>\$ 44,184,353</u>

See accompanying independent auditors' report

CITY OF NEW BEDFORD, MASSACHUSETTS

Supplemental Information
Non-Major Governmental Funds
Combining Balance Sheet

June 30, 2016

	<u>Capital Projects</u>	<u>Permanent Trust Funds</u>	<u>Total Nonmajor Governmental Funds</u>
ASSETS			
Cash and investments, unrestricted	\$ 29,388,086	\$ 2,989,106	\$ 49,550,653
Cash, restricted	-	5,127,411	5,127,411
Receivables, net:			
Federal & state grants receivable	8,500,190	-	14,298,313
Loans receivable	-	-	20,802,259
Other receivables	15,920	-	178,173
Due from other funds	2,872,483	-	2,873,822
Land inventory	-	-	246,918
	<u>40,776,679</u>	<u>8,116,517</u>	<u>93,077,549</u>
DEFERRED OUTFLOWS OF RESOURCES			
None	-	-	-
Total deferred outflows of resources	-	-	-
Total assets and deferred outflows of resources	<u>\$ 40,776,679</u>	<u>\$ 8,116,517</u>	<u>\$ 93,077,549</u>
LIABILITIES			
Warrants payable	\$ 2,406,399	\$ -	\$ 3,515,839
Accounts payable and accrued expenses	5,503,649	16,067	7,112,721
Retainage payable	430,437	-	430,437
Bonds and notes payable	33,818,882	-	33,818,882
Interim loan payable	14,005,722	-	14,005,722
Due to other funds	-	56	49,659
Deposits held	2,769,617	-	2,769,617
Due to other governments	-	-	209
Other liabilities	-	-	16,200
	<u>58,934,706</u>	<u>16,123</u>	<u>61,719,286</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred departmental and other receipts	-	-	62,177
Unearned grant income	-	-	2,140,236
Unearned loan income	-	-	20,802,259
	<u>-</u>	<u>-</u>	<u>23,004,672</u>
NET POSITION			
Nonspendable	-	5,127,411	5,127,411
Restricted	1,538,706	2,972,983	22,123,697
Committed	-	-	846,229
Unassigned	<u>(19,696,733)</u>	<u>-</u>	<u>(19,743,746)</u>
Total net position	<u>(18,158,027)</u>	<u>8,100,394</u>	<u>8,353,591</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 40,776,679</u>	<u>\$ 8,116,517</u>	<u>\$ 93,077,549</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, 2016

	Highway Improvements	Revolving	Reserve for Appropriation	Donations	City Grants	School Grants	Community Development	Total Special Revenue
REVENUES								
Federal grants	\$ 2,822,455	\$ 8,670,218	\$ -	\$ -	\$ 4,718,607	\$ 12,276,338	\$ 4,374,765	\$ 32,862,383
State grants	80,292	2,915,707	-	-	3,665,144	1,428,248	25,310	8,114,701
Investment income	-	267	2,121	908	99	-	665	4,060
Charges for services	-	1,592,383	21,881	-	-	-	-	1,614,264
Miscellaneous and other revenues	8,030	391,855	923,670	99,454	1,616,525	805,300	703,526	4,548,360
Total revenues	2,910,777	13,570,430	947,672	100,362	10,000,375	14,509,886	5,104,266	47,143,768
EXPENDITURES								
General government	-	400,764	-	-	676,691	-	-	1,077,455
Public safety	-	202,038	-	-	5,169,622	-	-	5,371,660
Public works	3,056,192	226,550	65,000	-	739,377	-	-	4,087,119
Education	-	8,775,940	-	14,512	-	14,269,515	-	23,059,967
Health and human services	-	134,461	-	6,108	1,934,590	-	-	2,075,159
Culture and recreation	-	307,980	-	147,189	1,054,126	-	-	1,509,295
Principal payments	-	-	-	-	50,000	-	-	50,000
Interest payments	-	-	-	-	2,960	-	-	2,960
Community and economic development	-	-	-	-	-	-	5,066,579	5,066,579
Total expenditures	3,056,192	10,047,733	65,000	167,809	9,627,366	14,269,515	5,066,579	42,300,194
Excess (deficiency) of revenue over expenditures	(145,415)	3,522,697	882,672	(67,447)	373,009	240,371	37,687	4,843,574
OTHER FINANCING SOURCES (USES)								
Special item - proceeds from insurance recovery	-	13,659	-	-	-	-	-	13,659
Transfers in	-	-	-	-	17,292	-	-	17,292
Transfers out	-	-	(82,333)	-	-	-	(100,000)	(182,333)
Total other financing sources (uses)	-	13,659	(82,333)	-	17,292	-	(100,000)	(151,382)
Change in net position	(145,415)	3,536,356	800,339	(67,447)	390,301	240,371	(62,313)	4,692,192
Net position - beginning of year	216,822	5,718,240	1,682,308	318,311	4,185,399	(93,418)	1,691,370	13,719,032
Net position - end of year	\$ 71,407	\$ 9,254,596	\$ 2,482,647	\$ 250,864	\$ 4,575,700	\$ 146,953	\$ 1,629,057	\$ 18,411,224

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, 2016

	Capital Projects	Permanent Trust Funds	Total Nonmajor Governmental Funds
REVENUE			
MSBA assistance	\$ 6,641,294	\$ -	\$ 6,641,294
Investment income	-	383,306	387,366
Intergovernmental - operating grants	-	-	40,977,084
Intergovernmental - capital grants	4,760,609	-	4,760,609
Charges for services	-	-	1,614,264
Miscellaneous	118,399	191,609	4,858,368
Total revenues	<u>11,520,302</u>	<u>574,915</u>	<u>59,238,985</u>
EXPENDITURES			
General government	3,706,674	-	4,784,129
Public safety	-	-	5,371,660
Education	12,097,968	4,060	35,161,995
Public works	17,136,304	96,177	21,319,600
Community and economic development	-	-	5,066,579
Health and human services	-	-	2,075,159
Municipal airport	3,073,277	-	3,073,277
Culture and recreation	465,942	104,304	2,079,541
Debt service:			
Principal payments	-	-	50,000
Interest and fiscal charges	-	-	2,960
Total expenditures	<u>36,480,165</u>	<u>204,541</u>	<u>78,984,900</u>
Excess (deficiency) of revenues over expenditures	<u>(24,959,863)</u>	<u>370,374</u>	<u>(19,745,915)</u>
OTHER FINANCING SOURCES (USES)			
Bond proceeds	22,325,124	-	22,325,124
Special item - loan forgiveness	216,481	-	216,481
Special item - insurance proceeds	-	-	13,659
Transfers in	360,840	-	378,132
Transfers out	(155,561)	-	(337,894)
Total other financing sources and uses	<u>22,746,884</u>	<u>-</u>	<u>22,595,502</u>
Change in net position	(2,212,979)	370,374	2,849,587
Net position - beginning of year	<u>(15,945,048)</u>	<u>7,730,020</u>	<u>5,504,004</u>
Net position - end of year	<u><u>\$(18,158,027)</u></u>	<u><u>\$ 8,100,394</u></u>	<u><u>\$ 8,353,591</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, 2016

	BEGINNING BALANCE	COMMITMENTS	COLLECTIONS	MISCELLANEOUS ADJUSTMENTS	EXEMPTIONS & ABATEMENTS	TRANSFER TO TAX TITLE	REFUNDS	ENDING BALANCE
Personal Property:								
2016	\$ -	\$ 6,928,645	\$ (6,868,260)	\$ -	\$ (3,476)	\$ -	\$ 145	\$ 57,054
2015	47,955	-	(17,453)	-	-	-	-	30,502
2014	41,807	-	(12,750)	1	-	-	-	29,058
2013	26,685	-	(871)	-	-	-	-	25,814
2012	46,234	-	(955)	(1)	-	-	-	45,278
2011	43,320	-	(550)	-	-	-	-	42,770
2010	38,289	-	(710)	-	-	-	-	37,579
2009	27,257	-	(40)	(30)	(27,187)	-	-	-
2008	19,723	-	(155)	(106)	(19,462)	-	-	-
2007	20,435	-	(1,080)	21	(19,376)	-	-	-
2006	24,084	-	(165)	(140)	(23,779)	-	-	-
2005	(571)	-	-	571	-	-	-	-
2004	(305)	-	-	305	-	-	-	-
2003	(13)	-	-	13	-	-	-	-
2002	-	-	-	-	-	-	-	-
2001 and prior	(92)	-	-	92	-	-	-	-
Total Personal Property:	\$ 334,808	\$ 6,928,645	\$ (6,902,989)	\$ 726	\$ (93,280)	\$ -	\$ 145	\$ 268,055
Real Estate:								
2016	\$ -	\$ 102,492,406	\$ (97,934,961)	\$ (133,173)	\$ (742,555)	\$ -	\$ 56,368	\$ 3,738,085
2015	4,227,549	-	(1,723,301)	17,290	(3,339)	(2,495,304)	8,842	31,737
2014	(10,423)	-	(3,369)	8,542	(968)	-	-	(6,218)
Supplemental	(39,418)	113,098	(60,101)	28,232	-	-	-	41,811
2013	3,136	-	-	(2,183)	-	-	-	953
2012	(284)	-	(229)	-	-	-	-	(513)
2011	(1)	-	-	1	-	-	-	-
2010	2,266	-	2,624	-	-	-	-	4,890
2009	(377)	-	-	-	-	-	-	(377)
2008	(1,967)	-	-	-	-	-	-	(1,967)
2007 and prior	52,093	-	-	-	-	-	-	52,093
Total Real Estate:	\$ 4,232,574	\$ 102,605,504	\$ (99,719,337)	\$ (81,291)	\$ (746,862)	\$ (2,495,304)	\$ 65,210	\$ 3,860,494
Total Property Taxes:	\$ 4,567,382	\$ 109,534,149	\$ (106,622,326)	\$ (80,565)	\$ (840,142)	\$ (2,495,304)	\$ 65,355	\$ 4,128,549

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, 2016

	BEGINNING BALANCE	COMMITMENTS	COLLECTIONS	MISCELLANEOUS ADJUSTMENTS	EXEMPTIONS & ABATEMENTS	TRANSFER TO TAX TITLE	REFUNDS	ENDING BALANCE
<u>Motor Vehicle:</u>								
2016	\$ -	\$ 6,922,593	\$ (5,765,292)	\$ -	\$ (74,644)	\$ -	\$ -	\$ 1,082,657
2015	753,274	749,441	(1,125,897)	10,957	(3,601)	-	-	384,174
2014	320,620	753	(152,003)	(5,214)	(1,282)	-	-	162,874
2013	157,054	193	(38,056)	(3,121)	(510)	-	-	115,560
2012	101,624	364	(17,099)	1,159	(326)	-	-	85,722
2011	90,441	-	(10,580)	592	(136)	-	-	80,317
2010	77,579	47	(2,486)	7	(75,147)	-	-	-
2009	75,797	-	(1,535)	-	(74,262)	-	-	-
2008	77,999	-	(540)	-	(77,459)	-	-	-
2007	97,330	-	(621)	-	(96,709)	-	-	-
2006	88,631	-	(911)	(1)	(87,719)	-	-	-
2005	92,092	-	(644)	1	(91,449)	-	-	-
2004	80,485	-	(506)	-	(79,979)	-	-	-
Total Motor Vehicle:	\$ 2,012,926	\$ 7,673,391	\$ (7,116,170)	\$ 4,380	\$ (663,223)	\$ -	\$ -	\$ 1,911,304
Total Property and Motor Vehicle:	\$ 6,580,308	\$ 117,207,540	\$ (113,738,496)	\$ (76,185)	\$ (1,503,365)	\$ (2,495,304)	\$ 65,355	\$ 6,039,853

See accompanying independent auditors' report

CITY OF NEW BEDFORD, MASSACHUSETTS

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

June 30, 2016

	Outstanding Balance June 30, 2016	2017	2018	2019	2020	2021
Sewer Bonds	\$ 745,000	\$ 238,000	\$ 249,000	\$ 258,000	\$ -	\$ -
General Public Improvement	1,154,000	387,000	385,000	382,000	-	-
Federal Loan 1998 Series A	67,370,000	5,920,000	6,090,000	6,260,000	6,440,000	6,620,000
Federal Loan 2000 Series 6	3,545,000	185,000	185,000	195,000	200,000	210,000
Middle School, Public Imp	17,006,000	3,160,000	3,266,000	3,370,000	3,525,000	3,685,000
Federal Loan 2003 Series 8	334,205	44,108	44,108	45,805	47,501	49,198
Federal Loan 2003 Pool 9	665,001	85,000	90,000	90,000	95,000	100,000
HUD 108 - 2003-A	740,000	105,000	105,000	105,000	105,000	105,000
Federal Loan DW-02-13	1,130,000	110,000	110,000	115,000	120,000	125,000
Federal Loan DW-02-20	2,223,787	214,883	219,880	229,875	239,869	244,866
Federal Loan CW-04-28	331,262	30,225	30,836	31,459	32,094	32,742
Federal Loan CW-03-36	3,933,602	156,581	160,235	163,975	167,802	171,717
GOSQ Bond 2007	1,105,000	1,105,000	-	-	-	-
Federal Loan DW-02-13A	244,947	20,108	20,514	20,929	21,352	21,784
Federal Loan DW-04-13	3,628,289	297,859	303,876	310,015	316,277	322,667
GOB 2008 Series A	8,060,000	680,000	695,000	715,000	725,000	745,000
General Obligation SQ Bond - Series B	230,000	230,000	-	-	-	-
MWPAT CW 03-36A	481,572	18,946	19,410	19,886	20,373	20,873
MWPAT DW 06-10 Series 14	5,563,719	378,521	386,167	393,969	401,928	410,047
\$950,000 General Obligation State Qualified	415,000	100,000	100,000	105,000	110,000	-
\$14.571 Million Bond Issue	11,070,000	640,000	665,000	690,000	710,000	740,000
\$19.30 Million ARRA Revenue Bond	5,827,239	172,169	176,351	180,635	185,023	189,517
\$2.704 Million GOB Series A	2,055,000	160,000	170,000	175,000	175,000	185,000
\$4.589 Million GOB Series B	3,925,000	180,000	185,000	195,000	200,000	210,000
MWPAT Series 16 CWS-09-12-A	9,685,630	253,599	260,071	266,708	273,515	280,496
MWPAT Series 16 DWS-09-23	1,673,823	82,443	84,235	86,065	87,936	89,847
\$4.373 Million GOB SQ Bond	3,730,000	215,000	220,000	230,000	235,000	245,000
\$10 Million GOB, Ch 70B Bond	9,630,000	260,000	275,000	290,000	300,000	320,000
General Obligation State Qualified	7,510,000	465,000	675,000	700,000	510,000	535,000
\$12.295 Million Refunding	11,355,000	815,000	1,390,000	1,715,000	1,745,000	1,135,000
MCWT CWP-14-19	8,063,124	181,245	185,926	190,728	195,655	200,708
Municipal Purpose Loan of 2016 Bonds	14,262,000	1,022,000	855,000	875,000	895,000	920,000
	\$ 207,693,200	\$ 17,912,687	\$ 17,601,609	\$ 18,405,049	\$ 18,079,325	\$ 17,914,462

See accompanying independent auditors' report

CITY OF NEW BEDFORD, MASSACHUSETTS

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

June 30, 2016

	2022	2023	2024	2025	2026
Sewer Bonds	\$ -	\$ -	\$ -	\$ -	
General Public Improvement	-	-	-	-	
Federal Loan 1998 Series A	6,810,000	7,005,000	7,205,000	7,405,000	7,615,000
Federal Loan 2000 Series 6	220,000	225,000	235,000	240,000	250,000
Middle School, Public Imp	-	-	-	-	
Federal Loan 2003 Series 8	50,894	52,593	-	-	
Federal Loan 2003 Pool 9	100,000	105,000	-	-	
HUD 108 - 2003-A	105,000	110,000	-	-	
Federal Loan DW-02-13	130,000	135,000	140,000	145,000	-
Federal Loan DW-02-20	254,861	264,856	274,850	279,847	-
Federal Loan CW-04-28	33,404	34,079	34,767	35,470	36,186
Federal Loan CW-03-36	175,726	179,827	184,024	188,320	192,714
GOSQ Bond 2007	-	-	-	-	-
Federal Loan DW-02-13A	22,223	22,673	23,131	23,598	24,075
Federal Loan DW-04-13	329,185	335,836	342,621	349,542	356,603
GOB 2008 Series A	770,000	795,000	815,000	840,000	580,000
General Obligation SQ Bond - Series B	-	-	-	-	
MWPAT CW 03-36A	21,384	21,908	22,445	22,995	23,559
MWPAT DW06-10 Series 14	418,331	426,782	435,404	444,200	453,174
\$950,000 General Obligation State Qualifie	-	-	-	-	
\$14.571 Million Bond Issue	765,000	460,000	415,000	430,000	450,000
\$19.30 Million ARRA Revenue Bond	194,121	198,837	203,667	208,614	213,681
\$2.704 Million GOB Series A	105,000	110,000	110,000	115,000	125,000
\$4.589 Million GOB Series B	220,000	225,000	235,000	245,000	255,000
MWPAT Series 16 CWS-09-12-A	287,654	294,996	302,525	310,246	318,163
MWPAT Series 16 DWS-09-23	91,800	93,795	95,833	97,916	100,044
\$4.373 Million GOB SQ Bond	250,000	260,000	260,000	260,000	265,000
\$10 Million GOB, Ch 70B Bond	330,000	345,000	355,000	370,000	380,000
General Obligation State Qualified	570,000	125,000	130,000	140,000	150,000
\$12.295 Million Refunding	1,025,000	1,025,000	960,000	955,000	400,000
	205,892	211,210	216,666	222,262	228,003
	950,000	970,000	1,000,000	735,000	760,000
	\$ 14,435,475	\$ 14,032,392	\$ 13,995,933	\$ 14,063,010	\$ 13,176,202

See accompanying independent auditors' report