

CITY OF NEW BEDFORD, MASSACHUSETTS
COMPREHENSIVE ANNUAL FINANCIAL REPORT
YEAR ENDED JUNE 30, 2003

CITY OF NEW BEDFORD, MASSACHUSETTS

June 30, 2003

Table of Contents

	Page
Independent Auditors' Report	1-2
Management's Discussion and Analysis (required supplementary information)	3-13
Basic Financial Statements:	
Government-wide Financial Statement:	
Statement of Net Assets	14
Statement of Activities	15
Fund Financial Statements:	
Balance Sheet - Governmental Funds	16
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental funds	17
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Assets	18
Reconciliation of the Governmental Funds - Statement of Revenues, Expenditures and Changes in Fund Balance to the Statement of Activities	19
Statement of Net Assets - Proprietary Funds	20
Statement of Revenues, Expenses and Changes in Fund Net Assets - Proprietary Funds	21
Statement of Cash Flows - Proprietary Funds	22-23
Statement of Net Assets - Fiduciary Funds and Similar Component Units	24
Statement of Changes in Net Assets - Fiduciary Funds and Similar Component Units	25
Notes to the Financial Statements	26-56
Single Audit Reports:	
Independent Auditors' Report on Compliance and on Internal Control over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards	57
Independent Auditors' Report on Compliance with Requirements Applicable to each Major Program and Internal Control over Compliance in Accordance with OMB Circular A-133	58-59
Schedule of Expenditures of Federal Awards	60-66
Notes to the Schedule of Expenditures of Federal Awards	67
Schedule of Findings and Questioned Costs	68-69

CITY OF NEW BEDFORD, MASSACHUSETTS

June 30, 2003

Table of Contents

	Page
Required Supplementary Information:	
Budgetary Comparison Schedule - General Fund	70-71
Budgetary Comparison Schedule - Wastewater Treatment Plant Special Revenue Fund	72
Budgetary Comparison Schedule - Zoo Enterprise Fund	73
Notes to the Required Supplementary Information - Explanation of Differences between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures	74-75
Contributory Retirement System:	
Schedule of Funding Progress	76
Schedule of Employee Contribution	77-78
Supplementary Information:	
Major Governmental Funds:	
Combining Wastewater Funds:	
Balance Sheet	79
Statement of Revenues, Expenditures and Changes in Fund Balance	80
Reserved Cash Account Activity	81
Non-major Governmental Funds:	
Combining Balance Sheets:	
Special Revenue	82
Capital Projects	83-86
Permanent Funds	87
Combining Statement of Revenues, Expenditures and Changes in Fund Balance (Deficits):	
Special Revenue	88-89
Capital Projects	90-93
Permanent Funds	94
Combining Private Purpose Trust Funds:	
Balance Sheet	95
Statement of Revenues, Expenditures and Changes in Fiduciary Net Assets	96
Combining Community Development:	
Balances Sheet	97
Statement of Revenues, Expenditures and Changes in Fund Balance	98

CITY OF NEW BEDFORD, MASSACHUSETTS

June 30, 2003

Table of Contents

	Page
Supplementary Information (Continued):	
Combining Internal Service Funds:	
Balance Sheet	99
Statement of Revenues, Expenses and Changes in Fund Balance	100
General Fund:	
Schedule of Property Tax and Mother Vehicle Excise Tax Receivables	101-102
Statements of Revenues, Expenditures and Changes in Fund Balance	103-104
Statistical Section (Unaudited):	
Schedule of Long-Term Maturities	105-106

HAGUE, SAHADY & CO., P.C.

CERTIFIED PUBLIC ACCOUNTANTS

126 President Avenue

Fall River, MA 02720

TEL. (508) 675-7889

FAX (508) 675-7859

Independent Auditors' Report

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the City of New Bedford, Massachusetts, as of and for the year ended June 30, 2003, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of New Bedford's management. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the reports of the other auditors provide a reasonable basis for our opinions.

In our opinion, based on our audit and the reports of the other auditors, 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 discretely presented component units, each major fund, and the aggregate remaining fund information of the City of New Bedford, Massachusetts, as of June 30, 2003, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis on pages 3 through 13, the schedule of revenues, expenditures and changes in fund balances - budgetary basis on pages 70 through 74 and the schedule of funding progress and employers' contributions on pages 76 through 78 are not a required part of the basic financial statements, but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

CITY OF NEW BEDFORD, MASSACHUSETTS

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of New Bedford's basic financial statements. The introductory section, supplementary statements and schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The supplementary statements and schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

In accordance with *Government Auditing Standards*, we have also issued a separate report dated January 26, 2004 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Hague, Sebady & Co PC

January 26, 2004

CITY OF NEW BEDFORD, MASSACHUSETTS

Management's Discussion and Analysis (MD&A)

Year Ended June 30, 2003

The management of the **City of New Bedford, Massachusetts** (City), offers readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2003. We encourage readers to consider the information presented here in conjunction with additional information found within the body of the audit.

Certain comparative information between the current year and the prior year is required to be presented in the Management Discussion and Analysis. However, because this is the first year of implementing the new reporting model, certain necessary comparative information of the previous year was not prepared. Considering the financial resources necessary to prepare this information for the prior year, and the GASB Statement Number 34 permits omission of the comparative information in the first year of adoption of the new reporting model, the City has elected to exclude the information in this report. Subsequent reports will include the comparative data.

FINANCIAL Highlights:

- The assets of the City exceeded liabilities at the close of the fiscal year by \$113,006,694 (net assets). Of this amount, \$13,526,864 (unrestricted net assets) may be used to meet the City's ongoing obligations to citizens and creditors.
- The City's total net assets decreased by \$28,265,470.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$(458,181).
- At the end of the current fiscal year, unreserved fund balance for the general fund was \$15,577,793 (6.8 percent) of total general fund expenditures.
- The City's total long term debt decreased by \$16,817,575 during the current fiscal year. The key factor in this decrease is the normal annual debt service requirements.

OVERVIEW OF FINANCIAL STATEMENTS

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

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

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

CITY OF NEW BEDFORD, MASSACHUSETTS

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

Year Ended June 30, 2003

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

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

- Governmental activities – Governmental activities of the City such as general government, public works, public safety, education, community and economic development, culture and recreation are reported here. Property taxes, state aid, local fees and charges finance most of these activities.
- Business-type activities — The City charges fees to users to help it cover costs of certain services it provides. The City's zoo operations are included here.
- 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, New Directions, and The New Bedford Contributory Retirement System.

The government-wide financial statements can be found on pages 14 and 15 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 is the internal service fund or medical claims trust fund and the zoo enterprise fund. 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*.

CITY OF NEW BEDFORD, MASSACHUSETTS

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

Year Ended June 30, 2003

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, wastewater fund and stabilization 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.

The City adopts an annual budget for its general and its 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 16 through 17 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 an enterprise fund to account for its zoo operations. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among various function. 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.

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 zoo operations as well as the internal service fund are considered non-major funds.

The proprietary fund financial statements can be found on pages 20 through 23 of this report.

Fiduciary funds: Fiduciary funds are used to account for resources held for the benefit of parties outside the government. The City is the trustee, or fiduciary, for its employees' pension plan. It is also responsible for other assets that because of a trust arrangement can be used only for the trust beneficiaries and the agency fund. The City is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the City's fiduciary activities are reported in a separate statement of fiduciary net assets and a statement of changes in fiduciary net assets. These activities are excluded from the City's governmental-wide financial statements because the City cannot use these assets to finance its operations. The accounting used for fiduciary funds is the accrual basis of accounting.

The fiduciary funds financial statements can be found on pages 24 through 25 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 26 through 56 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, wastewater and zoo funds. Budgetary comparison schedules are presented to demonstrate compliance with the budget on pages 71 through 74.

CITY OF NEW BEDFORD, MASSACHUSETTS

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

Year Ended June 30, 2003

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City, assets exceeded liabilities by \$113 million as of June 30, 2003 and 86.9 million as of June 30, 2002.

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

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

Net Assets for the period ending June 30, 2003 and June 30, 2002 (Government-wide level)

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2003</u>	<u>2002</u>	<u>2003</u>	<u>2002</u>	<u>2003</u>	<u>2002</u>
Current and other assets	\$ 107,381,720	\$ 109,023,832	\$ 78,316	\$ (1,222,695)	\$ 107,460,036	\$ 107,801,137
Capital assets	<u>300,541,395</u>	<u>271,196,053</u>	<u>9,174,450</u>	<u>9,396,919</u>	<u>309,715,845</u>	<u>280,592,972</u>
Total Assets	<u>\$ 407,923,115</u>	<u>\$ 380,219,885</u>	<u>\$ 9,252,766</u>	<u>\$ 8,174,224</u>	<u>\$ 417,175,881</u>	<u>\$ 388,394,109</u>
Current liabilities	\$ 44,229,870	\$ 72,601,020	\$ 546,892	\$ (621,842)	\$ 44,776,76	\$ 71,979,178
Long-term liabilities	<u>250,688,531</u>	<u>221,881,624</u>	<u>7,278,273</u>	<u>7,630,000</u>	<u>257,966,804</u>	<u>229,511,624</u>
Total Liabilities	<u>\$ 294,916,421</u>	<u>\$ 294,482,644</u>	<u>\$ 7,825,165</u>	<u>\$ 7,008,158</u>	<u>\$ 302,741,586</u>	<u>\$ 301,490,802</u>
Net Assets:						
Investment in capital assets (net of debt)	\$ 90,673,582	\$ 32,278,149	\$ 1,479,710	\$ 1,331,919	\$ 92,153,292	\$ 33,610,068
Restricted	8,754,139	8,666,728			8,754,139	8,666,728
Unreserved fund balance	<u>13,578,973</u>	<u>44,792,364</u>	<u>(52,109)</u>	<u>(165,853)</u>	<u>13,526,864</u>	<u>44,626,511</u>
Total Net Assets	<u>\$ 113,006,694</u>	<u>\$ 85,737,241</u>	<u>\$ 1,427,601</u>	<u>\$ 1,166,066</u>	<u>\$ 114,434,295</u>	<u>\$ 86,903,307</u>

An additional portion of the City's net assets \$8,754,139 represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets \$13,526,864 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, 2003 and June 30, 2002 cash and investments consisted of \$31,674,131 and \$55,210,025 respectively.

At the end of fiscal years 2003 and 2002, the City is able to report positive balances in all three categories of net assets for its governmental activities.

The City's net assets decreased during the current fiscal year, due in part to the cut made in state aid after the City's budget had been appropriated and based upon the change in accruals from one year to the next.

CITY OF NEW BEDFORD, MASSACHUSETTS

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

Year Ended June 30, 2003

Governmental activities. Governmental activities decreased the City's net assets by \$27,898,342 for fiscal year ended June 30, 2003. In addition, the business type activities increased the City's net assets by \$367,128 for fiscal year ended June 30, 2002. Key elements of this decrease are documented on the following page:

Changes in Net Assets for the period ending June 30, 2003 and June 30, 2002 (Government-wide level)

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2003</u>	<u>2002</u>	<u>2003</u>	<u>2002</u>	<u>2003</u>	<u>2002</u>
Revenues:						
Program revenues:						
Charges for service	\$ 33,249,808	\$ 39,247,655	\$ 329,376	\$ 344,773	\$ 33,579,184	\$ 39,592,428
Operating grants & contributions	159,796,454	133,163,858			159,796,454	133,163,858
Capital grants & contributions	13,299,793	2,597,451			13,299,793	2,597,451
General revenues:						
Property taxes	61,777,400	58,249,774			61,777,400	58,249,774
Motor vehicle excise	6,134,081	5,655,432			6,134,081	5,655,432
Tax foreclosure & other	2,869,234	2,739,125			2,869,234	2,739,125
Intergovernmental	22,691,088	28,074,687			22,691,088	28,074,687
Other	<u>7,586,261</u>	<u>1,806,351</u>	<u>5,811</u>	<u>3,612</u>	<u>7,592,072</u>	<u>1,809,963</u>
Total revenues	<u>307,404,119</u>	<u>271,534,333</u>	<u>335,187</u>	<u>348,385</u>	<u>307,739,306</u>	<u>271,882,718</u>
Expenses:						
General government	3,692,380	8,786,293			3,692,380	8,786,293
Public protection	41,488,031	48,116,206			41,488,031	48,116,206
Public works	27,112,600	22,381,924			27,112,600	22,381,924
Health & human serv	5,102,270	6,903,230			5,102,270	6,903,230
Education	170,598,886	157,312,660			170,598,886	157,312,660
Community and Economic Deve	11,467,304	10,765,780			11,467,304	10,765,780
Culture and recreation	9,396,591	4,107,496			9,396,591	4,107,496
State and County chgs	1,614,076	1,458,082			1,614,076	1,458,082
Debt service (interest)	7,691,724	11,552,333			7,691,724	11,552,333
Zoo			<u>1,309,974</u>	<u>1,344,094</u>	<u>1,309,974</u>	<u>1,344,094</u>
Total expenses	<u>278,163,862</u>	<u>271,384,004</u>	<u>1,309,974</u>	<u>1,344,094</u>	<u>279,473,836</u>	<u>272,728,098</u>
Increase (decrease) in net assets before transfers	29,240,257	150,329	(974,787)	(995,709)	28,265,470	(845,380)
Transfers	<u>(1,341,915)</u>	<u>(1,115,982)</u>	<u>1,341,915</u>	<u>1,115,982</u>		
Increase (decrease) in net assets	27,898,342	(965,653)	367,128	120,273	28,265,470	(845,380)
Net assets - beginning	<u>85,108,352</u>	<u>86,702,894</u>	<u>1,060,473</u>	<u>940,200</u>	<u>86,168,825</u>	<u>87,643,094</u>
Net assets - ending	<u>\$ 113,006,694</u>	<u>\$ 85,737,241</u>	<u>\$ 1,427,601</u>	<u>\$ 1,060,473</u>	<u>\$ 114,434,295</u>	<u>\$ 86,797,714</u>

The summary above is not comparative due to the restatements summarized on Note 13: Restatement in the basic financial statements.

CITY OF NEW BEDFORD, MASSACHUSETTS

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

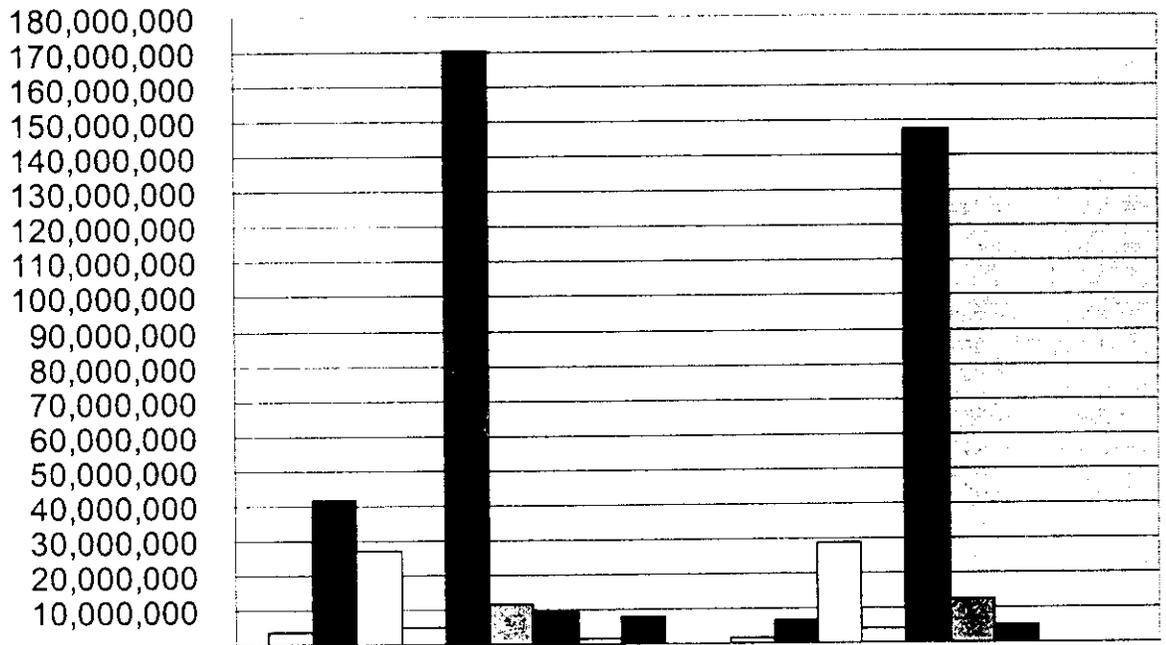
Year Ended June 30, 2003

The majority of general revenues are tax collections from the City's taxpayers. This amount represented 61% of the total \$101 million. The operating grants are also a significant source of revenue for the City. The total operating grants for fiscal year ended June 30, 2003 amounted to \$159,796,454 of which \$141,209,3727 were received for education.

The most significant expense of the City is education which represented 61% of total expenses, followed by public protection at 15%.

Expenses and Program Revenues – Governmental Activities

Expenses and Program Revenue -
Governmental Activities



- General government
- Public protection
- Public works
- Health and human services
- Education
- Community and economic dev
- Culture and recreation
- State and county charges
- Debt service

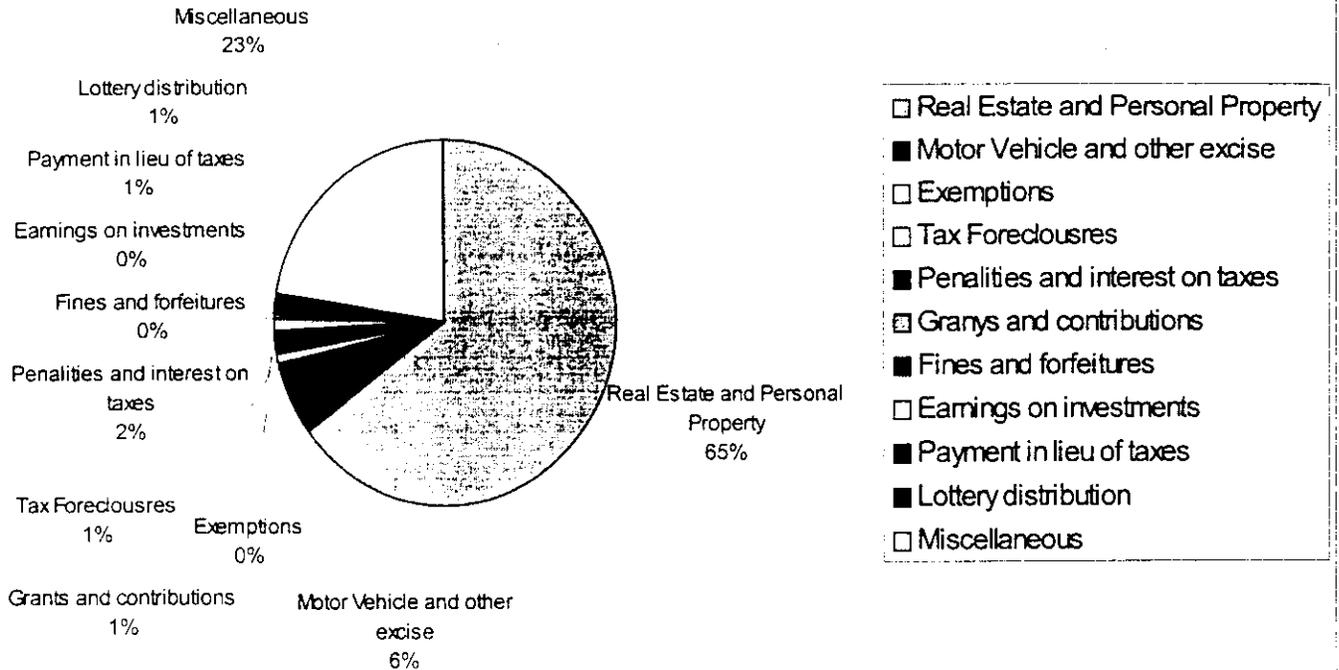
	Expenses	Revenue
	3,692,380	1,681,127
	41,488,031	6,640,639
	27,112,600	28,495,054
	5,102,270	4,221,004
	170,598,886	147,562,681
	11,467,304	12,603,082
	9,396,591	5,142,468
	1,614,076	0
	7,691,724	0

CITY OF NEW BEDFORD, MASSACHUSETTS

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

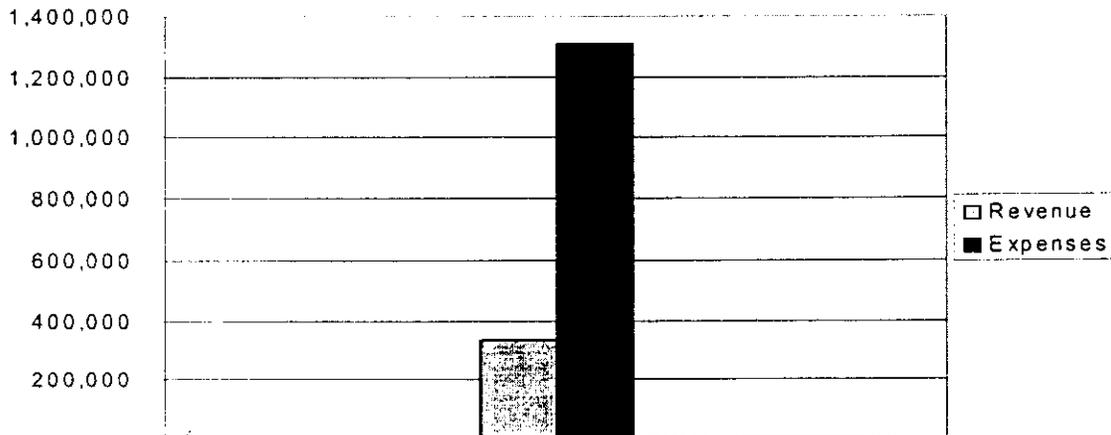
Year Ended June 30, 2003

General Revenues by Source - Governmental Activities



Business-type activities. Business-type activities increased the City's net assets \$367,128. This was due to a transfer made to the Zoo operations from the general fund. In fact, the net expenses of the zoo operation were \$1,309,974.

**Revenue and Expenses - Business Type Activities
Zoo Operations**

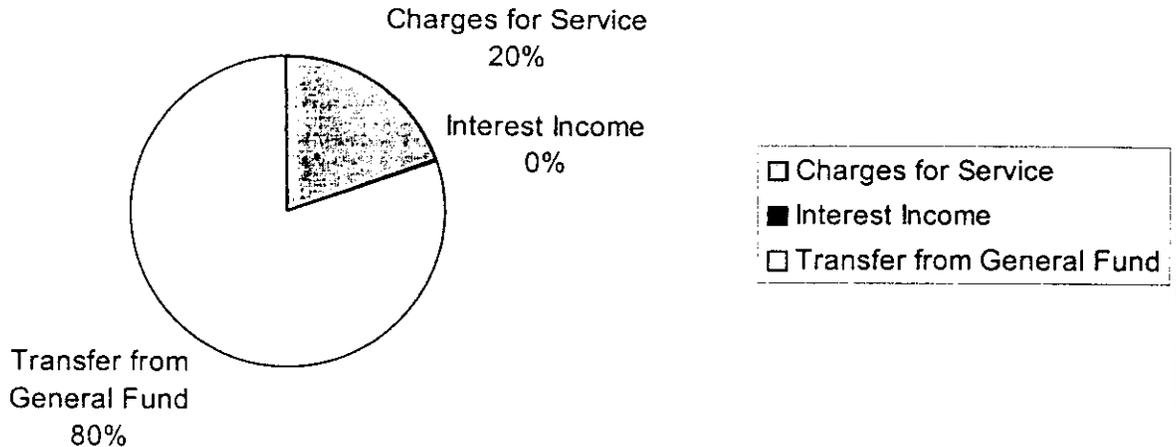


CITY OF NEW BEDFORD, MASSACHUSETTS

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

Year Ended June 30, 2003

Revenues By Source - Business Type Activities



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. In particular, *unreserved fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

The City's governmental funds reported combined ending fund balances of \$(458,121) for fiscal year ended June 30, 2003 and \$23,317,106 for fiscal year ended June 30, 2002. This decrease in fiscal year ended June 30, 2003, totaling \$23,775,225, constitutes monies spent on capital projects for which there are bonds authorized but unissued at the fiscal year end.

The general fund is the chief operating fund of the City. At the end of the current fiscal year, total fund balance of the general fund of \$15,577,793 was unreserved. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balances and total fund balances to total fund expenditures. Total fund balance and unreserved fund balance represent approximately 6% of total general fund expenditures.

The stabilization fund had a fund balance of \$4,328,195 at the end of fiscal year 2003 and a balance of \$4,551,175 at the end of fiscal year 2002. During the year the net transfers out were \$1,048,685 for fiscal year ended June 30, 2002. The fund had earnings from investments of \$274,929 and \$210,703 respectively and expenditures of \$12,101 and \$28,560 respectively for fiscal year ended June 30, 2003 and 2002..

Proprietary funds. The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

CITY OF NEW BEDFORD, MASSACHUSETTS

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

Year Ended June 30, 2003

Unrestricted net assets of the enterprise fund at the end of the year amounted to \$1,166,066. The total growth in net assets for the enterprise fund is \$225,866. Other factors concerning the enterprise fund have already been addressed in the discussion of the City's business-type activities.

Budgetary Highlights

General Fund. The major difference between the original budget and the final budget are briefly summarized as follows:

Revenues and Other Sources:

Total budgeted revenues were increased by \$1,053,741, over the original budget.

- Property tax revenue was increased by \$6,387,521
- Intergovernmental (state) revenue was increased by \$289,799
- Transfers from other funds were appropriated in the amount of \$2,848,128

Expenditures:

Total budgeted appropriations were increased by \$841,937 over the original budget

- Included additional appropriation for public safety in the amount of \$623,100
- Included additional appropriation for education in the amount of \$1,986,955
- Included additional appropriation for health insurance in the amount of \$6,300,000
- Included various other additional appropriations totally \$2,461,329

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

- The City actually collected \$532,993 more in motor vehicle excise than it had budgeted
- The City actually collected \$2,101,602 more in charges for water services than it had budgeted
- The City had over estimated the cost of health insurance and had a savings of \$821,578
- The City's State Aid was reduced by \$2,308,794 in February 2003, after the tax rate was set. The City transferred \$600,000 from the Overlay reserve to assist in funding this cut in State Aid.

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, 2003 amounted to \$300,541,395 (net of accumulated depreciation). This investment in capital assets includes land, buildings and system, improvements, machinery and equipment, construction in progress and farm animals. The total increase in the City's investment in capital assets for the current year was 11 percent.

CITY OF NEW BEDFORD, MASSACHUSETTS

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

Year Ended June 30, 2003

Major capital asset events during the current fiscal year included construction in progress for both the New Roosevelt School and the Normandin Middle School.

**Net of Accumulated Depreciation
June 30, 2003**

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Land and construction in progress	\$ 104,494,995	\$	\$ 104,494,995
Infrastructure	112,527,937		112,527,937
Buildings and Improvements	50,678,234	9,013,803	59,692,037
Machinery and Equipment	8,665,414	95,883	8,761,297
Office Equipment and Furniture	2,654,526	11,807	2,666,333
Library Books and Textbooks	884,206		884,206
Automobiles	436,082	8,700	444,782
Animals		<u>51,787</u>	<u>51,787</u>
	<u>\$ 300,541,395</u>	<u>\$ 9,174,450</u>	<u>\$ 309,715,845</u>

Additional information on the City's capital assets can be found on note 5 on pages 41 through 43 of this report.

Long-term debt. The City had total bonded debt outstanding of \$211,917,904 as of June 30, 2003 and \$216,097,363 as of June 30, 2002. The full faith and credit of the City backs this entire amount. Of this amount \$7,630,000 relates to the business type activity.

During the current year the City's total debt decreased by \$8,592,431. This resulted because the regular debt payments were timely paid. No new debt was issued during the fiscal year ended June 30, 2003 however, in fiscal year ended June 30, 2002, a new revenue maturing in August 2033 was incurred in the amount of \$2,336,890.

Additional information on the City's long-term debt can be found in note 10 on pages 50 through 53 of this report.

Economic Factors and Next Year's Budgets and Rates

The unemployment rate for the City is currently 9.5% which is an increase from the rate of 8.6% a year ago. This compares *unfavorably* to the state's average unemployment rate of 5.8% and the national average rate of 6.3% percent.

The occupancy rate of the City's central business district has increased to approximately 75 percent in 2003 compared to approximately 60 percent in 1999. Residential vacancy rates continue to decrease. At present, vacant apartments are in scare supply. During fiscal year 2003, single family housing started to increase from prior years. Property value increased for the third consecutive year, growing to 4,534,708,400 in fiscal 2004 compared to 2,904,758,800 in fiscal 2001.

CITY OF NEW BEDFORD, MASSACHUSETTS

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

Year Ended June 30, 2003

State Local Aid to the City has increased by a significant percentage for several years, primarily to fund education. In fact, Local aid now comprises approximately 60% of the City's general fund revenues. Although this funding plays a lead role in financing the City's budget it also leaves the City vulnerable to tax cuts and/or economic downturns at the State level.

The New Bedford business park has become a major economic engine for the City of New Bedford with 16 purchases of property, 9 plant expansions and the creation of 3,200 new jobs during the last 5 years. There are currently 30 companies and 36 plants in the park, totaling 2.5 million sq. ft. of space. Three new roads are expected to be built within the next 18 months which will make available 10 new lots for sale. Titleist just completed a major plant expansion which increased its workforce from 700 to 1,300. Other park companies currently planning plant expansions include: Johnson & Johnson; AFC Cable Systems; NATCO, 2APP USA and Ahead. Also, six lots are currently under purchase and sale agreements.

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 request additional financial information should be addressed to the Chief Financial Officer/Treasurer, 133 Williams Street, New Bedford, Massachusetts.

CITY OF NEW BEDFORD, MASSACHUSETTS

Statement Of Net Assets

June 30, 2003

	Primary Government			Component Units		
	Governmental Activities	Business-type Activities	Total	Greater New Bedford Regional Refuse Management District	Non Major Component Units	Total Component Units
ASSETS						
Unrestricted cash and investments	\$ 31,060,866	\$ 613,265	\$ 31,674,131	\$ 10,466,881	\$ 764,524	\$ 11,231,405
Restricted cash and investments	11,201,466		11,201,466	1,283,511		1,283,511
Accounts receivable, net of allowance	7,495,518		7,495,518	780,226	646,864	1,427,110
Taxes receivable, net	20,648,988		20,648,988			
Notes receivable, net	12,232,424		12,232,424			
Health plan contributions receivable, net	3,329,200		3,329,200			
Internal balances	534,949	(534,949)				
Due from other governments	19,923,497		19,923,497	34,497	3,704,340	3,738,837
Intra-entire receivable	202,076		202,076		699	699
Receivable from external parties	505,718		505,718		11,152	11,152
Inventories and prepaid expenses	246,918		246,918		53,069	91,920
Other assets				38,851		91,920
Capital assets:				80,635	2,100	82,735
Land	679,894		679,894	2,759,129	1,604,387	4,363,516
Construction in progress	83,364,442		83,364,442		6,269,561	6,269,561
Infrastructure in progress	20,650,659		20,650,659	8,507,230		8,507,230
Infrastructure, net	132,527,937		132,527,937			
Building and improvements, net	50,678,234	9,013,803	59,692,037	190,209	105,249	295,458
Office equipment and furniture, net	2,654,526	11,807	2,666,333	7,511	32,768	40,279
Library books and textbooks, net	884,206		884,206			
Automobiles, net	436,083	8,700	444,783	358,271	2,100	360,371
Machinery and equipment, net	8,665,414	95,823	8,761,297		33,181	33,181
Animals, net		44,257	44,257			
Total capital assets	300,541,395	9,174,450	309,715,845	11,822,350	8,047,246	19,869,596
Total Assets	\$ 407,923,115	\$ 9,252,766	\$ 417,175,881	\$ 24,506,951	\$ 13,230,014	\$ 37,736,965
LIABILITIES						
Accounts payable and accrued expenses	\$ 18,324,788	\$ 29,136	\$ 18,353,924	\$ 305,254	\$ 833,490	\$ 1,138,744
Retainage payable	1,694,164		1,694,164			
Due to other governments	5,522		5,522	34,497	13,524	48,021
Intra-entire payable		699	699		202,076	202,076
Payable to external parties	101,901	10,727	112,628		1,191,486	1,191,486
Accrued interest	3,770,450	64,740	3,835,190		128,000	128,000
Deposits held				122,401	42,500	164,901
Other liabilities	662,238		662,238	4,430,751		4,430,751
Long-term liabilities:						
Portion due or payable within one year:						
Claims payable	2,340,335		2,340,335			
Bonds and notes payable	8,816,031	435,000	9,251,031	565,000	87,745	652,745
Capital leases	161,393		161,393			
Compensated absences	8,351,068	6,590	8,357,658		19,505	19,505
Portion due or payable in more than one year:						
Bonds and notes payable	239,131,262	7,195,000	246,326,262	3,755,546		3,755,546
Capital leases	11,345,875	83,273	11,429,148		175,550	175,550
Compensated absences	211,394		211,394			
Total liabilities	\$ 294,916,421	\$ 7,825,165	\$ 302,741,586	\$ 9,213,449	\$ 2,693,876	\$ 11,907,325
NET ASSETS						
Invested in capital assets, net of related debt	\$ 90,673,582	\$ 1,479,710	\$ 92,153,292	\$ 7,501,804	\$ 7,831,501	\$ 15,333,305
Restricted for:						
Debt Service	2,706,802		2,706,802			
Non-expendable bequests	4,672,885		4,672,885			
Other purposes	1,374,452		1,374,452	4,445,891	51,795	4,497,686
Unrestricted	13,578,973	(52,109)	13,526,864	3,345,807	2,652,842	5,998,649
Total net assets	\$ 113,006,694	\$ 1,427,601	\$ 114,434,295	\$ 15,293,502	\$ 10,536,138	\$ 25,829,640

The accompanying notes are an integral part of this statement

CITY OF NEW BEDFORD, MASSACHUSETTS
Statement of Activities
For the Year Ended June 30, 2003

Activities:	Program Revenues			Net (Expense) Revenue and Changes in Net Assets			Component Units		
	Expenses	Fees, Fines, and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Greater New Bedford Regional Refuse Regional Management District	Nonmajor Component Units	Total Component Unit
					Governmental Activities	Business-Type Activities			
Governmental:									
Public protection:	\$ 3,692,380	\$ 1,294,015	\$ 381,063	\$ 6,049	\$(2,011,253)	\$ (2,011,253)	\$	\$	\$
General public safety	23,174,990	633,441	1,047,191	809,892	(20,684,366)	(20,684,366)			
Community awareness	902,138	30,938	791,085	102,000	(111,073)	(111,073)			
Fire protection	12,556,847	2,816,748	4,626		(12,419,283)	(12,419,283)			
Emergency medical services	2,129,623	210,906	193,732		687,125	687,125			
Other	2,724,433	20,430,154	3,087,699	4,967,201	(2,319,795)	(2,319,795)			
Public works	27,112,600	3,587,190	497,047	136,767	(881,266)	(881,266)			
Health and human services	5,102,270	3,954,761	141,209,372	2,398,548	(23,036,205)	(23,036,205)			
Education	170,598,886	291,655	12,241,699	361,383	(1,135,778)	(1,135,778)			
Community and economic development	11,467,304		332,960	4,517,853	(4,254,123)	(4,254,123)			
Culture and recreation	9,396,591				(1,614,076)	(1,614,076)			
Slate and county charges	1,614,076								
Debt service:									
Interest and fiscal charges	7,691,724				(7,691,724)	(7,691,724)			
Total governmental activities	278,163,862	33,249,808	159,796,454	13,299,793	(71,817,807)	(71,817,807)			
Business-type:									
Zoo Enterprise Fund	1,309,974	329,376			(980,598)	(980,598)			
Total business-type activities	1,309,974	329,376			(980,598)	(980,598)			
Total primary government	279,473,836	33,579,184	159,796,454	13,299,793	(71,817,807)	(71,817,807)			
Component Units:									
Greater New Bedford Regional Refuse Management District	3,536,205	5,986,112	6,825,503	303,139			2,449,907	1,502,971	2,449,907
Non-major component units	6,110,656	484,985						1,502,971	1,502,971
Total component units	9,646,861	6,471,097	6,825,503	303,139			2,449,907	1,502,971	3,952,878
Total City of New Bedford	\$ 289,120,697	\$ 40,050,281	\$ 166,621,957	\$ 13,602,932	\$(71,817,807)	\$(71,817,807)	\$ 2,449,907	\$ 1,502,971	\$ 3,952,878
General revenues:									
Real estate and personal property, net of reserve for abatements							61,777,400		61,777,400
Motor vehicle and other excise taxes							6,134,081		6,134,081
Exemptions - veterans, blind & surviving spouse							285,588		285,588
Exemptions - elderly							785,173		785,173
Tax foreclosures							1,763,386		1,763,386
Penalties and interest on taxes							1,105,848		1,105,848
Grants and contributions not restricted to specific programs							186,238		186,238
Fines and forfeitures							19,829		19,829
Earnings on investments							1,370,424	5,811	1,376,235
Gain (loss) from sale of property							495,669		495,669
Payments in lieu of taxes							21,620,327		21,620,327
Lottery distribution							5,514,101		5,514,101
Miscellaneous							(1,341,915)		(1,341,915)
Transfers								1,427,601	1,427,601
Change in net assets							27,988,342	367,128	28,265,470
Net assets-beginning							85,108,352	1,060,473	86,168,825
Net assets-ending							\$ 113,096,694	\$ 1,427,601	\$ 114,434,295
							28,265,470	3,066,102	30,666,102
							86,168,825	12,227,400	98,396,225
							\$ 114,434,295	\$ 15,293,502	\$ 129,727,797

The accompanying notes are an integral part of the statement

CITY OF NEW BEDFORD, MASSACHUSETTS

Balance Sheet

Governmental Funds

June 30, 2003

	<u>General Fund</u>	<u>Wastewater Fund</u>	<u>Stabilization</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS					
Cash and investments, unrestricted	\$ 9,236,546	\$ 3,640,843	\$ 4,328,195	\$ 13,764,789	\$ 30,970,373
Cash, restricted		11,201,466			11,201,466
Receivables:					
Real estate and personal property taxes	2,785,600				2,785,600
Tax liens and foreclosures	15,648,203				15,648,203
Motor vehicle and other excise	2,215,185				2,215,185
User fees	425,417	1,440,285			1,865,702
Departmental and other	3,139,536			353,559	3,493,095
Loans receivable				12,732,424	12,732,424
Due from other funds	14,934,442	490,355		97,204	15,522,001
Due from other governments	1,057,723			18,865,774	19,923,497
Inventories				246,918	246,918
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 49,442,652</u>	<u>\$ 16,772,949</u>	<u>\$ 4,328,195</u>	<u>\$ 46,060,668</u>	<u>\$ 116,604,464</u>
LIABILITIES AND FUND BALANCES (DEFICITS)					
Liabilities:					
Warrants payable	\$ 5,103,838	\$ 488,940	\$	\$ 1,287,300	\$ 6,880,078
Accounts payable and accrued expenses	6,788,902	538,444		1,803,053	9,130,399
Retainage payable				1,694,164	1,694,164
Bonds payable				41,849,930	41,849,930
Due to other funds	2,430,011	9,645,752	690,000	1,603,671	14,369,434
Due to other governments				5,522	5,522
Other Liabilities	537,742			124,496	662,238
Deferred revenue	<u>18,525,380</u>	<u>1,440,284</u>		<u>22,505,156</u>	<u>42,470,820</u>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities	<u>33,385,873</u>	<u>12,113,420</u>	<u>690,000</u>	<u>70,873,292</u>	<u>117,062,585</u>
Fund balances (deficits):					
Reserved for:					
Encumbrances	686,492				686,492
Debt Service		2,706,802			2,706,802
Non expendable bequests				4,672,885	4,672,885
Other specific purposes	(207,506)	1,581,958			1,374,452
Unreserved	15,577,793	370,769	3,638,195		19,586,757
Undesignated, reported in nonmajor:					
Special revenue funds				7,114,564	7,114,564
Capital project funds				(39,680,105)	(39,680,105)
Permanent funds				3,080,032	3,080,032
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total fund balances	<u>16,056,779</u>	<u>4,659,529</u>	<u>3,638,195</u>	<u>(24,812,624)</u>	<u>(458,121)</u>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities and fund balances	<u>\$ 49,442,652</u>	<u>\$ 16,772,949</u>	<u>\$ 4,328,195</u>	<u>\$ 46,060,668</u>	<u>\$ 116,604,464</u>

The accompanying notes are an integral part of this statement

CITY OF NEW BEDFORD, MASSACHUSETTS

Statement of Revenues, Expenditures, and Changes in Fund Balances

Governmental Funds

For the Year Ended June 30, 2003

	General Fund	Wastewater Fund	Stabilization	Nonmajor Governmental Funds	Total Governmental Funds
REVENUE					
Real estate and personal property taxes	\$ 61,990,149	\$	\$	\$	\$ 61,990,149
Motor vehicle and other excise taxes	6,230,973				6,230,973
Tax foreclosures	1,870,244				1,870,244
Penalties and interest on taxes	1,105,848				1,105,848
Licenses and permits	1,092,624				1,092,624
Fines and forfeitures	19,829				19,829
Investment income	285,834	335,799	274,926	467,016	1,363,575
Intergovernmental	135,311,869	2,863,101		45,393,417	183,568,387
Charges for services	20,120,859	14,132,999			34,253,858
Special assessments	2,858				2,858
Payments in lieu of taxes	495,669				495,669
Miscellaneous	<u>366,910</u>	<u>380,583</u>		<u>6,007,730</u>	<u>6,755,223</u>
Total revenues	<u>228,893,666</u>	<u>17,712,482</u>	<u>274,926</u>	<u>51,868,163</u>	<u>298,749,237</u>
EXPENDITURES					
Current:					
General government	7,408,690		12,101	136,518	7,557,309
Public safety					
General public safety	19,041,129			1,905,695	20,946,824
Community awareness				902,138	902,138
Fire	14,136,389			143,985	14,280,374
EMS	1,862,707				1,862,707
Inspector of buildings	2,151,088				2,151,088
Probation/courts				171,496	171,496
Other	368,355			31,581	399,936
Education	113,930,704			50,932,587	164,863,291
Public works					
Water, sewer and sanitation operations	8,825,800	10,363,363		5,019,157	24,208,320
Highways and streets	6,803,672			1,443,999	8,247,671
Community and economic development	645,122			10,809,578	11,454,700
Health and human services	3,111,358			946,061	4,057,419
Culture and recreation	2,302,051			6,265,149	8,567,200
Pension benefits	12,754,405				12,754,405
Health and other insurance	21,628,591				21,628,591
Fringe benefits	2,067,349				2,067,349
State and county charges	1,614,076				1,614,076
Debt service:					
Principal payments	3,980,000	4,512,431		100,000	8,592,431
Interest and fiscal charges	<u>4,313,268</u>	<u>3,289,415</u>		<u>24,431</u>	<u>7,627,114</u>
Total expenditures	<u>226,944,754</u>	<u>18,165,209</u>	<u>12,101</u>	<u>78,832,375</u>	<u>323,954,439</u>
Excess (deficiency) of revenues over expenditures	<u>1,948,912</u>	<u>(452,727)</u>	<u>262,825</u>	<u>(26,964,212)</u>	<u>(25,205,202)</u>
OTHER FINANCING SOURCES (USES)					
Bond proceeds				2,336,890	2,336,890
Transfers in	2,501,875	5,475,866		2,193,173	10,170,914
Transfers out	<u>(2,692,585)</u>	<u>(6,533,795)</u>	<u>(1,175,805)</u>	<u>(675,644)</u>	<u>(11,077,829)</u>
Total other financing sources and uses	<u>(190,710)</u>	<u>(1,057,929)</u>	<u>(1,175,805)</u>	<u>3,854,419</u>	<u>1,429,975</u>
Net change in fund balances	1,758,202	(1,510,656)	(912,980)	(23,109,793)	(23,775,227)
Fund balances-beginning	<u>14,298,577</u>	<u>6,170,185</u>	<u>4,551,175</u>	<u>(1,702,831)</u>	<u>23,317,106</u>
Fund balances-ending	<u>\$ 16,056,779</u>	<u>\$ 4,659,529</u>	<u>\$ 3,638,195</u>	<u>\$(24,812,624)</u>	<u>\$(458,121)</u>

The accompanying notes are an integral part of the statement

CITY OF NEW BEDFORD, MASSACHUSETTS

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

Fiscal Year Ended June 30, 2003

Total governmental fund balances	\$ (458,121)
Record allowance for doubtful accounts that are financial resources, for the governmental funds.	(710,995)
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	300,541,395
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	42,470,820
Internal service funds are used by management to account for health insurance and workers' compensation activities.	
The assets and liabilities of the internal service funds are included in the governmental activities in the Statement of Net Assets.	1,101,138
In the statement of activities, interest is accrued on outstanding long-term debt, whereas in governmental funds interest is not reported until due.	(3,770,450)
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	(206,097,363)
Compensated absences	(19,696,943)
Capital leases	<u>(372,787)</u>
Net assets of governmental activities	<u>\$ 113,006,694</u>

The accompanying notes are an integral part of this statement

CITY OF NEW BEDFORD, MASSACHUSETTS

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

Fiscal Year Ended June 30, 2003

Net change in fund balances - total governmental funds	\$(23,775,227)
To record allowance for doubtful accounts that are resources for governmental funds	163,751
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	29,345,342
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.	8,104,349
The issuance of long-term debt (e.g., bonds and leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	6,064,438
In the statement of activities, interest is accrued on outstanding long-term debt, whereas in governmental funds interest, is not reported until due.	(64,610)
Some expenses reported in the Statement of Activities, such as compensated absences, do not require the current financial resources and, therefore, are not reported as expenditures in the governmental funds.	7,673,517
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>386,782</u>
Change in net assets of governmental activities	<u>\$ 27,898,342</u>

The accompanying notes are an integral part of this statement

CITY OF NEW BEDFORD, MASSACHUSETTS

Statement of Net Assets

Proprietary Funds

June 30, 2003

	Business-type Activities -	
	<u>Enterprise Fund</u>	Governmental Activities -
	<u>Zoo Enterprise</u>	<u>Internal Service Funds</u>
ASSETS		
Current assets:		
Cash and short-term investments	\$ 613,265	\$ 90,493
Receivables, net:		
Departmental and other		2,347,816
Due from other funds	2,105,432	910
Deposits with others		<u>3,329,200</u>
Total current assets	<u>2,718,697</u>	<u>5,768,419</u>
Non-current assets:		
Capital assets:		
Building and improvements, net	9,013,803	
Office equipment and furniture, net	11,807	
Automobiles, net	8,700	
Machinery and equipment, net	95,883	
Animals, net	<u>44,257</u>	
Total non-current assets	<u>9,174,450</u>	
Total assets	<u>\$ 11,893,147</u>	<u>\$ 5,768,419</u>
LIABILITIES		
Current liabilities:		
Warrants payable	\$ 3,772	\$ 2,254,758
Accounts payable	14,660	59,553
Current portion of long-term debt	435,000	
Current portion of compensated absences	6,590	
Accrued expenses	10,704	
Accrued interest payable	64,740	
Due to other funds	2,651,807	12,635
Other liabilities		<u>2,340,335</u>
Total current liabilities	<u>3,187,273</u>	<u>4,667,281</u>
Non-current liabilities:		
Long-term portion of long-term debt	7,195,000	
Compensated absences	<u>83,273</u>	
Total non-current liabilities	<u>7,278,273</u>	
Total liabilities	<u>\$ 10,465,546</u>	<u>\$ 4,667,281</u>
NET ASSETS		
Invested in capital assets, net of related debt	\$ 1,479,710	\$
Unrestricted	<u>(52,109)</u>	<u>1,101,138</u>
Total net assets	<u>\$ 1,427,601</u>	<u>\$ 1,101,138</u>

The accompanying notes are an integral part of this statement

CITY OF NEW BEDFORD, MASSACHUSETTS

Statement of Revenues, Expenses and Changes in Net Assets

Proprietary Funds

For the Year Ended June 30, 2003

	Business-type Activities - Enterprise Fund	Governmental Activities - Internal Service Funds
	<u>Zoo Enterprise</u>	
OPERATING REVENUES		
Charges for services	\$ 329,376	\$
Interfund services provided		<u>28,875,279</u>
Total operating revenues	<u>329,376</u>	<u>28,875,279</u>
OPERATING EXPENSES		
Salaries and benefits	774,501	35,205
Services and supplies	308,713	254,839
Depreciation	226,760	
Health and other insurance		28,205,302
Capital outlay		
Total operating expenses	<u>1,309,974</u>	<u>28,495,346</u>
Operating income (loss)	<u>(980,598)</u>	<u>379,993</u>
NONOPERATING REVENUES (EXPENSES)		
Investment earnings	5,811	6,849
Principal payments		
Total nonoperating revenue (expenses)	<u>5,811</u>	<u>6,849</u>
Income (loss) before transfers	<u>(974,787)</u>	<u>386,782</u>
TRANSFERS		
Transfers In	1,341,915	
Transfers Out		
Total Transfers	<u>1,341,915</u>	
Change in net assets	367,128	386,782
Total net assets-beginning	<u>1,060,473</u>	<u>714,356</u>
Total net assets-ending	<u>\$ 1,427,601</u>	<u>\$ 1,101,138</u>

The accompanying notes are an integral part of this statement

CITY OF NEW BEDFORD, MASSACHUSETTS

Statement of Cash Flows

Proprietary Funds

For the year Ended June 30, 2003

	Business-type Activities - Enterprise Fund	Governmental Activities - Internal Service Funds
	<u>Zoo Enterprise</u>	
Cash flows from operating activities:		
Cash received from employee and employer contributions	\$	\$ 28,611,550
Cash received from customers	329,376	
Receipts from governmental units		263,729
Payments to suppliers and employees	(1,143,005)	(2,810,983)
Payments to participants and employees		(28,205,302)
Internal activity-payments from (to) other funds	240,715	
Other receipts	<u> </u>	<u> </u>
Net cash provided (used) by operating activities	<u>(572,914)</u>	<u>(2,141,006)</u>
Cash flows from noncapital financing activities:		
Transfers in (out)	<u>471,915</u>	<u>12,402</u>
Net cash provided by noncapital financing activities	<u>471,915</u>	<u>12,402</u>
Cash flows from capital and related financing activities:		
Purchases and construction of capital assets	(4,290)	
Principal paid on capital debt	<u>435,000</u>	<u> </u>
Net cash used by capital and related financing activities	<u>430,710</u>	<u> </u>
Cash flows from investing activities:		
Interest and dividends	<u>2,072</u>	<u>6,849</u>
Net cash used by investing activities	<u>2,072</u>	<u>6,849</u>
Net increase in cash and cash equivalents	331,783	(2,121,755)
Balances-beginning of the year	<u>281,482</u>	<u>2,212,248</u>
Balances-end of the year	<u>\$ 613,265</u>	<u>\$ 90,493</u>
Displayed as:		
Cash and short-term investments	<u>\$ 613,265</u>	<u>\$ 90,493</u>
	<u>\$ 613,265</u>	<u>\$ 90,493</u>

The accompanying notes are an integral part of this statement

CITY OF NEW BEDFORD, MASSACHUSETTS

Statement of Cash Flows (Continued)

Proprietary Funds

For the year Ended June 30, 2003

	Business-type Activities - <u>Enterprise Fund</u>	Governmental Activities - <u>Internal Service Funds</u>
	<u>Zoo Enterprise</u>	
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:		
Operating income (loss)	\$ (980,598)	\$ 379,933
Adjustments to reconcile operating income to net cash provided (used) by operating activities:		
Depreciation	226,760	
Change in assets and liabilities:		
(Increase) decrease receivables, net		(2,347,816)
(Increase) decrease prepaid expenses		(680,950)
(Increase) decrease due from other funds	(906,915)	
Increase (decrease) warrants payable	(36,740)	236,600
Increase (decrease) accounts payable and accrued expenses	(7,321)	50,717
Increase (decrease) due to other funds	1,147,630	220,510
Increase (decrease) compensated absences	<u>(15,730)</u>	<u> </u>
Net cash provided (used) by operating activities	<u>\$ (572,914)</u>	<u>\$ (2,141,006)</u>

The accompanying notes are an integral part of this statement

CITY OF NEW BEDFORD, MASSACHUSETTS

Statement of Fiduciary Net Assets

Fiduciary Funds and Similar Component Units

June 30, 2003

	Pension Trust Fund (As of December 31, 2002)	Private Purpose Trust Funds	Agency	Total
Assets				
Cash and short-term investments	\$ 14,196,924	\$ 212	\$ 533,944	\$ 14,731,080
Investments	125,369,036	15,162		125,384,198
Receivables, net of allowance or uncollectibles:				
Employee	374,160			374,160
Interest and dividends	862,864			862,864
Other	289,749		237,292	527,041
Due from external parties - component unit			1,191,486	1,191,486
Due from external parties - primary government			112,628	112,628
Due from other governments	<u>77,211</u>			<u>77,211</u>
Total assets	<u>\$ 141,169,944</u>	<u>\$ 15,374</u>	<u>\$ 2,075,350</u>	<u>\$ 143,260,668</u>
Liabilities				
Warrants payable	\$	\$	\$ 867,678	\$ 867,678
Accounts payable	351,964	2,000	103,182	457,146
Payable to external parties - component unit			11,152	11,152
Payable to external parties - primary government			505,718	505,718
Deposits held			587,620	587,620
Other liabilities				
Total liabilities	<u>351,964</u>	<u>2,000</u>	<u>2,075,350</u>	<u>2,429,314</u>
Net Assets				
Held in trust for pension benefits and other purposes	<u>\$ 140,817,980</u>	<u>\$ 13,374</u>	<u>\$</u>	<u>\$ 140,831,354</u>

The accompanying notes are an integral part of this statement

CITY OF NEW BEDFORD, MASSACHUSETTS

Statement of Changes in Fiduciary Net Assets

Fiduciary Funds and Similar Component Units

June 30, 2003

	<u>Pension Trust Fund (As of December 31, 2002)</u>	<u>Private Purpose Trust Funds</u>	<u>Agency</u>	<u>Total</u>
Additions:				
Contributions:				
Employer	\$ 14,346,561	\$	\$	\$ 14,346,561
Employee	6,860,418			6,860,418
Private donations	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total contributions	<u>21,206,979</u>	<u> </u>	<u> </u>	<u>21,206,979</u>
Net investment income:				
Dividends and interest	4,815,769	944		4,816,713
Net appreciation in fair value of investments	<u>(15,285,394)</u>	<u>(3,101)</u>	<u> </u>	<u>(15,288,495)</u>
Total investment income	<u>(10,469,625)</u>	<u>(2,157)</u>		<u>(10,471,782)</u>
Less investment expense	<u>910,597</u>	<u> </u>	<u> </u>	<u>910,597</u>
Net investment income	<u>(11,380,222)</u>	<u>(2,157)</u>		<u>(11,382,379)</u>
Intergovernmental	1,491,834			1,491,834
Transfers from other systems	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Additions	<u>11,318,591</u>	<u>(2,157)</u>	<u> </u>	<u>11,316,434</u>
Deductions:				
Retirement benefits	22,247,585			22,247,585
Administration	433,002	4,514		437,516
Library				
Transfers, reimbursements and refunds	<u>1,708,076</u>	<u> </u>	<u> </u>	<u>1,708,076</u>
Total Deductions	<u>24,388,663</u>	<u>4,514</u>	<u> </u>	<u>24,393,177</u>
Change in Net Assets	<u>(13,070,072)</u>	<u>(6,671)</u>		<u>(13,076,743)</u>
Net Assets at Beginning of Year	<u>153,888,052</u>	<u>20,045</u>	<u> </u>	<u>153,908,097</u>
Net Assets at End of Year	<u>\$ 140,817,980</u>	<u>\$ 13,374</u>	<u>\$</u>	<u>\$ 140,831,354</u>

The accompanying notes are an integral part of this statement

CITY OF NEW BEDFORD, MASSACHUSETTS

Notes to Financial Statements

June 30, 2003

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

These financial statements present the City (the primary government) and its component units, the Greater New Bedford Regional Refuse Management District, the Harbor Development Commission, New Directions and the New Bedford Contributory Retirement System. As defined by GASBS No. 14, 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.

Greater New Bedford Regional Refuse Management District is an intermunicipal landfill benefitting the City of New Bedford and the adjacent Town of Dartmouth. The Refuse District is governed by a six member committee, three of whom are appointed by the City and three of whom shall be appointed by the Town of Dartmouth. Although legally separate, the Greater New Bedford Regional Refuse Management District is reported on the government-wide financial statement as a component unit. Separate financial statements for the Greater New Bedford Regional Refuse Management District are not included in this financial statement presentation. These financial statements could be obtained by contacting the Greater New Bedford Regional Refuse Management District.

The Harbor Development Commission was established under the Acts of 1957 as a Public Instrumentality to develop and market both the New Bedford Harbor as well as the waterfront properties. The Harbor Development Commission manages the local marina, harbors and waterways on behalf of the City. The Commission is made up of seven members, of which the mayor is the chairperson and six other appointed members. Although legally separate, the Harbor Development Commission is reported on the government-wide financial statements as a non-major component unit. Separate financial statements for the Harbor Development Commission are not included in this financial statement presentation. These financial statements could be obtained by contacting the Harbor Development Commission.

New Directions was established pursuant to the Job Training Partnership Act of 1982, 29 U.S.C. Sec. 1501 *et seq.* to provide employment training programs to eligible individuals. Although legally separate, New Directions is reported on the government-wide financial statements as a non-major component unit. Separate financial statements for New Directions are not included in this financial statement presentation. These financial statements could be obtained by contacting New Directions.

The Redevelopment Authority was organized under the provisions of Massachusetts General Laws 12/B. The purpose of the Authority is to engage in urban renewal projects and other related work. Separate financial statements for the Redevelopment Authority are not included in this financial statement presentation. These financial statements could be obtained by contacting the Redevelopment Authority.

The Contributory Retirement System (CRS) is a defined benefit contributory retirement plan covering employees of the City and certain other entities. The City Auditor is an ex-officio member of the System's Board and the City is the largest employer in the System. The Retirement System accounts for resources available to be used for payment of pension benefits.

CITY OF NEW BEDFORD, MASSACHUSETTS

Notes to Financial Statements (Continued)

June 30, 2003

NOTE 1: Summary of Significant Accounting Policies (Continued)

B. Basic Financial Statements – Government-Wide 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, water, and general administrative services are classified as governmental activities. The City's zoo is classified as business-type activities.

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

The government-wide Statement of Activities reports both the gross and net cost of each of the City's functions and business-type activities (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.) or a business-type activity. 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 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 or business type-activity) are normally covered by general revenue (property, sales taxes, intergovernmental revenues, interest income, etc.)

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

C. Basic Financial Statements – Fund Financial Statements

The financial transactions of the City are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, reserves, fund equity, revenues and expenditures/expenses. The various funds are reported by general classification within the financial statements.

CITY OF NEW BEDFORD, MASSACHUSETTS

Notes to Financial Statements (Continued)

June 30, 2003

NOTE 1: Summary of Significant Accounting Policies (Continued)

C. Basic Financial Statements – Fund Financial Statements (Continued)

The following funds are used by the City:

1. *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.

2. *Proprietary Funds*

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

- a. **Enterprise funds** are required to be used to account for operations for which a fee is charged to external users for goods or 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.

3. *Fiduciary Funds*

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

CITY OF NEW BEDFORD, MASSACHUSETTS

Notes to Financial Statements (Continued)

June 30, 2003

NOTE 1: Summary of Significant Accounting Policies (Continued)

3. Fiduciary Funds (Continued)

The emphasis in fund financial statements is on the major funds in either the governmental or business-type activities categories. Nonmajor funds by category are summarized into a single column. GASBS 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.

1. Accrual

Both 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.

2. Modified Accrual

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

E. Financial Statement Amounts

1. Cash and Cash Equivalents

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

CITY OF NEW BEDFORD, MASSACHUSETTS

Notes to Financial Statements (Continued)

June 30, 2003

NOTE 1: Summary of Significant Accounting Policies (Continued)

E. Financial Statement Amounts (Continued)

2. Investments

Investments, including deferred compensation and pension funds, are stated at fair value. Fair values are based on quotations from 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.

3. Property Taxes

Real and personal property taxes are based on values levied (assessed) and lien as of each January 1 in accordance with Massachusetts General Laws. By law, all taxable property in the Commonwealth must be assessed at 100% of fair cash value. Once levied, these taxes are recorded as receivables, net of estimated uncollectibles. In the government fund financial statements, property tax revenues have been recorded using the modified accrual basis of accounting. Under the modified basis real estate, personal property and other excise taxes levied are recorded as receivables in the fiscal year of the levy and as revenue when collected within the current year or expected to be collected within 60 days after the end of the current year. Taxes not collected within this time period are classified as deferred revenue. Deferred revenues are those where asset recognition has been met for which revenue criteria have not been met. The government-wide financial statements recognize property tax revenue when taxes are levied net of estimated abatements and exemptions.

4. Inventory

The cost of supplies and other inventoriable items as recorded is an expenditure at the time of purchase (purchase method). No significant inventory balances were on hand at June 30, 2003.

5. 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 or business type 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 2003. Donated capital assets are valued at their estimated fair value at the time recorded.

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

CITY OF NEW BEDFORD, MASSACHUSETTS

Notes to Financial Statements (Continued)

June 30, 2003

NOTE 1: Summary of Significant Accounting Policies (Continued)

E. Financial Statement Amounts (Continued)

5. Capital Assets (Continued)

Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Building	20-50 years
Water and sewer system	30-50 years
Machinery and equipment	5-10 years
Improvements	10-20 years
Other infrastructure	10-50 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 has historically been reported in the financial statements. The retroactive reporting of infrastructure is subject to an extended implementation period and is first effective for fiscal years ending in 2006. The City has elected to implement the general provisions of GASB No. 34 in the current year and hope to implement the retroactive infrastructure provisions in the fiscal year ending June 30, 2004.

6. 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. The cost of compensated absences for employees is recorded as earned in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in the governmental funds only if it has matured. At June 30, 2003 no amount has been accrued.

7. 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.

8. Reserved-Unreserved Fund Balance/Retained Earnings

The reserved portions of fund balance consist principally of the portion which is not appropriable for expenditures, which is legally segregated for a specific future use.

Certain wastewater reserve funds are adjusted on the last business day of each calendar month. The Trustee is required to apply amounts available in the revenue fund to the following reserve funds in the following order:

CITY OF NEW BEDFORD, MASSACHUSETTS

Notes to Financial Statements (Continued)

June 30, 2003

NOTE 1: Summary of Significant Accounting Policies (Continued)

E. Financial Statement Amounts (Continued)

8. Reserved-Unreserved Fund Balance/Retained Earnings (Continued)

Operating Account of the Operating Fund - Monthly deposit to equal the amount of Operating Expenses in the next succeeding month, as provided in the Wastewater Division's annual operating budget;

Working Capital Account of the Operating Fund - Deposit as needed to equal the Operating Fund Deficit, if any;

Debt Service Fund - Monthly deposits on account of debt service on City Revenue Bonds;

Debt Service Reserve Fund - Deposit as needed to meet the Debt Service Reserve Fund requirement;

Operating Reserve Fund - Deposit as needed to meet the Operating Reserve Fund requirement;

Renewal and Replacement Reserve Fund - Deposit as needed to meet the Renewal and Replacement Reserve Fund requirement;

Insurance Reserve Fund - Deposit as needed to meet the Insurance Reserve Fund requirement, if any;

Renewal and Replacement Accounts - Deposit as determined by the City to fund ongoing repair and maintenance of the Wastewater System; and

Debt Service Assistance Account in the Debt Service Fund - Deposit as determined by the City in anticipation of the receipt of Debt Service Assistance from the Commonwealth or other sources.

Unreserved Fund Equity - The unreserved fund balances for governmental funds represent the amount available for budgeting future operations. Unreserved retained earnings for proprietary funds represent the net assets available on future operations or distribution.

9. Long-Term Liabilities

For long-term liabilities, only that portion, which is matured, is reported as a fund liability of a governmental fund. All long-term liabilities are reported in government-wide financial statement of net assets. Long-term liabilities expected to be financed from discretely presented component unit operations are accounted for in those component units financial statements.

CITY OF NEW BEDFORD, MASSACHUSETTS

Notes to Financial Statements (Continued)

June 30, 2003

NOTE 1: Summary of Significant Accounting Policies (Continued)

E. Financial Statement Amounts (Continued)

10. 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.

11. Revenues

Substantially all governmental fund revenues are accrued. Property taxes are billed and collected within the same period in which the taxes are levied. Subsidies and grants to proprietary funds, which finance either capital or current operations, are reported as nonoperating revenues based on GASB No. 33. In applying GASB No. 33 to grant revenues, the provider recognizes liabilities and expenses and the recipient recognizes receivables and revenue with 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.

12. Expenditures

Expenditures are recognized when the related fund liability is incurred.

13. Interfund Activity

Interfund activity is reported as either loans, services provided, reimbursements or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefitting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental or proprietary funds are netted as part of the reconciliation to the government-wide financial statements.

14. 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.

CITY OF NEW BEDFORD, MASSACHUSETTS

Notes to Financial Statements (Continued)

June 30, 2003

NOTE 1: Summary of Significant Accounting Policies (Continued)

F. Operating Revenues and Expenses

Operating revenues and expenses for proprietary funds are those that result from providing services and producing and delivering goods and/or services. It also includes all revenues and expenses not related to capital and related financing, noncapital financing, or investing activities.

NOTE 2: Compliance and Accountability

Budget Requirements, Accounting and Reporting

Requirements for all funds:

- A. Annual budgets are adopted for all City funds. Under state law, the Mayor submits an annual budget to Council for consideration and approval no later than July 15. Such budget is based on expected expenditures by program within a fund and estimated resources by source for all funds.
- B. By Charter the Mayor must submit an annual appropriate ordinance to City Council. This ordinance builds upon the tax budget of the previous July and is updated for any estimate 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 2003 were approved by the City Council as provided by the Charter.
- C. For day-to-day management control, expenditures plus encumbrances may not exceed 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.

Interfund Transactions

The interfund activity presented below is for the fund statement level only.

	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>	<u>Other Financing Services</u>	<u>Other Financing Uses</u>
<u>Major Governmental Funds</u>				
General Fund	\$ 14,934,442	\$ 2,430,011	\$ 2,501,875	\$ 2,692,586

CITY OF NEW BEDFORD, MASSACHUSETTS

Notes to Financial Statements (Continued)

June 30, 2003

NOTE 2: Compliance and Accountability (Continued)

Interfund Transactions (Continued)

	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>	<u>Other Financing Services</u>	<u>Other Financing Uses</u>
<u>Major Governmental Funds (Continued)</u>				
Wastewater Funds:				
Operating	367,776	9,571,395	300,000	4,615,393
Debt Service			4,500,000	300,000
Unreserve			300,000	1,344,297
Special Projects	122,579	74,357	375,866	274,105
Stabilization Funds:				
Stabilization		690,000		851,141
School Stabilization				324,664
<u>Non-Major Governmental Funds</u>				
Special Revenue Funds:				
Revolving Funds:				
Police Federal Seized Assets		100		
Police State Seized Assets	27,166	431		27,166
Council On Aging - Photo			8,500	
NB Public School Cafeteria		900,000	1,713,576	900,000
Conservation Commission				24,585
Donation Funds:				
Library		1,514		
Reserved for Appropriations:				
CCDA - Traffic Handicap		59,120		59,120
Federal and State Grants:				
EPA Taber Park	22,047		22,046	
EPA Sewer Grant			36,970	
EPA West End Sewer	13,577		13,578	
Runway 14 Miris Grant Mack			5,010	
Enhanced Health School SE			11,638	
GHSB Alcohol Enforcement				123
EOPS Equipment Grant FY 03				1
Byrne Task Force FY 02		25,000	25,000	
21 st Century Learning Year 2			1,851	

CITY OF NEW BEDFORD, MASSACHUSETTS

Notes to Financial Statements (Continued)

June 30, 2003

NOTE 2: Compliance and Accountability (Continued)

	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>	<u>Other Financing Services</u>	<u>Other Financing Uses</u>
<u>Non-Major Governmental Funds (Continued)</u>				
Federal and State Grants (Continued):				
EOPS Community Policing FY 03				2,549
Police Good Bullying				598
Police Summer Lee Grant				27
Police Great 2001				9
Police Dare 2002			19	
Juvenile Block Grant			226	15
Police Block Grant FT 01				9,525
Police VAWA 2001			11,070	2,807
Police 21 st Century Learning				7
Police Block Grant FY 02				437
Police Child Passenger				34
EOPS FY 02 Community Policing				2,794
Police Safe School Harbor				547
New Horizons 2002				1,027
New Horizons Year 2			1,746	
Byrne Task Force 2001		2,166	2,166	
Highway Improvements		93,681		7,795
Community Development Funds:				
Home Program		7,974		
HAND, Inc.	29,563	4,208		
Capital Project Funds:				
Wastewater Treatment				565
Railroad Depot		78,000		
Chlorine Disinfection Station			8,526	
Wastewater 2D Treatment		18	115,957	375,866
Landfill Capping				888
1.0 M Police Station Remodeling			43,000	
AIP 27 Taxiway B. Constr	4,230		8,220	
2 M Landfill Closure			888	
Land Development		699		
CSO Relocation		329,043	1,245,808	

CITY OF NEW BEDFORD, MASSACHUSETTS

Notes to Financial Statements (Continued)

June 30, 2003

NOTE 2: Compliance and Accountability (Continued)

	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>	<u>Other Financing Services</u>	<u>Other Financing Uses</u>
<u>Non-Major Governmental Funds (Continued)</u>				
Permanent Funds:				
Cemetery Perpetual Care				250,000
Sylvia Ann Howland		1,605		714
Mary C. Miranda		209		209
Kempton Gift - Sarah Potter		3,151		1,274
Clara Tripp	621	1,851		1,851
Sylvia HG Wilks		93,006		91,425
Kempton Lost Books		1,213		1,213
Oliver Grimes		682		682
<u>Proprietary Funds:</u>				
Enterprise Fund:				
Zoo	2,105,432	2,651,807	906,915	
Internal Service Funds:				
Group Insurance Fund	595	12,635		
Purchasing Department	315			
Fiduciary Funds:				
Agency Funds:				
Blue Cross & Prudential Withholding	33,712	501,000		
Harbor Implementation - 1999		163		
Harbor Plan		10,989		
Harbor Development Pass Through Wharfs and Piers	388,667	121,869		
White Meadows	916	4,590		
Ferry Terminal	1,002,688			
Savings Bonds		128		
<u>Non-Major Component Units:</u>				
Harbor Development Commission	11,852	1,191,487		
Redevelopment Authority		202,076		
Totals	<u>\$ 19,066,178</u>	<u>\$ 19,066,178</u>	<u>\$ 12,163,245</u>	<u>\$ 12,163,245</u>

CITY OF NEW BEDFORD, MASSACHUSETTS

Notes to Financial Statements (Continued)

June 30, 2003

NOTE 2: Compliance and Accountability (Continued)

For the government-wide financial statements, all interfund transactions were eliminated except for those with component units and fiduciary funds.

The City utilizes the interfund loan accounts as a short term vehicle to expedite the payment of vouchers from a consolidate vendor checking account.

The transfers between funds are to fund operations for the zoo; to fund matching revenues related to federal grants; to fund and utilize funding for operations in the Stabilization fund and to fund various other immaterial deficits in Special Revenue and Community Development funds.

	<u>Governmental Funds</u>			
	<u>General Fund</u>	<u>Wastewater</u>	<u>Special Revenue</u>	<u>Trust Fund</u>
Reserved:				
Encumbrances	\$ 686,492	\$	\$	\$
Nonexpendable bequests				4,672,885
Renewal and replacement		1,581,958		
Debt service	<u> </u>	<u>2,706,802</u>	<u> </u>	<u> </u>
	<u>686,492</u>	<u>4,288,760</u>	<u> </u>	<u>4,672,885</u>
Designated:				
Designated for over/under assessments	(207,506)	<u> </u>	<u> </u>	<u> </u>
	<u>(207,506)</u>	<u> </u>	<u> </u>	<u> </u>
	<u>\$ 478,986</u>	<u>\$ 4,288,760</u>	<u>\$</u>	<u>\$ 4,672,885</u>

CITY OF NEW BEDFORD, MASSACHUSETTS

Notes to Financial Statements (Continued)

June 30, 2003

NOTE 3: Deposits and Investments

Deposits are in various financial institutions and are carried at cost.

The primary government's carrying amounts of deposits was \$35,786,159 and the bank balance was \$49,199,320. Of the bank balance \$721,489 was covered by Federal Depository Insurance or by collateral held by the City's agent in the City's name. \$-0- of those deposits are collateralized with securities held by the pledging financial institution's trust department or agent in the City's name. The remaining balance of \$48,477,831 was uninsured or collateralized with securities held by the pledging financial institutions trust department or agent but not in the City's name. The total carrying value does not include cash on hand of \$950.

The Contributory Retirement System's carrying amount of deposits was \$14,196,924 and the bank balance was \$14,767,965. Of that bank balance \$14,083,993 was covered by Federal Depository or collateral held by the System or its agent in the System's name. \$503,865 of the bank balance is collateralized with securities held by the pledging financial institution's trust department or agent in the System's name. The remaining balance of \$180,107 was uninsured or uncollateralized.

The Harbor Development Commission's carrying amount of deposits was \$703,548 and the bank balance was \$721,522. Of that bank balance \$419,999 was covered by Federal Depository or collateral held by the Commission or its agent in the System's name. The remaining balance of \$301,523 was uninsured or uncollateralized. The total carrying value does not include cash on hand of \$200.

The New Directions Fund's carrying amount of deposits was \$1,716 and the bank balance was \$84,274. Of that bank balance \$84,274 was covered by Federal Depository or collateral held by the Fund's or its agent in the System's name.

The Greater New Bedford Regional Refuse Management District's carrying amount of deposits was \$3,131,397 and the bank balance was \$3,186,208. Of that bank balance \$508,720 was covered by Federal Depository or collateral held by the district's or its agent in the District's name. Of that bank balance \$-0- was covered by Federal Depository or collateral held by the District or its agent in the District's name. \$1,669,807 of the bank balance is collateralized with securities held by the pledging financial institution's trust department or agent in the District's name. The remaining balance of \$880,869 was uninsured and uncollateralized. The total carrying value does not include cash on hand of \$200.

The Redevelopment Authority's carrying amount of deposits was \$58,960 and the bank balance was \$66,309. Of that bank balance \$66,309 was covered by the Federal Depository or collateral held by the authority or its agent in the Authority's name. The total carrying value does not include cash on hand of \$100.

The City categorizes investments according to the level of risk assumed by the City. Category 1 includes investments that are insured, registered or held by the City's agent in the City's name. Category 2 includes uninsured and unregistered investments held by the counterparty's trust department or agent in the City's name. Category 3 includes uninsured and unregistered investments held by the counterparty, its trust department or its agent, but not in the City's name.

For financial statement purposes, the City records its investments in conformity with GASB-31 utilizing the market value as of the last reported bid price on the last day of the business year.

CITY OF NEW BEDFORD, MASSACHUSETTS

Notes to Financial Statements (Continued)

June 30, 2003

NOTE 3: Deposits and Investments (Continued)

Primary Government:

	<u>Category</u>		
	<u>1</u>	<u>2</u>	<u>3</u>
Government securities	\$	\$ 125,912	\$
Stocks		4,308,309	
Bonds		621,804	
Fixed income securities		265,488	
Money market		2,297,297	
Certificate of deposit		18,996	
	<u>\$</u>	<u>\$ 7,637,806</u>	<u>\$</u>

Component Units (Fiduciary Fund):
Contributory Retirement System

	<u>Category</u>		
	<u>1</u>	<u>2</u>	<u>3</u>
Stocks	\$	\$ 10,358,186	\$
Bonds		41,130,309	
Fixed income securities		55,803,892	
Real estate		7,647,616	
Mutual funds		9,735,089	
Other		693,944	
	<u>\$</u>	<u>\$ 125,369,036</u>	<u>\$</u>

Component Units:
Greater New Bedford Regional Refuse District

	<u>Category</u>		
	<u>1</u>	<u>2</u>	<u>3</u>
U.S. Treasury/agency securities	\$	\$ 869,547	\$
Bonds		4,997,977	
Certificate of Deposit		2,751,271	
	<u>\$</u>	<u>\$ 8,618,795</u>	<u>\$</u>

Note 4: Property Tax

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 is considered deferred revenue.

CITY OF NEW BEDFORD, MASSACHUSETTS

Notes to Financial Statements (Continued)

June 30, 2003

NOTE 5: Capital Assets and Depreciation

Capital asset activity for the year ended June 30, 2003 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<u>Governmental Activities:</u>				
Not Being Depreciated:				
Land	\$ 679,894	\$	\$	\$ 679,894
Construction in progress	50,859,770	32,504,672		83,364,442
Infrastructure in progress	<u>19,406,665</u>	<u>3,431,322</u>	<u>(2,187,328)</u>	<u>20,650,659</u>
Subtotal	<u>70,946,329</u>	<u>35,935,994</u>	<u>(2,187,328)</u>	<u>104,694,995</u>
Other Capital Assets:				
Infrastructure	164,520,815	2,945,642		167,466,457
Buildings and improvements	104,537,603	1,136,567		105,674,170
Machinery and equipment	29,847,048	738,016		30,585,064
Office equipment and furniture	10,756,108	1,034,757		11,790,865
Library books and textbooks	3,372,166	1,034,756		4,406,922
Automobiles	<u>4,101,514</u>	<u>157,953</u>		<u>4,259,467</u>
Subtotal	<u>317,135,254</u>	<u>7,047,691</u>		<u>324,182,945</u>
Accumulated Depreciation:				
Infrastructure	31,589,191	3,349,329		34,938,520
Buildings and improvements	52,882,453	2,113,483		54,995,936
Machinery and equipment	18,960,194	2,959,456		21,919,650
Office equipment and furniture	7,172,506	1,963,833		9,136,339
Library books and textbooks	2,777,119	745,597		3,522,716
Automobiles	<u>3,504,067</u>	<u>319,317</u>		<u>3,823,384</u>
Subtotal	<u>116,885,530</u>	<u>11,451,015</u>		<u>128,336,545</u>
Net other capital assets	<u>200,249,724</u>	<u>(4,403,324)</u>		<u>195,846,400</u>
Net capital assets	<u>\$ 271,196,053</u>	<u>\$ 31,532,670</u>	<u>\$(2,187,328)</u>	<u>\$ 300,541,395</u>

CITY OF NEW BEDFORD, MASSACHUSETTS

Notes to Financial Statements (Continued)

June 30, 2003

NOTE 5: Capital Assets and Depreciation (Continued)

Depreciation was charged to functions as follows:

Governmental activities:

General Government	\$ 304,061
Public Protection:	
General Public Safety	478,554
Fire Protection	265,215
Emergency Medical Services	56,870
Public Works	3,458,367
Health and Human Services	857,235
Education	5,714,315
Community and Economic Development	2,208
Culture and Recreation	<u>314,190</u>
Total Governmental Activities Depreciation Expense	<u>\$ 11,451,015</u>

CITY OF NEW BEDFORD, MASSACHUSETTS

Notes to Financial Statements (Continued)

June 30, 2003

NOTE 5: Capital Assets and Depreciation (Continued)

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<u>Business-Type Activities:</u>				
Depreciable Assets:				
Buildings and improvements	\$ 9,897,656	\$	\$	\$ 9,897,656
Machinery and equipment	156,469			156,469
Office equipment and furniture	27,069	1,298		28,367
Automobiles	21,800			21,800
Animals	<u>49,630</u>	<u>2,993</u>		<u>52,623</u>
Subtotal	<u>10,152,624</u>	<u>4,291</u>		<u>10,156,915</u>
Accumulated Depreciation:				
Buildings and improvements	685,900	197,953		883,853
Machinery and equipment	44,940	15,646		60,586
Office equipment and furniture	10,974	5,586		16,560
Automobiles	8,740	4,360		13,100
Animals	<u>5,151</u>	<u>3,215</u>		<u>8,366</u>
Subtotal	<u>755,705</u>	<u>226,760</u>		<u>982,465</u>
Net capital assets	<u>\$ 9,396,919</u>	<u>\$(222,469)</u>	<u>\$</u>	<u>\$ 9,174,450</u>

Depreciation was charged to functions as follows:

Business-Type Activities:

Buttonwood Park Zoo	<u>\$ 226,760</u>
Total Business-Type Activities Depreciation Expense	<u>\$ 226,760</u>

CITY OF NEW BEDFORD, MASSACHUSETTS

Notes to Financial Statements (Continued)

June 30, 2003

NOTE 6: Pensions and Other Post Employment Benefits

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

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

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

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

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 a 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, 2028. 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 (Continued)

June 30, 2003

NOTE 6: Pensions and Other Post Employment Benefits (Continued)

Method Used to Value Assets

Cash deposits are carried at cost which approximates market. Investments in bonds and notes are stated at amortized cost which approximates market. Investments in stock are recorded at market value.

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, 2003, was \$14,345,564.

As of December 31, 2002, employee membership data related to the pension plan was as follows:

	<u>Group 1</u>	<u>Group 2 & 4</u>	<u>Total</u>
Active members	1,952	518	2,470
Inactive members	299	14	313
Retired members	<u>1,188</u>	<u>573</u>	<u>1,761</u>
	<u>3,439</u>	<u>1,105</u>	<u>4,544</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 (Continued)

June 30, 2003

NOTE 6: Pensions and Other Post Employment Benefits (Continued)

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.

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 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.

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, 2001. The standardized measure of the unfunded actuarial accrued liability as of January 1, 2001, is as follows:

Actuarial accrued liability:

	<u>January 1, 2001</u> (unaudited)
Active members	\$ 154,702,220
Inactive members	1,129,005
Retirees and beneficiaries currently receiving benefits	149,982,406
Cost of living adjustment	<hr/>
Total actuarial accrued liability	305,813,631
Net assets available for benefits, at market	<hr/> 157,129,409
Unfunded actuarial accrued liability	<u>\$ 148,684,222</u>

CITY OF NEW BEDFORD, MASSACHUSETTS

Notes to Financial Statements (Continued)

June 30, 2003

NOTE 6: Pensions and Other Post Employment Benefits (Continued)

Contributions Required and Contributions Made

Periodic employer contributions to the pension plan are determined on an actuarial basis using the entry age normal actuarial cost method. Normal cost is funded on a current basis. The unfunded actuarial accrued liability is funded over a 30-year period. Periodic contributions for both normal cost and the amortization of the unfunded actuarial accrued liability are based on the level percentage of payroll on an open group method. The remaining amortization period at December 31, 1998, was 29 years. The funding strategy for normal cost and the unfunded actuarial accrued liability should provide sufficient resources to pay employee pension benefits on a timely basis.

Total contributions to the pension plan in 2002 amounted to \$22,247,590 of which \$14,345,564 and \$6,555,504 were made by the City of New Bedford and its employees, respectively. The contributed amounts were actuarially determined as described above on a fiscal year basis. For fiscal year 2003 the contribution amount of \$14,336,000 was based on an actuarial valuation as of January 1, 2001. 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 19% and 9% respectively, of covered payroll for the year.

The covered payroll for the Contributory Retirement System for year ending December 31, 2002 was approximately \$75,089,435. The City's total payroll for all employees was approximately \$155,927,672 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.

The computation of the pension contribution requirements for 2001 was 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.

Trend Information

	<u>2002</u>	<u>2001</u>	<u>2000</u>
Net assets available for benefits as a percentage of the actuarial accrued liability applicable to the City's employees	51.4%	51.4%	54.0%
Unfunded actuarial accrued liability as a percentage of the City's annual covered payroll	198.0%	198.0%	198.1%
City's contribution to the pension plan as a percentage of annual covered payroll	19.1%	26.5%	26.8%

CITY OF NEW BEDFORD, MASSACHUSETTS

Notes to Financial Statements (Continued)

June 30, 2003

NOTE 7: Other Employee Benefits

Other Postemployment Benefits

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.

NOTE 8: Other Commitments

The City of New Bedford and New Directions 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, 2003, future minimum rental payments under operating leases that have initial or remaining noncancellable lease terms are immaterial.

NOTE 9: Contingencies

There are several lawsuits and claims in which the City is involved. Both City officials and their legal counsel are unable to express an opinion as to the ultimate outcome of all the cases, and therefore the provision for loss has not been accrued in the accompanying financial statements. It is the opinion of both the City officials and their legal counsel that the results of these cases should have no material adverse effect on the financial position as of June 30, 2003.

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 \$151 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 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 general purpose financial statements.

CITY OF NEW BEDFORD, MASSACHUSETTS

Notes to Financial Statements (Continued)

June 30, 2003

NOTE 9: Contingencies (Continued)

Wastewater Capital Improvement Program (Continued)

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.

Sullivan's Ledge Escrow Fund

The City has received notice from 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 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.

CITY OF NEW BEDFORD, MASSACHUSETTS

Notes to Financial Statements (Continued)

June 30, 2003

NOTE 10: Debt

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).

Short-Term Debt

The City issued a \$5,400,000 Bond Anticipation Note, dated June 27, 2003, maturing June 25, 2004. This note was issued to build a new Normandin Middle School and for landfill closure.

The City issued a \$999,930 Section 108 Loan, dated March 26, 2003, maturing March 26, 2004. This note was issued to build a new parking garage at the Zeiterion Theater.

The City issued a \$7,500,000 Bond Anticipation Note, dated September 26, 2002, maturing September 26, 2003. This note was issued for the following:

\$ 1,500,000	Campbell School
1,000,000	Lincoln School
1,000,000	Brooks School
1,000,000	Winslow School
<u>3,000,000</u>	Dredging
<u>\$ 7,500,000</u>	

The City issued a Bond Anticipation Note, dated February 27, 2003, maturing February 27, 2004. This note was issued for the following:

\$ 25,000,000	Construction of Normandin Middle School
1,800,000	Construction of Keith Middle School
<u>1,150,000</u>	Land Acquisition
<u>\$ 27,950,000</u>	

CITY OF NEW BEDFORD, MASSACHUSETTS

Notes to Financial Statements (Continued)

June 30, 2003

NOTE 10: Debt (Continued)

The City has the following bond anticipation notes payable outstanding at June 30, 2003:

Capital Projects

	<u>Balance 6/30/02</u>	<u>Increases</u>	<u>(Decreases)</u>	<u>Balance 6/30/03</u>	<u>Maturity Date</u>	<u>Interest Rate</u>
Bond Anticipation Note	\$ 15,000,000	\$	\$ (15,000,000)	\$	02/27/03	2.50%
Bond Anticipation Note	5,000,000		(5,000,000)		02/27/03	2.25%
Bond Anticipation Note	7,000,000	5,400,000	(7,000,000)	5,400,000	06/25/04	1.75%
Bond Anticipation Note		7,500,000		7,500,000	09/26/03	3.00%
Bond Anticipation Note		27,950,000		27,950,000	02/27/04	2.00%
Section 108 Interim Loan		999,930		999,930		
	<u>\$ 27,000,000</u>	<u>\$ 41,849,930</u>	<u>\$ (27,000,000)</u>	<u>\$ 41,849,930</u>		

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

Governmental Activities

	<u>Maturity Dates</u>	<u>Balance July 1, 2002</u>	<u>Increases</u>	<u>(Decreases)</u>	<u>Balance June 30, 2003</u>	<u>Balance Due in 2004</u>
5.30% Landfill Closure Bond	03/03/94-05	\$ 2,215,000	\$	\$ (650,000)	\$ 1,565,000	\$ 650,000
4.00-6.00% G.O. Bond	03/01/06	3,533,000		(390,000)	3,143,000	763,000
4.00-6.00% G.O. Bond	04/15/96-13	4,087,000		(235,000)	3,852,000	247,000
4.60-5.80% Note	10/01/97-16	7,865,000		(460,000)	7,405,000	470,000
4.25-5.00% G.O. Bond	10/14/98-10/01/18	11,110,000		(815,000)	10,295,000	820,000
4.25-5.50% G.O. Bond	05/01/02-05/02/21	42,345,000		(1,415,000)	40,930,000	1,480,000
4.25-6.00% Revenue Refunding Bond	02/01/97-16	17,265,000		(1,815,000)	15,450,000	1,760,000
4.00-5.25% Revenue Bond	02/01/98-19	117,935,000		(2,260,000)	115,675,000	2,415,000
4.00-6.00% Revenue Bond	08/01/01-08/01/31	5,562,904		(117,431)	5,445,473	121,941
.85% Revenue Bond	02/01/03-08/01/33			2,336,890	2,336,890	89,090
Compensated Absences		27,370,460		(7,673,517)	19,696,943	8,351,068
Capital Leases		616,684	292,000	(535,897)	372,787	161,393
Total governmental activity		<u>239,905,048</u>	<u>2,628,890</u>	<u>(16,366,845)</u>	<u>226,167,093</u>	<u>17,328,492</u>

Business-Types Activities

4.25-5.00% G.O. Bond	10/14/98-10/01/18	1,275,000		(75,000)	1,200,000	75,000
4.25-5.50% G.O. Bond	05/01/02-05/02/21	6,790,000		(360,000)	6,430,000	360,000
Compensated Absences		105,593		(15,730)	89,863	6,590
Total business type activities		<u>8,170,593</u>		<u>(450,730)</u>	<u>7,719,863</u>	<u>441,590</u>
Total Debt		<u>\$248,075,641</u>	<u>\$ 2,628,890</u>	<u>\$ (16,817,575)</u>	<u>\$ 233,886,956</u>	<u>\$ 17,770,082</u>

CITY OF NEW BEDFORD, MASSACHUSETTS

Notes to Financial Statements (Continued)

June 30, 2003

NOTE 10: Debt (Continued)

Debt service requirements to maturity for long-term debt:

	<u>Total Principal</u>	<u>Total Interest</u>	<u>Total Debt</u>	<u>Less: Total Subsidized Payments (MWPAT)</u>	<u>Net Obligation</u>
2004	\$ 8,869,865	\$ 10,461,965	\$ 19,331,830	\$ 4,288,677	\$ 15,043,153
2005	8,999,361	10,024,821	19,024,182	4,351,387	14,672,795
2006	8,823,867	9,596,003	18,419,870	4,410,609	14,009,261
2007	8,724,752	9,182,909	17,907,661	4,471,876	13,435,785
2008	8,967,257	8,775,897	17,743,154	4,537,764	13,205,390
2009	9,200,007	8,358,070	17,558,077	4,604,387	12,953,690
2010	9,027,181	7,933,265	16,960,446	4,673,642	12,286,804
2011	9,289,776	7,502,510	16,792,286	4,745,955	12,046,331
2012	9,583,896	7,022,845	16,606,741	4,816,016	11,790,725
2013	9,856,401	6,530,067	16,386,468	4,874,886	11,511,582
2014	10,185,000	6,004,639	16,189,639	4,971,684	11,217,955
2015	10,270,000	5,471,783	15,741,783	5,094,481	10,647,302
2016	10,615,000	4,927,007	15,542,007	5,226,692	10,315,315
2017	10,560,000	4,377,356	14,937,356	5,360,016	9,577,340
2018	10,270,000	3,873,982	14,143,982	5,236,047	8,907,935
2019	10,605,000	3,375,389	13,980,389	5,103,589	8,876,800
2020	10,305,000	2,876,375	13,181,375	4,972,643	8,208,732
2021	10,660,000	2,376,338	13,036,338	4,832,721	8,203,617
2022	7,180,000	1,858,700	9,038,700	4,693,767	4,344,933
2023	7,385,000	1,515,362	8,900,362	4,582,348	4,318,014
2024	7,440,000	1,166,102	8,606,102	4,402,213	4,203,889
2025	7,645,000	810,801	8,455,801	4,244,124	4,211,677
2026	7,865,000	445,587	8,310,587	4,043,904	4,266,683
2027	265,000	69,713	334,713	110,717	223,996
2028	270,000	55,001	325,001	117,687	207,314
2029	280,000	39,875	319,875	111,958	207,917
2030	290,000	24,201	314,201	106,018	208,183
2031	295,000	8,106	303,106	98,218	204,888
	<u>\$ 213,727,363</u>	<u>\$ 124,664,669</u>	<u>\$ 338,392,032</u>	<u>\$ 109,084,026</u>	<u>\$ 229,308,006</u>

Authorized and unissued debt at June 30, 2003, is as follows:

<u>Purpose</u>	<u>Date Authorized</u>	<u>Amount Authorized</u>	<u>Issued/ Retired Rescinded</u>	<u>90% State Subsidy</u>	<u>Net Amount</u>
Landfill Closure	02/01/99	\$ 2,000,000	\$(1,600,000)	\$	\$ 400,000
Urban Renewal	01/01/00	875,000	(875,000)		
Water Projects	04/01/00	1,600,000	(1,600,000)		
Normandin Middle School	05/01/00	39,200,000			39,200,000
Keith Middle School	05/01/00	42,000,000			42,000,000
Acquisition of Land	12/01/00	1,150,000			1,150,000
Land Development	03/01/01	500,000			500,000
Water Projects	07/01/01	845,450	(736,890)		117,062

CITY OF NEW BEDFORD, MASSACHUSETTS

Notes to Financial Statements (Continued)

June 30, 2003

NOTE 10: Debt (Continued)

<u>Purpose</u>	<u>Date Authorized</u>	<u>Amount Authorized</u>	<u>Issued/ Retired Rescinded</u>	<u>90% State Subsidy</u>	<u>Net Amount</u>
Normandin Middle School	08/01/01	11,659,600			11,659,600
Keith Middle School	08/01/01	11,784,000			11,784,000
Parking Garage	01/02/02	1,000,000			1,000,000
Brooks Elementary School	05/01/02	17,000,000			17,000,000
Campbell Elementary/ Middle School	05/01/02	47,200,000			47,200,000
Winslow Elementary School	05/01/02	17,000,000			17,000,000
Lincoln Elementary School	05/01/02	20,600,000			20,600,000
Harbor Dredging	05/01/02	3,000,000			3,000,000
Water Projects	07/01/02	8,455,000			8,455,000
Landfill Closure	02/01/03	1,800,000			1,800,000
Railroad Depot	03/01/03	3,000,000			3,000,000
DeValles Elementary School	06/01/03	11,000,000			11,000,000
Sewer Separation	06/01/03	6,197,000			6,197,000
		<u>\$ 247,866,050</u>	<u>\$(4,811,890)</u>	<u>\$</u>	<u>\$ 243,054,160</u>

The state subsidy for the school authorization is anticipated from the State Board of Education as part of the School Building Assistance Program.

Debt service requirements to maturity for short-term debt:

	<u>Total Principal</u>	<u>Total Interest</u>	<u>Total Debt</u>
2004	<u>\$ 41,849,930</u>	<u>\$ 878,500</u>	<u>\$ 42,728,430</u>

Capital Leases

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

<u>Year Ending June 30</u>	<u>General Long-Term Debt</u>
2004	\$ 173,281
2005	112,545
2006	<u>112,545</u>
Minimum lease payments for all capital leases	398,371
Less: amount representing interest	<u>(25,584)</u>
	<u>\$ 372,787</u>

CITY OF NEW BEDFORD, MASSACHUSETTS

Notes to Financial Statements (Continued)

June 30, 2003

NOTE 11: Fund Deficit

The following individual funds had deficit fund equity balances as of June 30, 2003:

Governmental Funds

Special Revenue Funds:

New Horizons Year 2	\$ 513 ***
Community Policing Univ Hiring	1,538 ***
Police Juvenile Block Grant	2,906 ***
Safe Harbors	149 ***
Student Awareness Fire Ed	479 ***
Harbor Trustee Council	9 ***
EPA West End Sewer	73,226 ***
Special Services	2,924 *
Food Service Concession Stand	12,099 *
Community Development Block Grant	<u>260,996 *</u>

Total Special Revenue Funds \$ 354,839

Capital Projects Funds:

Chlorine Disinfectant Station	\$ 60,029 **
Normandin Middle School	29,715,552 **
Keith Middle School	1,965,010 **
Landfill Closure	981,114 **
Police Station	1,150,000 **
SAC Dredge Grant	3,306,526 **
River Road Bond	438,310 **
Winslow Elementary School	642,691 **
Elizabeth Brooks Elementary School	632,001 **
Lincoln Elementary School	786,974 **
Campbell Elementary School	1,366,419 **
Railroad Depot	1,891,102 **
Parking Garage	<u>1,439,144 **</u>

Total Capital Projects Funds \$ 44,374,872

Permanent Funds:

George Howland, Jr.	\$ 936 ****
Kempton Lost Books	1,183 ****
Ohnesborg Memorial	<u>1,202 ****</u>

Total Permanent Funds \$ 3,321

Total Governmental Funds \$ 44,733,032

CITY OF NEW BEDFORD, MASSACHUSETTS

Notes to Financial Statements (Continued)

June 30, 2003

NOTE 11: Fund Deficit (Continued)

Fiduciary Funds

Agency Funds:

TSA W/H Local School	\$ 22,314
TSA W/H Federal	56,011
Charter School	<u>260</u>
	<u>\$ 78,585</u>

- * The deficit balance will require a future administrative plan to fund this deficit and eliminate it, in order to conform with Massachusetts General Laws.
- ** The fund deficit will be eliminated by future bond issuances.
- *** The fund deficit will be eliminated by reimbursements from the Commonwealth of Massachusetts or the federal government.
- **** The fund deficit is a result of the poor economy and the write-down of unrealized losses.

NOTE 12: Subsequent Events

The following events relating to long-term debt occurred after the balance sheet date June 30, 2003.

1. Bond issued on July 25, 2003. Appropriated in the amount of \$1,250,000 for the following purposes:

Parking Garage	\$ 1,000,000
Winslow School	<u>250,000</u>
	<u>\$ 1,250,000</u>

2. Bond issued on September 26, 2003. Appropriated in the amount of \$7,500,000 for the following purposes.

Dredging	\$ 3,000,000
Campbell School	1,500,000
Lincoln School	1,000,000
Brooks School	1,000,000
Winslow School	<u>1,000,000</u>
	<u>\$ 7,500,000</u>

CITY OF NEW BEDFORD, MASSACHUSETTS

Notes to Financial Statements (Continued)

June 30, 2003

NOTE 13: Restatement

In some instances beginning fund equity 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:

	<u>Non-Major Governmental Funds</u>					
	<u>General Fund</u>	<u>HOME</u>	<u>Housing 70</u>	<u>Community Development Block Grant</u>	<u>Federal and State Grants</u>	<u>Other Special Revenue</u>
Beginning balance, July 1, 2002	\$ 14,498,577	\$ 7,138	\$ 252,727	\$ 1,733,476	\$ 629,707	\$ 3,067,843
To record balances recorded in City general ledger but not in Community Development		(1,036,867)				
Additional HILP from City agency funds		55,576				
Closed projects		363,595				
Uncollectible receivables			(5,809)			
Deferred revenue posted as revenue in the prior year				(1,717,795)		
Mispasted activity between funds					26,151	62,871
Reverse receivable that was recorded twice	(200,000)					
Beginning balance, July 1, 2002, restated	<u>\$ 14,298,577</u>	<u>\$ (610,558)</u>	<u>\$ 246,918</u>	<u>\$ 15,681</u>	<u>\$ 655,858</u>	<u>\$ 3,130,714</u>

Proprietary Funds

	<u>Zoo Enterprise</u>
Beginning balance, July 1, 2002	\$ 1,166,066
Compensated absences misposted in Governmental Activities	(105,593)
Beginning balance, July 1, 2002, restated	<u>\$ 1,060,473</u>

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

	<u>Primary Government</u>	<u>Major Component Unit</u>	<u>Non-Major Component Units</u>	
	<u>Governmental Activities</u>	<u>Greater New Bedford Regional Refuse Management District</u>	<u>Harbor Development Commission</u>	<u>Redevelopment Authority</u>
Beginning balance, July 1, 2002	\$ 85,737,241	\$ 12,305,648	\$ 27,280	\$ 1,302,882
Restatements, per above	(2,452,277)			
Reversal of prior year deferred revenue posted above	1,717,795			
Compensated absences misposted in Governmental Activities	105,593			
To reclass from City funds			(61,976)	
To post accrued interest				(28,001)
To record machinery and equipment				25,000
To remove cash account as no records exist				(8,500)
To record construction in progress for prior year			6,004,838	
Record deposits held		(78,248)		
Beginning balance, July 1, 2002, restated	<u>\$ 85,108,352</u>	<u>\$ 12,227,400</u>	<u>\$ 5,970,142</u>	<u>\$ 1,191,381</u>

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

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

We have audited the general purpose financial statements of the City of New Bedford, Massachusetts as of and for the year ended June 30, 2003, and have issued our report thereon dated January 26, 2004. 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.

Compliance

As part of obtaining reasonable assurance about whether the City of New Bedford, Massachusetts' general purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City of New Bedford, Massachusetts' internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that material misstatements in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the audit committee, management, others within the organization, City Council, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

January 26, 2004

Hague, Skodny & Co PC

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
WITH REQUIREMENTS APPLICABLE TO EACH MAJOR
PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE
IN ACCORDANCE WITH OMB CIRCULAR A-133 (CONTINUED)**

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

Compliance

We have audited the compliance of the City of New Bedford, Massachusetts with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 2003. The City of New Bedford, Massachusetts' major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the City of New Bedford, Massachusetts' management. Our responsibility is to express an opinion on the City's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform our audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of New Bedford, Massachusetts' compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the City of New Bedford, Massachusetts' compliance with those requirements.

In our opinion, the City of New Bedford, Massachusetts complied, in all material respects with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2003.

Internal Control Over Compliance

The management of the City of New Bedford, Massachusetts is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the City of New Bedford, Massachusetts' internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
WITH REQUIREMENTS APPLICABLE TO EACH MAJOR
PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE
IN ACCORDANCE WITH OMB CIRCULAR A-133**

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the audit committee, management, other within the organization, City Council, and federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Hague, Sekady & Co PC

January 26, 2004

CITY OF NEW BEDFORD, MASSACHUSETTS

Schedule of Expenditures of Federal Awards

Year Ended June 30, 2003

	<u>Federal CFDA Number</u>	<u>Pass-Through Grantor's Number</u>	<u>Program or Award Amount</u>	<u>Disbursements/ Expenditures</u>
US Department of Education:				
US Department of Education (direct):				
Middle School Coordinator FY02	84.Unknown		\$	\$ 141,888
Safe Harbors FY02	84.Unknown			618,795
Safe Harbors FY03	84.Unknown	S184K990317		2,840,908
21 st Century FY02	84.287			930,477
Passed through State Department of Education:				
Kindergarten Transition FY02	84.Unknown	705-005-3-0201-D	41,334	40,167
State Lead - Other FY02	84.Unknown	419-011-2-0201-C	42,100	39,285
Summer Success FY02	84.Unknown	626-111-3-0201-D	112,300	108,853
Academic Support - Summer FY02	84.Unknown	625-134-3-0201-D	253,038	245,835
Helping Students Achieve FY02	84.Unknown	594-001-3-0201-D	75,000	74,197
English Proficiency FY03	84.Unknown	190-082-3-0201-A	3,305	3,301
Out of District Tuitions FY03	84.Unknown	830-113-3-0201-A	169,593	164,659
DOE Career Center FY02	84.002	342-010-2-2443-C	29,500	8,175
DOE Career Center FY03	84.002	342-017-3-2443-D	27,435	27,345
Title I Distribution FY02	84.010	305-055-2-0201-C	6,937,979	1,223,923
Title I Distribution FY03	84.010	305-040-3-0201-D	8,185,390	6,282,051
School Achievement FY03	84.010	316-035-3-0201-D	54,837	20,240
Comprehensive School Reform FY03	84.010	573-010-3-0201-D	250,000	250,000
Comprehensive School Reform FY03	84.010	573-043-3-0201-D	134,010	122,310
Mental Health Support FT03	84.027	216-020-3-0201-D	10,000	9,410
SPED 94-142 Allocation FY02	84.027	240-203-2-0201-C	2,073,472	347,693
SPED 94-142 Allocation FY03	84.027	240-222-3-0201-D	2,623,936	1,856,739
SPED Corrective Action FY02	84.027	252-005-2-0201-C	17,000	3,878
SPED Integration FY03	84.027	255-014-3-0201-D	13,500	13,500
SPED Program Improvement FY02	84.027	274-077-2-0201-C	149,798	36,177
SPED Program Improvement FY03	84.027	274-010-3-0201-D	150,000	94,937
Occupational Education - Vocational Skills FY01	84.048	400-052-1-0201-B	110,813	3,425
Occupational Education - Vocational Skills FY02	84.048	400-004-2-0201-C	98,835	6,182
Occupational Education - Vocational Skills FY03	84.048	400-041-3-0201-D	96,622	77,983
Perkins - Ell FY03	84.048	410-007-3-0201-A	9,900	

See notes to schedule of expenditures of federal awards

CITY OF NEW BEDFORD, MASSACHUSETTS

Schedule of Expenditures of Federal Awards (Continued)

	Year Ended June 30, 2003		Program or Award Amount	Disbursements/ Expenditures
	Federal CFDA Number	Pass-Through Grantor's Number		
US Department of Education (Continued):				
Title 6: Materials Support FY03	84.151	269-005-3-0201-D	7,276	3,396
Title VI FY02	84.151	302-131-2-0201-C	176,448	22,788
Title VI FY03	84.151	302-011-3-0201-D	195,820	186,347
SPED Early Childhood Allocation FY02	84.173	262-183-2-0201-C	148,658	8,075
SPED Early Childhood Allocation FY03	84.173	262-007-3-0201-D	146,296	107,750
Project Playgroup Support FY03	84.173	293-015-3-0201-D	12,000	4,690
Drug Free Schools - District FY02	84.186	331-020-0-0201-C	60,107	12,836
Drug Free Schools - District FY03	84.186	331-051-3-0201-D	191,865	153,946
Drug Free Schools - Emergency FY02	84.186	333-020-2-0201-C	88,957	22,164
L.E.E.P Grant FY02	84.186	SC CCJ-4004-2369169	15,000	14,881
McKinney Homeless FY03	84.196	310-016-3-0201-D	25,000	25,000
Chapter 1 Program Improvement - CII FY02	84.218	323-015-2-0201-C	38,250	9,233
Chapter 1 Program Improvement - CII FY03	84.218	323-004-3-0201-D	10,000	10,000
School Support Program FY03	84.218	583-008-3-0201-D	307,602	107,508
G 2000 Preservice Program FY02	84.276	501-002-2-0201-C	35,000	617
G 2000 Curriculum Study Groups FY02	84.276	504-011-2-0201-C	52,968	51,476
G 2000 Curriculum Study Groups FY02	84.276	504-037-2-0201-C	12,000	4,062
Eisenhower Statewide/TBE FY03	84.281	300-028-3-0201-D	35,000	
Teacher Training - Math & Science FY02	84.281	303-164-2-0201-C	149,198	48,429
Teacher Training - Math & Science FY03	84.281	303-014-3-0201-D	37,750	37,738
Enhanced Education Through Technology FY03	84.318	160-053-3-0201-D	231,833	197,778
Integrated Technology Models FY03	84.318	165-023-3-0201-D	30,000	23,093
Technology Enhancement - Options FY03	84.318	170-009-3-0201-D	111,423	83,316
Technology Literacy Challenge-Adoption FY02	84.318	612-052-2-0201-C	40,000	5,912
Technology Literacy Challenge-Project Meet FY02	84.318	613-009-2-0201-C	30,000	6,873
Project Focus FY02	84.323	247-019-2-0201-C	7,956	1,188
Reading Excellence FY02	84.338	635-023-2-0201-C	87,496	13,388

See notes to schedule of expenditures of federal awards

CITY OF NEW BEDFORD, MASSACHUSETTS

Schedule of Expenditures of Federal Awards (Continued)

	Year Ended June 30, 2003			
	<u>Federal CFDA Number</u>	<u>Pass-Through Grantor's Number</u>	<u>Program or Award Amount</u>	<u>Disbursements/ Expenditures</u>
US Department of Education (Continued):				
Class Size Reduction FY02	84.340	651-090-2-0201-C	890,725	329,053
Career Resource Network FY02	84.346	408-007-2-0201-C	5,000	832
Career Resource Network FY03	84.346	431-001-3-0201-D	5,000	4,122
School Improvement FY02	84.348	585-002-2-0201-C	235,685	106,719
School Improvement FY03	84.348	585-002-3-0201-D	199,264	193,001
LEP Support FY03	84.365	180-004-3-0201-D	94,532	58,839
Teacher Quality FY03	84.367	140-006-3-0201-D	1,458,728	<u>1,185,459</u>
Total US Department of Education				<u>18,632,842</u>
US Environmental Protection Agency:				
Passed through the City of New Bedford:				
Brownsfield Training	66.811	99104401	325,000	<u>70,827</u>
Total US Environmental Protection Agency				<u>70,827</u>
US Department of Labor:				
Passed through State Executive Office of Economic Affairs/Corporation for Business, Working and Learning:				
Welfare to Work FY00	17.253	9119	1,014,498	56,507
Title I - Fisherman V FY02	17.255	2105	704,108	419,118
Title I - Fisherman V FY03	17.255	2105	650,563	296,945
Title I - National Emergency Grant FY03	17.255	3602	2,139,329	439,098
Title I - Youth Mapping FY03	17.255	3437	25,000	3,053
Title I - CBO/FBO FY03	17.257	3447	207,723	20,192
Title I - Adult FY02	17.258	SCDES325020CC07	898,579	23,090
Title I - Administration FY02	17.258	SCDES325020CC07	169,497	17,493
Title I - Adult FY03	17.258	SCDES325030CC07	856,737	771,354
Title I - Administration FY03	17.258	SCDES325030CC07	111,304	92,244

See notes to schedule of expenditures of federal awards

CITY OF NEW BEDFORD, MASSACHUSETTS

Schedule of Expenditures of Federal Awards (Continued)

	Year Ended June 30, 2003			
	<u>Federal CFDA Number</u>	<u>Pass-Through Grantor's Number</u>	<u>Program or Award Amount</u>	<u>Disbursements/ Expenditures</u>
US Department of Labor (Continued):				
Title I - Youth FY02	17.259	SCDES325020CC07	1,323,565	28,507
Title I - Administration FY02	17.259	SCDES325020CC07	117,344	1,563
Title I - Youth FY03	17.259	SCDES325030CC07	1,437,433	1,365,908
Title I - Administration FY03	17.259	SCDES325030CC07	159,715	155,275
Title I - Dislocated Worker FY02	17.260	SCDES325020CC07	711,454	3,067
Title I - Administration FY02	17.260	SCDES325020CC07	39,115	120
Title I - Dislocated Worker FY03	17.260	SCDES325030CC07	501,624	481,100
Title I - Administration FY03	17.260	SCDES325030CC07	39,625	48,250
Title I - Rapid Response Volex FY02	17.260	2908	13,002	555
Title I - Rapid Response Acushnet FY03	17.260	3759	30,000	28,678
WIA Incentive FY02	17.267	SCDES325030CC07	20,000	<u>20,000</u>
Total US Department of Labor				<u>4,272,117</u>
Passed through Division of Employment and Training:				
Wagner - Peyser 2002	17.207	SCDES325020CC07	35,693	9,920
Wagner - Peyser 2003	17.207	SCDES325030CC07	30,000	<u>17,533</u>
Total Division of Employment and Training				<u>27,453</u>
US Department of Housing and Urban Development:				
Community Development Block Grant FY00	14.219	B-99-MC-25-0018	1,760,000	750,045
Community Development Block Grant FY03	14.219	B-02-MC-25-0018	3,811,000	3,443,663
Emergency Shelter Grant FY03	14.231	S-02-MC-25-0009	129,000	127,840
SNAPS FY03	14.235	MA01B205001	817,469	757,955
SNAPS FY03	14.235	MA01B205002	265,079	
SNAPS FY03	14.235	MA01B005003	359,768	
HOME Program FY02	14.239	M-01-MC-25-0207	1,385,000	780,343
HOME Program FY03	14.239	M-02-MC-25-0207	1,378,000	<u>363,500</u>
Total US Department of Housing and Urban Development				<u>6,223,346</u>

See notes to schedule of expenditures of federal awards

CITY OF NEW BEDFORD, MASSACHUSETTS

Schedule of Expenditures of Federal Awards (Continued)

Year Ended June 30, 2003

	<u>Federal CFDA Number</u>	<u>Pass-Through Grantor's Number</u>	<u>Program or Award Amount</u>	<u>Disbursements/ Expenditures</u>
US Department of Agriculture:				
Passed through State Department of Education:				
National School Lunch Program	10.555	N/A	N/A	3,589,463
Summer Food Service Program	10.559	N/A	N/A	<u>114,975</u>
Total US Department of Agriculture				<u>3,704,438</u>
US Department of Justice:				
Project Learn FY03	16.Unknown		71,250	888
Juvenile Accountability Incentive Block Grant	16.523	SC CCJ-4004-2367014	35,759	12,823
Juvenile Accountability Incentive Block Grant	16.523	SC CCJ-4004-2367014	28,819	26,819
ECCO Grant	16.548		37,820	15,650
Byrne Task Force FY01	16.579	SC CCJ-8200-00	25,000	13,000
Drug Court	16.585	2000-DC-VX-0084	499,973	171,496
Violence Against Women FY02	16.588	SR CCJ 3000-3218021	35,000	27,051
Local Law Enforcement Block Grant FY01	16.592	2000-LB-BX-0020	265,515	215,422
Local Law Enforcement Block Grant FY02	16.592	2001-LB-BX-0875	261,432	103,925
Local Law Enforcement Block Grant FY03	16.592	2002-LB-BX-0499	204,450	900
Bulletproof Vest Grant FY02	16.607		42,419	13,759
Cops in School	16.710	1999-SH-WX-0586	1,250,000	539,692
Cops More FY02	16.710	2002-CM-WX-0009	405,281	210
Cops Technology MDC's	16.712	2002-CK-WX-0082	250,000	824
Cops Facial Recognition	16.712	2002-CK-WX-0083	1,000,000	516,922
NIBRS Grant	16.733	2001-RG-CX-K015	102,236	<u>21,983</u>
Total US Department of Justice				<u>1,681,364</u>

See notes to schedule of expenditures of federal awards

CITY OF NEW BEDFORD, MASSACHUSETTS

Schedule of Expenditures of Federal Awards (Continued)

Year Ended June 30, 2003

	<u>Federal CFDA Number</u>	<u>Pass-Through Grantor's Number</u>	<u>Program or Award Amount</u>	<u>Disbursements/ Expenditures</u>
US Department of the Treasury:				
ATF Operation - Overtime FY03	21.052		9,000	1,020
Police US Customs O.T. RE	21.052		39,000	878
Police Great FY02	21.053	ATC020157	26,390	24,666
Police Great FY03	21.053	ATC03000192	22,431	<u>15,280</u>
Total US Department of the Treasury				<u>41,844</u>
US Department of Environmental Protection Agency:				
Taber Park	66.418	C-251553-01-7	3,000,000	16,527
Vulnerability Assessments and Related Security Improvements Grant	66.476	HS-82994901-0		23,000
EPA-Empact Grant-DPW	66.500	R-82932501-0	351,928	79,931
CSO Relocation	66.606	XP-98119801-0		1,160,476
Brownsfields Pilot Coop.	66.811	BP-99119701	400,000	90,242
Brownsfields Revolving	66.811	BL-98130801-0	500,000	<u>1,090</u>
Total US Department of Environmental Protection Agency				<u>1,371,266</u>
National Oceanic and Atmospheric Administration:				
Regional Shellfish Restoration	11.463	NA16FZ2753	659,368	98,393
Oceanarium Marine Center	11.463	NA16FZ2829	2,850,000	<u>350,000</u>
Total National Oceanic and Atmospheric Administration				<u>448,393</u>

See notes to schedule of expenditures of federal awards

CITY OF NEW BEDFORD, MASSACHUSETTS

Schedule of Expenditures of Federal Awards (Continued)

Year Ended June 30, 2003

	<u>Federal CFDA Number</u>	<u>Pass-Through Grantor's Number</u>	<u>Program or Award Amount</u>	<u>Disbursements/ Expenditures</u>
US Department of Transportation:				
Passed through the Commonwealth of Massachusetts Aeronautics Commission:				
EIS Grant AIP22	20.106	3-25-0034-022	224,969	154,973
EIS Grant AIP23	20.106	3-25-0034-23	193,500	131,459
Runway 14 Mirils Grant MAC	20.106	3-25-0034-24-2002	465,300	405,427
Relocate and Rehabilitate Taxiway Grant	20.106	3-25-0034-27	2,031,500	<u>126,897</u>
Total US Department of Transportation				<u>818,756</u>
US Office of Museum Services:				
Preservation Survey	45.301	SC BLC-9703-3NBF275	1,500	1,500
Open Project Grant	45.301	SC BLC-9703-3NBF276	15,000	13,726
Community Language Grant	45.301	SC BLC-9703-3NBF277	20,000	12,119
Business & Career Grant	45.301	SC BLC-9703-2NBF298	20,000	9,561
Stay on Track Grant	45.301	LS-90021-0	22,500	<u>8,571</u>
Total US Office of Museum Services				<u>45,477</u>
US Department of Emergency Management:				
FEMA EOP Grant	83.562	SC CDA-1000-3EOPG03	24,000	<u>6,464</u>
Total US department of Emergency Management				<u>6,464</u>
Total Expenditures of Federal Awards				<u>\$ 37,344,587</u>

See notes to schedule of expenditures of federal awards

CITY OF NEW BEDFORD, MASSACHUSETTS

Notes to the Schedule of Expenditures of Federal Awards

For the Year Ended June 30, 2003

Note 1. Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the City of New Bedford and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the general purpose financial statements.

Note 2. Subrecipients

Of the federal expenditures presented in the schedule, the City of New Bedford provided federal awards to subrecipients as follows:

<u>Program Title</u>	<u>Federal CFDA Number</u>
Community Development Block Grant - Entitlement	14.219
Emergency Shelter Grant	14.231

CITY OF NEW BEDFORD, MASSACHUSETTS

Schedule of Findings and Questioned Costs

Year Ended June 30, 2003

1. ***SUMMARY OF OUR AUDIT RESULTS:***

i. Type of Report on the Financial Statements:

We have audited the general purpose financial statements of the City of New Bedford, Massachusetts, as of and for the year ended June 30, 2003, in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards* and have issued our unqualified report thereon dated January 26, 2004.

ii. Disclosure of Reportable Conditions in Internal Controls over Financial Reporting:

We noted matters involving internal control over financial reporting and its operations that we considered to be a reportable conditions and are disclosed in the financial statements.

iii. Material Noncompliance:

The results of our tests disclosed an instance of noncompliance which we consider to be material to the financial statements.

iv. Disclosure of Reportable Conditions in Internal Controls over Major Programs:

We noted a matter involving internal controls over major programs and its operations that we considered to be a reportable condition.

v. Type of report on Compliance for Major Programs:

We have audited the compliance of the City of New Bedford, Massachusetts with the types of compliance requirements set forth in *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that were applicable to each of the major programs and have issued our unqualified report thereon dated January 26, 2004..

vi. Disclosure of Audit Finding:

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in this schedule.

CITY OF NEW BEDFORD, MASSACHUSETTS

Schedule of Findings and Questioned Costs (Continued)

Year Ended June 30, 2003

1. SUMMARY OF OUR AUDIT RESULTS (CONTINUED):

vii. Identification of Major Programs:

Title I
 National School Lunch Program
 Project Ready
 Title II-A
 Title II-B
 Title II-C
 Title III Dislocated Worker
 Community Development Block Grant

viii. Threshold for Type A Programs:

\$602,810

ix. Auditee Qualification for Low Risk:

The City of New Bedford did not qualify as a low risk auditee.

2. Findings and Questioned Costs for Financial Statements Which are Required to be Reported in Accordance With Generally Accepted Government Auditing Standards:

<u>Reference Number</u>	<u>Program</u>	<u>Finding</u>	<u>Questioned Costs</u>
		NONE	NONE

3. Findings and Questioned Costs for the Federal Awards:

<u>Reference Number</u>	<u>Program</u>	<u>Finding</u>	<u>Questioned Costs</u>
		NONE	NONE

CITY OF NEW BEDFORD, MASSACHUSETTS

Required Supplementary Information

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

Year Ended June 30, 2003

	<u>Budget as Adopted</u>	<u>Appropriations and Transfers</u>	<u>Total Budgeted</u>	<u>Actual</u>	<u>Encumbrances Carried Forward</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:						
Tax collections net of refunds:						
Real estate and personal property taxes	\$ 56,423,095	\$ 6,387,521	\$ 62,810,616	\$ 62,810,616	\$	\$
Motor vehicle excise	4,809,754	559,951	5,369,705	5,902,698		532,993
Tax foreclosures	75,000	29,000	104,000	165,903		61,903
Other excise collections	35,000	20,000	55,000	26,238		(28,762)
Penalties and interest	950,000	60,000	1,010,000	1,105,848		95,848
Payments in lieu of taxes	250,000	250,000	500,000	495,669		(4,331)
Charges for services:						
Water	6,158,752	76,793	6,235,545	5,656,915		(578,630)
Trash	300,000	(20,000)	280,000	131,319		(148,681)
Cemeteries	525,000	(220,000)	305,000	236,575		(68,425)
Parking	715,000	20,000	735,000	853,890		118,890
Departmental	11,102,763	(46,500)	11,056,263	13,157,865		2,101,602
Licenses and permits	1,133,802	18,198	1,152,000	1,092,624		(59,376)
Fines and forfeitures	153,000		153,000	117,197		(35,803)
Special assessments				2,858		2,858
Earnings on investments	700,000	(231,000)	469,000	285,834		(183,166)
Other		1,329,494	1,329,494	366,910		(962,584)
Governmental revenue:						
Federal				101,721		101,721
State	123,733,223	289,799	124,023,022	124,130,706		107,684
County						
Total revenues	<u>207,064,389</u>	<u>8,523,256</u>	<u>215,587,645</u>	<u>216,641,386</u>		<u>1,053,741</u>

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

CITY OF NEW BEDFORD, MASSACHUSETTS

Required Supplementary Information

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

Year Ended June 30, 2003

	<u>Budget as Adopted</u>	<u>Appropriations and Transfers</u>	<u>Total Budgeted</u>	<u>Actual</u>	<u>Encumbrances Carried Forward</u>	<u>Variance Favorable (Unfavorable)</u>
Expenditures:						
General Government	6,794,751	614,115	7,408,866	7,408,690	5,966	(5,790)
Public safety:						
Police	18,778,597	341,900	19,120,497	19,041,129		79,368
Fire	14,032,264	104,400	14,136,664	14,136,389		275
EMS	1,701,417	176,800	1,878,217	1,862,707		15,510
Inspector of buildings	2,030,368	126,900	2,157,268	2,151,088		6,180
Other	1,242,667	(742,326)	500,341	368,355		131,986
Public works and facilities:						
Health and sanitation operations	8,232,422	714,071	8,946,493	8,825,800	145	120,548
Highways and streets	5,898,239	715,795	6,614,034	6,803,672	8,029	(197,667)
Education:						
School Department	100,781,038	1,986,955	102,767,993	102,138,666	629,327	
Other	2,341,674	80,448	2,422,122	2,426,170		(4,048)
Human services	3,071,243	90,509	3,161,752	3,111,359	43,024	7,369
Culture and recreation	2,556,542	(216,300)	2,340,242	2,302,051		38,191
Debt service	7,386,337	923,295	8,309,632	8,293,268		16,364
Insurance and pension	30,962,923	6,300,000	37,262,923	36,450,345		812,578
Other	497,777	152,141	649,918	645,122		4,796
Intergovernmental expenditures	<u>1,427,672</u>	<u>2,681</u>	<u>1,430,353</u>	<u>1,614,076</u>		<u>(183,723)</u>
Total expenditures	<u>207,735,931</u>	<u>11,371,384</u>	<u>219,107,315</u>	<u>217,578,887</u>	<u>686,491</u>	<u>841,937</u>
Excess (deficiency) of revenues over expenditures	<u>(671,542)</u>	<u>(2,848,128)</u>	<u>(3,519,670)</u>	<u>(937,501)</u>	<u>(686,491)</u>	<u>1,895,678</u>
Other financing sources and (uses):						
Operating transfers in	7,670	2,377,255	2,384,925	2,404,508		19,583
Operating transfers out	(583,400)	(402,653)	(986,053)	(979,009)		7,044
Tailings		74,000	74,000	74,000		
Overlay reserve		800,000	800,000			(800,000)
Appropriation deficit		(474)	(474)			474
Total other financing sources and (uses)	<u>(575,730)</u>	<u>2,848,128</u>	<u>2,272,398</u>	<u>1,499,499</u>		<u>(772,899)</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	<u><u>\$ (1,247,272)</u></u>	<u><u>\$</u></u>	<u><u>\$ (1,247,272)</u></u>	<u><u>\$ 561,998</u></u>	<u><u>\$ (686,491)</u></u>	<u><u>\$ 1,122,779</u></u>

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

CITY OF NEW BEDFORD, MASSACHUSETTS

Required Supplementary Information

Statement of Revenues and Expenditures - (Non-GAAP /Budgetary Basis)
Budget and Actual - Wastewater Treatment Plant Special Revenue Fund

Year Ended June 30, 2003

	<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	\$ 14,700,000	\$	\$ 14,700,000	\$ 14,132,999	\$	\$(567,001)
Earnings on investments	375,000		375,000	179,772		(195,228)
Other	<u>704,096</u>		<u>704,096</u>	<u>380,584</u>		<u>(323,512)</u>
Total revenues	<u>15,779,096</u>		<u>15,779,096</u>	<u>14,693,355</u>		<u>(1,085,741)</u>
Expenditures:						
Salaries	1,752,304		1,752,304	1,388,522		363,782
Charges and services	8,829,919		8,829,919	8,067,636	110,000	652,283
Materials and supplies	423,625		423,625	289,544	4,343	129,738
Capital outlay	45,000		45,000	24,758		20,242
Debt service	<u>926,441</u>		<u>926,441</u>	<u>913,174</u>		<u>13,267</u>
Total expenditures	<u>11,977,289</u>		<u>11,977,289</u>	<u>10,683,634</u>	<u>114,343</u>	<u>1,179,312</u>
Excess (deficiency) of revenues over expenditures	<u>3,801,807</u>		<u>3,801,807</u>	<u>4,009,721</u>	<u>(114,343)</u>	<u>93,571</u>
Other financing sources and (uses):						
Operating transfers in				300,000		300,000
Operating transfers out	(4,200,000)		(4,200,000)	(4,615,393)		(415,393)
Appropriation deficit						
Total other financing sources and (uses)	<u>(4,200,000)</u>		<u>(4,200,000)</u>	<u>(4,315,393)</u>		<u>(115,393)</u>
Excess (deficiency) of revenue and other sources over expenditures and other uses	<u>\$(398,193)</u>	<u>\$</u>	<u>\$(398,193)</u>	<u>\$(305,672)</u>	<u>\$(114,343)</u>	<u>\$(21,822)</u>

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

CITY OF NEW BEDFORD, MASSACHUSETTS

Required Supplementary Information

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

Year Ended June 30, 2003

	<u>Budget as Adopted</u>	<u>Additional Appropriations and Transfers</u>	<u>Total Available for Current Year Expenditures</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:					
Investment income	\$ 5,000	\$	\$ 5,000	\$ 3,612	\$(1,388)
Income from operations	<u>495,000</u>	<u> </u>	<u>495,000</u>	<u>344,773</u>	<u>(150,227)</u>
Total revenues	<u>500,000</u>	<u> </u>	<u>500,000</u>	<u>348,385</u>	<u>(151,615)</u>
Expenditures:					
Salaries and wages	744,410	40,000	784,410	781,872	2,538
Charges and services	132,006	67,000	199,006	183,196	15,810
Supplies and materials	108,540	9,000	117,540	117,121	419
Capital outlay	<u> </u>	<u> </u>	<u> </u>	<u>435</u>	<u>(435)</u>
Total expenditures	<u>984,956</u>	<u>116,000</u>	<u>1,100,956</u>	<u>1,082,624</u>	<u>18,332</u>
Excess (deficiency) of revenues over expenditures	<u>(484,956)</u>	<u>(116,000)</u>	<u>(600,956)</u>	<u>(734,239)</u>	<u>(133,283)</u>
Other financing sources and (uses):					
Transfers between funds	<u>484,956</u>	<u>116,000</u>	<u>600,956</u>	<u>600,956</u>	<u> </u>
Excess (deficiency) of revenue and other sources over expenditures and other uses	<u> </u>	<u> </u>	<u> </u>	<u>(133,283)</u>	<u>(133,283)</u>
Budgetary fund balance at the beginning of year	<u>35,908</u>	<u> </u>	<u>35,908</u>	<u>35,908</u>	<u> </u>
Budgetary fund balance at the end of year	<u>\$ 35,908</u>	<u>\$</u>	<u>\$ 35,908</u>	<u>\$(97,375)</u>	<u>\$(133,283)</u>

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

CITY OF NEW BEDFORD, MASSACHUSETTS

Required Supplementary Information

Notes to Schedule of Revenues, Expenditures/Expenses and Changes
in Fund Balance - Budget and Actual - Budgetary Basis

June 30, 2003

Budgetary - GAAP Reporting Reconciliation

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

- A) Revenues are recorded when received in cash (budgetary basis) as opposed to when susceptible to accrual (GAAP basis), except for real estate and personal property taxes which are recorded when committed;
- B) Expenditures are recorded when paid in cash (budgetary basis) as opposed to when liability is incurred (GAAP basis);
- C) Encumbrances are reported as expenditures (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 for the year ended June 30, 2003 are as follows:

	<u>Government Funds</u>	
	<u>General Fund</u>	<u>Special Revenue Wastewater-Operating</u>
Revenues and other financing sources:		
GAAP Basis	\$ 231,395,541	\$ 15,131,395
Adjustments:		
Increase in real estate and personal property taxes to full accrual	(883,875)	
(Increase) decrease in 60 day accrual	(312,332)	
MTRB on-behalf payments	(11,079,440)	
Unrealized gain unbudgeted		<u>(138,040)</u>
Budgetary Basis	<u>\$ 219,119,894</u>	<u>\$ 14,993,355</u>
Expenditures and other financing uses:		
GAAP Basis	\$ 229,637,336	\$ 15,299,027
MTRB on-behalf payments	<u>(11,079,440)</u>	
Budgetary basis	<u>\$ 218,557,896</u>	<u>\$ 15,299,027</u>

See accompanying independent auditors' report

CITY OF NEW BEDFORD, MASSACHUSETTS

Required Supplementary information

Notes to Schedule of Revenues, Expenditures/Expenses and Changes
in Fund Balance - budget and Actual - Budgetary Basis (Continued)

June 30, 2003

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.

For the year ended June 30, 2003, expenditures exceeded budget in the General Fund as follows:

<u>Category</u>	<u>Excess</u>
Intergovernmental expenditures	\$ 183,723
General government	5,790
Public works, highways and streets	197,667
Education, other	<u>4,049</u>
Total	<u>\$ 391,229</u>

See accompanying independent auditors' report

CITY OF NEW BEDFORD, MASSACHUSETTS

Required Supplementary Information

Contributory Retirement System

Schedule of Funding Progress

December 31, 2002

(UNAUDITED)

<u>Actuarial Valuation Date</u>	<u>Reporting Year</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability (AAL) Individual Entry Age</u>	<u>Unfunded (Overfunded) AAL (UAAL)</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAAL as a Percentage of Covered Payroll</u>
01-01-91	1992	\$ 67,895,696	\$ 177,053,757	\$ 109,158,061	38%	\$ 39,237,399	278%
01-01-94	1993	84,143,582	189,485,031	105,341,449	44%	47,428,221	222%
01-01-94	1994	84,143,582	189,485,031	105,341,449	44%	60,048,850	175%
01-01-94	1995	84,143,582	189,485,031	105,341,449	44%	59,995,153	176%
01-01-94	1996	84,143,582	189,485,031	105,341,449	44%	57,638,616	183%
01-01-98	1997	133,140,386	248,033,340	114,892,954	54%	63,312,483	181%
01-01-98	1998	133,140,386	248,033,340	114,892,954	54%	57,639,014	199%
01-01-98	1999	133,140,386	248,033,340	114,892,954	54%	65,000,000*	177%
01-01-98	2000	133,140,386	248,033,340	114,892,954	54%	68,936,441	167%
01-01-01	2001	157,129,409	305,813,631	148,684,222	51%	75,089,435	198%

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 Plans. 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 analysis of the progress made in accumulating sufficient assets to pay benefits when due. Generally, the smaller this percentage, the stronger the Plans.

Note: Actuarial valuations are only performed every three years. Accordingly, the information presented above is not comparative between years.

*Estimated

See accompanying independent auditors' report

CITY OF NEW BEDFORD, MASSACHUSETTS

Required Supplementary Information

Contributory Retirement System

Schedule of Employer Contributions

December 31, 2002

(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>
1994	\$ 12,368,255	1993	\$ 11,991,216	97%
1995	10,930,599	1994	11,610,801	106%
1996	11,430,599	1995	11,344,309	99%
1997	10,833,227	1996	11,817,662	109%
1998	12,134,738	1997	12,652,023	104%
1999	10,717,334	1998	11,560,776	108%
2000	11,089,000	1999	11,089,000	100%
2001	11,474,000	2000	11,474,000	100%
2002	11,873,000	2001	11,873,000	100%
2003	14,336,000	2002	14,345,564	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.

The amount of the total actuarial accrued liability is based on a standardized measurement. The standardized measurement is the actuarial present value of credited projected benefits. This pension valuation method reflects the present value of estimated pension benefits that will be paid in future years as a result of employee services performed to date and is adjusted for the effects of projected salary increases. The standardized measurement of the actuarial accrued liability is intended to enable users of the financial statements to (a) assess the Plans' funding status on a going-concern basis, (b) assess progress made in accumulating sufficient assets to pay benefits when due, and (c) make comparisons among employers.

See accompanying independent auditors' report

CITY OF NEW BEDFORD, MASSACHUSETTS

Required Supplementary Information Contributory Retirement System Schedule of Employer Contributions (Continued)

December 31, 2002

A variety of significant actuarial assumptions are used to determine the standardized measure of the pension benefit obligation. These assumptions are summarized below:

- The actuarial cost method used to determine liabilities and costs and to project future funding requirements is known as the Individual Entry Age Normal Cost Method. Under this method, the annual normal cost of the system is determined as the total of each member's level percentage of payroll necessary to fund all benefits expected to be paid if such percentage of each member's pay was and will be contributed from entry into the system until retirement, death or termination of employment. The actuarial liability on the valuation date is calculated as the amount which would be on hand if all prior normal costs had been fully funded at that date. The unfunded actuarial liability is the actuarial liability less the assets.
- Actuarial value of assets is market value.
- Mortality is assumed to be in accordance with the Group Annuity Mortality Table for 1983, with ages set back six years for females.
- Ten percent of assumed deaths represent "in line of duty" deaths.
- Investment return on current assets and future contributions is assumed to be at the rate of 8.5% per year, compounded annually. This return includes interest, dividends and realized and unrealized gains.
- Salaries were assumed to increase 5.5% per year for each member, but total salary for all employees was assumed to increase 5% each year.
- Cost-of-living increases have been assumed to be 3% of \$12,000 per year.
- Rates of disablement are assumed to occur in accordance with Social Security experience published in 1972.
- It is assumed that 55% of all disabilities are occupational for Group 1 and 2 members and that 90% of disabilities are occupational for Group 4 members.
- Rates of turnover (termination of employment before becoming eligible for retirement) are in accordance with Table T-5 published in Pension Actuary's Handbook: Crocker, Sarason & Straight, 1955. No turnover was assumed for Group 4.
- Group 1 retirement age is 63 or age at the valuation date, if later than age 63. Group 4 retirement age is 60 or age at the valuation date, if later than age 60.

The most recent actuarial valuation of the Plan was prepared as of January 1, 2001.

No changes in actuarial assumptions or benefit provisions that would significantly affect the valuation of the actuarial accrued liability occurred during 2002.

See accompanying independent auditors' report

CITY OF NEW BEDFORD, MASSACHUSETTS

Supplementary Information

Major Governmental Funds - Wastewater

Combining Balance Sheet

June 30, 2003

	<u>Operating</u>	<u>Projects</u>	<u>Special Service</u>	<u>Debt Unrestricted</u>	<u>Total</u>
ASSETS					
Cash, unrestricted	\$ 3,640,843	\$	\$	\$	\$ 3,640,843
Cash, restricted	6,754,196	668,100	2,706,802	1,072,368	11,201,466
User charges receivable	1,440,285				1,440,285
Due from other funds	<u>367,776</u>	<u>122,579</u>			<u>490,355</u>
Total assets	<u>\$ 12,203,100</u>	<u>\$ 790,679</u>	<u>\$ 2,706,802</u>	<u>\$ 1,072,368</u>	<u>\$ 16,772,949</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Warrants payable	\$ 488,940	\$	\$	\$	\$ 488,940
Accounts payable and accrued expenses	463,076	75,368			538,444
Deferred revenue	1,440,284				1,440,284
Due to other funds	<u>9,571,395</u>	<u>74,357</u>			<u>9,645,752</u>
Total liabilities	<u>11,963,695</u>	<u>149,725</u>			<u>12,113,420</u>
Fund balances:					
Reserved/designated	1,581,958		2,706,802		4,288,760
Unreserved	<u>(1,342,553)</u>	<u>640,954</u>		<u>1,072,368</u>	<u>370,769</u>
Total fund balance	<u>239,405</u>	<u>640,954</u>	<u>2,706,802</u>	<u>1,072,368</u>	<u>4,659,529</u>
Total liabilities and fund balances	<u>\$ 12,203,100</u>	<u>\$ 790,679</u>	<u>\$ 2,706,802</u>	<u>\$ 1,072,368</u>	<u>\$ 16,772,949</u>

CITY OF NEW BEDFORD, MASSACHUSETTS

Supplementary Information

Major Governmental Funds - Wastewater (Continued)

Combining Statement of Revenues and Changes in Fund Balance

For the Year Ended June 30, 2003

	<u>Operating</u>	<u>Special Projects</u>	<u>Debt Service</u>	<u>Unrestricted</u>	<u>Total</u>
Revenues:					
Utility usage charges	\$ 14,132,999	\$	\$	\$	\$ 14,132,999
Intergovernmental revenues			2,863,101		2,863,101
Investment income	317,813			17,986	335,799
Other	<u>380,583</u>				<u>380,583</u>
Total revenues	<u>14,831,395</u>		<u>2,863,101</u>	<u>17,986</u>	<u>17,712,482</u>
Expenditures:					
Salaries	1,388,522				1,388,522
Charges and services	8,067,636				8,067,636
Supplies and materials	289,544				289,544
Capital outlay	24,758	249,933		350,608	605,299
Debt service	913,174		6,888,672		7,801,846
Debt service			<u>12,363</u>		<u>12,363</u>
Total expenditures	<u>10,683,634</u>	<u>249,933</u>	<u>6,901,035</u>	<u>330,608</u>	<u>18,165,210</u>
Excess (deficiency) of revenues over expenditures	4,147,761	(249,933)	(4,037,934)	(312,622)	(452,728)
Other financing sources an (uses)	<u>(4,315,393)</u>	<u>101,761</u>	<u>4,200,000</u>	<u>(1,044,297)</u>	<u>(1,057,929)</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	(167,632)	(148,172)	162,066	(1,356,919)	(1,510,657)
Fund balance - July 1, 2002	<u>407,037</u>	<u>789,126</u>	<u>2,544,736</u>	<u>2,429,287</u>	<u>6,170,186</u>
Fund balance - June 30, 2003	<u>\$ 239,405</u>	<u>\$ 640,954</u>	<u>\$ 2,706,802</u>	<u>\$ 1,072,368</u>	<u>\$ 4,659,529</u>

CITY OF NEW BEDFORD, MASSACHUSETTS

Supplementary Information

Wastewater Reserved Cash Account Activity

June 30, 2003

	<u>Reserve Fund</u>	<u>Reserve Fund</u>	<u>Debt Service Fund</u>	<u>Renewal & Replacement Reserve Fund</u>	<u>Special Projects</u>	<u>Unrestricted Fund</u>	<u>Total</u>
Beginning balance	\$ 3,252,823	\$ 2,298,764	\$ 1,544,736	\$ 1,524,997	\$ 705,280	\$ 2,429,287	\$ 11,755,887
Transfers in	15,615,696	158,089	5,512,684	107,310	386,210	317,986	22,097,975
Transfers out	<u>16,079,096</u>	<u>74,040</u>	<u>4,350,617</u>	<u>50,349</u>	<u>423,389</u>	<u>1,674,905</u>	<u>22,652,396</u>
Ending balance	<u>\$ 2,789,423</u>	<u>\$ 2,382,813</u>	<u>\$ 2,706,803</u>	<u>\$ 1,581,958</u>	<u>\$ 668,101</u>	<u>\$ 1,072,368</u>	<u>\$ 11,201,466</u>

CITY OF NEW BEDFORD, MASSACHUSETTS

Supplementary Information

Non Major Governmental Funds

Special Revenue Funds

Combining Balance Sheet

June 30, 2003

	Highway Improvements	Revolving	Reserve For Appropriation	Donations	Federal/State Grants	School Grants	Community Development	Subtotal
ASSETS								
Cash and investments \$(Federal and state grants	58,394	\$ 2,793,411	\$ 1,294,119	\$ 39,539	\$ 1,031,755	\$(4,876,369)	\$ 1,096,768	\$ 1,320,829
receivable	214,677	1,134,517			747,376	9,843,858	5,904,151	17,844,579
Loans receivable		41,957			91,451	201,497	12,732,424	12,732,424
Receivable, other							18,654	353,559
Land inventory							246,918	246,918
Due from other funds		27,166			35,624		29,563	92,353
Total assets	<u>\$ 156,283</u>	<u>\$ 3,997,051</u>	<u>\$ 1,294,119</u>	<u>\$ 39,539</u>	<u>\$ 1,906,206</u>	<u>\$ 5,168,986</u>	<u>\$ 20,028,478</u>	<u>\$ 32,590,662</u>

LIABILITIES AND FUND BALANCES (DEFICITS)

Liabilities:								
Warrants payable	\$ 62,602	\$ 26,120	\$ 932	\$	\$ 105,148	\$ 585,094	\$ 311,089	\$ 1,090,985
Accounts payable and accrued expenses		5,827		10,673	187,682	389,455	40,547	634,184
Bond payable								
Retainage payable								
Due to other funds	93,681	900,531	59,120	1,514	27,166		21,561	21,561
Due to federal or state gove't							12,182	1,094,194
Deferred revenue					398,151	3,470,429	18,636,576	22,505,156
Other liabilities							124,496	124,496
Total liabilities	<u>156,283</u>	<u>932,478</u>	<u>60,052</u>	<u>12,187</u>	<u>718,147</u>	<u>4,450,500</u>	<u>19,146,451</u>	<u>25,476,098</u>
Fund balances (deficits):								
Restricted								
Unrestricted, undesignated		3,064,573	1,234,067	27,352	1,188,059	718,486	882,027	7,114,564
Total fund balances		<u>3,064,573</u>	<u>1,234,067</u>	<u>27,352</u>	<u>1,188,059</u>	<u>718,486</u>	<u>882,027</u>	<u>7,114,564</u>
Total liabilities and fund balances	<u>\$ 156,283</u>	<u>\$ 3,997,051</u>	<u>\$ 1,294,119</u>	<u>\$ 39,539</u>	<u>\$ 1,906,206</u>	<u>\$ 5,168,986</u>	<u>\$ 20,028,478</u>	<u>\$ 35,590,662</u>

CITY OF NEW BEDFORD, MASSACHUSETTS

Supplementary Information

Non Major Governmental Funds

Capital Project Funds

Combining Balance Sheet (Continued)

June 30, 2003

	<u>CSO</u>	<u>FY94</u>	<u>FY96</u>	<u>FY97</u>	<u>FY99</u>	<u>Police</u>	<u>Zoo</u>
	<u>Relocate</u>	<u>Bond Issue</u>					
ASSETS							
Cash and investment	\$ 614,106	\$	\$ 84	\$ 1,277	\$ 125,524	\$ 10,722	\$ 25,835
Federal and state grants receivable							
Loans receivable							
Receivable, other							
Land inventory							
Due from other funds							
Total assets	<u>\$ 614,106</u>	<u>\$</u>	<u>\$ 84</u>	<u>\$ 1,277</u>	<u>\$ 125,524</u>	<u>\$ 10,722</u>	<u>\$ 25,835</u>
LIABILITIES AND FUND BALANCES (DEFICITS)							
Liabilities:							
Warrants payable	\$ 104,298	\$	\$	\$	\$	\$	\$
Accounts payable and accrued expenses	136						
Bond payable							
Retainage payable	82,289						
Due to other funds	329,044						
Due to federal or state governments							
Deferred revenue							
Other liabilities							
Total liabilities	<u>\$ 515,767</u>						
Fund balances (deficits):							
Restricted							
Unrestricted/undesignated	98,339		84	1,277	125,524	10,722	25,835
Total fund balances	<u>98,339</u>		<u>84</u>	<u>1,277</u>	<u>125,524</u>	<u>10,722</u>	<u>25,835</u>
Total liabilities and fund balances	<u>\$ 614,106</u>	<u>\$</u>	<u>\$ 84</u>	<u>\$ 1,277</u>	<u>\$ 125,524</u>	<u>\$ 10,722</u>	<u>\$ 25,835</u>

CITY OF NEW BEDFORD, MASSACHUSETTS

Supplementary Information

Non Major Governmental Funds
Capital Project Funds

Combining Balance Sheet (Continued)

June 30, 2003

	New Roosevelt Construction	Water Main Bond Issue	Chlorine Disinfectant Station	Normandin MS	Keith MS	Landfill Closure	Land Acquisition	2002 SAC Dredge Grant
ASSETS								
Cash and investments Federal and state grants receivable	\$ 4,366,956	\$ 41,058	\$ 23,881	\$ 1,607,039	\$ (165,010)	\$ (155,513)	\$ (417,210)	111,383
Loans receivable								
Receivable, other								
Land inventory								
Due from other funds								
Total assets	<u>\$ 4,366,956</u>	<u>\$ 41,058</u>	<u>\$ (23,881)</u>	<u>\$ 1,607,039</u>	<u>\$ (165,010)</u>	<u>\$ (155,513)</u>	<u>\$ (417,210)</u>	<u>\$ 305,827</u>
LIABILITIES AND FUND BALANCES (DEFICITS)								
Liabilities:								
Warrants payable	\$	\$	\$	\$	\$	\$	\$	\$
Accounts payable and accrued expenses			36,148			425,601		
Bond payable				30,000,000	1,800,000	400,000	1,150,000	3,000,000
Retainage payable				1,322,591				699
Due to other funds								
Due to federal and state governments								
Deferred revenue								
Other liabilities								
Total liabilities			<u>36,148</u>	<u>31,322,591</u>	<u>1,800,000</u>	<u>825,601</u>	<u>1,150,000</u>	<u>3,000,699</u>
Fund balances (deficits):								
Restricted								
Unrestricted/undesignated	<u>4,366,956</u>	<u>41,058</u>	<u>(60,029)</u>	<u>(29,715,552)</u>	<u>(1,965,010)</u>	<u>(981,114)</u>	<u>(1,150,000)</u>	<u>(3,306,526)</u>
Total fund balances	<u>4,366,956</u>	<u>41,058</u>	<u>(60,029)</u>	<u>(29,715,552)</u>	<u>(1,965,010)</u>	<u>(981,114)</u>	<u>(1,150,000)</u>	<u>(3,306,526)</u>
Total liabilities and fund balances	<u>\$ 4,366,956</u>	<u>\$ 41,058</u>	<u>\$ (23,881)</u>	<u>\$ 1,607,039</u>	<u>\$ (165,010)</u>	<u>\$ (155,513)</u>	<u>\$</u>	<u>\$ (305,827)</u>

CITY OF NEW BEDFORD, MASSACHUSETTS

Supplementary Information

Non Major Governmental Funds

Capital Projects Funds

Combining Balance Sheet (Continued)

June 30, 2003

	River Road Bond	Winslow Elementary	Elizabeth Brooks	Lincoln Elementary	Campbell Elementary	Railroad Depot	Phase 2 Regional- Airspace Study	AIP 27 Taxiway B Construction
ASSETS								
Cash and investments	\$ (438,310)	\$ 357,309	\$ 367,999	\$ 213,026	\$ 133,581	\$ (1,323,589)	\$ 9,920	\$ 3,990
Federal and state grants								136,767
Loans receivable								
Receivable, other								
Land inventory								
Due from other funds								
Total assets	<u>\$ (438,310)</u>	<u>\$ 357,309</u>	<u>\$ 367,999</u>	<u>\$ 213,026</u>	<u>\$ 133,581</u>	<u>\$ (1,323,589)</u>	<u>\$ 9,920</u>	<u>\$ 144,987</u>
LIABILITIES AND FUND BALANCES (DEFICITS)								
Liabilities:								
Warrants payable	\$	\$	\$	\$	\$	\$	\$	\$
Accounts payable and accrued expenses								
Bond payable		1,000,000	1,000,000	1,000,000	1,500,000	489,513		140,997
Retainage payable								
Due to other funds						78,000		
Due to federal and state governments								
Deferred revenue								
Other liabilities								
Total liabilities		<u>1,000,000</u>	<u>1,000,000</u>	<u>1,000,000</u>	<u>1,500,000</u>	<u>567,513</u>		<u>140,997</u>
Fund balances (deficits):								
Restricted	(438,310)	(642,691)	(632,001)	(786,974)	(1,366,419)	(1,891,102)	9,920	3,990
Unrestricted/undesignated	(438,310)	(642,691)	(632,001)	(786,974)	(1,366,419)	(1,891,102)	9,920	3,990
Total fund balances	<u>\$ (438,310)</u>	<u>\$ 357,309</u>	<u>\$ 367,999</u>	<u>\$ 213,026</u>	<u>\$ 133,581</u>	<u>\$ (1,323,589)</u>	<u>\$ 9,920</u>	<u>\$ 144,987</u>
Total liabilities and fund balances								

CITY OF NEW BEDFORD, MASSACHUSETTS

Supplementary Information

Non Major Governmental Funds

Capital Projects Funds

Combining Balance Sheet (Continued)

June 30, 2003

ASSETS	EPA Vulnerability Assem	Landfill Capping	Parking Garage	Wastewater 2D Treatment	Wastewater Treatment	Subtotal
Cash and investments						
Federal and state grants receivable						
Loans receivable	\$(23,000)	\$	\$(818,478)	\$ 52,337	\$	\$ 4,565,772
Receivable, other	23,000		750,045			1,021,195
Land inventory						
Due from other funds						<u>4,230</u>
Total assets	<u>\$</u>	<u>\$</u>	<u>\$(68,433)</u>	<u>\$ 52,337</u>	<u>\$</u>	<u>\$ 5,591,197</u>
LIABILITIES AND FUND BALANCES (DEFICITS)						
Liabilities:						
Warrants payable	\$		\$ 92,017	\$	\$	\$ 196,315
Accounts payable and accrued expenses						
Bond payable			11,041	41,258		1,144,694
Retainage payable			999,930			41,849,930
Due to other funds			267,723			1,672,603
Due to federal and state governments				17		407,760
Deferred revenue						
Other liabilities						
Total liabilities			<u>1,370,711</u>	<u>41,275</u>		<u>45,271,302</u>
Fund balances (deficits):						
Restricted			<u>(1,439,144)</u>	<u>11,062</u>		<u>(39,680,105)</u>
Unrestricted/undesignated			<u>(1,439,144)</u>	<u>11,062</u>		<u>(39,680,105)</u>
Total fund balances			<u>\$(68,433)</u>	<u>\$ 52,337</u>		<u>\$ 5,591,197</u>
Total liabilities and fund balances						

CITY OF NEW BEDFORD, MASSACHUSETTS

Supplementary Information

Non Major Governmental Funds

Permanent Funds

Combining Balance Sheet (Continued)

June 30, 2003

	<u>Nonexpendable Trusts</u>	<u>Expendable Trusts</u>	<u>Subtotal</u>	<u>Total Non Major Governmental Funds</u>
ASSETS				
Cash and investments	\$ 7,623,842	\$ 254,346	\$ 7,878,188	\$ 13,764,789
Federal and state receivable				18,865,774
Loans receivable				12,732,424
Receivable, other				353,559
Land inventory				246,918
Due from other funds	<u>621</u>	<u> </u>	<u>621</u>	<u>97,204</u>
Total assets	<u>\$ 7,624,463</u>	<u>\$ 254,346</u>	<u>\$ 7,878,809</u>	<u>\$ 46,060,668</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Warrants payable	\$	\$	\$	\$ 1,287,300
Accounts payable and accrued expenses	21,921	2,254	24,175	1,803,053
Bond payable				41,849,930
Retainage payable				1,694,164
Due to other funds	99,822	1,895	101,717	1,603,671
Due to federal and state governments				5,522
Deferred revenue				22,505,156
Other liabilities				<u>124,496</u>
Total liabilities	<u>121,743</u>	<u>4,149</u>	<u>125,892</u>	<u>70,873,292</u>
Fund balances:				
Restricted	4,672,885		4,672,885	4,672,885
Unrestricted/undesignated	<u>2,829,835</u>	<u>250,197</u>	<u>3,080,032</u>	<u>(29,485,509)</u>
Total fund balance	<u>7,502,720</u>	<u>250,197</u>	<u>7,752,917</u>	<u>(24,812,624)</u>
Total liabilities and fund balances	<u>\$ 7,624,463</u>	<u>\$ 254,346</u>	<u>\$ 7,878,809</u>	<u>\$ 46,060,668</u>

CITY OF NEW BEDFORD, MASSACHUSETTS

Supplementary Information

Non Major Governmental Funds

Special Revenue Funds

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Year Ended June 30, 2003

	<u>Highway Improvements</u>	<u>Revolving</u>	<u>Reserve For Appropriation</u>	<u>Donations</u>
Revenues:				
Federal and state grants	\$ 405,292	\$ 3,837,267	\$	\$
Investment income		956	8,483	1,071
Other income	<u>7,759</u>	<u>2,283,639</u>	<u>64,720</u>	<u>44,311</u>
Total revenues	413,051	6,121,862	73,203	45,382
Expenditures	<u>413,051</u>	<u>5,689,277</u>	<u>6,834</u>	<u>60,263</u>
Excess (deficiency) of revenue over expenditures		432,585	66,369	(14,881)
Other financing sources (uses):				
Transfers between funds	(7,795)	770,325	(59,120)	
Bond proceeds				
Excess (deficiency) of revenues and other sources over expenditures and other uses	(7,795)	1,202,910	7,249	(14,881)
Fund balance (deficit), July 1, 2002, as restated	<u>7,795</u>	<u>1,861,663</u>	<u>1,226,818</u>	<u>42,233</u>
Fund balance (deficit), June 30, 2003	<u>\$</u>	<u>\$ 3,064,573</u>	<u>\$ 1,234,067</u>	<u>\$ 27,352</u>

CITY OF NEW BEDFORD, MASSACHUSETTS

Supplementary Information

Non Major Governmental Funds

Special Revenue Funds

Combining Statement of Revenues, Expenditures and Changes in Fund Balances (Continued)

Year Ended June 30, 2003

	<u>Federal/State Grants</u>	<u>School Grants</u>	<u>Community Development</u>	<u>Subtotals</u>
Revenues:				
Federal and state grants	\$ 5,347,005	\$ 22,164,088	\$ 5,979,360	\$ 37,733,012
Investment income	1,415		27,611	39,536
Other income	<u>986,180</u>	<u>1,575,280</u>	<u>927,692</u>	<u>5,889,581</u>
Total revenues	6,334,600	23,739,368	6,934,663	43,662,129
Expenditures	<u>5,918,807</u>	<u>23,547,453</u>	<u>6,316,819</u>	<u>41,952,504</u>
Excess (deficiency) of revenue over expenditures	<u>415,793</u>	<u>191,915</u>	<u>617,844</u>	<u>1,709,625</u>
Other financing sources (uses):				
Transfers between funds	116,408			819,818
Bond proceeds				
Excess (deficiency) of revenues and other sources over expenditures and other uses	532,201	191,915	617,844	2,529,443
Fund balance (deficit), July 1, 2002, as restated	<u>655,858</u>	<u>526,571</u>	<u>264,183</u>	<u>4,585,121</u>
Fund balance (deficit), June 30, 2003	<u>\$ 1,188,059</u>	<u>\$ 718,486</u>	<u>\$ 882,027</u>	<u>\$ 7,114,564</u>

CITY OF NEW BEDFORD, MASSACHUSETTS

Supplementary Information

Non Major Governmental Funds

Capital Projects Funds

Combining Statement of Revenues, Expenditures and Changes in Fund Balances (Continued)

For the Year Ended June 30, 2003

	CSO Relocate	FY94 Bond Issue	FY96 Bond Issue	FY97 Bond Issue	FY99 Bond Issue	Police Bond Issue	Zoo Bond Issue
Revenues:							
Federal and state grants	\$ 2,605,390	\$	\$	\$	\$	\$	\$
Investment income							
Other							
Total revenues	2,605,390						
Expenditures	2,629,476				88,573	250,423	
Excess (deficiency) of revenue over expenditures	(24,086)				(88,573)	(250,423)	
Other financing sources (uses):							
Transfers between funds	1,245,807					43,000	
Bond proceeds							
Excess (deficiency) of revenues and other sources over expenditures and other uses	1,221,721				(88,573)	(207,423)	
Fund balances (deficit), July 1, 2002, as restated	(1,123,382)		84	1,277	214,097	218,145	25,835
Fund balances (deficit), June 30, 2003	\$ 98,339	\$	\$ 84	\$ 1,277	\$ 125,524	\$ 10,722	\$ 25,835

CITY OF NEW BEDFORD, MASSACHUSETTS

Supplementary Information

Non Major Governmental Funds

Capital Project Funds

Combining Statement of Revenues, Expenditures and Changes in Fund Balances (Continued)

For the Year Ended June 30, 2003

	New Roosevelt Construction	Water Main Bond Issue	Chlorine Disinfectant Station	Normandin MS	Keith MS	Landfill Closure	Land Acquisition	2002 SAC Dredge Grant
Revenues:								
Federal and state grants	\$	\$	\$	\$	\$	\$	\$	\$ 111,383
Investment income								
Other			<u>37,837</u>					
Total revenues			<u>37,837</u>					<u>111,383</u>
Expenditures	<u>873,308</u>	<u>1,907</u>	<u>783,412</u>	<u>17,618,724</u>	<u>184,269</u>	<u>542,178</u>		<u>2,840,711</u>
Excess (deficiency) of revenue over expenditures	<u>(873,308)</u>	<u>(1,907)</u>	<u>(745,575)</u>	<u>(17,618,724)</u>	<u>(184,269)</u>	<u>(542,178)</u>		<u>(2,729,328)</u>
Other financing sources (uses):								
Transfers between funds								
Bond proceeds			<u>8,526</u>			<u>888</u>		
Excess (deficiency) of revenues and other sources over expenditures and other uses	<u>(873,308)</u>	<u>(1,907)</u>	<u>1,599,841</u>	<u>(17,618,724)</u>	<u>(184,269)</u>	<u>(541,290)</u>		<u>(2,729,328)</u>
Fund balances (deficit), July 1, 2002, as restated	<u>5,240,264</u>	<u>42,965</u>	<u>(1,659,870)</u>	<u>(12,096,828)</u>	<u>(1,780,741)</u>	<u>(439,824)</u>	<u>(1,150,000)</u>	<u>(577,198)</u>
Fund balances (deficit), June 30, 2003	<u>\$ 4,366,956</u>	<u>\$ 41,058</u>	<u>\$ 60,029</u>	<u>\$(29,715,552)</u>	<u>\$(1,965,010)</u>	<u>\$(981,114)</u>	<u>\$(1,150,000)</u>	<u>\$(3,306,526)</u>

CITY OF NEW BEDFORD, MASSACHUSETTS

Supplementary Information

Non Major Governmental Funds

Capital Project Funds

Combining Statement of Revenues, Expenditures and Changes in Fund Balances (Continued)

For the Year Ended June 30, 2003

	River Road Bond	Winslow Elementary	Elizabeth Brooks	Lincoln Elementary	Campbell Elementary	Railroad Depot	Phase 2 Regional- Airspace Study	AIP 27 Taxiway B Construction
Revenues:								
Federal and state grants	\$	\$	\$	\$	\$	\$	\$	\$
Investment income								
Other								
Total revenues								
Expenditures	<u>15,874</u>	<u>642,691</u>	<u>632,001</u>	<u>786,974</u>	<u>1,366,419</u>	<u>1,636,174</u>		<u>136,767</u>
Excess (deficiency) of revenue over expenditures	<u>(15,874)</u>	<u>(642,691)</u>	<u>(632,001)</u>	<u>(786,974)</u>	<u>(1,366,419)</u>	<u>(1,386,174)</u>		<u>(4,230)</u>
Other financing sources (uses):								
Transfers between funds								
Bond proceeds								<u>8,220</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	<u>(15,874)</u>	<u>(642,691)</u>	<u>(632,001)</u>	<u>(786,974)</u>	<u>(1,366,419)</u>	<u>(1,386,174)</u>		<u>3,990</u>
Fund balances (deficit), July 1, 2002, as restated	<u>(422,436)</u>						<u>9,920</u>	
Fund balances (deficit), June 30, 2003	<u><u><u>\$(438,310)</u></u></u>	<u><u><u>\$(642,691)</u></u></u>	<u><u><u>\$(632,001)</u></u></u>	<u><u><u>\$(786,974)</u></u></u>	<u><u><u>\$(1,366,419)</u></u></u>	<u><u><u>\$(1,891,102)</u></u></u>	<u><u><u>\$ 9,920</u></u></u>	<u><u><u>\$ 3,990</u></u></u>

CITY OF NEW BEDFORD, MASSACHUSETTS

Supplementary Information

Non Major Governmental Funds

Capital Project Funds

Combining Statement of Revenues, Expenditures and Changes in Fund Balances (Continued)

For the Year Ended June 30, 2003

	EPA Vulnerability Assesment	Landfill Capping	Parking Garage	Wastewater 2D Treatment	Wastewater Treatment	Subtotal
Revenues:						
Federal and state grants	\$ 23,000	\$	\$ 4,157,518	\$ 376,347	\$	\$ 7,660,405
Investment income			11,432	6,032	2	17,466
Other			<u>760</u>			<u>38,597</u>
Total revenues	23,000		4,169,710	382,379	2	7,716,468
Expenditures	<u>23,000</u>		<u>5,538,982</u>	<u>177,773</u>		<u>36,773,866</u>
Excess (deficiency) of revenues over expenditures			<u>(1,369,272)</u>	<u>204,606</u>	<u>2</u>	<u>(29,057,398)</u>
Other financing sources (uses):						
Transfers between funds		(888)		(259,908)	(565)	1,045,080
Bond proceeds						<u>2,336,890</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses		(888)	(1,369,272)	(55,302)	(563)	(25,675,428)
Fund balance (deficit), June 30, 2002, as restated		<u>888</u>	<u>(69,872)</u>	<u>66,364</u>	<u>563</u>	<u>(14,004,677)</u>
Fund balance (deficit), June 30, 2003	\$	\$	<u>\$ (1,439,144)</u>	<u>\$ 11,062</u>	\$	<u>\$ (39,680,105)</u>

CITY OF NEW BEDFORD, MASSACHUSETTS

Supplementary Information

Non Major Governmental Funds

Permanent Funds

Combining Statement of Revenues, Expenditures and Changes in Fund Balances (Continued)

Year Ended June 30, 2003

	<u>Nonexpendable Trusts</u>	<u>Expendable Trusts</u>	<u>Subtotal</u>	<u>Total Non Major Governmental Funds</u>
Revenues:				
Federal and state grants	\$	\$	\$	\$ 45,393,417
Investment income	378,268	31,746	410,014	467,016
Other	<u>77,240</u>	<u>2,312</u>	<u>79,552</u>	<u>6,007,730</u>
Total revenues	455,508	34,058	489,566	51,868,163
Expenditures	<u>103,720</u>	<u>2,286</u>	<u>106,006</u>	<u>78,832,376</u>
Excess (deficiency) of revenue over expenditures	<u>351,788</u>	<u>31,772</u>	<u>383,560</u>	<u>(26,964,213)</u>
Other financing sources (uses):				
Transfers between funds	(345,473)	(1,895)	(347,368)	1,517,530
Bond proceeds	<u></u>	<u></u>	<u></u>	<u>2,336,890</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	6,315	29,877	36,192	(23,109,793)
Fund balance (deficit), July 1, 2002	<u>7,496,405</u>	<u>220,320</u>	<u>7,716,725</u>	<u>(1,702,831)</u>
Fund balance (deficit), June 30, 2003	<u>\$ 7,502,720</u>	<u>\$ 250,197</u>	<u>\$ 7,752,917</u>	<u>\$(24,812,624)</u>

CITY OF NEW BEDFORD, MASSACHUSETTS

Supplementary Information

Private Purpose Trust funds

Combining Balance Sheet

June 30, 2003

	<u>Elwyn G. Campbell</u>	<u>Taylor School</u>	<u>Total</u>
Assets			
Cash and short-term investments	\$(35)	\$ 247	\$ 212
Investments	<u>8,247</u>	<u>6,915</u>	<u>15,162</u>
Total assets	<u>\$ 8,212</u>	<u>\$ 7,162</u>	<u>\$ 15,374</u>
Liabilities			
Accounts payable	<u>\$</u>	<u>\$ 2,000</u>	<u>\$ 2,000</u>
Total liabilities		<u>2,000</u>	<u>2,000</u>
Net Assets			
Held in trust for pension benefits and other purposes	<u>\$ 8,212</u>	<u>\$ 5,162</u>	<u>\$ 13,374</u>

See accompanying independent auditors' report

CITY OF NEW BEDFORD, MASSACHUSETTS

Supplementary Information

Private Purpose Trust funds

Combining Statement of Changes in Fiduciary Net Assets

June 30, 2003

	<u>Elwyn G. Campbell</u>	<u>Taylor School</u>	<u>Total</u>
Additions:			
Investment income:			
Dividends and interest	\$ 26	\$ 918	\$ 944
Net appreciation in fair value of investments	<u>(206)</u>	<u>(2,895)</u>	<u>(3,101)</u>
Total additions	<u>(180)</u>	<u>(1,977)</u>	<u>(2,157)</u>
Deductions:			
Administration	<u>200</u>	<u>4,314</u>	<u>4,514</u>
Total deductions	<u>200</u>	<u>4,314</u>	<u>4,514</u>
Changes in net assets	<u>(380)</u>	<u>(6,291)</u>	<u>(6,671)</u>
Net assets at beginning of year	<u>8,592</u>	<u>11,453</u>	<u>20,045</u>
Net assets at end of year	<u>\$ 8,212</u>	<u>\$ 5,162</u>	<u>\$ 13,374</u>

See accompanying independent auditors' report

CITY OF NEW BEDFORD, MASSACHUSETTS

Supplementary Information

Special Revenue Funds - Community Development

Combining Balance Sheet

June 30, 2003

	<u>Community Development Block Grant</u>	<u>HOME Program</u>	<u>Housing Seventy Inc.</u>	<u>HAND, Inc.</u>	<u>Total</u>
ASSETS					
Cash	\$ 67,416	\$ 551,207	\$	\$ 478,145	\$ 1,096,768
Federal and state receivables	4,487,701	1,416,450			5,904,151
Loans receivable	1,707,832			11,024,592	12,732,424
Receivable, other	18,654				18,654
Due from other funds				29,563	29,563
Land inventory	_____	_____	246,918	_____	246,918
Total assets	<u>\$ 6,281,603</u>	<u>\$ 1,967,657</u>	<u>\$ 246,918</u>	<u>\$ 11,532,300</u>	<u>\$ 20,028,478</u>
LIABILITIES AND FUND EQUITIES (DEFICITS)					
Liabilities:					
Warrants payable	\$ 293,340	\$ 17,749	\$	\$	\$ 311,089
Accounts payable and accrued expenses	32,165			8,382	40,547
Retainage payable	21,561				21,561
Deferred revenue	6,195,533	1,416,450		11,024,593	18,636,576
Due from other funds		7,974		4,208	12,182
Other liabilities	_____	122,954	_____	1,542	124,496
Total liabilities	<u>6,542,599</u>	<u>1,565,127</u>	_____	<u>11,038,725</u>	<u>19,146,451</u>
Fund Balance:					
Unreserved, undesignated	<u>(260,996)</u>	<u>402,530</u>	<u>246,918</u>	<u>493,575</u>	<u>882,027</u>
Total liabilities and fund balance	<u>\$ 6,281,603</u>	<u>\$ 1,967,657</u>	<u>\$ 246,918</u>	<u>\$ 11,532,300</u>	<u>\$ 20,028,478</u>

CITY OF NEW BEDFORD, MASSACHUSETTS

Supplementary Information

Special Revenue Funds - Community Development

Combining Statement of Revenues, Expenditures and Changes in Fund Balance

Year Ended June 30, 2003

	<u>Community Development Block Grant</u>	<u>HOME Program</u>	<u>Housing Seventy Inc.</u>	<u>HAND, Inc.</u>	<u>Total</u>
Revenues:					
Federal and state grant income	\$ 4,373,946	\$ 1,605,414	\$	\$	\$ 5,979,360
Interest income	5,731	667		21,213	27,611
Other income	<u>28,617</u>	<u>550,850</u>	<u> </u>	<u>348,225</u>	<u>927,692</u>
Total revenue	4,408,294	2,156,931		369,438	6,934,663
Expenditures	<u>4,684,971</u>	<u>1,143,843</u>	<u> </u>	<u>488,005</u>	<u>6,316,819</u>
Excess (deficiency) of revenues over expenditures	<u>(276,677)</u>	<u>1,013,088</u>	<u> </u>	<u>(118,567)</u>	<u>617,844</u>
Other financing sources (uses):					
Transfers between funds	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	<u>(276,677)</u>	1,013,088		<u>(118,567)</u>	617,844
Fund balance (deficit), July 1, 2002, restated	<u>15,681</u>	<u>(610,558)</u>	<u>246,918</u>	<u>612,142</u>	<u>264,183</u>
Fund balance (deficit), June 30, 2003	<u><u>\$(260,996)</u></u>	<u><u>\$ 402,530</u></u>	<u><u>\$ 246,918</u></u>	<u><u>\$ 493,575</u></u>	<u><u>\$ 882,027</u></u>

CITY OF NEW BEDFORD, MASSACHUSETTS

Supplementary Information

Proprietary Funds - Internal Service Funds

Combining Balance Sheet

June 30, 2003

	<u>Group Insurance Claims</u>	<u>Purchasing Department</u>	<u>Totals</u>
ASSETS			
Cash and investments	\$ 5,626	\$ 84,867	\$ 90,493
Other receivable	2,347,816		2,347,816
Insurance premium deposit	3,329,200		3,329,200
Due from other funds	<u>595</u>	<u>315</u>	<u>910</u>
Total assets	<u>\$ 5,683,237</u>	<u>\$ 85,182</u>	<u>\$ 5,768,419</u>
LIABILITIES AND RETAINED EARNINGS (DEFICITS)			
Liabilities:			
Warrants payable	\$ 2,254,699	\$ 59	\$ 2,254,758
Accounts payable and accrued expenses	43,955	15,598	59,553
Claims IBNR	2,340,335		2,340,335
Due to other funds	<u>12,635</u>		<u>12,635</u>
Total liabilities	4,651,624	15,657	4,667,281
Retained earnings	<u>1,031,613</u>	<u>69,525</u>	<u>1,101,138</u>
Total liabilities and retained earnings	<u>\$ 5,683,237</u>	<u>\$ 85,182</u>	<u>\$ 5,768,419</u>

CITY OF NEW BEDFORD, MASSACHUSETTS

Supplementary Information

Proprietary Funds - Internal Service Funds

Combining Statement of Revenues, Expenses and Changes in Retained Earnings

For the Year Ended June 30, 2003

	<u>Group Insurance Claims</u>	<u>Purchasing Department</u>	<u>Totals</u>
Revenues:			
Other miscellaneous revenue	\$	\$ 263,729	\$ 263,729
Other restricted revenue	<u>28,611,550</u>	<u> </u>	<u>28,611,550</u>
Total operating revenue	<u>28,611,550</u>	<u>263,729</u>	<u>28,875,279</u>
Expenses:			
Premiums LHM	28,205,302		28,205,302
Contract services	35,205		35,205
Supplies	<u> </u>	<u>254,839</u>	<u>254,839</u>
Total operating expenses	<u>28,240,507</u>	<u>254,839</u>	<u>28,495,346</u>
Operating income (loss)	371,043	8,890	379,933
Non operating income/expenses:			
Investment income	<u>6,849</u>	<u> </u>	<u>6,849</u>
Net income	377,892	8,890	386,782
Fund balance July 1, 2002, restated	<u>653,721</u>	<u>60,635</u>	<u>714,356</u>
Fund balance June 30, 2003	<u>\$ 1,031,613</u>	<u>\$ 69,525</u>	<u>\$ 1,101,138</u>

CITY OF NEW BEDFORD, MASSACHUSETTS

Supplementary Information

General Fund

Schedule of Property Tax and Motor Vehicle Excise Tax Receivables

Year Ended June 30, 2003

Real Estate:	Beginning Balance 06/30/02	Commitments	Treasurer's Collections	Adjustments	Abatements	Transfer to Tax Title	Refunds & Refund Pay	Ending Balance 06/30/03
2003	\$ 2,505,045	\$ 60,521,169	\$(57,575,555)	\$(14,661)	\$(787,423)	\$	\$ 67,099	\$ 2,210,629
2002	443		(821,221)	1,925	(62,525)	(1,470,718)	219,083	371,589
2001	(30,240)			279	(10,118)	(46,819)	20,266	(35,949)
2000	(1,053)			(327)			17,260	(13,307)
1999	31,111				(23,447)			(24,500)
1998	(2,334)							31,111
1997	(682)						1,116	(1,218)
1996	(16,679)							(682)
1995	(5,266)							(16,679)
1994	(2,469)					(122)		(5,388)
1993	(16,117)							(2,469)
1992	(13,671)							(16,117)
1991	(17,880)							(13,671)
1990	(5,916)							(17,880)
1989	(527)							(5,916)
1988								(527)
Unallocated			(2,897)					(2,897)
Total Real Estate	<u>2,423,765</u>	<u>60,521,169</u>	<u>(58,399,673)</u>	<u>(12,784)</u>	<u>(883,513)</u>	<u>(1,517,659)</u>	<u>324,824</u>	<u>2,456,129</u>
Personal Property:								
2003	135,210	3,714,155	(3,635,793)	(237)	(12,064)			66,061
2002	75,746		(62,455)	(3,119)	(11,217)			58,419
2001	65,648		(18,252)	11	(2,797)			54,708
2000	29,819		(21,546)		(2,538)			41,564
1999	37,289		(10,656)	(9)	(2,595)			16,559
1998	25,470		(7,761)	106	(1,800)			27,834
1997	22,179		(12,589)	324	(1,496)			11,385
1996	18,471		(7,614)	93	(1,446)			13,443
1995	13,056		(7,185)	(1)	(1,438)			9,941
1994	7,660		(10,234)	739	(749)			7,296
1993	7,084		(4,944)	701	(1,567)			7,284
1992	7,084		(5,939)	675	(1,509)			4,096
1991	6,500		(2,554)	207	(963)			4,818
1990			(3,960)	141	(1,030)			2,301
1989			(2,386)		(493)			3,762
Total Personal Property	<u>473,255</u>	<u>3,714,155</u>	<u>(3,813,868)</u>	<u>(369)</u>	<u>(43,702)</u>			<u>329,471</u>
Total Property Taxes	<u>2,897,020</u>	<u>64,235,324</u>	<u>(62,213,541)</u>	<u>(13,153)</u>	<u>(927,215)</u>	<u>(1,517,659)</u>	<u>324,824</u>	<u>2,785,600</u>

CITY OF NEW BEDFORD, MASSACHUSETTS

Supplementary Information

General Fund

Schedule of Property Tax and Motor Vehicle Excise Tax Receivables (Continued)

Year Ended June 30, 2003

	Beginning Balance 06/30/02	Commitments	Treasurer's Collections	Adjustments	Abatements	Transfer to Tax Title	Refunds & Refund Pay	Ending Balance 06/30/03
<u>Motor Vehicle:</u>								
2003		5,069,059	(4,320,011)	(433)	(120,240)		34,110	662,485
2002	607,944	1,044,338	(1,332,373)	1,108	(83,386)		45,058	282,689
2001	216,501	171,445	(260,390)	(151)	(5,514)		2,992	124,883
2000	104,481	60	(34,020)	36	(1,155)		84	69,486
1999	63,932		(10,822)	82	(706)		244	52,730
1998	112,199		(6,158)	(20)	(9)			106,012
1997	50,326	96	(4,164)		(319)			45,939
1996	37,327		(1,488)					35,839
1995	37,729		(1,500)					36,229
1994	39,969		(1,153)					38,816
1993	54,486		(1,288)		(14)			53,184
1992	65,691		(1,193)		(25)			64,473
1991	89,869		(2,186)	20	(14)			87,689
1990	113,537		(2,231)	25	(100)			111,231
1989	150,325		(3,680)	4	(109)			146,540
1988	166,591		(3,214)	(146)	(992)		146	162,385
Total Motor Vehicle	1,910,907	6,284,998	(5,985,871)	525	(212,583)		82,634	2,080,610
Total Property and Motor Vehicle	\$ 4,807,927	\$ 70,520,322	\$ (68,199,412)	\$ (12,628)	\$ (1,139,798)	\$ (1,517,659)	\$ 407,458	\$ 4,866,210

CITY OF NEW BEDFORD, MASSACHUSETTS

Supplementary Information

General Fund

Statement of Revenues, Expenditures and Changes in Fund Balances

Year Ended June 30, 2003

Revenues:

Tax collections net of refunds:

Real estate and personal property taxes	\$ 61,990,149
Motor vehicle excise	6,204,735
Tax liens and foreclosures	1,870,244
Other excise collections	26,238
Penalties and interest	1,105,848
Payments in lieu of taxes	495,669

Charges for services:

Water and sewer	5,656,915
Trash	131,319
Cemeteries	236,575
Parking	853,890
Other	83,130
Departmental	13,159,030
Licenses and permits	1,092,624
Fines and forfeitures	19,829
Special assessments	2,858
Earnings on investments	285,834
Other	366,910

Governmental revenue:

Federal	101,721
State	135,210,148
Other	<u> </u>

Total revenues 228,893,666

CITY OF NEW BEDFORD, MASSACHUSETTS

Supplementary Information

General Fund

Statement of Revenues, Expenditures and Changes in Fund Balances (Continued)

Year Ended June 30, 2003

Expenditures:

General government	7,408,690
Public safety:	
Police	19,041,129
Fire	14,136,389
EMS	1,862,707
Inspector of buildings	2,151,088
Other	368,355
Public works and facilities:	
Water, sewer and sanitation operations	8,825,800
Highways and streets	6,803,672
Education:	
School department	111,508,582
Other	2,422,122
Human services	3,111,358
Culture and recreation	2,302,051
Debt service	8,293,268
Insurance and pension	36,450,345
Other	645,122
Intergovernmental expenditures	<u>1,614,076</u>
Total Expenditures	<u>226,944,754</u>
Excess (deficiency) of revenues over expenditures	<u>1,948,912</u>
Other financing sources and (uses):	
Operating transfers in	2,501,875
Operating transfers out	<u>(2,692,585)</u>
Total other financing sources and (uses)	<u>(190,710)</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	1,758,202
Fund balance (deficit) at beginning of year	<u>14,298,577</u>
Fund balance (deficit) at end of year	<u>\$ 16,056,779</u>

CITY OF NEW BEDFORD, MASSACHUSETTS

Supplementary Information

General Long-Term Debt Account Group

Schedule of Long-Term Debt Maturities

Ten Years Ended June 30

	<u>Outstanding Balance 6/30/03</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Landfill Closure Bonds	\$ 1,565,000	\$ 650,000	\$ 650,000	\$ 265,000	\$	\$
General Public Improvement	3,143,000	763,000	600,000	600,000	590,000	590,000
Water Bond	3,852,000	247,000	260,000	275,000	235,000	250,000
General Public Improvement	3,155,000	260,000	250,000	245,000	245,000	245,000
Sewer Bonds	4,250,000	210,000	220,000	230,000	245,000	260,000
Sewer Bonds	2,980,000	125,000	135,000	140,000	145,000	150,000
General Public Improvement	8,515,000	770,000	770,000	770,000	770,000	770,000
Federal Loan 1996 Series A	15,450,000	1,760,000	1,705,000	1,645,000	1,570,000	1,490,000
Federal Loan 1998 Series A	115,675,000	2,415,000	2,585,000	2,755,000	2,940,000	3,135,000
Federal Loan 2000 Series 6	5,445,473	121,941	124,055	127,267	130,894	135,129
Landfill and Water	3,310,000	185,000	185,000	185,000	185,000	185,000
Middle School, Public Imp	44,050,000	1,655,000	1,725,000	1,795,000	1,870,000	1,955,000
Water Bond	<u>2,336,890</u>	<u>89,090</u>	<u>90,306</u>	<u>91,600</u>	<u>93,858</u>	<u>97,128</u>
	<u>\$ 213,727,363</u>	<u>\$ 9,251,031</u>	<u>\$ 9,299,361</u>	<u>\$ 9,123,867</u>	<u>\$ 9,019,752</u>	<u>\$ 9,262,257</u>

CITY OF NEW BEDFORD, MASSACHUSETTS

Supplementary Information

General Long-Term Debt Account Group

Schedule of Long-Term Debt Maturities (Continued)

Ten Years Ended June 30

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Landfill Closure Bonds	\$	\$	\$	\$	\$
General Public Improvement	590,000	510,000	510,000	510,000	
Water Bond	260,000	280,000	295,000	310,000	
General Public Improvement	245,000	240,000	240,000	240,000	190,000
Sewer Bonds	270,000	285,000	305,000	320,000	340,000
Sewer Bonds	160,000	170,000	175,000	185,000	195,000
General Public Improvement	765,000	390,000	390,000	390,000	390,000
Federal Loan 1996 Series A	1,390,000	1,285,000	1,165,000	1,035,000	1,035,000
Federal Loan 1998 Series A	3,345,000	3,565,000	3,805,000	4,085,000	4,085,000
Federal Loan 2000 Series 6	139,495	144,008	148,850	155,000	160,000
Landfill and Water	185,000	185,000	185,000	185,000	185,000
Middle School, Public Imp	2,035,000	2,125,000	2,220,000	2,315,000	2,420,000
Water Bond	<u>100,512</u>	<u>103,173</u>	<u>105,926</u>	<u>108,896</u>	<u>111,401</u>
	<u>\$ 9,485,007</u>	<u>\$ 9,282,181</u>	<u>\$ 9,544,776</u>	<u>\$ 9,838,896</u>	<u>\$ 9,111,401</u>