

CITY OF NEW BEDFORD, MASSACHUSETTS

ANNUAL FINANCIAL REPORT

YEAR ENDED JUNE 30, 2013

CITY OF NEW BEDFORD, MASSACHUSETTS

Year Ended June 30, 2013

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Year Ended June 30, 2013

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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, 2013 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, 2013, 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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3 through 15 and 77 through 84 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 89 through 100 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 89 through 100 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 89 through 100 are fairly stated in all material respects in relation to the basic financial statements as a whole.

The schedule of funding progress and employers' contributions on pages 85 through 88 have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 31, 2014, on our consideration of the City of New Bedford, Massachusetts' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of New Bedford, Massachusetts' internal control over financial reporting and compliance.

Hague, Sabady & Co. PC

Fall River, Massachusetts
March 31, 2014

CITY OF NEW BEDFORD, MASSACHUSETTS

Management's Discussion and Analysis (MD&A)

Year Ended June 30, 2013 (Unaudited)

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, 2013 and 2012. We encourage readers to consider the information presented here in conjunction with additional information found within the body of the audit.

FINANCIAL Highlights:

- The assets plus deferred outflows of resources of the City exceeded liabilities plus deferred inflows of resources at June 30, 2013 and 2012, respectively, by \$149,185,835 and \$148,217,058 (restated). Of this amount, \$(40,756,816) represents unrestricted net position at June 30, 2013 and \$(33,011,252) at June 30, 2012.
- The City's total net position increased by \$968,777 for the fiscal year ended June 30, 2013.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$44,631,737. As of June 30, 2012 ending fund balances for governmental funds were \$38,952,113.
- At the end of the current fiscal year, unreserved fund balance for the general fund was \$16,830,138 or 5.6% of total general fund expenditures.
- The City's total long term debt (including compensated absences and capital lease liabilities) decreased by \$8,777,829 from \$247,320,724 to \$238,542,895 during the current fiscal year. The key factor in this increase is that the City has incurred new debt totaling \$4,373,000, pay downs were made totaling \$11,565,549 and the state subsidized principal payments totaled \$3,045,548 through the Massachusetts Water Pollution Trust.
- The City considered its water and airport activities to be business-type in nature beginning in 2007. The business-type activities increased the City's net position by \$7,045,760 after transferring capital assets (net of debt) from governmental activities.

OVERVIEW OF FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements: The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the City's assets, deferred outflows, liabilities, and deferred inflows with the difference between the amounts reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

CITY OF NEW BEDFORD, MASSACHUSETTS

Management's Discussion and Analysis (MD&A)

Year Ended June 30, 2013 (Unaudited)

The *statement of activities* presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods, (i.e., uncollected taxes and earned but unused vacation leave).

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

- A. Governmental activities - Governmental activities of the City such as general government, public works, public safety, education, community and economic development, and culture and recreation are reported here. Property taxes, state aid, local fees and charges finance most of these activities.
- B. Business-type activities - Business-type activities of the City such as water and airport are reported here. Charges for services finance most of these activities.
- C. Component units – The government-wide financial statements not only include the governmental and business-type activities (known as the primary government) but also legally separate entities. There are four legally separate component unit entities included in this report, which are the Greater New Bedford Regional Refuse Management District, the Harbor Development Corporation, the Greater New Bedford Workforce Investment Board, the New Bedford Redevelopment Authority. The New Bedford Contributory Retirement System is presented as a fiduciary fund and is not considered to be a blended or discrete component unit based on management's review of existing GASB guidance.

The government-wide financial statements can be found on pages 16 through 20 of this report.

Fund financial statements: A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental, proprietary, and fiduciary funds. Fiduciary funds for the City consist of the pension trust fund, the private purpose trust funds and the agency funds. The proprietary funds for the City are the water and airport and internal service or medical claims trust funds. All other activities of the City are included in the governmental funds.

Governmental funds: *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, government fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in the evaluation of a government's near term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate the comparison between *governmental funds* and *governmental activities*.

Continued

CITY OF NEW BEDFORD, MASSACHUSETTS

Management's Discussion and Analysis (MD&A)

Year Ended June 30, 2013 (Unaudited)

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

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

The governmental fund financial statements can be found on pages 21 through 22 of this report. The budgetary statements can be found on pages 77 through 79 of this report.

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

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

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

The proprietary fund financial statements can be found on pages 24 through 28 of this report. The budgetary statements can be found on pages 80 through 81 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 29 through 30 of this report.

CITY OF NEW BEDFORD, MASSACHUSETTS

Management's Discussion and Analysis (MD&A)

Year Ended June 30, 2013 (Unaudited)

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 31 through 76 of this report.

Other information: In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning all legally adopted budgets. The City appropriates an annual appropriation budget for the general, water, airport and wastewater funds. Budgetary comparison schedules are presented to demonstrate compliance with the budget on pages 77 through 84.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets plus deferred outflows of resources exceeded liabilities plus deferred inflows of resources by \$149,185,835 as of June 30, 2013 and \$148,217,058 as of June 30, 2012 (restated).

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

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

Net Position - June 30, 2013 and June 30, 2012 (Government-wide level)

	Governmental Activities **		Business-Type Activities		Total **	
	2013	2012	2013	2012	2013	2012
ASSETS						
Current assets	\$ 149,665,317	\$ 144,646,044	\$ 6,780,006	\$ 6,846,349	\$ 156,445,323	\$ 151,492,393
Capital assets and other long-term assets	339,879,680	340,985,754	71,946,382	65,784,199	411,826,062	406,769,953
Total assets	489,544,997	485,631,798	78,726,388	72,630,548	568,271,385	558,262,346
DEFERRED OUTFLOWS OF RESOURCES						
Deferred asset advance refunding, net amortization	466,283	-	-	-	466,283	-
Total deferred outflows of resources	466,283	-	-	-	466,283	-
Total assets and deferred outflows of resources	\$ 490,011,280	\$ 485,631,798	\$ 78,726,388	\$ 72,630,548	\$ 568,737,668	\$ 558,262,346
LIABILITIES						
Current liabilities	71,535,731	77,474,900	2,773,000	3,224,185	74,308,731	80,699,085
Long-term liabilities	315,415,159	299,025,240	29,822,228	30,320,963	345,237,387	329,346,203
Total liabilities	386,950,890	376,500,140	32,595,228	33,545,148	419,546,118	410,045,288
DEFERRED INFLOWS OF RESOURCES						
Total governmental activities	5,715	-	-	-	5,715	-
Total business-type activities	-	-	-	-	-	-
Total deferred inflows of resources	5,715	-	-	-	5,715	-
NET POSITION						
Investments in capital assets (net of debt)	122,667,159	110,460,590	42,174,987	34,639,149	164,842,146	145,099,739
Restricted	21,214,642	36,128,571	3,885,863	-	25,100,505	36,128,571
Unrestricted	(40,827,126)	(37,457,503)	70,310	4,446,251	(40,756,816)	(33,011,252)
Total net position	103,054,675	109,131,658	46,131,160	39,085,400	149,185,835	148,217,058
Total liabilities, deferred inflows of resources and net position	\$ 490,011,280	\$ 485,631,798	\$ 78,726,388	\$ 72,630,548	\$ 568,737,668	\$ 558,262,346

** Total net position for fiscal year ended June 30, 2012 has been restated - refer to restatement note (page 74) in the financial statements for the explanation.

CITY OF NEW BEDFORD, MASSACHUSETTS

Management's Discussion and Analysis (MD&A)

Year Ended June 30, 2013 (Unaudited)

An additional portion of the City's net position \$25,100,505 represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position \$(40,756,816) 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, 2013 and June 30, 2012 cash and investments consisted of \$77,183,068 and \$67,974,777 respectively.

At the end of fiscal year 2013, the City was not able to report positive balances in all three categories of net position for its governmental activities, largely in part to a growing GASB Statement No. 45 liability which requires the City recognize an additional post employment benefit obligation on an annual basis. For year ended 2013, the City is able to report positive balances in all three categories of net position for its business-type activities.

The City's net position for its governmental funds increased during the current fiscal year, due primarily to bond proceeds of \$4,373,000. Net income before transfers for business-type activities increased due to revenues in excess of expenditures in the amount of \$1,120,007.

Governmental activities: Governmental activities decreased the City's net position by \$(6,076,983) for fiscal year ended June 30, 2013.

Business-type activities: Business-type activities increased the City's net position by \$7,045,760 for 2013.

Transfers of capital assets net of related debt in the amount of \$8,251,802 account for a significant portion of the large decrease in the governmental activities and the large increase in the business-type activities.

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

Changes in Net Position for the period ending June 30, 2013 and June 30, 2012 (Government-wide level)

	Governmental Activities**		Business-Type Activities		Total**	
	2013	2012	2013	2012	2013	2012
REVENUES						
Program revenues:						
Charges for service	\$ 57,322,424	\$ 49,143,275	\$ 11,833,847	\$ 11,737,183	\$ 69,156,271	\$ 60,880,458
Operating grants & contributions	195,026,746	203,945,905	-	-	195,026,746	203,945,905
Capital grants & contributions	18,498,806	16,513,683	-	-	18,498,806	16,513,683
General revenues:						
Property taxes	91,591,832	90,598,652			91,591,832	90,598,652
Motor vehicle excise	7,712,745	7,262,504			7,712,745	7,262,504
Tax liens, fines & other	6,514,123	4,615,623			6,514,123	4,615,623
Intergovernmental	21,871,554	18,585,912			21,871,554	18,585,912
Earnings on investments	802,801	203,593			802,801	203,593
Other	6,914,236	11,037,970	248,498	327,643	7,162,734	11,365,613
Total revenues	406,255,267	401,907,117	12,082,345	12,064,826	418,337,612	413,971,943

CITY OF NEW BEDFORD, MASSACHUSETTS

Management's Discussion and Analysis (MD&A)

Year Ended June 30, 2013 (Unaudited)

Changes in Net Position for the period ending June 30, 2013 and June 30, 2012 (Government-wide level)

	<u>Governmental Activities**</u>		<u>Business-Type Activities</u>		<u>Total**</u>	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
EXPENSES						
General government	\$ 16,153,044	\$ 10,178,439	\$ -	\$ -	\$ 16,153,044	\$ 10,178,439
Public safety	76,832,178	65,363,621			76,832,178	65,363,621
Public works	31,476,749	40,635,077			31,476,749	40,635,077
Education	232,119,911	234,289,836			232,119,911	234,289,836
Community and economic development	6,322,976	7,398,389			6,322,976	7,398,389
Health & human services	7,692,498	8,830,055			7,692,498	8,830,055
Municipal airport	-	7,489			-	7,489
Culture and recreation	8,553,876	6,266,979			8,553,876	6,266,979
Debt service (interest)	8,714,439	8,361,891			8,714,439	8,361,891
Miscellaneous	8,572,875	8,947,755			8,572,875	8,947,755
State and county charges	9,581,904	8,613,392			9,581,904	8,613,392
Water			9,858,564	9,277,526	9,858,564	9,277,526
Airport			1,103,774	983,548	1,103,774	983,548
Total expenses	406,020,450	398,892,923	10,962,338	10,261,074	416,982,788	409,153,997
Increase (decrease) in net position before transfers	234,817	3,014,194	1,120,007	1,803,752	1,354,824	4,817,946
TRANSFERS/SPECIAL ITEMS						
Transfers of capital assets (net of debt) from governmental activities	(8,251,802)	(2,014,356)	8,251,802	2,014,356	-	-
Net transfers between funds	2,326,049	1,974,871	(2,326,049)	(1,974,871)	-	-
Special item - insurance proceeds	80,645				80,645	
Capital lease proceeds	(466,692)	(399,231)	-	-	(466,692)	(399,231)
Increases (decrease) in net position	(6,076,983)	2,575,478	7,045,760	1,843,237	968,777	4,418,715
Net position - July 1, 2012 **	109,131,658	106,556,180	39,085,400	37,242,163	148,217,058	143,798,343
Net position - June 30, 2013	\$ 103,054,675	\$ 109,131,658	\$ 46,131,160	\$ 39,085,400	\$ 149,185,835	\$ 148,217,058

** This category was restated - Refer to restatement note (page 74) for explanation.

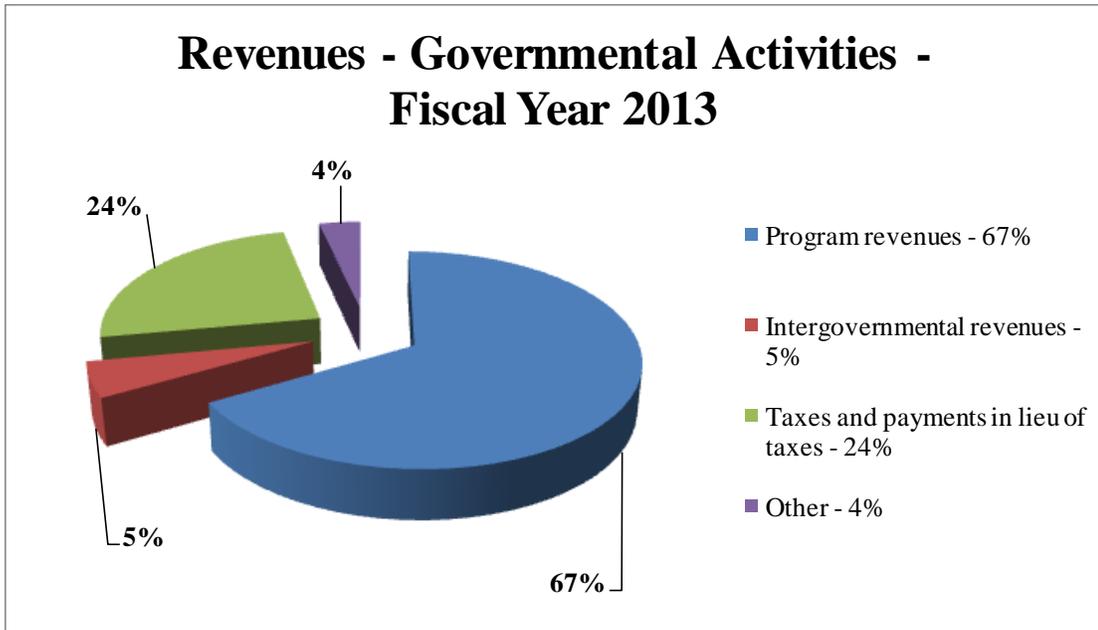
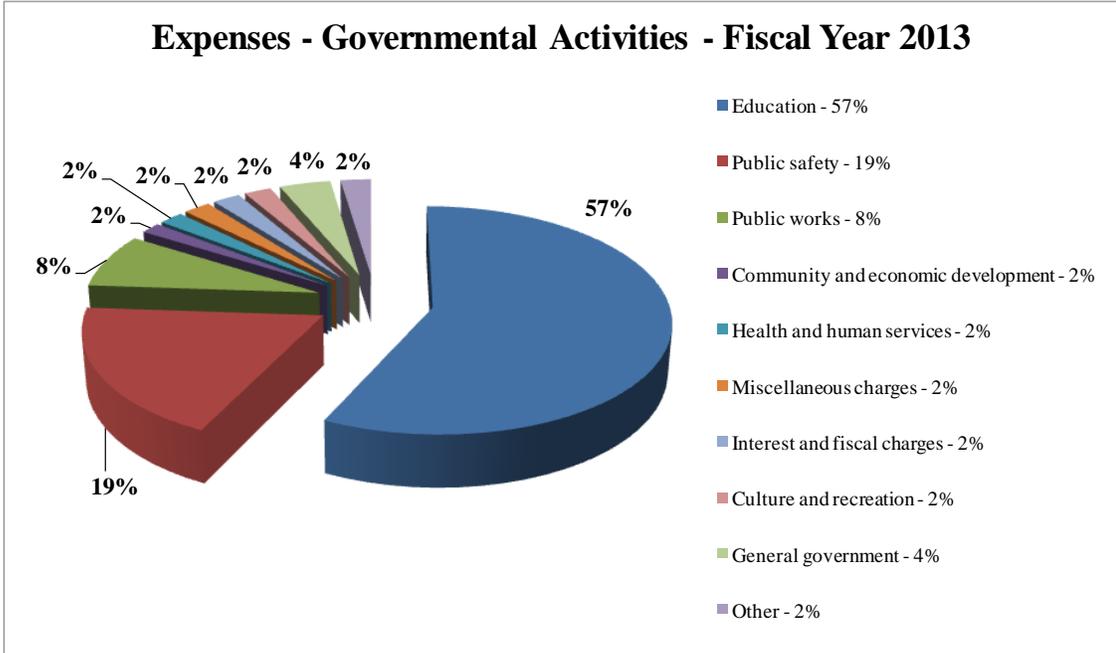
The majority of general revenues are tax collections from the City's taxpayers. This amount represented 73.3% of the total general revenues of \$135 million. The operating grants are also a significant source of revenue for the City. The total operating grants for fiscal year ended June 30, 2013 amounted to \$195,026,746 of which \$170,447,195 were received for education.

The most significant expense of the City is education which represented 57% of total expenses, followed by public safety at 19%.

CITY OF NEW BEDFORD, MASSACHUSETTS

Management's Discussion and Analysis (MD&A)

Year Ended June 30, 2013 (Unaudited)



CITY OF NEW BEDFORD, MASSACHUSETTS

Management's Discussion and Analysis (MD&A)

Year Ended June 30, 2013 (Unaudited)

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 \$44,631,737 for fiscal year ended June 30, 2013 and \$38,952,113 for fiscal year ended June 30, 2012 (restated). This increase in fiscal year ended June 30, 2013, totaling \$5,679,624 is primarily due to bond proceeds of \$4,373,000.

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

Additionally, under the new standard, the City's stabilization funds are reported within the general funds as committed for economic stabilization purposes upon approval of the City Council. During fiscal year 2013, the stabilization fund earned \$53,892 of investment income and had net transfers in of \$1,903,112 to finish the year with a fund balance of \$8,841,931.

During 2013, governmental funds reported amounts of \$7,347,005 within the nonspendable fund balance category, \$16,087,231 within the restricted fund balance category, \$17,343,748 within the committed fund category, \$1,063,133 within the assigned fund balance category and \$2,790,620 within the unassigned fund balance category. Please refer to Note 13 "Fund Balance Classification Details" for a detailed breakdown of the components within each category.

Proprietary funds. The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. The Internal Service Fund is categorized as a governmental activity because it services primarily governmental-type funds. The water and airport funds had net position of \$26,096,190 and \$20,034,970 as of June 30, 2013 and \$26,767,767 and \$12,317,633 as of June 30, 2012, respectively.

Budgetary Highlights

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

Revenues and Other Sources:

Total budgeted revenues were increased by \$2,389,744 over the original budget.

Expenditures and Other Uses:

Total budgeted appropriations were increased by \$7,910,087 over the original budget.

The significant appropriations which changed are as follows:

- General government unclassified was increased by \$406,165.
- Police appropriations were increased by \$585,000.
- Public works and facilities was increased by \$585,000.
- Education appropriations were increased by \$5,439,488.

CITY OF NEW BEDFORD, MASSACHUSETTS

Management's Discussion and Analysis (MD&A)

Year Ended June 30, 2013 (Unaudited)

Budgetary Highlights (Continued)

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

- Total revenues were \$1,957,859 higher than budgeted due to the following.
 - \$569,933 more collected than anticipated for motor vehicle excise.
 - \$289,535 more collected than anticipated for penalties and interest.
 - \$288,890 more collected than anticipated for traffic departmental receipts.
 - \$223,044 less collected than anticipated for in state aid.

- Total expenditures were lower than anticipated by \$2,854,864 due to the following:
 - Educational expenditures were \$1,039,317 less than budgeted
 - \$499,751 less spent than budgeted for the Police department
 - \$491,393 less spent than budgeted in the general government and general government unclassified line items.

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, 2013 amounted to \$411,826,062 (net of accumulated depreciation). This investment in capital assets includes land, buildings and system, improvements, machinery and equipment, construction in progress and animals, etc. The total increase in the City's investment in capital assets for the current year was 1.24 percent.

**Capital Assets Net of Accumulated Depreciation
June 30, 2013**

	2013			2012		
	Governmental Activities	Business-Type Activities	Total	Governmental Activities*	Business-Type Activities	Total
Land	\$ 3,777,235	\$ 1,125,293	\$ 4,902,528	\$ 3,777,235	\$ 1,125,293	\$ 4,902,528
Easements		962,500	962,500		962,500	962,500
Construction in progress	1,681,246		1,681,246	44,759,145		44,759,145
Infrastructure in progress	5,191,919	9,392,257	14,584,176	2,285,081	820,177	3,105,258
Infrastructure, net	61,845,880	55,024,563	116,870,443	57,476,434	56,820,253	114,296,687
Land improvements, net	304,577	463,961	768,538	280,666	495,043	775,709
Buildings and improvements, net	254,324,832	1,560,871	255,885,703	218,258,662	1,590,224	219,848,886
Machinery and equipment, net	8,398,358	3,096,499	11,494,857	9,366,857	3,587,882	12,954,739
Office equipment and furniture, net	489,661	5,177	494,838	691,536	10,122	701,658
Computer equipment, net	2,240,047	5,240	2,245,287	2,373,971	16,084	2,390,055
Library books and textbooks, net	549,865		549,865	435,401		435,401
Automobiles, net	1,060,417	310,021	1,370,438	1,262,371	356,621	1,618,992
Animals, net	15,643		15,643	18,395		18,395
Total capital assets	\$ 339,879,680	\$ 71,946,382	\$ 411,826,062	\$ 340,985,754	\$ 65,784,199	\$ 406,769,953

Additional information on the City's capital assets can be found on Note 5 on pages 50 through 53 of this report.

CITY OF NEW BEDFORD, MASSACHUSETTS

Management's Discussion and Analysis (MD&A)

Year Ended June 30, 2013 (Unaudited)

Long-term debt: The City had total bonded debt outstanding of \$230,332,848 as of June 30, 2013 and \$230,570,946 as of June 30, 2012. The full faith and credit of the City backs this entire amount. Of this amount \$29,614,509 relates to the business type activities.

During the current year the City's total debt decreased by \$10,238,097. This resulted because the City incurred new debt totaling \$4,373,000 and pay downs totaled \$14,611,097 during the fiscal year ended June 30, 2013.

Additional information on the City's long-term debt can be found in Note 12 on pages 64 through 70 of this report.

Economic Factors and Next Year's Budget and Rates

Fiscal Outlook

The City's efforts to operate responsibly within financial constraints imposed by the recent recession will continue in the year ahead. While indications are that the recent decline in valuation has begun to stabilize, the City's 2015 operating budget will be developed based on the following assumptions: flat/negligible growth in state aid; modest improvement or stabilization in total assessed property valuations; and the continued realization of cost-saving from efficiencies in the delivery of essential services.

Securing sufficient state aid has been, and will continue to be, a challenge for the City. State aid in 2014 benefited from increases in school aid and lottery funding. It is unclear as of this writing whether the City will be provided with additional state revenue as a result of the Legislature's budget deliberations, although early indications are that state aid will increase.

Property tax valuations will continue to await a return to more robust economic growth and increased market activity. While the rate of decline has slowed, total taxable assessed valuations fell from \$5,479,569,620 in 2013 to \$5,226,433,760 in 2014. Present expectations are for stabilization and a modest recovery in 2015 and 2016.

The City of New Bedford has successfully mitigated the impact of service costs on residents by refraining from an increase in the tax levy since 2010. Entering the fifth year since a levy increase, the effective freeze has generated excess levy capacity of \$9,716,822. This figure represents revenue that may be captured by the City in the event of extraordinary fiscal challenges arising in the future. Continued increases in the cost of operations and the accumulation of significant maintenance needs may necessitate the identification of additional revenue in the near future.

Existing reserves will continue to be safeguarded in 2015. The City has appropriated \$4,550,234 to the Stabilization Fund since FY 2010 and on June 30, 2013 had free cash certified at \$4,280,305, and the Stabilization Fund held a balance of \$7,689,587. During FY 2014, the City adopted formal financial policies governing setting targets for fund balance, reserves and indebtedness. Management is committed to maintaining a ready ongoing balance of free cash and appropriating available balances to the Stabilization Fund when feasible.

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

Economic Outlook

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

CITY OF NEW BEDFORD, MASSACHUSETTS

Management's Discussion and Analysis (MD&A)

Year Ended June 30, 2013 (Unaudited)

Economic Outlook (Continued)

In May 2013, a collaboration of federal, state and local officials broke ground on the New Bedford Marine Commerce Terminal - the United States' first purpose built terminal for offshore wind. The terminal is scheduled to be completed in Fall 2014 and is the result of a \$100 million investment by the Commonwealth of Massachusetts. The Cape Wind project will be deployed from this terminal as well as components of the Deepwater Wind project - the winners of the nation's first offshore wind commercial lease. The Department of the Interior will continue to lease wind energy areas off the east coast in the coming months, setting the stage for decades of offshore wind projects, new jobs and long-term economic growth for the City.

Key projects throughout the City, totaling more than \$200 million in investment, advanced in every point of the development cycle in 2013. In addition to the \$100 in new investment in the Marine Commerce Terminal in the city's South End, two other targeted districts have seen significant growth-the Upper Harbor and the Downtown.

The Upper Harbor

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

Joseph Abboud Manufacturing

In a historic mill building Joseph Abboud is expanding after its merger with Men's Wearhouse this past summer, bringing on 60 new employees over the past several months and looking to hire an additional 30 in 2014. With 600 employees, Abboud is one of the largest private sector employers in the city and is producing more than 1,000 men's suits every day.

Precix

Across the street from Joseph Abboud is Precix, a manufacturer of O-rings and specialized products for the automotive, aerospace, and energy industries, that has been in business for more than a century, and is one of only 13 companies certified to manufacture synthetic elastic materials for the aerospace industry. Precix is in the midst of an ongoing expansion, having invested \$22 million on equipment and facility upgrades over the past several years, with an additional \$4 million planned for 2014. An additional 25 jobs have been created with another 20 new hires planned for 2014 to add to their current roster of 356 highly skilled employees.

UpSource

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

Mother Freedom

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

Manomet Place

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

Continued

CITY OF NEW BEDFORD, MASSACHUSETTS

Management's Discussion and Analysis (MD&A)

Year Ended June 30, 2013 (Unaudited)

Economic Outlook (Continued)

Riverbank Lofts

This \$23 million mill restoration project, utilizing a combination of private financing and State and Federal historic preservation tax credits, is scheduled for completion at the end of January, 2014. The development will provide 126 market-rate loft apartments with riverfront views and a high level of amenities.

Riverside Landing

This mixed-use development includes retail and commercial spaces near the Acushnet River. Phase 2 includes a retail building and a medical building that will be completed in 2014, which represent investments of more than \$7 million and will provide approximately 110 jobs when complete. Planning for Phase 3, which will include waterfront facilities, is currently underway. The entire project will represent an investment of approximately \$35 million, and will employ 800 at build-out.

Acushnet Avenue International Market Place

Construction also came to an end for the first phase of the International Market Place in 2013. A new gateway intersection at Coggeshall Street sets the stage for new sidewalks, ornamental streetlights, decorative paving, and trees that will enable businesses to thrive. Planning for Phase 2 was completed in 2013 and the city has applied for funding from the MassWorks Infrastructure Program, which funded Phase 1.

The Downtown

Successful cities must have a vibrant and active downtown. Building on the anchors of the National Historical Park and the University of Massachusetts College of Visual and Performing Arts, the growth of the city's downtown (highlighted by 60 new or expanding businesses in the downtown since 2007) continued in 2013. Examples of private sector and public investment include:

Historic Standard Times Building

During Summer 2013, construction crews gave way to a ribbon cutting at the historic Standard Times Building located in the heart of the city's downtown. The building had been vacant for 18 years before the development team, New Bedford Urban Renaissance, purchased the building to transform it into an exciting mixed-use project that includes both retail and professional office components. In August, tenants began to occupy the renovated building, which included a \$6.5 million investment. A new restaurant is scheduled to open on the first floor in early 2014 and NBC Channel 10 will also open a studio in Spring 2014.

Candle Works Hotel

Full design development and all permitting were completed in 2013 for a boutique hotel project located near the city's waterfront. This project will include approximately \$15 million in investment and will directly employ approximately 40 permanent jobs. The facility will feature 140 guestrooms, 10 residential condominiums, a 7,000 square foot meeting/banquet facility, a bar and restaurant. Ground breaking is planned for Fall 2014.

Whaling Museum Expansion

The Whaling Museum is planning a new education and research library on Water Street. This \$5 million expansion will also free space on Purchase Street for redevelopment, potentially a new residential building with a restaurant at the street level.

Black Whale

A new restaurant is under construction at the former location of the Harbor Development Commission offices on Pier 3. The Black Whale will be a high-end seafood eatery with a large outdoor deck overlooking the fishing fleet. Located in the National Park, a new retail component to the restaurant serving as the Black Whale gift shop opened this fall. The restaurant represents an investment of approximately \$1.5 million and will employ 30.

Route 18 Redesign and Reconstruction

Construction is nearly completed, one year ahead of schedule, on the \$15 million Route 18 Access Improvement Project. This major infrastructure project ensures that the city's historic downtown is connected to the waterfront with a new pedestrian-friendly boulevard, and has already resulted in substantial improvements to the downtown's development climate.

Continued

CITY OF NEW BEDFORD, MASSACHUSETTS

Management's Discussion and Analysis (MD&A)

Year Ended June 30, 2013 (Unaudited)

Economic Outlook (Continued)

Custom House Square

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

Assisting Existing & Small Business

The small and family owned businesses of New Bedford serve as a tangible benchmark for the city's economic wellbeing. When they are strong and growing, so is the community, and as such assisting existing businesses will always be at the core of the city's mission. 2013 has witnessed a continued up-tick of activity in the New Bedford Economic Development Council's (EDC) lending, business assistance, and incentive programs. All these programs have the unifying goals of strengthening existing businesses and creating new jobs for New Bedford residents.

Lending

The EDC continues to provide an important service in assisting new and existing businesses with loans through a variety of lending products for any size business and during 2013 the SBA Massachusetts Division recognized the NBEDC as being the #1 Microlender in its portfolio. The NBEDC's lending program provided 18 small businesses with \$1.1 million in FY 2013, providing for the creation and retention of 46 jobs. The NBEDC has been certified by the Federal government as a Community Advantage 7(a) lender and a Community Development Entity, providing opportunities for additional resources to assist local businesses.

Business and Real Estate Assistance

Direct technical assistance was provided to over 70 small to mid-sized businesses and individuals located throughout the city in 2013. These included light manufacturing, retail, service, restaurant, entertainment and creative enterprises, either existing or an entrepreneur, impacting over 545 employees. Of these, 20 of the businesses were creative enterprises, a sector that will remain a targeted group to attract and recruit to the city.

Requests for Information

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

CITY OF NEW BEDFORD, MASSACHUSETTS

Statement of Net Position

June 30, 2013

	<i>Primary Government</i>			<i>Component Units</i>		
	Governmental Activities	Business-Type Activities	Total	Greater New Bedford Regional Refuse Management District	Non Major Component Units	Total Component Units
ASSETS						
Current assets						
Unrestricted cash and investments	\$ 66,595,090	\$ 1,910,347	\$ 68,505,437	\$ 558,095	\$ 1,085,083	\$ 1,643,178
Restricted cash and investments	5,219,109	3,458,522	8,677,631	18,069,190	-	18,069,190
Accounts receivable, net of allowance	21,231,144	1,163,078	22,394,222	828,194	683,722	1,511,916
Taxes receivable, net	30,425,946	-	30,425,946	-	-	-
Loans receivable, net	20,217,373	-	20,217,373	-	-	-
Due from other funds	3,097,366	-	3,097,366	-	-	-
Due from other governments	-	-	-	7,020	498,618	505,638
Intra-entity receivable	1,900,816	-	1,900,816	-	-	-
Receivable from external parties	-	-	-	-	212,085	212,085
Inventories and prepaid expenses	742,166	246,387	988,553	327,959	4,567	332,526
Other assets - current	236,307	1,672	237,979	-	-	-
Total current assets	149,665,317	6,780,006	156,445,323	19,790,458	2,484,075	22,274,533
Non-current assets						
Other assets - noncurrent	-	-	-	-	-	-
Capital assets						
Land	3,777,235	1,125,293	4,902,528	6,235,025	933,722	7,168,747
Construction in progress	1,681,246	-	1,681,246	-	2,732,143	2,732,143
Infrastructure in progress	5,191,919	9,392,257	14,584,176	-	-	-
Easements	-	962,500	962,500	-	-	-
Land improvements, net	304,577	463,961	768,538	3,602,207	14,031,321	17,633,528
Infrastructure, net	61,845,880	55,024,563	116,870,443	-	-	-
Building and improvements, net	254,324,832	1,560,871	255,885,703	127,957	5,395,781	5,523,738
Office equipment and furniture, net	489,661	5,177	494,838	2,232	853	3,085
Computer equipment, net	2,240,047	5,240	2,245,287	1,801	-	1,801
Library books and textbooks, net	549,865	-	549,865	-	-	-
Automobiles, net	1,060,417	310,021	1,370,438	-	111,747	111,747
Machinery and equipment, net	8,398,358	3,096,499	11,494,857	853,151	1,322,197	2,175,348
Animals, net	15,643	-	15,643	-	-	-
Total capital assets	339,879,680	71,946,382	411,826,062	10,822,373	24,527,764	35,350,137
Total non-current assets	339,879,680	71,946,382	411,826,062	10,822,373	24,527,764	35,350,137
Total assets	489,544,997	78,726,388	568,271,385	30,612,831	27,011,839	57,624,670
DEFERRED OUTFLOWS OF RESOURCES						
Deferred asset advance refunding, net of amortization	466,283	-	466,283	-	-	-
Total deferred outflows of resources	466,283	-	466,283	-	-	-
Total assets and deferred outflows of resources	\$ 490,011,280	\$ 78,726,388	\$ 568,737,668	\$ 30,612,831	\$ 27,011,839	\$ 57,624,670

The accompanying notes are an integral part of this statement

CITY OF NEW BEDFORD, MASSACHUSETTS

Statement of Net Position

June 30, 2013

	<i>Primary Government</i>			<i>Component Units</i>		
	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>	<u>Greater New Bedford Regional Refuse Management District</u>	<u>Non Major Component Units</u>	<u>Total Component Units</u>
LIABILITIES						
Current liabilities						
Accounts payable and accrued expenses	\$ 17,281,935	\$ 179,167	\$ 17,461,102	\$ 71,721	\$ 588,545	\$ 660,266
Retainage payable	30,123	-	30,123	-	-	-
Due to other governments	209	-	209	7,020	-	7,020
Intra-entity payable	-	-	-	-	1,900,816	1,900,816
Due to other funds	3,838,221	-	3,838,221	-	-	-
Accrued interest	2,637,425	397,833	3,035,258	-	-	-
Deposits held	637,671	-	637,671	-	15,000	15,000
Payroll withholdings	1,096,109	-	1,096,109	-	-	-
Other liabilities	396,399	112	396,511	-	-	-
Claims incurred but not reported	2,682,112	-	2,682,112	-	-	-
Deposits held in custody	-	-	-	404,625	-	404,625
Bonds and notes payable	36,862,203	1,851,846	38,714,049	-	-	-
Capital leases	204,729	129,597	334,326	-	-	-
Compensated absences	5,868,595	214,445	6,083,040	-	43,834	43,834
Total current liabilities	71,535,731	2,773,000	74,308,731	483,366	2,548,195	3,031,561
Non-current liabilities						
Accrued closure/post-closure costs	-	-	-	5,070,671	-	5,070,671
Bonds and notes payable	177,089,310	27,762,663	204,851,973	-	-	-
Other post-employment benefit liability	127,008,178	1,637,258	128,645,436	1,056,603	-	1,056,603
Capital leases	418,854	27,289	446,143	-	-	-
Compensated absences	10,898,817	395,018	11,293,835	-	119,749	119,749
Total non-current liabilities	315,415,159	29,822,228	345,237,387	6,127,274	119,749	6,247,023
Total liabilities	386,950,890	32,595,228	419,546,118	6,610,640	2,667,944	9,278,584
DEFERRED INFLOWS OF RESOURCES						
Property taxes paid in advance	5,715	-	5,715	-	-	-
Other unearned revenues (component unit)	-	-	-	-	135,596	135,596
Unearned dockage revenues (component unit)	-	-	-	-	331,806	331,806
Total deferred inflows of resources	5,715	-	5,715	-	467,402	467,402
NET POSITION						
Invested in capital assets, net of related debt	122,667,159	42,174,987	164,842,146	10,822,373	23,402,026	34,224,399
Restricted	21,214,642	3,885,863	25,100,505	12,351,426	20,825	12,372,251
Unrestricted	(40,827,126)	70,310	(40,756,816)	828,392	453,642	1,282,034
Total net position	103,054,675	46,131,160	149,185,835	24,002,191	23,876,493	47,878,684
Total liabilities, deferred inflows of resources and net position	\$ 490,011,280	\$ 78,726,388	\$ 568,737,668	\$ 30,612,831	\$ 27,011,839	\$ 57,624,670

The accompanying notes are an integral part of this statement

Continued
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CITY OF NEW BEDFORD, MASSACHUSETTS

Statement of Activities

For the Year Ended June 30, 2013

	<u>Program Revenues</u>				
	<u>Expenses</u>	<u>Indirect Expense Allocation</u>	<u>Fees, Fines, and Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Governmental Activities:					
General government	\$ 10,115,439	\$ 6,037,605	\$ 9,838,225	\$ 918,849	\$ 2,958,298
Public safety	53,436,361	23,395,817	11,833,220	7,676,816	1,178,239
Public works	27,833,524	3,643,225	20,683,998	9,399,026	419,766
Health and human services	6,921,037	771,461	830,144	535,326	-
Education	196,463,420	35,656,491	10,055,571	170,447,195	4,628,357
Community and economic development	6,322,976	-	3,396,195	5,768,840	-
Culture and recreation	6,773,225	1,780,651	657,699	280,694	-
Municipal airport	-	-	27,372	-	9,314,146
Pension benefits	22,629,695	(22,629,695)	-	-	-
Health and other insurance	48,655,555	(48,655,555)	-	-	-
Miscellaneous	8,572,875	-	-	-	-
State and county charges	9,581,904	-	-	-	-
Debt service:					
Interest and fiscal charges	8,714,439	-	-	-	-
Total governmental activities	<u>406,020,450</u>	<u>-</u>	<u>57,322,424</u>	<u>195,026,746</u>	<u>18,498,806</u>
			-		-
Business-Type Activities:					
Water	9,858,564	-	11,103,063	-	-
Airport	1,103,774	-	730,784	-	-
Total business-type activities	<u>10,962,338</u>	<u>-</u>	<u>11,833,847</u>	<u>-</u>	<u>-</u>
Total primary government	<u>416,982,788</u>	<u>-</u>	<u>69,156,271</u>	<u>195,026,746</u>	<u>18,498,806</u>
Component Units:					
Greater New Bedford Regional Refuse Management District	4,050,358	-	3,757,018	-	-
Non-major component units	7,497,865	-	1,720,812	3,658,244	2,273,286
Total component units	<u>11,548,223</u>	<u>-</u>	<u>5,477,830</u>	<u>3,658,244</u>	<u>2,273,286</u>
Total City of New Bedford	<u>\$ 428,531,011</u>	<u>\$ -</u>	<u>\$ 74,634,101</u>	<u>\$ 198,684,990</u>	<u>\$ 20,772,092</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, 2013

Net (Expense) Revenue and Changes in Net Position						
	<i>Primary Government</i>			<i>Component Units</i>		
	Governmental Activities	Business-Type Activities	Total	Greater New Bedford Regional Refuse District	Nonmajor Component Units	Total Component Units
Governmental Activities:						
General government	\$ (2,437,672)	\$ -	\$ (2,437,672)	\$ -	\$ -	\$ -
Public safety	(56,143,903)		(56,143,903)			-
Public works	(973,959)		(973,959)			-
Health and human services	(6,327,028)		(6,327,028)			-
Education	(46,988,788)		(46,988,788)			-
Community and economic development	2,842,059		2,842,059			-
Culture and recreation	(7,615,483)		(7,615,483)			-
Municipal airport	9,341,518		9,341,518			-
Pension benefits	-		-			-
Health and other insurance	-		-			-
Miscellaneous	(8,572,875)		(8,572,875)			-
State and county charges	(9,581,904)		(9,581,904)			-
Debt service:	-		-			-
Interest and fiscal charges	(8,714,439)		(8,714,439)			-
Total governmental activities	<u>(135,172,474)</u>		<u>(135,172,474)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Business-Type Activities:						
Water		1,244,499	1,244,499			
Airport		<u>(372,990)</u>	<u>(372,990)</u>			
Total business-type activities		<u>871,509</u>	<u>871,509</u>			
Total primary government	<u>(135,172,474)</u>	<u>871,509</u>	<u>(134,300,965)</u>			
Component Units:						
Greater New Bedford Regional Refuse Management District				(293,340)		(293,340)
Non-major component units					154,477	154,477
Total component units				<u>(293,340)</u>	<u>154,477</u>	<u>(138,863)</u>
Total City of New Bedford	<u>\$ (135,172,474)</u>	<u>\$ 871,509</u>	<u>\$ (134,300,965)</u>	<u>\$ (293,340)</u>	<u>\$ 154,477</u>	<u>\$ (138,863)</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, 2013

Net (Expense) Revenue and Changes in Net Position

	<i>Primary Government</i>			<i>Component Units</i>		
	Governmental Activities	Business-Type Activities	Total	Greater New Bedford Regional Refuse District	Nonmajor Component Units	Total Component Units
General revenues:						
Real estate and personal property, net of reserve for abatements	\$ 91,591,832	\$ -	\$ 91,591,832	\$ -	\$ -	\$ -
Motor vehicle and other excise taxes	7,712,745		7,712,745			-
Distribution - lottery	19,457,251		19,457,251			-
Exemptions - veterans, blind, surviving spouse & elderly	2,398,844		2,398,844			-
State owned land	15,459		15,459			-
Tax foreclosures	4,842,778		4,842,778			-
Penalties and interest on taxes	1,389,535		1,389,535			-
Earnings on investments	802,801		802,801	214,767	1,987	216,754
Payments in lieu of taxes	281,810		281,810			-
Miscellaneous	6,914,236	248,498	7,162,734	12,614	22,588	35,202
Total general revenues	135,407,291	248,498	135,655,789	227,381	24,575	251,956
Transfers/special items:						
Transfers between funds - operating	2,326,049	(1,701,049)	625,000			-
Special item - transfer of capital asset (net of debt) from governmental activities - airport	(8,251,802)	8,251,802	-			-
Net transfers to water stabilization fund		(625,000)	(625,000)			-
Special item - insurance proceeds	80,645		80,645		30,612	30,612
Special item - wind energy project (net)			-		(86,953)	(86,953)
Special item - capital lease proceeds	(466,692)		(466,692)			-
Change in net position	(6,076,983)	7,045,760	968,777	(65,959)	122,711	56,752
Net position - July 1, 2012 - restated	109,131,658	39,085,400	148,217,058	24,068,150	23,753,782	47,821,932
Net position - June 30, 2013	\$ 103,054,675	\$ 46,131,160	\$ 149,185,835	\$ 24,002,191	\$ 23,876,493	\$ 47,878,684

The accompanying notes are an integral part of this statement

CITY OF NEW BEDFORD, MASSACHUSETTS

Balance Sheet
Governmental Funds

June 30, 2013

	<u>General Fund</u>	<u>Wastewater</u>	<u>Non-Major Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash and investments, unrestricted	\$ 25,251,947	\$ 8,348,370	\$ 24,780,875	\$ 58,381,192
Cash, restricted	-	5,219,109	-	5,219,109
Receivables, net:				
Real estate and personal property taxes	4,399,412		-	4,399,412
Tax liens and foreclosures	24,178,923		-	24,178,923
Motor vehicle and boat excise	1,863,940		-	1,863,940
User charges receivables	-	2,180,738	-	2,180,738
Departmental and other	8,131,174	2,445	-	8,133,619
Loans receivable	-		20,421,589	20,421,589
Other receivables	1,170,430		142,016	1,312,446
Special assessments	804	231,810	-	232,614
Due from federal or state government	311,215		10,473,064	10,784,279
Due from other funds	2,776,281	319,500	-	3,095,781
Intraentity receivable	1,900,816		-	1,900,816
Inventories	-	71,860	-	71,860
Prepaid assets	-	423,388	-	423,388
Other assets	5,278		-	5,278
Land inventory	-		246,918	246,918
	<hr/>	<hr/>	<hr/>	<hr/>
Total assets	69,990,220	16,797,220	56,064,462	142,851,902
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	\$ 69,990,220	\$ 16,797,220	\$ 56,064,462	\$ 142,851,902
LIABILITIES				
Warrants payable	\$ 2,702,367	\$ 1,176,471	\$ 2,888,368	\$ 6,767,206
Accounts payable and accrued expenses	8,598,707	53,906	1,862,116	10,514,729
Retainage payable	-		30,123	30,123
Bonds and notes payable	-		22,750,000	22,750,000
Interim loan payable	-		483,175	483,175
Due to other funds	164,739	2,994,134	28,497	3,187,370
Deposits held	211,473	426,198	-	637,671
Due to other governments	-		209	209
Payroll withholdings	1,096,109			1,096,109
Other liabilities	391,629		4,770	396,399
	<hr/>	<hr/>	<hr/>	<hr/>
Total liabilities	13,165,024	4,650,709	28,047,258	45,862,991
DEFERRED INFLOWS OF RESOURCES				
Property taxes paid in advance	5,715			5,715
Deferred property and excise tax revenues	21,283,700			21,283,700
Deferred departmental and other receipts	6,899,763		14,143	6,913,906
Deferred user fees, fines and charges for services	-	2,415,866		2,415,866
Unearned grant income	-		1,316,398	1,316,398
Unearned loan income	-		20,421,589	20,421,589
	<hr/>	<hr/>	<hr/>	<hr/>
Total deferred inflows of resources	28,189,178	2,415,866	21,752,130	52,357,174
NET POSITION				
Nonspendable	1,900,816	71,860	5,374,329	7,347,005
Restricted	-	3,845,093	12,242,138	16,087,231
Committed	8,841,931	5,813,692	2,688,125	17,343,748
Assigned	1,063,133	-	-	1,063,133
Unassigned	16,830,138	-	(14,039,518)	2,790,620
	<hr/>	<hr/>	<hr/>	<hr/>
Total net position	28,636,018	9,730,645	6,265,074	44,631,737
	<hr/>	<hr/>	<hr/>	<hr/>
Total liabilities, deferred inflows of resources and net position	\$ 69,990,220	\$ 16,797,220	\$ 56,064,462	\$ 142,851,902

The accompanying notes are an integral part of this statement

CITY OF NEW BEDFORD, MASSACHUSETTS

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

For the Year Ended June 30, 2013

	General Fund	Wastewater	Non-Major Governmental Funds	Total Governmental Funds
REVENUE				
Real estate and personal property taxes	\$ 91,935,611	\$ -	\$ -	\$ 91,935,611
Motor vehicle and other excise	7,495,147		-	7,495,147
MSBA assistance	-		2,583,007	2,583,007
Tax liens and foreclosures	2,373,605	242,610	-	2,616,215
Penalties and interest on taxes	1,389,535		-	1,389,535
Licenses and permits	2,228,837		-	2,228,837
Fines and forfeitures	183,325		-	183,325
Investment income	160,173	48,230	584,430	792,833
Intergovernmental - operating grants	169,685,913	5,729,836	41,354,167	216,769,916
Intergovernmental - capital grants	2,045,350		13,872,524	15,917,874
Charges for services	14,942,109	19,571,417	1,513,158	36,026,684
Other - indirects	1,511,236		-	1,511,236
Special assessments and betterments	253	40,175	-	40,428
Payments in lieu of taxes	281,810		-	281,810
Miscellaneous	2,929,139	43,167	3,915,665	6,887,971
Total revenues	<u>297,162,043</u>	<u>25,675,435</u>	<u>63,822,951</u>	<u>386,660,429</u>
EXPENDITURES				
General government	6,509,251		2,390,267	8,899,518
Public safety	37,827,386		9,262,770	47,090,156
Education	146,979,124		26,363,469	173,342,593
Public works	13,042,250	10,748,253	9,573,128	33,363,631
Community and economic development	-		6,048,771	6,048,771
Health and human services	5,163,611		775,960	5,939,571
Municipal airport	-		9,064,427	9,064,427
Culture and recreation	3,928,783		1,583,392	5,512,175
Pension benefits	22,629,695		-	22,629,695
Health and other insurance	36,322,214		-	36,322,214
Miscellaneous	8,572,875		-	8,572,875
State and county charges	9,581,904			9,581,904
Debt service:				
Principal payments	6,035,695	6,752,084	58,505	12,846,284
Short-term note interest	494,872			494,872
Bond interest costs	2,925,722	5,126,091	-	8,051,813
Total expenditures	<u>300,013,382</u>	<u>22,626,428</u>	<u>65,120,689</u>	<u>387,760,499</u>
Excess (deficiency) of revenues over expenditures	<u>(2,851,339)</u>	<u>3,049,007</u>	<u>(1,297,738)</u>	<u>(1,100,070)</u>
OTHER FINANCING SOURCES (USES)				
Bond proceeds	-		4,373,000	4,373,000
Special item - insurance proceeds	-		80,645	80,645
Transfers in	5,491,074	6,054,007	2,138,476	13,683,557
Transfers out	<u>(2,717,689)</u>	<u>(7,957,397)</u>	<u>(682,422)</u>	<u>(11,357,508)</u>
Total other financing sources and uses	<u>2,773,385</u>	<u>(1,903,390)</u>	<u>5,909,699</u>	<u>6,779,694</u>
Change in net position	(77,954)	1,145,617	4,611,961	5,679,624
Net position - July 1, 2012, restated	<u>28,713,972</u>	<u>8,585,028</u>	<u>1,653,113</u>	<u>38,952,113</u>
Net position - June 30, 2013	<u>\$ 28,636,018</u>	<u>\$ 9,730,645</u>	<u>\$ 6,265,074</u>	<u>\$ 44,631,737</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, 2013

Total governmental fund balances	\$ 44,631,737
Record allowance for doubtful accounts that are financial resources, for the governmental funds	(1,400,483)
Record advance refunding and related amortization that are not reported in the governmental funds	466,283
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	339,879,679
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	52,351,459
Internal service funds are used by management to account for health insurance and workers' compensation activities	
The assets and liabilities of the internal service funds are included in the governmental activities in the Statement of Net Position	4,880,935
In the statement of activities, interest is accrued on outstanding long-term debt, whereas in governmental funds interest is not reported until due.	(2,637,425)
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	(190,718,337)
Compensated absences	(16,767,412)
Capital leases	(623,583)
Other postemployment benefits	<u>(127,008,178)</u>
Net position of governmental activities	<u>\$ 103,054,675</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, 2013

Net change in fund balances - total governmental funds	\$ 5,679,624
To record allowance for doubtful accounts that are resources for governmental funds	\$ 3,158,822
Record advance refunding and related amortization that are not reported in the governmental funds	(288,305)
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.	(1,106,074)
Revenues in the Statement of Activities that do not provide current financial resources are fully deferred in the Statement of Revenues, Expenditures and Changes in Fund Balances. Therefore, the recognition of revenue for various types of accounts receivable (i.e., real estate and personal property, motor vehicle excise, etc.) differ between the two statements. This amount represents the net change in deferred revenue.	3,725,782
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.	9,012,467
In the statement of activities, interest is accrued on outstanding long-term debt, whereas in governmental funds interest, is not reported until due.	120,551
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	(25,489,585)
Some expenses reported in the Statement of Activities, such as compensated absences, do not require current financial resources and, therefore, are not reported as expenditures in the governmental funds.	(1,267,158)
Internal service funds are used by management to account for health insurance and workers' compensation activities.	
The net activity of internal service funds is reported with Governmental Activities	<u>376,893</u>
Change in net position of governmental activities	<u>\$ (6,076,983)</u>

The accompanying notes are an integral part of this statement

CITY OF NEW BEDFORD, MASSACHUSETTS

Statement of Net Position
Proprietary Funds

June 30, 2013

	Business-Type Activities			Governmental Activities
	Water	Airport	Total	Internal Service Fund
ASSETS				
Current assets:				
Cash	\$ 1,484,464	\$ 425,883	\$ 1,910,347	\$ 8,213,898
Cash - restricted (stabilization)	25,273		25,273	
Investments - restricted (stabilization)	3,433,249		3,433,249	
User charges receivable, net	1,135,745		1,135,745	
Other receivables, net	1,791	25,542	27,333	(1,585)
Due from other funds			-	1,585
Inventory	246,387		246,387	
Other assets	1,672		1,672	
Total current assets	6,328,581	451,425	6,780,006	8,213,898
Non-current assets:				
Land	600,000	525,293	1,125,293	
Easements	962,500		962,500	
Infrastructure in progress	10,378	9,381,879	9,392,257	
Infrastructure, net	46,387,849	8,636,714	55,024,563	
Land improvements, net		463,961	463,961	
Building and improvements, net	52,755	1,508,116	1,560,871	
Machinery and equipment, net	3,019,362	77,137	3,096,499	
Office equipment and furniture, net	5,177	-	5,177	
Computer equipment, net	-	5,240	5,240	
Automobiles, net	310,021	-	310,021	
Total non-current assets	51,348,042	20,598,340	71,946,382	-
Total assets	57,676,623	21,049,765	78,726,388	8,213,898
DEFERRED OUTFLOWS OF RESOURCES				
None			-	
Total deferred outflows of resources	-	-	-	-
Total assets and deferred outflows of resources	\$ 57,676,623	\$ 21,049,765	\$ 78,726,388	\$ 8,213,898
LIABILITIES				
Current liabilities:				
Warrants payable	\$ 164,497	\$ -	\$ 164,497	\$ -
Accounts payable and accrued expenses	-	14,670	14,670	
Accrued interest	396,177	1,656	397,833	
Bonds payable	1,819,221	32,625	1,851,846	
Capital leases	129,597		129,597	
Compensated absences	197,060	17,385	214,445	
Due to other funds			-	650,851
Other liabilities	112		112	
Claims incurred but not reported			-	2,682,112
Total current liabilities	2,706,664	66,336	2,773,000	3,332,963
Non-current liabilities:				
Bonds payable	26,982,663	780,000	27,762,663	
Capital leases	27,289		27,289	
Compensated absences	380,281	14,737	395,018	
Other post-employment liability	1,483,536	153,722	1,637,258	
Total non-current liabilities	28,873,769	948,459	29,822,228	-
Total liabilities	31,580,433	1,014,795	32,595,228	3,332,963
DEFERRED INFLOWS OF RESOURCES				
None			-	
Total deferred inflows of resources	-	-	-	-
NET POSITION				
Invested in capital assets, net of related debt	\$ 22,389,272	\$ 19,785,715	\$ 42,174,987	\$ -
Restricted - water stabilization fund	3,885,863		3,885,863	
Unrestricted - airport operating fund		249,255	249,255	
Unrestricted - water operating fund	(178,945)		(178,945)	
Unrestricted - internal service fund			-	4,880,935
Total net position	26,096,190	20,034,970	46,131,160	4,880,935
Total liabilities, deferred inflows of resources and net position	\$ 57,676,623	\$ 21,049,765	\$ 78,726,388	\$ 8,213,898

The accompanying notes are an integral part of this statement

CITY OF NEW BEDFORD, MASSACHUSETTS

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

For the Year Ended June 30, 2013

	Business-Type Activities			Governmental
	Water	Airport	Total	Internal
				Service Fund
OPERATING REVENUES				
Charges for services	\$ 11,159,072	\$ 730,784	\$ 11,889,856	\$ -
Utility liens and penalties	(56,009)		(56,009)	
Contributions (employee and employer)			-	49,700,288
Miscellaneous	248,498		248,498	
Total operating revenues	<u>11,351,561</u>	<u>730,784</u>	<u>12,082,345</u>	<u>49,700,288</u>
OPERATING EXPENSES				
Salaries and benefits	3,520,735	317,792	3,838,527	41,504
Services and supplies	2,779,536	173,555	2,953,091	40,165
Capital outlay	102,088	1,500	103,588	
Depreciation expense	2,486,806	602,671	3,089,477	
Health and other insurance			-	49,251,694
Total operating expenses	<u>8,889,165</u>	<u>1,095,518</u>	<u>9,984,683</u>	<u>49,333,363</u>
Operating income (loss)	<u>2,462,396</u>	<u>(364,734)</u>	<u>2,097,662</u>	<u>366,925</u>
NONOPERATING REVENUES (EXPENSES)				
Investment earnings	123,530		123,530	9,968
Debt administrative costs	(27,789)		(27,789)	
Debt service - interest payments	(1,065,140)	(8,256)	(1,073,396)	
Total nonoperating revenue (expenses)	<u>(969,399)</u>	<u>(8,256)</u>	<u>(977,655)</u>	<u>9,968</u>
Income (loss) before transfers	1,492,997	(372,990)	1,120,007	376,893
OTHER FINANCING SOURCES (USES)				
Transfers in - operating	625,000		625,000	
Transfers out - operating	(2,164,574)	(161,475)	(2,326,049)	
Transfers in - capital	-	9,064,427	9,064,427	
Transfers out - capital	-	(812,625)	(812,625)	
Transfers in - water stabilization fund	820,535		820,535	
Transfers out - water stabilization fund	(1,445,535)		(1,445,535)	
Total transfers	<u>(2,164,574)</u>	<u>8,090,327</u>	<u>5,925,753</u>	<u>-</u>
Change in net position	(671,577)	7,717,337	7,045,760	376,893
Total net position - July 1, 2012	<u>26,767,767</u>	<u>12,317,633</u>	<u>39,085,400</u>	<u>4,504,042</u>
Total net position - June 30, 2013	<u>\$ 26,096,190</u>	<u>\$ 20,034,970</u>	<u>\$ 46,131,160</u>	<u>\$ 4,880,935</u>

The accompanying notes are an integral part of this statement

CITY OF NEW BEDFORD, MASSACHUSETTS

Statement of Cash Flows

For the Year Ended June 30, 2013

	<u>Business-Type Activities</u>			<u>Governmental Activities</u>
	<u>Water</u>	<u>Airport</u>	<u>Total</u>	<u>Internal Service Fund</u>
Cash flows from operating activities:				
Cash received from employee and employer contributions and governmental units	\$ -	\$ -	\$ -	\$ 52,584,930
Cash received from customers	11,396,152	734,280	12,130,432	
Payments from/(to) suppliers and employees	(6,269,275)	(460,609)	(6,729,884)	(48,688,321)
Cash received from interfund services provided			-	(357,740)
Net cash provided (used) by operating activities	<u>5,126,877</u>	<u>273,671</u>	<u>5,400,548</u>	<u>3,538,869</u>
Cash flows from noncapital financing activities:				
Transfers in (out)	<u>(2,164,574)</u>	<u>8,090,327</u>	<u>5,925,753</u>	
Net cash provided by noncapital financing activities	<u>(2,164,574)</u>	<u>8,090,327</u>	<u>5,925,753</u>	<u>-</u>
Cash flows from capital and related financing activities:				
Purchases and construction of capital assets	(187,237)	(9,064,423)	(9,251,660)	
Proceeds from bond issuance	-	812,625	812,625	
Principal paid on capital debt	(1,764,814)		(1,764,814)	
Interest paid on capital debt	(1,045,393)	(6,600)	(1,051,993)	
Debt administrative costs	(27,789)		(27,789)	
Net cash used by capital and related financing activities	<u>(3,025,233)</u>	<u>(8,258,398)</u>	<u>(11,283,631)</u>	<u>-</u>
Cash flows from investing activities:				
Purchase of investments	58,036		58,036	
Interest and dividends	123,530		123,530	9,968
Net cash used by investing activities	<u>181,566</u>	<u>-</u>	<u>181,566</u>	<u>9,968</u>
Net increase in cash and cash equivalents	118,636	105,600	224,236	3,548,837
Balances-beginning of the year	1,365,828	320,283	1,686,111	4,665,061
Balances-end of the year	<u>\$ 1,484,464</u>	<u>\$ 425,883</u>	<u>\$ 1,910,347</u>	<u>\$ 8,213,898</u>
Displayed as:				
Cash and short-term investments	\$ 1,484,464	\$ 425,883	\$ 1,910,347	\$ 8,213,898
Total cash and short-term investments	<u>\$ 1,484,464</u>	<u>\$ 425,883</u>	<u>\$ 1,910,347</u>	<u>\$ 8,213,898</u>

The accompanying notes are an integral part of this statement

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CITY OF NEW BEDFORD, MASSACHUSETTS

Statement of Cash Flows

For the Year Ended June 30, 2013

	<u>Business-Type Activities</u>			<u>Governmental</u>
	<u>Water</u>	<u>Airport</u>	<u>Total</u>	<u>Internal</u>
				<u>Service Fund</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:				
Operating income (loss)	\$ 2,462,396	\$ (364,734)	\$ 2,097,662	\$ 366,925
Adjustments to reconcile operating income to net cash provided (used) by operating activities:				
Depreciation expense	2,486,806	602,671	3,089,477	-
Change in assets and liabilities:				
(Increase) decrease in user charges receivables, net	(114,998)		(114,998)	
(Increase) decrease in utility liens	150,013		150,013	
(Increase) decrease other receivables, net	9,576	3,496	13,072	1,585
(Increase) decrease due from other funds	65,000		65,000	2,883,057
(Increase) decrease inventory, net	119,456		119,456	
Increase (decrease) warrants and accounts payable	(265,444)	(2,269)	(267,713)	(5,759)
Increase (decrease) in other post-employment benefits	396,594	33,256	429,850	
Increase (decrease) in due to other funds	(65,000)		(65,000)	650,801
Increase (decrease) in capital leases	(45,036)		(45,036)	
Increase (decrease) in compensated absences	(72,489)	1,251	(71,238)	
Increase (decrease) in other liabilities	3		3	
Increase (decrease) in incurred but not reported			-	(357,740)
Net cash provided (used) by operating activities	<u>\$ 5,126,877</u>	<u>\$ 273,671</u>	<u>\$ 5,400,548</u>	<u>\$ 3,538,869</u>

The accompanying notes are an integral part of this statement

CITY OF NEW BEDFORD, MASSACHUSETTS

Statement of Fiduciary Net Position
Fiduciary Funds and Similar Component Units

June 30, 2013

	Pension Trust Fund (As of December 31, 2012)	Private Purpose Trust Funds	Agency	Total
ASSETS				
Cash and short-term investments	\$ 3,678,217	\$ 433,223	\$ 6,068,831	\$ 10,180,271
Investments:				
Fixed income securities	40,373,038			40,373,038
Stocks / equities	94,925,197			94,925,197
International equities	31,383,330			31,383,330
Pooled funds	39,920,675			39,920,675
Real estate	18,643,215			18,643,215
Alternative investments	14,675,508			14,675,508
Receivables, net of allowance or uncollectibles:				
Interest and dividends	433,265			433,265
Other	350,961		282,926	633,887
Due from external parties - primary government	-		780,987	780,987
Prepaid assets	22,975			22,975
Total assets	<u>244,406,381</u>	<u>433,223</u>	<u>7,132,744</u>	<u>251,972,348</u>
DEFERRED OUTFLOWS OF RESOURCES				
None	-	-	-	-
Total deferred outflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets and deferred outflows of resources	<u>\$ 244,406,381</u>	<u>\$ 433,223</u>	<u>\$ 7,132,744</u>	<u>\$ 251,972,348</u>
LIABILITIES				
Warrants payable	\$ -	\$ 10,498	\$ 423,187	\$ 433,685
Accounts payable and accrued expenses	965,379			965,379
Payable to external parties - primary government			40,132	40,132
Deposits held	404,852		6,658,218	7,063,070
Other liabilities			11,207	11,207
Total liabilities	<u>1,370,231</u>	<u>10,498</u>	<u>7,132,744</u>	<u>8,513,473</u>
DEFERRED INFLOWS OF RESOURCES				
None	-	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET POSITION				
Restricted - other purposes	-	422,725	-	422,725
Restricted - pension benefits	243,036,150	-	-	243,036,150
Total net position	<u>243,036,150</u>	<u>422,725</u>	<u>-</u>	<u>243,458,875</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 244,406,381</u>	<u>\$ 433,223</u>	<u>\$ 7,132,744</u>	<u>\$ 251,972,348</u>

The accompanying notes are an integral part of this statement

CITY OF NEW BEDFORD, MASSACHUSETTS

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

For the Year Ended June 30, 2013

	Pension Trust Fund (As of December 31, 2012)	Private Purpose Trust Funds	Total
<u>Additions:</u>			
Contributions:			
Employer	\$ 25,139,524	\$ -	\$ 25,139,524
Employee	8,350,030		8,350,030
Miscellaneous income	11,444	(183)	11,261
	<hr/>	<hr/>	<hr/>
Total contributions	33,500,998	(183)	33,500,815
	<hr/>	<hr/>	<hr/>
Net investment income:			
Dividends and interest	4,900,859	3,291	4,904,150
Net appreciation in fair value of investments	25,397,526	357	25,397,883
Gain (loss) on sale of investments	2,014,745	(225)	2,014,520
	<hr/>	<hr/>	<hr/>
Total investment income	32,313,130	3,423	32,316,553
	<hr/>	<hr/>	<hr/>
Less: investment expense	1,982,157	-	1,982,157
	<hr/>	<hr/>	<hr/>
Net investment income	30,330,973	3,423	30,334,396
	<hr/>	<hr/>	<hr/>
Intergovernmental	1,614,843		1,614,843
	<hr/>	<hr/>	<hr/>
Total additions	65,446,814	3,240	65,450,054
	<hr/>	<hr/>	<hr/>
<u>Deductions:</u>			
Retirement benefits	38,405,678		38,405,678
Administration	419,479	10,498	429,977
Transfers, reimbursements and refunds	2,200,923		2,200,923
Total deductions	41,026,080	10,498	41,036,578
	<hr/>	<hr/>	<hr/>
Change in net position	24,420,734	(7,258)	24,413,476
	<hr/>	<hr/>	<hr/>
Net position - July 1, 2012 - restated	218,615,416	429,983	219,045,399
	<hr/>	<hr/>	<hr/>
Net position - June 30, 2013	\$ 243,036,150	\$ 422,725	\$ 243,458,875
	<hr/>	<hr/>	<hr/>

The accompanying notes are an integral part of this statement

CITY OF NEW BEDFORD, MASSACHUSETTS

Notes to Financial Statements

June 30, 2013

Note 1. Summary of Significant Accounting Policies

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

A. Reporting Entity

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

Component Units

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

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

The *Greater New Bedford Regional Refuse Management District* is an inter-municipal landfill benefitting the City of New Bedford and the adjacent Town of Dartmouth and was organized under the provisions of Massachusetts General Laws Chapter 40, Sections 44A through L. The Refuse District is governed by a six member committee, three of whom are appointed by the City and three of whom shall be appointed by the Town of Dartmouth. Although legally separate, the Greater New Bedford Regional Refuse Management District is reported on the government-wide financial statements as a major component unit (management’s discretion). Based on GASB Statement No. 61 guidance, a “financial benefit or burden relationship” exists between the primary government and the Refuse District due to the fact that the primary government has assumed the obligation to provide financial support to the organization through the payment of an annual assessment. Separate financial statements for the Greater New Bedford Regional Refuse Management District are not included in this financial statement presentation. These financial statements could be obtained by contacting either the Greater New Bedford Regional Refuse Management District or the Office of the Chief Financial Officer of the City of New Bedford.

The *New Bedford Harbor Development Commission* was established under the Chapter 762 of the Acts of 1957 as a Public Instrumentality to develop and market both the New Bedford Harbor as well as the waterfront properties. The Harbor Development Commission manages the local marina, harbors and waterways on behalf of the City. The Commission is made up of seven members, of which the mayor is the chairperson (ex-officio) and six members appointed by the mayor and confirmed by the City Council. Although legally separate, the New Bedford Harbor Development Commission is reported on the government-wide financial statements as a non-major component unit. Based on GASB Statement No. 61 guidance, a “financial benefit or burden relationship” exists between the primary government and the Harbor Development Commission due to the fact that the primary government has provided financial support to the Harbor Development Commission in past years and this obligation is still outstanding as of the end of fiscal year 2013. Separate financial statements for the New Bedford Harbor Development Commission are not included in this financial statement presentation. These financial statements could be obtained by contacting either the New Bedford Harbor Development Commission or the Office of the Chief Financial Officer of the City of New Bedford.

CITY OF NEW BEDFORD, MASSACHUSETTS

Notes to Financial Statements

June 30, 2013

Note 1. Summary of Significant Accounting Policies (Continued)

A. Reporting Entity (Continued)

Component Units (Continued)

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

The *New Bedford Redevelopment Authority* was organized under the provisions of Massachusetts General Laws 121B and is an independent body politic and corporate, is not an agency of a municipality and therefore, does not answer directly to the chief executive. According to Massachusetts General Law Chapter 121B Section 5, a redevelopment authority is governed by an appointed five-member board. In a City, four members of a housing or redevelopment authority shall be appointed by the Mayor subject to confirmation by the City Council. The purpose of the Authority is to redevelop substandard, decadent or blighted open areas for industrial, commercial, business, residential, recreational, education, hospital or other purposes. The Redevelopment Authority is reported on the government-wide financial statements as a non-major component unit. Based on GASB Statement No. 61 guidance, a “financial benefit or burden relationship” exists between the primary government and the Redevelopment Authority due to the fact that the primary government has provided financial support to the Redevelopment Authority in past years and this obligation is still outstanding as of the end of fiscal year 2013. Separate financial statements for the Redevelopment Authority are not included in this financial statement presentation. These financial statements could be obtained by contacting either the Redevelopment Authority or the Office of the Chief Financial Officer of the City of New Bedford.

Upon further review of existing GASB guidance, management has concluded that the *New Bedford Contributory Retirement System* (“the System”) should continue to be reported as a fiduciary fund in the City’s fiduciary fund financial statements (see pages 30 and 31). The System qualifies as neither a blended or discretely presented component unit. The System is a defined benefit contributory retirement plan covering employees of the City and certain other entities. The City Auditor is an ex-officio member of the System’s Board and the City is the largest employer in the System.

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

CITY OF NEW BEDFORD, MASSACHUSETTS

Notes to Financial Statements

June 30, 2013

Note 1. Summary of Significant Accounting Policies (Continued)

B. Government-Wide Statements

Government-Wide and Fund Financial Statements

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

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

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

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

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

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

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

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

C. Fund Financial Statements

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

CITY OF NEW BEDFORD, MASSACHUSETTS

Notes to Financial Statements

June 30, 2013

Note 1. Summary of Significant Accounting Policies (Continued)

C. Fund Financial Statements (Continued)

Major Fund Criteria:

Major funds must be reported if the following criteria are met:

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

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

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

The following funds are used by the City:

Governmental Funds

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

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

Proprietary Funds

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

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

CITY OF NEW BEDFORD, MASSACHUSETTS

Notes to Financial Statements

June 30, 2013

Note 1. Summary of Significant Accounting Policies (Continued)

C. Fund Financial Statements (Continued)

Fiduciary Funds

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

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

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

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

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

D. Measurement Focus and Basis of Accounting

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

Accrual

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

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

Modified Accrual

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

CITY OF NEW BEDFORD, MASSACHUSETTS

Notes to Financial Statements

June 30, 2013

Note 1. Summary of Significant Accounting Policies (Continued)

E. Implementation of New Accounting Principles

For the year ending June 30, 2013, the City implemented the following pronouncements issued by the GASB:

- GASB Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements*
- GASB Statement No. 61, *The Financial Reporting Entity: Omnibus – an amendment of GASB Statements No. 14 and No. 34*
- GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*
- GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*
- GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities* (early implementation)
-

GASB Statement No. 63 identifies net position as the residual of all other elements presented in a statement of financial position, which amends the net asset reporting requirements of Statement No. 34, *Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments*, and other pronouncements, by renaming net assets to net position.

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

The implementation of GASB Statement No.'s 60, 61 and 62 had no reporting impact for the City.

F. Financial Statement Amounts

Cash and Cash Equivalents

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

Investments

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

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

Real and personal property taxes are based on values levied (assessed) and liened as of each January 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.

Continued

CITY OF NEW BEDFORD, MASSACHUSETTS

Notes to Financial Statements

June 30, 2013

Note 1. Summary of Significant Accounting Policies (Continued)

F. Financial Statement Amounts (Continued)

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

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

Motor Vehicle Excise

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

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

Departmental and Other

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

Usage Receivables

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

Special Assessments

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

Intergovernmental

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

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, 2013 and are included in the water and wastewater funds.

CITY OF NEW BEDFORD, MASSACHUSETTS

Notes to Financial Statements

June 30, 2013

Note 1. Summary of Significant Accounting Policies (Continued)

F. Financial Statement Amounts (Continued)

Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, bridges, curbs, gutters, streets, sidewalks, and drainage systems) are reported in the applicable governmental activities column in the government-wide financial statements. Capital assets purchased or acquired with an aggregated original cost of \$10,000 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Net interest costs related to construction projects are capitalized during the related period. Such costs were not considered material during fiscal 2013. Donated capital assets are valued at their estimated fair value at the time recorded.

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

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

Building	20-50 years
Water and sewer system	30-50 years
Other infrastructure	10-50 years
Improvements	10-20 years
Machinery and equipment	5-10 years

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

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

Long-Term Debt

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

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

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

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

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

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

CITY OF NEW BEDFORD, MASSACHUSETTS

Notes to Financial Statements

June 30, 2013

Note 1. Summary of Significant Accounting Policies (Continued)

F. Financial Statement Amounts (Continued)

Compensated Absences

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

Compensated absence liabilities related to both governmental and business-type activities are normally paid from the funds reporting payroll and related expenditures. Management has estimated the short term portion of the compensated absence liability based on historical trends and/or specific account analysis.

Government-Wide and Propriety Fund Financial Statements

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

Encumbrances

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

Net Position and Classifications

Government -Wide Financial Statements:

Net position is displayed in three components:

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

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

Fund Statements

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

- *Nonspendable fund balance* - amounts that are not in spendable form (such as inventory) or are required to be maintained intact (such as the corpus of an endowment fund).
- *Restricted fund balance* - amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.

CITY OF NEW BEDFORD, MASSACHUSETTS

Notes to Financial Statements

June 30, 2013

Note 1. Summary of Significant Accounting Policies (Continued)

F. Financial Statement Amounts (Continued)

Fund Statements (Continued)

- *Committed fund balance* - amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purposes unless the government takes the same highest-level action to remove or change the constraint. For the City, this formal action takes the form of statutes which are passed by the City Council and approved by the Mayor.
- *Assigned fund balance* - amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority. Under MGL Chapter 190, Acts of 1982, the City Auditor has the authority to assign amounts to be used for specific purposes on behalf of the City.
- *Unassigned fund balance* - amounts that are available for any purpose; these amounts are reported only in the general fund. The City does not currently have a formal minimum unassigned fund balance policy.

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

Revenues

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

Expenditures

Expenditures are recognized when the related fund liability is incurred.

Interfund Activity

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

Government-Wide Financial Statements:

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

Fund Financial Statements:

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

CITY OF NEW BEDFORD, MASSACHUSETTS

Notes to Financial Statements

June 30, 2013

Note 1. Summary of Significant Accounting Policies (Continued)

F. Financial Statement Amounts (Continued)

Fund Financial Statements (Continued):

Interfund Transfers

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

Claims and Judgments

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

Use of Estimates

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

Fund Deficit and Appropriation Deficits

Several individual fund deficits existed at June 30, 2013 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 2013 were approved by the City Council as provided by the Charter.

CITY OF NEW BEDFORD, MASSACHUSETTS

Notes to Financial Statements

June 30, 2013

Note 2. Compliance and Accountability (Continued)

Budget Requirements, Accounting and Reporting (Continued)

Requirements for all funds (continued):

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

Interfund Transactions

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

	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>	<u>Other Financing Sources</u>	<u>Other Financing Uses</u>
<u>Major Governmental Funds</u>				
General Fund	\$ 2,776,281	\$ 164,739	\$ 3,587,962	\$ 2,717,689
Wastewater Funds	319,500	2,994,134	6,054,007	7,957,397
City & School Stabilization Funds	-	-	1,903,112	-
<u>Non-Major Governmental Funds</u>				
Capital Projects	-	-	1,796,892	435,989
Special Revenue Funds	-	26,532	341,584	180,678
Permanent Funds	-	1,965	-	65,755
<u>Proprietary Funds</u>				
Internal Service Funds	1,585	650,851	-	-
Water	-	-	1,445,535	3,610,109
Airport	-	-	-	161,475
<u>Fiduciary Funds</u>				
Agency	780,987	40,132	-	-
Private Purpose Trust Funds	-	-	-	-
Totals	<u>\$ 3,878,353</u>	<u>\$ 3,878,353</u>	<u>\$ 15,129,092</u>	<u>\$ 15,129,092</u>

In addition to the sources and uses above, \$9,064,427 was recorded as a source for the airport enterprise fund and \$812,625 was recorded as a financing use for the airport enterprise fund for capital assets purchased from governmental funds and long-term issuances of debt during fiscal year 2013 (respectively) (thus resulting in a net use increase in net position within the airport enterprise fund).

CITY OF NEW BEDFORD, MASSACHUSETTS

Notes to Financial Statements

June 30, 2013

Note 3. Cash, Cash Equivalents and Investments

Cash and investment as of June 30, 2013 are classified in the accompanying financial statements as follows:

Cash and investments - Governmental Activities	\$ 71,814,199
Cash and investments - Business Type Activities	5,368,869
Cash and investments - Pension Trust Fund	243,599,180
Cash and investments - City Private Purpose Trust Funds	433,223
Cash and investments - Agency Funds	<u>6,068,831</u>
	<u>\$ 327,284,302</u>

Cash and Cash Equivalents

Deposits are in various financial institutions and are carried at cost or fair value in the case of pooled deposits for trust funds. The carrying value is separately displayed on the statement of net position as “Cash and Investments”. Petty cash is included in the presentation of cash on the statement of net position in the amount of \$8,115 on June 30, 2013.

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

At year end, the City’s carrying amount of deposits for the primary government, private purpose trust funds and the agency funds was \$83,444,085, including \$8,115 of petty cash and the bank balance was \$90,453,189. Of the bank balance \$2,646,943 was covered by Federal Depository Insurance, \$19,658,694 was covered by Depositors Insurance Fund and \$45,306,689 was held in collateralized accounts. The remaining balance of \$22,840,863 was held in uncollateralized accounts.

At year end the City’s carrying amount of deposits for the pension trust fund was \$2,747,878 and the bank balance was \$2,794,599. Of the bank balance \$750,000 was covered by Federal Depository Insurance. The remaining balance of \$2,044,599 was held in uncollateralized accounts.

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

Investments

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

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. See below for ratings of the investments held by the City of New Bedford as of June 30, 2013 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, 2013

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	\$ 203,503	\$ -	\$ 61,456	\$ -	\$ 2,282	\$ -	\$ -	\$ -	\$ 139,765
Corporate Bonds	3,121,311		106,510	2,196,146	456,192	237,295			125,168
Fixed Income	359,987				359,987				
Total Debt Securities	\$ 3,684,801	\$ -	\$ 167,966	\$ 2,196,146	\$ 818,461	\$ 237,295	\$ -	\$ -	\$ 264,933

Other Investments:

Equities	3,466,765
Real Estate	2,012
Tangible Assets	3,072
Certificate of Deposits	7,936,751
Mutual Funds - Fixed Income Securities	124,584
Mutual Funds - Equities	61,278
ETF - US	32,242
ETF - International	17,719
Total Investments	<u>\$ 15,329,224</u>

CITY OF NEW BEDFORD, MASSACHUSETTS

Notes to Financial Statements

June 30, 2013

3. Cash, Cash Equivalents and Investments (Continued)

Pension Trust Fund

Investment Type	Fair Value	S&P Rating									Not Rated
		AAA	AA	A	BBB	BB	B	CCC	CC	D	
Bond Paying Periodic Income	\$ 19,806,995	\$ 281,576	\$ 1,842,000	\$ 3,283,218	\$ 6,580,933	\$ 2,238,653	\$ 2,983,450	\$ 958,063	\$ 77,355	\$ -	\$ 1,561,747
Convertible Bonds	990,146			416,017	244,298	242,997	45,206	41,628			
CMO	4,929,148	310,424	74,956	122,232	480,922	209,052		54,759	171,271	203,991	3,301,541
Credit Card Receivables	549,518	139,908	96,092	212,746							100,772
Government Issues	7,475,609	1,596,213	1,022,090		1,125,274						3,732,032
Municipals	737,107	59,484	193,675	245,572			238,376				
Mortgage Passthrough Pool	5,530,961		5,530,961								
Auto Loans Receivable	117,493	23,155	50,431								43,907
Other Assets	236,061	100,356	75,796	59,909							
Total Debt Securities	\$ 40,373,038	\$ 2,511,116	\$ 8,886,001	\$ 4,339,694	\$ 8,431,427	\$ 2,690,702	\$ 3,267,032	\$ 1,054,450	\$ 248,626	\$ 203,991	\$ 8,739,999
Other Investments:											
Common Stock	\$ 53,359,005										
International Equities	31,383,330										
Pooled Equities - Capital	14,675,508										
Pooled Real Estate	18,643,215										
Pooled Funds	39,920,675										
Pooled Equities - Diversified Growth	41,566,192										
Total Investments	\$ 239,920,963										

CITY OF NEW BEDFORD, MASSACHUSETTS

Notes to Financial Statements

June 30, 2013

3. Cash, Cash Equivalents and Investments (Continued)

Primary Government, Private Purpose and Agency Funds

<u>Investment Type</u>	<u>Fair Value</u>	<u>Remaining Maturity (in years)</u>				<u>More than 10 years</u>	<u>Not Available</u>
		<u>0-1 years</u>	<u>1-2 years</u>	<u>2-5 year</u>	<u>5-10 years</u>		
Government Securities	\$ 203,503	\$ -	\$ 132,185	\$ 14	\$ 69,022	\$ 2,282	\$ -
Corporate Bonds	3,121,311		539,148	2,240,728	234,925		106,510
Fixed Income	359,987					359,987	
Certificates of Deposit	7,936,751	1,132,949	530,547	3,833,276	2,107,270	332,709	
Total Debt Securities	\$ 11,621,552	\$ 1,132,949	\$ 1,201,880	\$ 6,074,018	\$ 2,411,217	\$ 694,978	\$ 106,510

Other Investments:

Equities	\$ 3,466,765
Real Estate	2,012
Tangible Assets	3,072
Mutual Funds - Fixed Income Securities	124,583
Mutual Funds - Equities	61,278
ETF - US	32,242
ETF - International	17,720
Total Investments	\$ 15,329,224

CITY OF NEW BEDFORD, MASSACHUSETTS

Notes to Financial Statements

June 30, 2013

3. Cash, Cash Equivalents and Investments (Continued)

Pension Trust Fund

<u>Investment Type</u>	<u>Fair Value</u>	<u>Remaining Maturity (in years)</u>			<u>More than 10 years</u>
		<u>1-2 years</u>	<u>2-5 year</u>	<u>5-10 years</u>	
Bond Paying Periodic Income	\$ 19,806,995	\$ -	\$ 463,919	\$ 1,250,605	\$ 18,092,471
Convertible Bonds	990,146		56,909	239,345	693,892
CMO	4,929,148				4,929,148
Credit Card Receivables	549,518			409,610	139,908
Government Issues	7,475,609	1,022,090	1,596,213	455,265	4,402,041
Municipals	737,107				737,107
Mortgage Passthrough Pool	5,530,961				5,530,961
Auto Loans Receivable	117,493		73,586	43,907	
Other Assets	236,061			100,356	135,705
Total Debt Securities	\$ 40,373,038	\$ 1,022,090	\$ 2,190,627	\$ 2,499,088	\$ 34,661,233
<u>Other Investments:</u>					
Common Stock	\$ 53,359,005				
International Equities	31,383,330				
Pooled Equities - Capital	14,675,508				
Pooled Real Estate	18,643,215				
Pooled Funds	39,920,675				
Pooled Equities - Diversified Growth	41,566,192				
Total Investments	\$ 239,920,963				

CITY OF NEW BEDFORD, MASSACHUSETTS

Notes to Financial Statements

June 30, 2013

3. Cash, Cash Equivalents and Investments (Continued)

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

<u>Investment Type</u>	<u>Currency</u>	<u>Total Amount</u>	<u>Maturity</u>	<u>Description</u>
<i>Foreign Currency Risk</i>				
<i>Primary Government, Private Purpose and Agency Funds</i>				
Common Stock - Foreign	N/A	\$ 1,391	N/A	Columbia Acorn Int'l Fund
Common Stock - Foreign	N/A	5,126	N/A	Vanguard MSCI EAFE ETF
Common Stock - Foreign	N/A	4,814	N/A	Columbia Emerging Markets Fund
ETF - Int'l Dev	N/A	9,666	N/A	Wisdom Tree Emg Mkts Equity
ETF - Int'l Dev	N/A	8,054	N/A	Wisdom Tree DEFA Fund
Total		<u>\$ 29,051</u>		

<u>Investment Type</u>	<u>Currency</u>	<u>Total Amount</u>	<u>Maximum Maturity</u>	<u>Description</u>	<u>S&P Rating</u>
<i>Foreign Currency Risk</i>					
<i>Pension Trust Fund</i>					
Corporate Bonds	Australian Dollar	\$ 246,448	3 years	BNP Paribas Australia	A+
Corporate Bonds	New Zealand Dollar	99,040	3 years	General Electric Cap Corp	AA+
Corporate Bonds	New Zealand Dollar	1,090,672	2 years	General Electric Cap Corp	AA+
Corporate Bonds	Brazilian Real	254,505	1 year	European Bk Recon & Dev	AAA
Corporate Bonds	Pound Sterling	45,880	7 years	Textron Inc	BBB-
Corporate Bonds	Singapore Dollar	990,258	1 year	Intl Bk Recon + Develop	N/A
Foreign Currency	Icelandic Krona	10,371	N/A	Iceland Krona	N/A
Foreign Currency	Pound Sterling	4	N/A	Pound Sterling	N/A
Government Issues	Canadian Dollar	1,022,090	1 year	Province of Ontario	AA-
Government Issues	Canadian Dollar	219,610	<1 year	Canada Housing Trust	AAA
Government Issues	Canadian Dollar	1,073,875	2 years	Canadian Government	AAA
Government Issues	Norwegian Krone	302,727	4 years	Norwegian Krone	AAA
Government Issues	Canadian Dollar	381,004	3 years	Instit Credito Official	BBB-
Government Issues	Norwegian Krone	17,328	6 years	Riskisbref	BBB-
Government Issues	Norwegian Krone	56,933	<1 year	Riskisbref	BBB-
Government Issues	Euro Currency	670,009	12 years	Irish Tsy 5.4 2025	BBB+
Government Issues	Euro Currency	35,785	20 years	Buoni Poliennali Del Tes	N/A
Government Issues	Icelandic Krona	94,034	3 years	Rikisbref	N/A
Subtotal		<u>\$ 6,610,573</u>			

CITY OF NEW BEDFORD, MASSACHUSETTS

Notes to Financial Statements

June 30, 2013

Note 4. Receivables

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

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

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

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

	Governmental Activities				Business-Type Activities		
	Major Funds		Non-Major	Total	Water	Airport	Total
	General	Waste water	Governmental	Governmental			
Receivables:							
Real estate and personal property taxes	\$ 4,399,412	\$ -	\$ -	\$ 4,399,412	\$ -	\$ -	\$ -
Tax liens and foreclosures	24,178,923	-	-	24,178,923			-
Motor vehicle and boat excise	1,863,940	-	-	1,863,940			-
User charges receivables	-	2,180,738	-	2,180,738	1,275,745		1,275,745
Departmental and other	8,131,174	2,445	-	8,133,619			-
Loans receivable	-	-	20,421,589	20,421,589			-
Other receivables	1,170,430	-	142,016	1,312,446	1,791	25,992	27,783
Special assessments	804	231,810	-	232,614			-
Due from federal or state government	311,215	-	10,473,064	10,784,279			-
Gross receivables	40,055,898	2,414,993	31,036,669	73,507,560	1,277,536	25,992	1,303,528
Less: allowance for uncollectable	(770,397)	(425,870)	(204,216)	(1,400,483)	(140,000)	(450)	(140,450)
Net total receivables	<u>\$ 39,285,501</u>	<u>\$ 1,989,123</u>	<u>\$ 30,832,453</u>	<u>\$ 72,107,077</u>	<u>\$ 1,137,536</u>	<u>\$ 25,542</u>	<u>\$ 1,163,078</u>

CITY OF NEW BEDFORD, MASSACHUSETTS

Notes to Financial Statements

June 30, 2013

Note 5. Capital Assets and Depreciation

Capital asset activity for the year ended June 30, 2013 was as follows:

	Beginning Balance	Restatement	Beginning Balance Restated	Increases	Decreases	Ending Balance
<u>Governmental Activities:</u>						
Not Being Depreciated:						
Land	\$ 3,152,935	\$ 624,300	\$ 3,777,235	\$ -	\$ -	\$ 3,777,235
Construction in progress	44,759,145		44,759,145	487,161	43,565,060	1,681,246
Infrastructure in progress	2,285,081		2,285,081	9,836,288	6,929,450	5,191,919
Subtotal	50,197,161	624,300	50,821,461	10,323,449	50,494,510	10,650,400
Other Capital Assets:						
Infrastructure	167,866,385		167,866,385	6,929,450		174,795,835
Land improvements	362,551		362,551	43,031		405,582
Buildings and improvements	317,090,159		317,090,159	44,492,151		361,582,310
Machinery and equipment	48,592,811		48,592,811	1,270,989		49,863,800
Office equipment and furniture	14,147,807		14,147,807	144,057		14,291,864
Computer equipment	11,454,550		11,454,550	436,941		11,891,491
Library books and textbooks	10,225,403		10,225,403	345,531		10,570,934
Automobiles	10,119,837		10,119,837	401,582		10,521,419
Animals	54,859		54,859	-		54,859
Subtotal	579,914,362	-	579,914,362	54,063,732	-	633,978,094
Accumulated Depreciation:						
Infrastructure	110,389,951		110,389,951	2,560,004		112,949,955
Land improvements	81,885		81,885	19,120		101,005
Buildings and improvements	98,831,497		98,831,497	8,425,981		107,257,478
Machinery and equipment	39,225,954		39,225,954	2,239,488		41,465,442
Office equipment and furniture	13,456,271		13,456,271	345,932		13,802,203
Computer equipment	9,080,579		9,080,579	570,865		9,651,444
Library books and textbooks	9,790,002		9,790,002	231,067		10,021,069
Automobiles	8,857,466		8,857,466	603,536		9,461,002
Animals	36,464		36,464	2,752		39,216
Subtotal	289,750,069	-	289,750,069	14,998,745	-	304,748,814
Net other capital assets	290,164,293	-	290,164,293	39,064,987	-	329,229,280
Net capital assets	\$ 340,361,454	\$ 624,300	\$ 340,985,754	\$ 49,388,436	\$ 50,494,510	\$ 339,879,680

CITY OF NEW BEDFORD, MASSACHUSETTS

Notes to Financial Statements

June 30, 2013

5. Capital Assets and Depreciation (continued)

Capital asset activity for the year ended June 30, 2013 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<u>Business-Type Activities - Water:</u>				
Not Being Depreciated:				
Land	\$ 600,000	\$ -	\$ -	\$ 600,000
Infrastructure in progress	502,725	15,226	507,573	10,378
Easements	962,500			962,500
Subtotal	<u>2,065,225</u>	<u>15,226</u>	<u>507,573</u>	<u>1,572,878</u>
Other Capital Assets:				
Infrastructure	91,362,648	507,573		91,870,221
Buildings and improvements	48,811	11,875		60,686
Machinery and equipment	5,941,129	94,777		6,035,906
Office equipment and furniture	96,935			96,935
Computer equipment	49,471			49,471
Automobiles	1,032,146	65,358		1,097,504
Subtotal	<u>98,531,140</u>	<u>679,583</u>	<u>-</u>	<u>99,210,723</u>
Accumulated Depreciation:				
Infrastructure	43,637,683	1,844,689		45,482,372
Buildings and improvements	6,658	1,273		7,931
Machinery and equipment	2,485,483	531,061		3,016,544
Office equipment and furniture	86,827	4,931		91,758
Computer equipment	49,107	364		49,471
Automobiles	682,996	104,487		787,483
Subtotal	<u>46,948,754</u>	<u>2,486,805</u>	<u>-</u>	<u>49,435,559</u>
Net other capital assets	<u>51,582,386</u>	<u>(1,807,222)</u>	<u>-</u>	<u>49,775,164</u>
Net capital assets	<u>\$ 53,647,611</u>	<u>\$ (1,791,996)</u>	<u>\$ 507,573</u>	<u>\$ 51,348,042</u>

CITY OF NEW BEDFORD, MASSACHUSETTS

Notes to Financial Statements

June 30, 2013

5. Capital Assets and Depreciation (continued)

Capital asset activity for the year ended June 30, 2013 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	317,452	9,064,427		9,381,879
Subtotal	<u>842,745</u>	<u>9,064,427</u>	<u>-</u>	<u>9,907,172</u>
Other Capital Assets:				
Infrastructure	11,193,746	-		11,193,746
Land improvements	621,822			621,822
Buildings and improvements	2,240,420			2,240,420
Machinery and equipment	887,281			887,281
Computer & Equipment	52,400			52,400
Automobiles	74,710			74,710
Office equipment and furniture	5,294			5,294
Subtotal	<u>15,075,673</u>	<u>-</u>	<u>-</u>	<u>15,075,673</u>
Accumulated Depreciation:				
Infrastructure	2,098,458	458,574		2,557,032
Land improvements	126,779	31,082		157,861
Buildings and improvements	692,349	39,955		732,304
Machinery and equipment	755,045	55,099		810,144
Computer and equipment	36,680	10,480		47,160
Automobiles	67,239	7,471		74,710
Office equipment and furniture	5,280	14		5,294
Subtotal	<u>3,781,830</u>	<u>602,675</u>	<u>-</u>	<u>4,384,505</u>
Net other capital assets	<u>11,293,843</u>	<u>(602,675)</u>	<u>-</u>	<u>10,691,168</u>
Net capital assets	<u>\$ 12,136,588</u>	<u>\$ 8,461,752</u>	<u>\$ -</u>	<u>\$ 20,598,340</u>

CITY OF NEW BEDFORD, MASSACHUSETTS

Notes to Financial Statements

June 30, 2013

5. *Capital Assets and Depreciation (continued)*

Governmental Activities:

General Government	\$	965,491
Public Safety		1,610,479
Education		7,556,698
Public Works		2,976,590
Public Works (WW)		743,446
Community and Economic Development		274,205
Health and Human Services		185,720
Culture and Recreation		686,116
		<hr/>

Total Governmental Activities \$ 14,998,745

Business-Type Activities:

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

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

CITY OF NEW BEDFORD, MASSACHUSETTS

Notes to Financial Statements

June 30, 2013

Note 6. City of New Bedford Contributory Retirement System

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

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

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

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

A. Summary of Significant Accounting Policies

Basis of Accounting

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

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

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

Operating Cycle

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

CITY OF NEW BEDFORD, MASSACHUSETTS

Notes to Financial Statements

June 30, 2013

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

Method Used to Value Assets

Market Value of Plan Assets

Cash deposits are carried at cost which approximates market. Investments in bonds and notes are stated at amortized cost which approximates market. Investments in stock are recorded at market value. The market value of the pension trust fund as of the most recent actuarial valuation (January 1, 2012) was \$218,157,911. The market value for the pension trust fund can be seen on page 29 in the "Statement of Fiduciary Net Position".

Actuarial Value of Assets

The actuarial value of assets is determined by projecting the market value of assets as of the beginning of the prior plan year with the assumed rate of return during that year (7.75%) and accounting for deposits and disbursements with interest at the assumed rate of return. An adjustment is then applied to recognize the difference between the actual investment return and expected return over a five-year period. This preliminary actuarial value is not allowed to differ from the market value of assets by more than 10%. The actuarial value of assets as of January 1, 2012 is \$239,973,702. More information on this calculation can be seen in Table V of the City's January 1, 2012 actuarial valuation report.

B. Plan Description

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

The Retirement Board exercises jurisdiction to determine an employee's eligibility for membership in cases involving part time service. The participants contribute specified percentages of their annual compensation to the plan. The City's contribution is determined by the Division of Public Employee Retirement Administration ("PERA") on a cost of benefits approach and, for the year ended June 30, 2013, was \$22,629,695.

As of January 1, 2012 (the most recent actuarial valuation date), employee membership data related to the pension plan was as follows:

	<u>Total</u>
Active members	1,917
Inactive members	481
Retired members	1,429
Disabled members	<u>345</u>
Total participants	<u><u>4,172</u></u>

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

CITY OF NEW BEDFORD, MASSACHUSETTS

Notes to Financial Statements

June 30, 2013

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

C. Retirement Groups

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

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

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

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

D. Funding Policy

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

In 2008, the City adopted GASB Statement No. 50, *Pension Disclosures*. This new standard now requires entities to report the results of the most recent actuarial valuation in the footnotes. This information was previously only required to be reported as required supplementary information. The most recent actuarial valuation of the City's Contributory Retirement System was prepared under the direction of Public Employee Retirement Administration Commission (PERAC) as of January 1, 2012. The standardized measure of the unfunded actuarial accrued liability as of January 1, 2012, is as follows:

Actuarial accrued liability:

	<u>January 1, 2012</u> (unaudited)
Actuarial accrued liability for active members	\$ 222,864,254
Actuarial accrued liability for retirees, beneficiaries, disabilities and inactives currently receiving benefits	<u>354,602,479</u>
Total actuarial accrued liability (AAL):	577,466,733
Less: actuarial value of assets (AVA):	<u>239,973,702</u>
Unfunded actuarial accrued liability (UAAL):	<u>\$ 337,493,031</u>

CITY OF NEW BEDFORD, MASSACHUSETTS

Notes to Financial Statements

June 30, 2013

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

E. Contributions Required and Contributions Made

Periodic employer contributions to the pension plan are determined on an actuarial basis using the individual entry age normal actuarial cost method. Normal cost is funded on a current basis. The unfunded actuarial accrued liability is funded over a 30-year period. Periodic contributions for both normal cost and the amortization of the unfunded actuarial accrued liability are based on the level percentage of payroll on an open group method. The unfunded actuarial accrued liability is set to be fully amortized by the year 2037 based on the most recent actuarial valuation dated January 1, 2012. The funding strategy for normal cost and the unfunded actuarial accrued liability should provide sufficient resources to pay employee pension benefits on a timely basis.

Total contributions to the pension plan in 2013 amounted to \$29,578,431 of which \$22,629,695 and \$6,948,736 were made by the City of New Bedford and its employees, respectively. The contributed amounts were actuarially determined as described above on a fiscal year basis. The pension contributions represent funding for normal cost and the amortization of the unfunded actuarial accrued liability. Contributions made by the City of New Bedford and its employees represent 31% and 9% respectively, of covered payroll for the year.

The covered payroll for the Contributory Retirement System for the year ending December 31, 2012 was approximately \$73,176,508. The City's total payroll for all employees who contribute to the Contributory Retirement System was approximately \$80,986,005 for the same period. Covered payroll refers to all compensation paid by the City to active employees covered by the City of New Bedford PERS on which contributions to the pension are based.

In addition, teachers, certain administrators, and other professional of the School Department participate in a contributory defined benefit plan administered by the Massachusetts Teachers' Retirement System. The City has no obligation to contribute to this plan. The Commonwealth funds plan benefits to the extent that funding is not provided through employee contributions. The Commonwealth's contributed \$32,164,115 for benefits "on-behalf" of the school department for the year ended June 30, 2013. The amount was recorded as revenue and as an expenditure in the general fund in accordance with GASB-24.

The computation of the pension contribution requirements for 2013 were based on the same (a) actuarial assumptions, (b) benefit provisions, and (c) other significant factors as used to determine pension contribution requirements in the previous year.

Note 7. Other Employee Benefits

A. Other Postemployment Benefits

Plan Description

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

CITY OF NEW BEDFORD, MASSACHUSETTS

Notes to Financial Statements

June 30, 2013

Note 7. Other Employee Benefits (Continued)

A. Other Postemployment Benefits (Continued)

Funding Policy

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

Annual OPEB and Net OPEB Obligation

The District’s annual OPEB cost (expense) is calculated based on the annual required contribution (ARC) of the employer, an actuarially determined amount that is calculated in accordance with the parameters set forth in GASB Statement 45. The amount that was actuarially determined by using the Projected Unit Credit Cost Method. Under this method the annual contribution consists of two pieces: Normal Cost plus a payment towards the unfunded accrued liability. The normal cost is similarly determined as the present value of the portion of the projected benefit attributable to the current year. The unfunded accrued liability is the accrued liability less the value of any plan assets. The level percent amortization method was utilized to determine the current year ARC. The following table shows the elements of the City’s annual OPEB cost for the year, the amount actually paid on behalf of the Plan, and changes in the City’s net OPEB obligation to the Plan for the year ended June 30, 2013.

Calculation of Net OPEB Obligation (NOO)

	Fiscal 2013
Annual Required Contribution (ARC)	\$ 41,541,822
Interest on Net OPEB Obligation	4,109,040
Amortization Credit on NOO	<u>(3,925,411)</u>
Annual OPEB Cost (an expense)	<u>41,725,451</u>
Premiums and Implicit Subsidy Paid	15,806,016
Cash Contributions (to an OPEB Trust)	<u>-</u>
Total contributions	<u>15,806,016</u>
Change in Net OPEB Obligation (NOO)	25,919,435
NOO Beginning of Fiscal Year	<u>102,726,001</u>
NOO End of Fiscal Year 2013	<u><u>\$ 128,645,436</u></u>

CITY OF NEW BEDFORD, MASSACHUSETTS

Notes to Financial Statements

June 30, 2013

Note 7. Other Employee Benefits (Continued)

A. Other Postemployment Benefits (Continued)

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

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

The City's annual required contribution, its interest and amortization of the net OPEB obligation (NOO), its annual OPEB cost, the percentage of the annual OPEB cost contributed to the plan, and the net OPEB obligation for the 2013 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)
6/30/2013	41,541,822	4,109,040	3,925,411	41,725,451	15,806,016	37.9%	25,919,435	128,645,436
6/30/2012	39,802,642	3,196,438	3,053,598	39,945,482	17,130,468	42.9%	22,815,014	102,726,001
6/30/2011	35,052,581	2,081,487	1,718,458	35,415,610	14,975,692	42.3%	20,439,918	79,910,987
6/30/2010	33,456,570	1,326,083	1,094,804	33,687,849	12,104,927	35.9%	21,582,922	59,471,069

Funded Status and Funding Progress

As of July 1, 2012, the most recent actuarial valuation date, the Plan was 0% funded. The actuarial accrued liability for benefits was \$563,121,325. Amounts determined regarding the funded status of the Plan and the annual required contributions of the City are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, shows 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, 2012, 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%

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

CITY OF NEW BEDFORD, MASSACHUSETTS

Notes to Financial Statements

June 30, 2013

Note 7. Other Employee Benefits (Continued)

A. Other Postemployment Benefits (Continued)

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the health cost trend.

Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive Plan (the Plan as understood by the employer and plan member) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and Plan members to that point. 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, 2012
Actuarial cost method:	Projected Unit Credit
Amortization period:	30-year level percent of pay assuming 3.0% aggregate annual payroll growth, open basis ("pay-as-you-go")
Remaining amortization period:	30 years as of July 1, 2012 for all future valuations ("pay-as-you-go" plan)
Interest discount rate	Pay-as-you-go: 4.0% per year, net of investment expenses (management's directive)
Participation:	95% of future retirees are assumed to participate in the retiree medical plan. 100% of future retirees are expected to elect life insurance.

Allocation of AOPEBC

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

	<u>NOO</u> <u>June 30, 2012</u>	<u>Change in Net OPEB</u> <u>Obligation (NOO)</u>	<u>NOO</u> <u>June 30, 2013</u>
Governmental Activities:			
General government	\$ 2,983,240	\$ 613,446	\$ 3,596,686
Public safety	30,170,788	6,238,654	36,409,442
Public works	4,558,980	1,188,771	5,747,751
Education	58,709,935	16,098,417	74,808,352
Health and human services	2,955,477	783,172	3,738,649
Culture and recreation	2,140,173	567,125	2,707,298
Total AOPEBC - governmental activities	<u>\$ 101,518,593</u>	<u>\$ 25,489,585</u>	<u>\$ 127,008,178</u>
Business-Type Activities:			
Water	1,086,942	396,594	\$ 1,483,536
Airport	120,466	33,256	153,722
Total AOPEBC - business-type activities	<u>\$ 1,207,408</u>	<u>\$ 429,850</u>	<u>\$ 1,637,258</u>
Total AOPEBC - government-wide	<u>\$ 102,726,001</u>	<u>\$ 25,919,435</u>	<u>\$ 128,645,436</u>

CITY OF NEW BEDFORD, MASSACHUSETTS

Notes to Financial Statements

June 30, 2013

Note 8. Other Commitments

Capital Leases

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

<u>Year Ending June 30,</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Primary Government</u>
2014	\$ 225,445	\$ 137,595	\$ 363,040
2015	231,364	28,253	259,617
2016	166,957	2	166,959
2017	43,556	-	43,556
Minimum lease payments for all capital leases	\$ 667,322	\$ 165,850	\$ 833,172
Less: amount representing interest	(43,739)	(8,963)	(52,702)
Present value of net minimum lease payments	<u>\$ 623,583</u>	<u>\$ 156,887</u>	<u>\$ 780,470</u>

	<u>Beginning Balance</u>	<u>Restatement</u>	<u>Balance Restated</u>	<u>Additions</u>	<u>Principal Payments</u>	<u>Interest Paid</u>	<u>Ending Balance</u>
<u>Governmental Activities</u>							
Altec Capital Services, LLC	\$ 27,390	\$ -	\$ 27,390	\$ -	\$ 27,390	\$ -	\$ -
Axion Business Technology	3,365	-	3,365	-	2,019	-	1,346
All American Investment Group - Sch. #5	319,385	-	319,385	-	67,239	12,608	239,538
All American Investment Group - Sch. #10	-	-	-	297,627	-	-	297,627
All American Investment Group - Sch. #8A	-	-	-	43,728	14,576	-	29,152
All American Investment Group - Sch. #9	-	-	-	149,488	49,829	-	99,659
Total Governmental Activities	<u>\$350,140</u>	<u>\$ -</u>	<u>\$350,140</u>	<u>\$ 490,843</u>	<u>\$161,053</u>	<u>\$12,608</u>	<u>\$ 667,322</u>
<u>Business-Type Activities</u>							
All American Investment Group - Sch. #7	84,526	-	84,526	-	37,982	4,281	42,263
All American Investment Group - Sch. #6	134,156	-	134,156	-	60,284	6,794	67,078
John Deere Financial	-	-	-	37,323	11,591	850	24,882
All American Investment Group - Sch. #8B	-	-	-	47,440	15,813	-	31,627
Total Business-Type Activities	<u>\$218,682</u>	<u>\$ -</u>	<u>\$218,682</u>	<u>\$ 84,763</u>	<u>\$125,670</u>	<u>\$11,925</u>	<u>\$ 165,850</u>
<u>Total Governmental and Business-Type Activities</u>	<u>\$568,822</u>	<u>\$ -</u>	<u>\$568,822</u>	<u>\$ 575,606</u>	<u>\$286,723</u>	<u>\$24,533</u>	<u>\$ 833,172</u>

Operating Leases

The City of New Bedford has entered into various operating leases for real property, machinery and equipment. Several leases contain a renewal option for varying periods at similar or reduced annual rates. As of June 30, 2013, 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, 2013

Note 9. Contingencies

A. Wastewater Capital Improvement Program

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

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

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

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

B. Sullivan's Ledge Escrow Fund

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

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

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

CITY OF NEW BEDFORD, MASSACHUSETTS

Notes to Financial Statements

June 30, 2013

Note 9. Contingencies (Continued)

C. City Commitment to Private Parties

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

Note 10. Lease Revenues

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

The land was leased for the operation of an 18 hole public golf course. As stated in the lease agreement, the Whaling City Golf course is required to submit to the City of New Bedford, a certified annual audit of the financial records. The City received audited financial statements for 2007 and 2009 that were completed and delivered in the City's fiscal year 2011. Pending litigation to determine the amount of back and future rent due to the City is due and will be resolved in calendar year 2011. Audited financials of the golf course for the 2013 calendar year have not been received.

Note 11. Joint Venture

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

Note 12. Debt

A. Primary Government

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

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

CITY OF NEW BEDFORD, MASSACHUSETTS

Notes to Financial Statements

June 30, 2013

Note 12. Debt (Continued)

A. Primary Government (Continued)

The City issued a \$22,750,000 Bond Anticipation Note, dated February 8, 2013, maturing February 7, 2014. This note was issued for the following:

\$ 19,000,000	Keith Middle School	\$ 3,750,000	MUNIS Bond
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B. Defeasance of Debt

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

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

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

At fiscal year-end 2013, a deferred asset (now classified as a “deferred outflow of resources”) remains of \$466,284 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, 2013

Note 12. Debt

The City has the following bond anticipation notes payable outstanding at June 30, 2013:

	<u>Beginning Balance</u>	<u>Additions/ Renewals</u>	<u>Retirements</u>	<u>Ending Balance</u>	<u>Issuance Date</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Interest Paid</u>
Capital Projects:								
Bond Anticipation Note	\$ -	\$ 22,750,000	\$ -	\$ 22,750,000	02/08/13	02/07/14	1.00%	\$ -
Bond Anticipation Note	26,262,625		26,262,625	-	02/10/12	02/08/13	1.50%	391,751
Bond Anticipation Note	667,000		667,000	-	06/15/12	02/08/13	2.75%	11,871
	<hr/>	<hr/>	<hr/>	<hr/>				<hr/>
Total Capital Projects	<u>\$ 26,929,625</u>	<u>\$ 22,750,000</u>	<u>\$ 26,929,625</u>	<u>\$ 22,750,000</u>				<u>\$ 403,622</u>
General Fund:								
Revenue Anticipation Note	\$ -	\$ 10,000,000	\$ 10,000,000	\$ -	11/19/12	06/28/13	1.50%	\$ 91,250
Total General Fund	<u>\$ -</u>	<u>\$ 10,000,000</u>	<u>\$ 10,000,000</u>	<u>\$ -</u>				<u>\$ 91,250</u>
Total Primary Government	<u>\$ 26,929,625</u>	<u>\$ 32,750,000</u>	<u>\$ 36,929,625</u>	<u>\$ 22,750,000</u>				<u>\$ 494,872</u>

CITY OF NEW BEDFORD, MASSACHUSETTS

Notes to Financial Statements

June 30, 2013

Note 12. Debt (Continued)

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

	Maturities Dates	Beginning Balance	Additions	Advance Refunding Net of Refunding	City Retirements	State Subsidies	Ending Balance	Balance Due in 2014
Governmental Activities								
4.00-6.00% G.O. Bond	04/15/96-04/15/13	\$ 505,000	\$ -	\$ -	\$ 255,000	\$ -	\$ 250,000	\$ 250,000
4.60-5.80% Note	10/01/97-10/01/16	2,930,000			565,000		2,365,000	580,000
4.25-5.00% G.O. Bond	10/14/98-10/01/18	4,341,000			608,000		3,733,000	609,000
4.25-5.50% G.O. Bond	05/01/02-05/01/21	27,410,000			2,251,000		25,159,000	2,818,000
4.25-6.00% Revenue Refunding Bond	02/01/97-02/01/16	2,405,000			3,307	886,693	1,515,000	730,000
4.00-5.25% Revenue Bond	02/01/98-02/01/99	87,045,000			2,290,376	2,099,624	82,655,000	4,710,000
4.00-6.00% Revenue Bond	08/01/01-08/01/31	4,220,000			127,893	32,107	4,060,000	165,000
HUD 108 - 2003-A	02/01/04-08/01/22	1,160,000			105,000		1,055,000	105,000
3.125-5.00% State Qualified G.O. Bond	03/15/06-09/15/25	6,910,000			590,000		6,320,000	590,000
.85% Revenue Bond	07/15/06-07/15/25	446,295			27,901		418,394	28,465
.85% Revenue Bond	02/15/07-02/15/27	4,525,017			142,777		4,382,240	146,110
Pool 11 MWPAT 03-36A	03/18/09 - 7/15/2035	552,931			17,197		535,734	17,619
General Obligation State Qualified Bond	02/15/07-02/15/27	12,030,000			1,025,000		11,005,000	1,045,000
General Obligation Series A Bonds	02/14/08-10/1/2027	11,820,000			615,000		11,205,000	630,000
General Obligation Series A Bonds	02/14/08-10/1/2022	3,450,000			335,000		3,115,000	335,000
General Obligation State Qualified 2010	02/11/10-06/30/35	3,385,000			295,000		3,090,000	300,000
General Obligation State Qualified	03/18/09-07/15/28	780,000			90,000		690,000	90,000
2.4 % Revenue Bond	07/08/10-07/15/2040	6,476,042	-		156,409		6,319,633	160,208
General Obligation State Series A Bonds	06/14/12-06/30/32	2,704,000			164,000		2,540,000	155,000
General Obligation State Series B Series	06/14/12-06/30/32	4,589,000			164,000		4,425,000	160,000
MWPAT Series 16 CWS-09-12-A	06/13/12-01/15/43	10,409,184			-		10,409,184	235,133
MWPAT Series 16 DW-09-23	06/13/12-01/15/33	1,910,778			-		1,910,778	77,293
General Obligation State Qualified	02/07/13-06/30/33	-	3,560,375		-		3,560,375	175,375
Compensated absences		15,500,254	1,267,158				16,767,412	5,868,595
Capital leases (incl interest)		350,141	490,843		173,662		667,322	225,445
Total governmental activities		\$ 215,854,642	\$ 5,318,376	\$ -	\$ 10,001,522	\$ 3,018,424	\$ 208,153,072	\$ 20,206,243

CITY OF NEW BEDFORD, MASSACHUSETTS

Notes to Financial Statements

June 30, 2013

Note 12. Debt (Continued)

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

	Maturities Dates	Beginning Balance	Additions	Advance Refunding Net of Refunding	City Retirements	State Subsidies	Ending Balance	Balance Due in 2014
Business-Type Activities								
4.00-6.00% G.O. Bond	04/15/96-04/15/13	\$ 1,420,000	\$ -	\$ -	\$ 340,000	\$ -	\$ 1,080,000	\$ 350,000
4.25-5.50% G.O. Bond	05/01/02-05/01/21	964,000			101,000		863,000	113,000
.85% Revenue Bond	08/01/03-08/01/24	1,471,398			85,632	27,124	1,358,642	116,309
.85% Revenue Bond	02/01/05-08/01/24	1,525,524			93,415		1,432,109	97,068
.85% Revenue Bond	02/01/05-08/01/24	3,003,084			184,705		2,818,379	191,918
2% MWPAT Bond	12/14/06 - 7/15/26	321,478			18,562		302,916	18,938
2% MWPAT Bond	12/14/06-07/15/26	4,761,898			274,957		4,486,941	280,512
.85% Revenue Bond	12/14/06-07/15/26	7,004,316			349,418		6,654,898	356,476
General Obligation State Qualified 2010	03/18/09-07/15/28	10,095,000			290,000		9,805,000	295,000
General Obligation State Qualified	02/07/13-06/30/33	-	812,625				812,625	32,625
Compensated absences		680,701			71,238		609,463	397,666
Capital leases (incl interest)		218,683	84,763		137,596		165,850	137,595
Total business-type activities		\$ 31,466,082	\$ 897,388	\$ -	\$ 1,946,523	\$ 27,124	\$ 30,389,823	\$ 2,387,107
Total governmental plus business-type activities		\$ 247,320,724	\$ 6,215,764	\$ -	\$ 11,948,045	\$ 3,045,548	\$ 238,542,895	\$ 22,593,350

CITY OF NEW BEDFORD, MASSACHUSETTS

Notes to Financial Statements

June 30, 2013

Note 12. Debt (Continued)

Debt service requirements to maturity:

	Total Principal	Total Interest	Total Debt	Less: Total Subsidized Payments (MWPAT)	Total City Debt Service
2014	15,964,049	8,493,041	24,457,090	5,681,306	18,775,784
2015	16,068,535	8,265,850	24,334,385	5,541,476	18,792,909
2016	16,467,188	7,588,376	24,055,564	5,390,552	18,665,012
2017	16,439,442	6,934,123	23,373,565	5,255,470	18,118,095
2018	16,235,683	6,230,300	22,465,983	5,096,208	17,369,775
2019	16,664,321	5,617,239	22,281,560	4,956,886	17,324,674
2020	16,488,670	4,741,152	21,229,822	4,825,560	16,404,262
2021	16,258,754	3,844,731	20,103,485	4,683,318	15,420,167
2022	12,699,583	2,942,403	15,641,986	4,537,905	11,104,081
2023	12,691,180	2,420,724	15,111,904	4,386,180	10,725,724
2024	12,604,267	1,908,877	14,513,144	4,190,002	10,323,142
2025	12,910,748	1,354,906	14,265,654	4,067,070	10,198,584
2026	11,983,199	1,072,681	13,055,880	4,068,939	8,986,941
2027	3,879,419	764,422	4,643,841	121,471	4,522,370
2028	2,831,452	660,413	3,491,865	115,849	3,376,016
2029	2,807,552	577,220	3,384,772	110,068	3,274,704
2030	2,413,450	497,754	2,911,204	104,072	2,807,132
2031	2,416,084	419,474	2,835,558	93,138	2,742,420
2032	2,074,267	345,533	2,419,800	-	2,419,800
2033	1,688,014	277,177	1,965,191	-	1,965,191
2034	1,553,517	226,274	1,779,791	-	1,779,791
2035	1,605,850	174,861	1,780,711	-	1,780,711
2036	953,734	121,536	1,075,270	-	1,075,270
2037	698,045	101,948	799,993	-	799,993
2038	715,518	85,113	800,631	-	800,631
2039	733,428	67,857	801,285	-	801,285
2040	751,788	50,168	801,956	-	801,956
2041	770,606	32,036	802,642	-	802,642
2042	476,176	17,216	493,392	-	493,392
2043	488,328	5,787	494,115	-	494,115
2044	-	-	-	-	-
	<u>\$ 220,332,847</u>	<u>\$ 65,839,192</u>	<u>\$ 286,172,039</u>	<u>\$ 63,225,470</u>	<u>\$ 222,946,569</u>

CITY OF NEW BEDFORD, MASSACHUSETTS

Notes to Financial Statements

June 30, 2013

Note 12. Debt (Continued)

Authorized and unissued debt at June 30, 2013, is as follows:

Purpose	Date Authorized	Original Amount Authorized	2012 Authorized/ Unissued	2013 Authorized	Prior Authorized	Issued/ Retired Rescinded	Less: Outstanding BANs	Net Unissued
WW Treatment Facility	8/27/90	\$ 14,000,000	\$ 9,000,000	\$ -	\$ -	\$ -	\$ -	\$ 9,000,000
WW Treatment Facility	6/21/91	224,300,000	73,215,000					73,215,000
Urban Renewal	4/18/00	875,000						-
Normandin Middle School	5/1/00	39,200,000	558,004					558,004
Keith Middle School	5/1/00	53,784,000	-		19,000,000		(19,000,000)	-
Land Development	3/1/01	500,000	215,000					215,000
Keith Middle School	8/1/01	11,659,600	-					-
Campbell Elementary/Middle School	5/1/02	47,200,000	45,700,000					45,700,000
Winslow Elementary School	5/1/02	17,000,000	16,000,000					16,000,000
Water Projects	7/1/02	8,455,000	1,755,448					1,755,448
Shawmut Ave Landfill	2/19/03	1,800,000						-
DeValles Elementary School	6/1/03	11,000,000	10,680,000					10,680,000
Sewer Separation	6/1/03	2,850,000	2,850,000					2,850,000
Sea Lab-3254	6/25/04	4,000,000	-					-
West End Sewer Separation	6/25/04	21,608,000	21,282,644					21,282,644
Sewer	6/25/04	8,958,000						-
Water DW 04-13	6/25/04	4,205,000						-
Sea Lab-3254	1/18/05	4,500,000						-
West End Sewer Separation Phase V	7/27/05	2,500,000	290,029					290,029
Mount Pleasant Street/Sawyer Street Area Proj	8/23/05	2,500,000	2,500,000					2,500,000
Railroad Depot-3240	6/22/06	12,470,000						-
Hannigan School	9/14/06	3,000,000	3,000,000					3,000,000
Water Main Bonds	10/16/06	9,600,000						-
Water Sys Imp & Plann'g	10/16/06	4,650,000						-
Keith Middle School - Contamination Cleanup	12/1/06	34,564,165	8,901,683					8,901,683
Brooks Elementary School	12/21/06	21,766,800	20,766,800					20,766,800
Lincoln Elementary School	12/21/06	26,105,200	359,985					359,985
Departmental Equipment	5/13/08	627,874						-
Departmental Equipment	1/14/08	3,317,000						-
Water AMR System	1/2/08	6,000,000						-
Quittacas Plant	5/1/09	19,300,000						-
Quittacas Infrastructure Energy	7/16/09	5,500,000	516,047		4,983,953			5,500,000
Repair Bond	7/23/09	3,000,000	219,000			(219,000)		-
Communication Bond	3/16/11	1,000,000	-					-
Airport Improvement Bond	12/10/10	16,583,000	15,770,375		812,625	(13,153,206)		3,429,794
High Hill & Quittacas	6/14/01	845,450	40,600		804,850			845,450
MWPAIDW-00-12	11/26/02	2,440,553	103,663		2,336,890			2,440,553
Management Info Systems	11/16/11	4,200,000	450,000		3,750,000		(3,750,000)	450,000
Artificial Turf Soccer Field	9/13/11	800,000	800,000					800,000
Zoo Reconstruction	9/14/11	667,000						-
Drinking Water Bond	6/13/12	1,910,778						-
Water Pollution Abatement Bond	6/13/12	10,409,184						-
Hannigan School	2/28/13			750,000				750,000
Wastewater Planning Project	2/28/13	2,100,000		2,100,000				2,100,000
Harborwalk Phase I	2/14/13	504,000		504,000				504,000
SCADA System	6/27/13	2,400,000		2,400,000				2,400,000
		<u>\$ 675,405,604</u>	<u>\$ 234,974,278</u>	<u>\$ 5,754,000</u>	<u>\$ 31,688,318</u>	<u>\$ (13,372,206)</u>	<u>\$ (22,750,000)</u>	<u>\$ 236,294,390</u>

CITY OF NEW BEDFORD, MASSACHUSETTS

Notes to Financial Statements

June 30, 2013

Note 13. Fund Balance Classification Details

The components of fund balance for the city's governmental funds as of June 30, 2013 are as follows:

	Major Funds		Non-Major Funds				Total
	General Fund	Wastewater	Special Revenue	Capital Projects	Nonexpendable Trusts	Expendable Trusts	
Fund Balances:							
Nonspendable:							
Long-term receivable - discretely presented component units	\$ 1,900,816	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,900,816
Corpus of cemetery perpetual care fund					4,016,748		4,016,748
Corpus of other endowment funds					1,110,663		1,110,663
Inventory		71,860					71,860
Land inventory			246,918				246,918
Restricted for:							
General government activity			573,674				573,674
Public safety operations			633,957				633,957
Educational purposes			685,092		349,679	5,641	1,040,412
Public works			25,617				25,617
Community housing and development			899,471				899,471
Culture and recreational purposes			333,398		2,101,754	3,647	2,438,799
Health and human services			232,920				232,920
New Bedford cable access			2,916,044				2,916,044
Cemetery perpetual care			451,819				451,819
Sullivan's ledge escrow			1,026,288				1,026,288
Municipal waterways improvement			190,409				190,409
School lunch operations			474,916				474,916
CSO main construction project				38,670			38,670
Acushnet ave international market				240,244			240,244
Normandin middle school construction project				77,097			77,097
Airport safety insurance				886,085			886,085
Wastewater debt service		2,229,947					2,229,947
Wastewater renewal and replacement		1,615,146					1,615,146
Highways			95,716				95,716

CITY OF NEW BEDFORD, MASSACHUSETTS

Notes to Financial Statements

June 30, 2013

Note 13. Fund Balance Classification Details

The components of fund balance for the city's governmental funds as of June 30, 2013 are as follows:

	Major Funds		Non-Major Funds				Total
	General Fund	Wastewater	Special Revenue	Capital Projects	Nonexpendable Trusts	Expendable Trusts	
Committed to:							
Economic stabilization	\$ 8,841,931	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8,841,931
Emergency board-up of vacant buildings			235,994				235,994
Maintenance and operation of the NB Railyard and Rail Crossing			84,152				84,152
Communication equipment bond				1,048			1,048
Building reconstruction and maintenance				782,805			782,805
Autometer read project				496,159			496,159
Landfill closure project				4,724			4,724
River road project				11,690			11,690
Buttonwood zoo reconstruction				87,923			87,923
Railroad depot				466,448			466,448
West end cement lining project				14,803			14,803
Route 18 project				12,979			12,979
Departmental capital purchases				489,400			489,400
Wastewater special projects		2,831,368					2,831,368
Wastewater operations		2,982,324					2,982,324
Assigned to:							
General government purposes	577,411						577,411
Police	462,743						462,743
Public works / department of public infrastructure	7,107						7,107
Comm of citizens with disabilities	3,487						3,487
Recreation	5,175						5,175
Buttonwood zoo	7,210						7,210
Unassigned:	16,830,138		(246,283)	(13,312,874)	(480,361)		2,790,620
	<u>\$ 28,636,018</u>	<u>\$ 9,730,645</u>	<u>\$ 8,860,102</u>	<u>\$ (9,702,799)</u>	<u>\$ 7,098,483</u>	<u>\$ 9,288</u>	<u>\$ 44,631,737</u>

At June 30, 2013, the balance of the stabilization funds (City and School) were \$8,841,931 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, 2013, significant negative unassigned balances are reported within the capital projects funds. This can be attributed to the City's short-term borrowing within those funds combined with the changes in fund balance classifications reported by GASB 54. These negative balances will be alleviated by the proceeds from future long-term borrowings that relate to these projects.

CITY OF NEW BEDFORD, MASSACHUSETTS

Notes to Financial Statements

June 30, 2013

Note 14. Fund Deficit

The City had deficit fund balance present at June 30, 2013 in the following funds:

Capital Project Funds:	Less: MWPAT Interim Loan O/S and BAN's O/S		
<u>Fund Name:</u>	<u>Fund Deficit</u>	<u>Net Deficit</u>	
Building R&M 2.9 Mill Bond	\$ -	\$ -	\$ -
Keith Middle School	10,303,364	(19,000,000)	-
Buttonwood Zoo Reconstruction	-	-	-
Lincoln Elementary School	7,128	-	7,128 *
5.5M SRF QTP Energy Improv	483,175	(483,175)	-
Bond Software Costs	1,174,695	(2,400,000)	-
Bond Computer HR	1,344,512	(1,350,000)	-
Airport Safety Insurance	-	-	-
Total capital projects funds:	<u>\$ 13,312,874</u>	<u>\$ (23,233,175)</u>	<u>\$ 7,128</u>

Federal and State Grants:

<u>Fund Name:</u>	<u>Fund Deficit</u>
Cops Hiring Recovery Program	\$ 96,020 *
Justice Assitance Grant FY10	249 *
VAWA Civilian Adv Gr FY09	364 *
911 Depot & Train EMD	129 *
Taffic Enforcement Grant FY12	<u>23 *</u>
Total federal and state grants:	<u>\$ 96,785</u>

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

CITY OF NEW BEDFORD, MASSACHUSETTS

Notes to Financial Statements

June 30, 2013

Note 14. Fund Deficit (Continued)

School Grants:

<u>Fund Name:</u>	<u>Fund Deficit:</u>
Woman's Philanthropy	\$ 3,273
Teen Voices	2,010
MKEA	2,569
Child & Family YBPT	2,500
Career Pathways	2,209
Distance Learning Grant	2,538
ESSC	125,221
Career Majors	424
Excel After School Program	1,212
Total school grants:	<u>\$ 141,956</u>

Community Development Funds

<u>Fund Name:</u>	<u>Fund Deficit</u>
Community Development Block Grant	\$ 7,542 *
Total community development:	<u>\$ 7,542</u>

Agency Funds:

<u>Fund Name</u>	<u>Fund Deficit</u>
Retirement Salaries	\$ 545 *
Total agency funds:	<u>\$ 545</u>

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

CITY OF NEW BEDFORD, MASSACHUSETTS

Notes to Financial Statements

June 30, 2013

Note 15. Restatement

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

Fiduciary Funds

	Pension Trust Fund (As of December 31, 2012)
Beginning balance, January 1, 2012	\$ 218,503,240
To correct prior year gains/(losses) incurred in error and bring fund balance to actual	<u>112,176</u>
Beginning balance, January 1, 2012, restated	<u><u>\$ 218,615,416</u></u>

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

	Governmental Activities	Business-Type Activities
Beginning balance, July 1, 2012	\$ 108,507,358	\$ 39,085,400
To restate capital assets at beginning of year	<u>624,300</u>	<u>-</u>
Beginning balance, July 1, 2012, restated	<u><u>\$ 109,131,658</u></u>	<u><u>\$ 39,085,400</u></u>

Note 16. Risk Management

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

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

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

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

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

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

CITY OF NEW BEDFORD, MASSACHUSETTS

Notes to Financial Statements

June 30, 2013

Note 16. Risk Management (Continued)

Changes in the self insurance liability for the year ended June 30, 2013 is as follows:

Health Claims, July 1, 2012	\$ 3,039,852
Incurred Claims	49,251,694
Payments of claims attributable to events of the fiscal year:	
Health	<u>(49,609,434)</u>
Health Claims, June 30, 2013	<u>\$ 2,682,112</u>

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

Note 17. Subsequent Events

For purposes of determining the effects of subsequent events on these financial statements, management has evaluated events which have occurred subsequent to June 30, 2013, and through March 31, 2014, the date on which the financial statements were available to be issued. The following represents these subsequent events:

The City sold the following General Obligation Bonds and Bond Anticipation Notes dated January 23, 2014:

\$10,000,000 State Qualified General Obligation (25-year) Bond at 3.722% average interest cost.

\$25,183,346 Bond Anticipation Notes payable February 6, 2015. Interest is computed on a 30-day month, 360-day year basis at 0.2730% average interest cost.

The City entered into a, eight year master lease-purchase agreement of \$1,143,394 for the purchase of two 2014 Pierce Arrow XT Pumper fire apparatus at 2.820% average interest cost.

The City entered into a collective bargaining agreement with the New Bedford Police Union, providing wages and other incentives through June 30, 2015.

Note 18. Future Implementation of GASB Pronouncements

The GASB has issued the following statements:

- GASB Statement No. 66, *Technical Corrections – 2012 – an amendment of GASB Statements No. 10 and No. 62*, which is required to be implemented during fiscal year 2014. Management does not believe the implementation of this Statement will materially impact the basic financial statements.
- GASB Statement No. 67, *Financial Reporting for Pension Plans – an amendment of GASB Statement No. 25*, which is required to be implemented during fiscal year 2014. The implementation of this statement will require expanded note disclosures and required supplementary information.
- GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*, which is required to be implemented during fiscal year 2015. The implementation of this Statement will represent a significant change in the accounting and reporting of pension expense and the related liability. For the first time, the City will be required to recognize its long-term obligation for pension benefits as a liability and to more comprehensively measure the annual costs of pension benefits. The implementation of this Statement also expands pension related note disclosures and required supplementary information.

CITY OF NEW BEDFORD, MASSACHUSETTS

Notes to Financial Statements

June 30, 2013

Note 18. Future Implementation of GASB Pronouncements (Continued)

The GASB has issued the following statements (Continued):

- GASB Statement No. 69, *Government Combinations and Disposals of Government Operations*, which is required to be implemented during fiscal year 2015. Management does not believe the implementation of this Statement will materially impact the basic financial statements.
- GASB Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*, which is required to be implemented during fiscal year 2014. Management does not believe the implementation of this Statement will materially impact the basic financial statements.
- GASB Statement No. 71, *Pension Transition Contribution Made Subsequent to the Measurement Date - an amendment of GASB Statement No. 68*, which is required to be implemented during fiscal year 2015 simultaneously with GASB Statement No. 68.

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, 2013

	<u>Original Budget</u>		<u>Additional</u>			<u>Encumbrances</u>	<u>Variance</u>
	<u>Encumbrances</u>	<u>Budget</u>	<u>Appropriations</u>	<u>Total</u>	<u>Actual</u>	<u>Carried</u>	<u>Favorable</u>
	<u>Carried</u>	<u>As</u>	<u>and</u>	<u>Budgeted</u>		<u>Forward</u>	<u>(Unfavorable)</u>
	<u>Forward</u>	<u>Adopted</u>	<u>Transfers</u>				
Revenues:							
Tax collections net of refunds:							
Real estate and personal property taxes	\$ -	\$ 93,446,578	\$ 319,081	\$ 93,765,659	\$ 93,765,659	\$ -	\$ -
Local Receipts:							
Motor vehicle excise		5,807,000	(287,500)	5,519,500	6,089,433		569,933
Other excise collections		1,265,500	141,500	1,407,000	1,457,691		50,691
Penalties and interest		1,100,000	-	1,100,000	1,389,535		289,535
Payments in lieu of taxes		275,000	-	275,000	281,810		6,810
Charges for services:							
Trash		2,000	-	2,000	3,048		1,048
Departmental:							
School		1,506,000	(6,000)	1,500,000	1,488,994		(11,006)
Library		13,000	-	13,000	14,575		1,575
Cemeteries		358,000	-	358,000	422,418		64,418
Traffic		1,657,000	(186,000)	1,471,000	1,759,890		288,890
Other		10,542,700	85,580	10,628,280	11,462,627		834,347
Fines and forfeitures		160,000	-	160,000	183,325		23,325
Licenses and permits		2,156,250	75,000	2,231,250	2,228,837		(2,413)
Indirects		4,989,925	(48,492)	4,941,433	4,894,798		(46,635)
Earnings on investments		60,000	(40,000)	20,000	106,281		86,281
Miscellaneous recurring		20,000	-	20,000	17,835		(2,165)
Miscellaneous non-recurring			2,452,653	2,452,653	2,478,024		25,371
Special assessments & betterments		400	-	400	253		(147)
Governmental revenue:							
Federal		18,000		18,000	19,045		1,045
State		139,887,223	(116,078)	139,771,145	139,548,101		(223,044)
Total revenues	\$ -	\$ 263,264,576	\$ 2,389,744	\$ 265,654,320	\$ 267,612,179	\$ -	\$ 1,957,859

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, 2013

	<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	\$ 39,000	\$ 6,775,626	\$ 136,281	\$ 6,950,907	\$ 6,539,251	\$ -	\$ 411,656
General government unclassified:	103,000	8,277,783	406,165	8,786,948	8,697,875	9,336	79,737
Public safety:							
Police		22,333,193	585,000	22,918,193	21,955,699	462,743	499,751
Fire		12,469,821	6,000	12,475,821	12,392,210	-	83,611
EMS	-	2,194,012	325,000	2,519,012	2,462,762	-	56,250
Inspector of Buildings		676,389	-	676,389	639,824	-	36,565
Traffic		691,904	-	691,904	621,693	-	70,211
Public works and facilities:							
Health and sanitation operations		733,917		733,917	733,917	-	-
Public infrasturture		1,898,716	80,000	1,978,716	1,825,775	7,107	145,834
Public facilities		9,700,156	585,000	10,285,156	10,226,590	-	58,566
Snow removal		300,000	172,000	472,000	472,368		(368)
Education:							
School Department	497,081	105,212,400	5,439,488	111,148,969	110,109,652	-	1,039,317
Other		4,705,357	-	4,705,357	4,705,357		-
Human services	200	5,404,489	(1,281)	5,403,408	5,182,611	3,487	217,310
Culture and recreation		2,645,115	60,000	2,705,115	2,642,161	5,175	57,779
Zoo		1,227,412	250,000	1,477,412	1,440,372	7,210	29,830
Debt service		9,688,981	(95,000)	9,593,981	9,481,914		112,067
Health and Life Insurance		36,375,000	-	36,375,000	36,322,214	-	52,786
Pension		22,629,695	-	22,629,695	22,629,695		-
Intergovernmental expenditures		9,524,432	(38,566)	9,485,866	9,581,904		(96,038)
Total expenditures	\$ 639,281	\$ 263,464,398	\$ 7,910,087	\$ 272,013,766	\$ 268,663,844	\$ 495,058	\$ 2,854,864
Excess (deficiency) of revenues over expenditures	\$ (639,281)	\$ (199,822)	\$ (5,520,343)	\$ (6,359,446)	\$ (1,051,665)	\$ (495,058)	\$ 4,812,723

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, 2013

	<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	\$ -	\$ 199,822	\$ 159,208	\$ 359,030	\$ 204,400	\$ -	\$ (154,630)
Free cash		-	6,993,112	6,993,112	-		(6,993,112)
Overlay reserve			300,000	300,000			(300,000)
Appropriation deficit		-	(28,865)	(28,865)	-		28,865
Stabilization			(1,903,112)	(1,903,112)	(1,903,112)		-
Total other financing sources and (uses)	-	199,822	5,520,343	5,720,165	(1,698,712)	-	(7,418,877)
Excess (deficiency) of revenues and other sources over expenditures and other uses	\$ (639,281)	\$ -	\$ -	\$ (639,281)	\$ (2,750,377)	\$ (495,058)	\$ (2,606,154)
Budgetary Fund Balance, June 30, 2012					20,206,355		
Budgetary Fund Balance, June 30, 2013					<u>\$ 17,455,978</u>		

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

CITY OF NEW BEDFORD, MASSACHUSETTS

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

For the Year Ended June 30, 2013

	<u>Original Budget</u>		<u>Additional Appropriations and Transfers</u>	<u>Available for Current Year Expenditures</u>	<u>Actual</u>	<u>Encumbrances Carried Forward</u>	<u>Variance Favorable (Unfavorable)</u>
	<u>Encumbrances Carried Forward</u>	<u>Budget As Adopted</u>					
Revenues:							
Charges for services	\$ -	\$ 10,593,000	\$ -	\$ 10,593,000	11,049,415	\$ -	\$ 456,415
Utility liens and penalties		159,315		159,315	94,004		(65,311)
Intergovernmental revenues				-	-		-
Other		169,000		169,000	83,475		(85,525)
Total Revenues	-	10,921,315	-	10,921,315	11,226,894	-	305,579
Expenditures:							
Salaries and Wages		3,308,568	-	3,308,568	3,196,630		111,938
Charges for Services		1,550,500	190,250	1,740,750	1,666,765		73,985
Materials and Supplies	5,250	1,019,500	159,750	1,184,500	1,103,172		81,328
Capital Outlay	76,875	285,000	(75,000)	286,875	224,503		62,372
Debt Service		2,705,217	-	2,705,217	2,672,972		32,245
Indirect Charges		2,052,530	-	2,052,530	1,814,574		237,956
Total Expenditures	82,125	10,921,315	275,000	11,278,440	10,678,616	-	599,824
Excess (deficiency) of revenues over expenditures	(82,125)	-	(275,000)	(357,125)	548,278	-	905,403
Other financing sources and (uses):							
From free cash			820,535	820,535			(820,535)
From stabilization			625,000	625,000	625,000		-
To stabilization			(820,535)	(820,535)	(820,535)		-
Operating transfers out			(350,000)	(350,000)	(350,000)		-
Total other financing sources and (uses)	-	-	275,000	275,000	(545,535)	-	(820,535)
Excess (deficiency) of revenues and other sources over expenditures and other uses	\$ (82,125)	\$ -	\$ -	\$ (82,125)	\$ 2,743	\$ -	\$ 84,868
Budgetary Fund Balance, June 30, 2012					887,207		
Budgetary Fund Balance, June 30, 2013					\$ 889,950		

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

CITY OF NEW BEDFORD, MASSACHUSETTS

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

For the Year Ended June 30, 2013

	<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	\$ -	\$ 676,258	\$ -	\$ 676,258	\$ 727,288	\$ -	\$ 51,030
Total Revenues	-	676,258	-	676,258	727,288	-	51,030
Expenditures:							
Salaries and wages		303,777	(18,000)	285,777	283,285		2,492
Charges for services		147,629	7,500	155,129	134,686		20,443
Materials and supplies		41,875	16,000	57,875	38,869		19,006
Capital outlay			1,500	1,500	1,500		-
Debt service		10,000		10,000	6,600		3,400
Indirect charges		172,977	(7,000)	165,977	161,475		4,502
Total Expenditures	-	676,258	-	676,258	626,415	-	49,843
Excess (deficiency) of revenues over expenditures	-	-	-	-	100,873	-	100,873
Other financing sources and (uses):							
Operating transfers in		-	-	-	-		-
Operating transfers out		-	-	-	-		-
Total other financing sources and (uses)	-	-	-	-	-	-	-
Excess (deficiency) of revenues and other sources over expenditures and other uses	\$ -	\$ -	\$ -	\$ -	\$ 100,873	\$ -	\$ 100,873
Budgetary Fund Balance, June 30, 2012					303,344		
Budgetary Fund Balance, June 30, 2013					\$ 404,217		

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 Fund

For the Year Ended June 30, 2013

	<u>Original Budget</u>						
	<u>Encumbrances Carried Forward</u>	<u>Budget As Adopted</u>	<u>Appropriations and Transfers</u>	<u>Available for Current Year Expenditures</u>	<u>Actual</u>	<u>Encumbrances Carried Forward</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:							
Charges for services	\$ -	\$ 18,398,137	\$ -	\$ 18,398,137	\$ 19,560,430	\$ -	\$ 1,162,293
Liens and penalites		305,000		305,000	242,610		(62,390)
Departmental		25,000		25,000	10,987		(14,013)
Special assessments		13,000		13,000	40,175		27,175
Other		-		-	43,167		43,167
Earnings on investments		100,000		100,000	90,514		(9,486)
Total Revenues		<u>18,841,137</u>	<u>-</u>	<u>18,841,137</u>	<u>19,987,883</u>	<u>-</u>	<u>1,146,746</u>
Expenditures:							
Salaries and wages		1,467,392	-	1,467,392	1,056,027	-	411,365
Charges for services		8,966,500		8,966,500	8,793,498	4,128	168,874
Materials and supplies	-	378,000	75,000	453,000	417,288	-	35,712
Capital outlay		330,000	(75,000)	255,000	198,789	-	56,211
Debt service		6,401,071	-	6,401,071	6,395,304	-	5,767
Indirect charges		1,298,174		1,298,174	1,440,281		(142,107)
Total Expenditures	<u>-</u>	<u>18,841,137</u>	<u>-</u>	<u>18,841,137</u>	<u>18,301,187</u>	<u>4,128</u>	<u>535,822</u>
Excess (deficiency) of revenues over expenditures	-	-	-	-	1,686,696	(4,128)	1,682,568
Other financing sources and (uses):							
Transfer from surplus			1,200,000	1,200,000			(1,200,000)
Operating transfers out		-	(1,200,000)	(1,200,000)	(1,200,000)		-
Total other financing sources and (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,200,000)</u>		<u>(1,200,000)</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 486,696</u>	<u>\$ (4,128)</u>	<u>\$ 482,568</u>
Budgetary Fund Balance, June 30, 2012					<u>4,158,917</u>		
Budgetary Fund Balance, June 30, 2013					<u>\$ 4,645,613</u>		

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

CITY OF NEW BEDFORD, MASSACHUSETTS

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

For the Year Ended June 30, 2013

Budgetary - GAAP Reporting Reconciliation

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

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

Therefore, timing, perspective, and entity differences in the excess (deficiency) of revenues and other sources of financial resources and expenditures and other uses for the year ended June 30, 2013 are as follows:

	Governmental Funds		Proprietary Funds	
	General Fund	Special Revenue Wastewater Operating	Water	Airport
Revenues and other financing sources:				
GAAP Basis	\$ 300,696,113	\$ 19,939,743	\$ 11,976,561	\$ 9,795,211
Adjustments:				
Increase in real estate and personal property taxes to full accrual	(543,557)			
Change in deferred revenue			(124,667)	(29,488)
Change in 60 day accrual	261,419			
MTRB on-behalf payments	(32,164,115)			
Unbudgeted premiums on bonds	(146,995)			
Unbudgeted gain on sale of foreclosed property	(286,286)			
Realized and unrealized gain (loss) on investments (unbudgeted)		48,140		
Change in the allowance for bad debts				25,992
GAAP capital transfers in				(9,064,427)
Budgetary Basis	\$ 267,816,579	\$ 19,987,883	\$ 11,851,894	\$ 727,288

See accompanying independent auditors' report

CITY OF NEW BEDFORD, MASSACHUSETTS

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

For the Year Ended June 30, 2013

Budgetary - GAAP Reporting Reconciliation (Continued)

	Governmental Funds		Proprietary Funds	
	General Fund	Special Revenue Wastewater Operating	Water	Airport
Expenditures and other financing uses:				
GAAP Basis	\$ 302,731,071	\$ 19,500,654	\$ 12,967,204	\$ 2,077,873
Adjustments:				
MTRB on-behalf payments	(32,164,115)			
Unbudgeted state subsidy principal and interest payments			(165,024)	
Change in compensated absences			72,489	(1,250)
GAAP inventory adjustment		533	(119,456)	
Principal paid on long-term debt			1,764,814	
Additions to capital assets			232,271	
Unbudgeted long-term debt acquired (GAAP only)				(812,625)
Depreciation expense			(2,486,806)	(602,671)
Change in accrued interest			(19,747)	(1,656)
Change in OPEB			(396,594)	(33,256)
Budgetary Basis	\$ 270,566,956	\$ 19,501,187	\$ 11,849,151	\$ 626,415

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 2013, the following expenditures exceeded appropriations in the following categories.

Category	Deficit
Snow and Ice	\$ 328
Total Appropriation Deficit	\$ 328

See accompanying independent auditors' report

CITY OF NEW BEDFORD, MASSACHUSETTS

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

For the Year Ended December 31, 2012

(UNAUDITED)

Actuarial Valuation Date	Reporting Year	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) Individual Entry Age	Unfunded (Overfunded) AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
01/01/07	2008	210,446,468	469,061,751	258,615,283	45%	86,659,224	298%
01/01/09	2009	196,465,884	516,132,737	319,666,853	38%	90,036,405	355%
01/01/10	2010	226,978,870	545,614,798	318,635,928	42%	82,625,990	386%
01/01/10	2011	226,978,870	545,614,798	318,635,928	42%	82,625,990	386%
01/01/12	2012	239,973,702	577,466,933	337,493,031	42%	82,496,640	409%
01/01/12	2013	239,973,702	577,466,933	337,493,031	42%	82,496,640	409%

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

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

CITY OF NEW BEDFORD, MASSACHUSETTS

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

For the Year Ended December 31, 2012

(UNAUDITED)

<u>Year Ended June 30</u>	<u>Annual Required Contributions</u>	<u>Year Ended December 31</u>	<u>Actual Contributions</u>	<u>Percentage Contributed</u>
2008	22,466,545	2007	22,484,125	100%
2009	25,877,801	2008	24,012,561	93%
2010	24,829,417	2009	24,747,734	99%
2011	25,817,836	2010	22,079,203	86%
2012	25,080,002	2011	24,409,382	98%
2013	22,629,695	2012	22,629,695	100%

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

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

CITY OF NEW BEDFORD, MASSACHUSETTS

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

For the Year Ended December 31, 2012

(UNAUDITED)

Actuarial Methods and Assumptions:

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

1. Member Data The member data used in the determination of cost estimates consist of pertinent information with respect to the active, inactive, retired, and disabled members of the employer as supplied by the employer to the actuary.
2. Valuation Date January 1, 2012
3. Actuarial Cost Method The costs of the Plan have been determined in accordance with the individual entry age normal actuarial cost method.
4. Rate of Investment Return It is assumed that the assets of the fund will accumulate at a compound annual rate of 7.75% per annum.
5. Salary Scale It is assumed that salaries including longevity will increase at a rate of 3.0% per year.
6. Cost-of-Living Increases Cost-of-living increases have been assumed to be 3.0% of the lesser of the pension amount and \$12,000 per year.
7. Value of Investments Assets held by the fund are valued at market value as reported by the Public Employees' Retirement Administration Commission (PERAC). The actuarial value of assets is determined using a five-year smoothing of asset returns greater than or less than the assumed rate of return.
8. Annual Rate of Withdrawal Prior to Retirement Based on an analysis of experience, the assumed annual rates of withdrawal may best be illustrated by the following rates at the following ages:

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

9. Annual Rate of Mortality It is assumed that both pre-retirement and post retirement mortality are represented by the RP-2000 Mortality Table with projection scale AA for 15 years (previously 10 years) for males and females. Mortality for disabled members is represented by the RP-2000 Mortality Table set forward two years for all disabled members.
10. Service Retirement Based on an analysis of experience, the assumed annual retirement rates are illustrated at the following ages:

<u>Age</u>	<u>Male General Employees</u>	<u>Female General Employees</u>	<u>Male and Female Police and Fire Employees</u>
50-70	0.01 – 1.00	0.015 – 1.00	0.02 – 1.00

See accompanying independent auditors' report

CITY OF NEW BEDFORD, MASSACHUSETTS

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

For the Year Ended December 31, 2012

(UNAUDITED)

Actuarial Methods and Assumptions (Continued):

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

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

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

12. Family Composition It is assumed that 80% of all members will be survived by a spouse and that females (males) are three years younger (older) than members.

13. Administrative Expense and Section 3(8)(c) The normal cost is increased by an amount equal to the anticipated administrative expenses for the upcoming fiscal year. The amount for fiscal year 2012 is \$525,000. For 2012, a load for the anticipated net effect of Chapter 32 Section 3(8)(c) transfer payments between systems was included. The estimate of \$775,000 was determined based on recent experience. Both costs are anticipated to increase at 4.0% per year.

No changes in actuarial assumptions or benefit provisions that would significantly affect the valuation of the actuarial accrued liability occurred during fiscal year 2013.

CITY OF NEW BEDFORD, MASSACHUSETTS

Required Supplementary Information
Major Governmental Funds - Wastewater
Combining Balance Sheet

June 30, 2013

	<u>Operating</u>	<u>Special Projects</u>	<u>Debt Service</u>	<u>Total</u>
ASSETS				
Cash and investments	\$ 8,348,370	\$ 2,885,274	\$ 2,333,835	\$ 13,567,479
User charges receivable	2,180,738			2,180,738
Special assessments receivable	231,810			231,810
Department receivables	2,445			2,445
Inventory	71,860			71,860
Prepaid expenses	423,388			423,388
Due from other funds	-		319,500	319,500
	<hr/>	<hr/>	<hr/>	<hr/>
Total assets	11,258,611	2,885,274	2,653,335	16,797,220
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>11,258,611</u>	<u>2,885,274</u>	<u>2,653,335</u>	<u>16,797,220</u>
LIABILITIES				
Warrants payable	1,176,471	-	-	1,176,471
Accounts payable and accrued expenses		53,906		53,906
Deposits held	2,810		423,388	426,198
Due to other funds	2,994,134			2,994,134
	<hr/>	<hr/>	<hr/>	<hr/>
Total liabilities	4,173,415	53,906	423,388	4,650,709
DEFERRED INFLOWS OF RESOURCES				
Deferred user fees, fines and charges for services	2,415,866			2,415,866
	<hr/>	<hr/>	<hr/>	<hr/>
Total deferred inflows of resources	2,415,866	-	-	2,415,866
	<hr/>	<hr/>	<hr/>	<hr/>
NET POSITION				
Nonspendable	71,860	-	-	71,860
Restricted	1,615,146	-	2,229,947	3,845,093
Committed	2,982,324	2,831,368	-	5,813,692
	<hr/>	<hr/>	<hr/>	<hr/>
Total net position	4,669,330	2,831,368	2,229,947	9,730,645
	<hr/>	<hr/>	<hr/>	<hr/>
Total liabilities, deferred inflows of resources and net position	<u>\$ 11,258,611</u>	<u>\$ 2,885,274</u>	<u>\$ 2,653,335</u>	<u>\$ 16,797,220</u>

See accompanying independent auditors' report

CITY OF NEW BEDFORD, MASSACHUSETTS

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

For the Year Ended June 30, 2013

	<u>Operating</u>	<u>Special Projects</u>	<u>Debt Service</u>	<u>Total</u>
Revenues:				
Utility usage charges	\$ 19,560,430	\$ -	\$ -	\$ 19,560,430
Liens and penalties	242,610			242,610
Departmental	10,987			10,987
Intergovernmental revenues	-		5,729,836	5,729,836
Special assessments	40,175			40,175
Investment income	42,374	5,139	717	48,230
Other	43,167			43,167
	<u>19,939,743</u>	<u>5,139</u>	<u>5,730,553</u>	<u>25,675,435</u>
Total revenues				
Expenditures:				
Salaries	1,056,027			1,056,027
Charges and services	8,793,498			8,793,498
Supplies and materials	416,754			416,754
Capital outlay	198,789	117,251		316,040
Debt admin fees	165,934			165,934
Principal paid on debt	967,800		5,784,284	6,752,084
Interest paid on debt	407,563		4,718,528	5,126,091
	<u>12,006,365</u>	<u>117,251</u>	<u>10,502,812</u>	<u>22,626,428</u>
Total expenditures				
Excess (deficiency) of revenues over	7,933,378	(112,112)	(4,772,259)	3,049,007
Transfers in	-	1,200,000	4,854,007	6,054,007
Transfers (out)	<u>(7,494,288)</u>	<u>(463,109)</u>		<u>(7,957,397)</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	439,090	624,779	81,748	1,145,617
Net position - July 1, 2012	<u>4,230,240</u>	<u>2,206,589</u>	<u>2,148,199</u>	<u>8,585,028</u>
Net position - June 30, 2013	<u>\$ 4,669,330</u>	<u>\$ 2,831,368</u>	<u>\$ 2,229,947</u>	<u>\$ 9,730,645</u>

See accompanying independent auditors' report

CITY OF NEW BEDFORD, MASSACHUSETTS

Supplementary Information
Non-Major Governmental Funds
Combining Balance Sheet

June 30, 2013

	Highway Improvements	Revolving	Reserve for Appropriation	Donations	Federal / State Grants	School Grants	Community Development	Total Special Revenue
ASSETS								
Cash and investments	\$ (858,531)	\$ 1,284,182	\$ 1,616,874	\$ 226,304	\$ 2,384,212	\$ (400,284)	\$ 1,042,588	\$ 5,295,345
Federal and state grants receivable	2,196,201	1,588,097	-	-	2,200,240	1,658,637	273,697	7,916,872
Loans receivable	-	-	-	-	-	-	20,421,589	20,421,589
Receivable, other	-	11,097	-	-	3,000	127,919	-	142,016
Land inventory	-	-	-	-	-	-	246,918	246,918
Total assets	1,337,670	2,883,376	1,616,874	226,304	4,587,452	1,386,272	21,984,792	34,022,740
DEFERRED OUTFLOWS OF RESOURCES								
None	-	-	-	-	-	-	-	-
Total deferred outflows of resources	-	-	-	-	-	-	-	-
Total assets and deferred outflows of resources	1,337,670	2,883,376	1,616,874	226,304	4,587,452	1,386,272	21,984,792	34,022,740
	-	-	-	-	-	-	-	-
LIABILITIES								
Warrants payable	1,241,954	-	-	-	-	445,529	-	1,687,483
Accounts payable and accrued expenses	-	215,245	-	2,531	1,166,154	6,500	301,084	1,691,514
Due to state or federal government	-	-	-	-	-	209	-	209
Due to other funds	-	-	-	-	-	-	26,532	26,532
Other liabilities	-	-	-	-	(208)	-	4,978	4,770
Total liabilities	1,241,954	215,245	-	2,531	1,165,946	452,238	332,594	3,410,508
DEFERRED INFLOWS OF RESOURCES								
Deferred departmental and other receipts	-	14,143	-	-	-	-	-	14,143
Unearned grant income	-	-	-	-	325,898	887,800	102,700	1,316,398
Unearned loan income	-	-	-	-	-	-	20,421,589	20,421,589
Total deferred inflows of resources	-	14,143	-	-	325,898	887,800	20,524,289	21,752,130
NET POSITION								
Nonspendable	-	-	-	-	-	-	246,918	246,918
Restricted	95,716	2,333,842	1,616,874	223,773	3,192,393	188,190	888,533	8,539,321
Committed	-	320,146	-	-	-	-	-	320,146
Unassigned	-	-	-	-	(96,785)	(141,956)	(7,542)	(246,283)
Total net position	95,716	2,653,988	1,616,874	223,773	3,095,608	46,234	1,127,909	8,860,102
Total liabilities, deferred inflows of resources and net position	\$ 1,337,670	\$ 2,883,376	\$ 1,616,874	\$ 226,304	\$ 4,587,452	\$ 1,386,272	\$ 21,984,792	\$ 34,022,740

See accompanying independent auditors' report

CITY OF NEW BEDFORD, MASSACHUSETTS

Supplemental Information
Non-Major Governmental Funds
Combining Balance Sheet

June 30, 2013

	Capital Projects	Permanent Funds		Total Nonmajor Governmental Funds
		Nonexpendable Trusts	Expendable Trusts	
ASSETS				
Cash and investments, unrestricted	\$ 12,375,644	\$ 7,100,598	\$ 9,288	\$ 24,780,875
Federal & state grants receivable	2,556,192			10,473,064
Loans receivable				20,421,589
Other receivables				142,016
Land inventory				246,918
Total assets	14,931,836	7,100,598	9,288	56,064,462
DEFERRED OUTFLOWS OF RESOURCES				
None				-
Total deferred outflows of resources	-	-	-	-
Total assets and deferred outflows of resources	\$ 14,931,836	\$ 7,100,598	\$ 9,288	\$ 56,064,462
LIABILITIES				
Warrants payable	1,200,885			2,888,368
Accounts payable and accrued expenses	170,452	150		1,862,116
Retainage payable	30,123			30,123
Bonds and notes payable	22,750,000			22,750,000
Interim loan payable	483,175			483,175
Due to other funds		1,965		28,497
Due to other governments				209
Other liabilities				4,770
Total liabilities	24,634,635	2,115	-	28,047,258
DEFERRED INFLOWS OF RESOURCES				
Deferred departmental and other receipts				14,143
Unearned grant income				1,316,398
Unearned loan income				20,421,589
Total deferred inflows of resources	-	-	-	21,752,130
NET POSITION				
Nonspendable	-	5,127,411	-	5,374,329
Restricted	1,242,096	2,451,433	9,288	12,242,138
Committed	2,367,979	-	-	2,688,125
Unassigned	(13,312,874)	(480,361)	-	(14,039,518)
Total net position	(9,702,799)	7,098,483	9,288	6,265,074
Total liabilities, deferred inflows of resources and net position	\$ 14,931,836	\$ 7,100,598	\$ 9,288	\$ 56,064,462

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, 2013

	Highway Improvements	Revolving	Reserve for Appropriation	Donations	Federal / State Grants	School Grants	Community Development	Total Special Revenue
REVENUES								
Federal grants	\$ 772,949	\$ 5,334,162	\$ -	\$ -	\$ 7,167,353	\$ 14,592,054	\$ 5,626,453	\$ 33,492,971
State grants	2,770,002	1,987,402	-	-	3,025,893	1,692,918	-	9,476,215
Investment income	-	255	1,078	(845)	65	-	113,870	114,423
Charges for services	-	1,351,819	161,339	-	-	-	-	1,513,158
Miscellaneous and other revenues	-	451,851	15,023	28,405	1,646,199	912,176	596,653	3,650,307
Total revenues	3,542,951	9,125,489	177,440	27,560	11,839,510	17,197,148	6,336,976	48,247,074
EXPENDITURES								
General government	-	356,709	-	630	853,454	-	-	1,210,793
Public safety	-	252,667	-	54,838	8,955,265	-	-	9,262,770
Public works	3,448,504	70,289	-	-	281,123	-	-	3,799,916
Education	-	8,277,089	-	-	-	17,152,672	-	25,429,761
Health and human services	-	9,928	-	5,475	760,557	-	-	775,960
Culture and recreation	-	256,902	-	27,154	1,152,917	-	-	1,436,973
Principal payments	-	-	-	-	58,505	-	-	58,505
Community and economic development	-	-	-	-	-	-	6,048,771	6,048,771
Total expenditures	3,448,504	9,223,584	-	88,097	12,061,821	17,152,672	6,048,771	48,023,449
Excess (deficiency) of revenue over expenditures	94,447	(98,095)	177,440	(60,537)	(222,311)	44,476	288,205	223,625
OTHER FINANCING SOURCES (USES)								
Special item - proceeds from insurance recovery	-	80,645	-	-	-	-	-	80,645
Transfers in	-	-	-	-	299,551	42,033	-	341,584
Transfers out	-	-	(138,645)	-	-	(42,033)	-	(180,678)
Total other financing sources (uses)	-	80,645	(138,645)	-	299,551	-	-	241,551
Change in net position	94,447	(17,450)	38,795	(60,537)	77,240	44,476	288,205	465,176
Net position - July 1, 2012, restated	1,269	2,671,438	1,578,079	284,310	3,018,368	1,758	839,704	8,394,926
Net position - June 30, 2013	\$ 95,716	\$ 2,653,988	\$ 1,616,874	\$ 223,773	\$ 3,095,608	\$ 46,234	\$ 1,127,909	\$ 8,860,102

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, 2013

	Capital Projects	Permanent Funds		Total Nonmajor Governmental Funds
		Nonexpendable Trusts	Expendable Trusts	
REVENUE				
MSBA assistance	\$ 2,583,007	\$ -	\$ -	\$ 2,583,007
Investment income		470,007		584,430
Intergovernmental - operating grants				41,354,167
Intergovernmental - capital grants	12,257,505			13,872,524
Charges for services				1,513,158
Miscellaneous		261,717	3,641	3,915,665
Total revenues	<u>14,840,512</u>	<u>731,724</u>	<u>3,641</u>	<u>63,822,951</u>
EXPENDITURES				
General government	1,179,474			2,390,267
Public safety				9,262,770
Education	927,891	150	5,667	26,363,469
Public works	5,646,457	126,755		9,573,128
Community and economic development				6,048,771
Health and human services				775,960
Municipal airport	9,064,427			9,064,427
Culture and recreation	8,049	138,370		1,583,392
Debt service:				
Principal payments				58,505
Total expenditures	<u>16,826,298</u>	<u>265,275</u>	<u>5,667</u>	<u>65,120,689</u>
Excess (deficiency) of revenues over expenditures	<u>(1,985,786)</u>	<u>466,449</u>	<u>(2,026)</u>	<u>(1,297,738)</u>
OTHER FINANCING SOURCES (USES)				
Bond proceeds	4,373,000			4,373,000
Special item - insurance proceeds				80,645
Transfers in	1,796,892	-	-	2,138,476
Transfers out	(435,989)	(65,755)	-	(682,422)
Total other financing sources and uses	<u>5,733,903</u>	<u>(65,755)</u>	<u>-</u>	<u>5,909,699</u>
Change in net position	3,748,117	400,694	(2,026)	4,611,961
Net position - July 1, 2012, restated	<u>(13,450,916)</u>	<u>6,697,789</u>	<u>11,314</u>	<u>1,653,113</u>
Net position - June 30, 2013	<u>\$ (9,702,799)</u>	<u>\$ 7,098,483</u>	<u>\$ 9,288</u>	<u>\$ 6,265,074</u>

See accompanying independent auditors' report

CITY OF NEW BEDFORD, MASSACHUSETTS

Supplementary Information
Private Purpose Trust Funds
Combining Statement of Net Position

June 30, 2013

	<u>Mary Souza Scholarship</u>	<u>Stawasz Scholarship</u>	<u>Elwyn G. Campbell</u>	<u>Taylor School</u>	<u>Total</u>
ASSETS					
Cash and short-term investments	<u>\$ 268,539</u>	<u>\$ 150,880</u>	<u>\$ 13,774</u>	<u>\$ 30</u>	<u>\$ 433,223</u>
Total assets	<u>268,539</u>	<u>150,880</u>	<u>13,774</u>	<u>30</u>	<u>433,223</u>
LIABILITIES					
Accounts payable	<u>10,000</u>	<u>298</u>	<u>200</u>	<u>-</u>	<u>10,498</u>
Total liabilities	<u>10,000</u>	<u>298</u>	<u>200</u>	<u>-</u>	<u>10,498</u>
NET POSITION					
Held in trust for scholarships	<u>\$ 258,539</u>	<u>\$ 150,582</u>	<u>\$ 13,574</u>	<u>\$ 30</u>	<u>\$ 422,725</u>

See accompanying independent auditors' report

CITY OF NEW BEDFORD, MASSACHUSETTS

Statement Information
Private Purpose Trust Funds
Combining Statement of Revenues, Expenditures and Changes in Fiduciary Net Position
For the Year Ended June 30, 2013

	<u>Mary Souza Scholarship</u>	<u>Stawasz Scholarship</u>	<u>Elwyn G. Campbell</u>	<u>Taylor School</u>	<u>Total</u>
Additions:					
Investment income:					
Dividends and interest	\$ 1,865	\$ 835	\$ 591	\$ -	\$ 3,291
Net appreciation in fair value of investments	(105)	7	455		357
Gain (loss) on sale of investments	-		(225)		(225)
	<u>1,760</u>	<u>842</u>	<u>821</u>	<u>-</u>	<u>3,423</u>
Total investment income					
Other income:	-	-	(183)		(183)
	<u>-</u>	<u>-</u>	<u>(183)</u>		<u>(183)</u>
Total other income					
	-	-	(183)	-	(183)
	<u>-</u>	<u>-</u>	<u>(183)</u>	<u>-</u>	<u>(183)</u>
Total additions	<u>1,760</u>	<u>842</u>	<u>638</u>	<u>-</u>	<u>3,240</u>
Deductions:					
Education	<u>10,000</u>	<u>298</u>	<u>200</u>		<u>10,498</u>
Total deductions	<u>10,000</u>	<u>298</u>	<u>200</u>	<u>-</u>	<u>10,498</u>
Change in net position	(8,240)	544	438	-	(7,258)
Net position - beginning of year	<u>266,779</u>	<u>150,038</u>	<u>13,136</u>	<u>30</u>	<u>429,983</u>
Net position - end of year	<u>\$ 258,539</u>	<u>\$ 150,582</u>	<u>\$ 13,574</u>	<u>\$ 30</u>	<u>\$ 422,725</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, 2013

	BEGINNING BALANCE	COMMITMENTS	COLLECTIONS	TREASURERS ADJUSTMENTS	EXEMPTIONS & ABATEMENTS	TRANSFER TO TAX TITLE	REFUNDS	ENDING BALANCE
<u>Personal Property:</u>								
2013	\$ -	\$ 5,432,881	\$ (5,381,435)	\$ (86)	\$ (676)	\$ -	\$ -	\$ 50,684
2012	11,857	-	(26,039)	51	(94)	-	68,235	54,010
2011	(5,143)	-	(18,638)	(2)	(428)	-	79,687	55,476
2010	45,267	-	(2,696)	-	(1,240)	-	-	41,331
2009	32,957	-	(2,007)	8	(188,166)	-	187,632	30,424
2008	27,302	-	(1,545)	(7)	-	-	-	25,750
2007	21,150	-	(1,661)	68	-	-	4,460	24,017
2006	28,742	-	(1,443)	42	-	-	447	27,788
2005	(1,028)	-	-	457	-	-	-	(571)
2004	(616)	-	-	287	-	-	-	(329)
2003	(70)	-	-	57	-	-	-	(13)
2002	(85)	-	-	85	-	-	-	-
2001 and prior	(162)	-	-	75	-	-	-	(87)
Total Personal Property:	\$ 160,171	\$ 5,432,881	\$ (5,435,464)	\$ 1,035	\$ (190,604)	\$ -	\$ 340,461	\$ 308,480
<u>Real Estate:</u>								
2013	\$ -	\$ 89,785,653	\$ (84,970,170)	\$ (24,244)	\$ (818,208)	\$ -	\$ 82,176	\$ 4,055,207
2012	4,384,899	-	(1,711,655)	12,707	(44,772)	(2,716,083)	53,704	(21,200)
2011	(39,314)	-	(4,307)	(981)	(712)	(3,598)	48,949	37
2010	2,286	-	(24)	-	-	-	-	2,262
2009	(742)	-	-	(47)	-	-	-	(789)
2008	3,325	-	-	3	-	-	-	3,328
2007 and prior	52,092	-	-	1	-	-	-	52,093
Total Real Estate:	\$ 4,402,546	\$ 89,785,653	\$ (86,686,156)	\$ (12,561)	\$ (863,692)	\$ (2,719,681)	\$ 184,829	\$ 4,090,938
Total Property Taxes:	\$ 4,562,717	\$ 95,218,534	\$ (92,121,620)	\$ (11,526)	\$ (1,054,296)	\$ (2,719,681)	\$ 525,290	\$ 4,399,418

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, 2013

	<u>BEGINNING BALANCE</u>	<u>COMMITMENTS</u>	<u>COLLECTIONS</u>	<u>TREASURERS ADJUSTMENTS</u>	<u>EXEMPTIONS & ABATEMENTS</u>	<u>TRANSFER TO TAX TITLE</u>	<u>REFUNDS</u>	<u>ENDING BALANCE</u>
<u>Motor Vehicle:</u>								
2013	\$ -	\$ 5,796,735	\$ (4,938,205)	\$ (287)	\$ (127,765)	\$ -	\$ 1,681	\$ 732,159
2012	606,589	664,613	(971,214)	778	(76,223)	-	37,391	261,934
2011	280,150	725	(129,235)	280	(12,085)	-	1,616	141,451
2010	142,595	823	(33,990)	(112)	(2,675)	-	790	107,431
2009	113,994	-	(20,237)	50	(922)	-	231	93,116
2008	102,990	-	(13,824)	(13)	(891)	-	20	88,282
2007	113,517	-	(7,198)	(183)	(1,092)	-	276	105,320
2006	101,911	-	(4,877)	(304)	(577)	-	-	96,153
2005	101,539	-	(3,778)	-	(348)	-	85	97,498
2004	87,122	-	(2,668)	(35)	(307)	-	44	84,156
Total Motor Vehicle:	<u>\$ 1,650,407</u>	<u>\$ 6,462,896</u>	<u>\$ (6,125,226)</u>	<u>\$ 174</u>	<u>\$ (222,885)</u>	<u>\$ -</u>	<u>\$ 42,134</u>	<u>\$ 1,807,500</u>
Total Property and Motor Vehicle:	<u>\$ 6,213,124</u>	<u>\$ 101,681,430</u>	<u>\$ (98,246,846)</u>	<u>\$ (11,352)</u>	<u>\$ (1,277,181)</u>	<u>\$ (2,719,681)</u>	<u>\$ 567,424</u>	<u>\$ 6,206,918</u>

See accompanying independent auditors' report

CITY OF NEW BEDFORD, MASSACHUSETTS

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

June 30, 2013

	Outstanding Balance					
	June 30, 2013	2014	2015	2016	2017	2018
GOB 2004 - Refund 1996	\$ 2,365,000	\$ 580,000	\$ 585,000	\$ 595,000	\$ 605,000	\$ -
GOB 2004 - Refund 1995	1,330,000	600,000	360,000	370,000	-	-
Sewer Bonds	1,399,000	212,000	216,000	226,000	238,000	249,000
General Public Improvement	2,334,000	397,000	393,000	390,000	387,000	385,000
Federal Loan 1996 Series A	1,515,000	730,000	515,000	270,000	-	-
Federal Loan 1998 Series A	82,655,000	4,710,000	5,085,000	5,490,000	5,920,000	6,090,000
Federal Loan 2000 Series 6	4,060,000	165,000	170,000	180,000	185,000	185,000
Middle School, Public Imp	26,022,000	2,931,000	3,006,000	3,079,000	3,160,000	3,266,000
Federal Loan 2003 Series 8	456,351	39,019	40,715	42,412	44,108	44,108
Federal Loan 2003 Pool 9	902,290	77,290	80,000	80,000	85,000	90,000
HUD 108 - 2003-A	1,055,000	105,000	105,000	105,000	105,000	105,000
Federal Loan DW-02-13	1,432,109	97,068	100,041	105,000	110,000	110,000
Federal Loan DW-02-20	2,818,379	191,918	197,786	204,888	214,883	219,880
\$11.434M GOB 2006	6,320,000	590,000	585,000	585,000	555,000	550,000
Federal Loan CW-04-28	418,394	28,465	29,040	29,627	30,225	30,836
Federal Loan CW-03-36	4,382,240	146,110	149,520	153,009	156,581	160,235
GOSQ Bond 2007	11,005,000	1,045,000	1,060,000	1,080,000	1,105,000	1,125,000
Federal Loan DW-02-13A	302,916	18,938	19,320	19,710	20,108	20,514
Federal Loan DW-04-13	4,486,941	280,512	286,179	291,961	297,859	303,876
GOB 2008 Series A	11,205,000	630,000	650,000	665,000	680,000	695,000
General Obligation SQ Bond - Series B	3,115,000	335,000	335,000	335,000	335,000	335,000
MWPAT CW 03-36A	535,734	17,619	18,050	18,493	18,946	19,410
MWPAT DW06-10 Series 14	6,654,898	356,476	363,678	371,025	378,521	386,167
\$950,000 General Obligation State Qualified	690,000	90,000	90,000	95,000	100,000	100,000
\$14.571 Million Bond Issue	12,895,000	595,000	605,000	625,000	640,000	665,000
\$19.30 Million ARRA Revenue Bond	6,319,633	160,208	164,100	168,086	172,169	176,351
\$2.704 Million GOB Series A	2,540,000	155,000	160,000	170,000	160,000	170,000
\$4.589 Million GOB Series B	4,425,000	160,000	165,000	175,000	180,000	185,000
MWPAT Series 16 CWS-09-12-A	10,409,184	235,133	241,133	247,288	253,599	260,071
MWPAT Series 16 DWS-09-23	1,910,778	77,293	78,973	80,689	82,443	84,235
\$4.373 Million GOB SQ Bond	4,373,000	208,000	215,000	220,000	220,000	225,000
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	\$ 220,332,847	\$ 15,964,049	\$ 16,068,535	\$ 16,467,188	\$ 16,439,442	\$ 16,235,683

See accompanying independent auditors' report

CITY OF NEW BEDFORD, MASSACHUSETTS

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

June 30, 2013

	2019	2020	2021	2022	2023
GOB 2004 - Refund 1996	\$ -	\$ -	\$ -	\$ -	\$ -
GOB 2004 - Refund 1995	-	-	-	-	-
Sewer Bonds	258,000	-	-	-	-
General Public Improvement	382,000	-	-	-	-
Federal Loan 1996 Series A	-	-	-	-	-
Federal Loan 1998 Series A	6,260,000	6,440,000	6,620,000	6,810,000	7,005,000
Federal Loan 2000 Series 6	195,000	200,000	210,000	220,000	225,000
Middle School, Public Imp	3,370,000	3,525,000	3,685,000	-	-
Federal Loan 2003 Series 8	45,805	47,501	49,198	50,894	52,591
Federal Loan 2003 Pool 9	90,000	95,000	100,000	100,000	105,000
HUD 108 - 2003-A	105,000	105,000	105,000	105,000	110,000
Federal Loan DW-02-13	115,000	120,000	125,000	130,000	135,000
Federal Loan DW-02-20	229,875	239,869	244,866	254,861	264,856
\$11,434M GOB 2006	550,000	550,000	545,000	435,000	435,000
Federal Loan CW-04-28	31,459	32,094	32,742	33,404	34,079
Federal Loan CW-03-36	163,975	167,802	171,717	175,726	179,827
GOSQ Bond 2007	1,150,000	1,175,000	580,000	580,000	575,000
Federal Loan DW-02-13A	20,929	21,352	21,784	22,223	22,673
Federal Loan DW-04-13	310,015	316,277	322,667	329,185	335,836
GOB 2008 Series A	715,000	725,000	745,000	770,000	1,005,000
General Obligation SQ Bond - Series B	330,000	330,000	330,000	330,000	120,000
MWPAT CW 03-36A	19,886	20,373	20,873	21,384	21,908
MWPAT DW06-10 Series 14	393,969	401,928	410,047	418,331	426,782
\$950,000 General Obligation State Qualified	105,000	110,000	-	-	-
\$14.571 Million Bond Issue	690,000	710,000	740,000	765,000	460,000
\$19.30 Million ARRA Revenue Bond	180,635	185,023	189,517	194,121	198,837
\$2.704 Million GOB Series A	175,000	175,000	185,000	105,000	110,000
\$4.589 Million GOB Series B	195,000	200,000	210,000	220,000	225,000
MWPAT Series 16 CWS-09-12-A	266,708	273,515	280,496	287,654	294,996
MWPAT Series 16 DWS-09-23	86,065	87,936	89,847	91,800	93,795
\$4.373 Million GOB SQ Bond	230,000	235,000	245,000	250,000	255,000
	<u>\$ 16,664,321</u>	<u>\$ 16,488,670</u>	<u>\$ 16,258,754</u>	<u>\$ 12,699,583</u>	<u>\$ 12,691,180</u>

See accompanying independent auditors' report