

**CITY OF NEW BEDFORD, MASSACHUSETTS**  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
YEAR ENDED JUNE 30, 2004

# CITY OF NEW BEDFORD, MASSACHUSETTS

June 30, 2004

## Table of Contents

	Page
Independent Auditors' Report	1-2
Management's Discussion and Analysis (required supplementary information)	3-12
<b>Basic Financial Statements:</b>	
Government-wide Financial Statement:	
Statement of Net Assets	13
Statement of Activities	14
Fund Financial Statements:	
Balance Sheet - Governmental Funds	15
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental funds	16
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Assets	17
Reconciliation of the Governmental Funds - Statement of Revenues, Expenditures and Changes in Fund Balance to the Statement of Activities	18
Statement of Net Assets - Proprietary Funds	19
Statement of Revenues, Expenses and Changes in Fund Net Assets - Proprietary Funds	20
Statement of Cash Flows - Proprietary Funds	21-22
Statement of Net Assets - Fiduciary Funds and Similar Component Units	23
Statement of Changes in Net Assets - Fiduciary Funds and Similar Component Units	24
Notes to the Financial Statements	25-54
<b>Required Supplementary Information:</b>	
Budgetary Comparison Schedule - General Fund	55-57
Budgetary Comparison Schedule - Wastewater Treatment Plant Special Revenue Fund	58
Notes to the Required Supplementary Information - Explanation of Differences between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures	59-60
Contributory Retirement System:	
Schedule of Funding Progress	61
Schedule of Employee Contributions	62-63

CITY OF NEW BEDFORD, MASSACHUSETTS

June 30, 2004

Table of Contents

	Page
<b>Supplementary Information:</b>	
Major Governmental Funds:	
Combining Wastewater Funds:	
Balance Sheet	64
Statement of Revenues, Expenditures and Changes in Fund Balance	65
Reserved Cash Account Activity	66
Non-major Governmental Funds:	
Combining Balance Sheets:	
Special Revenue	67
Capital Projects	68-72
Permanent Funds	73
Combining Statement of Revenues, Expenditures and Changes in Fund Balance (Deficits):	
Special Revenue	74
Capital Projects	75-80
Permanent Funds	81
Combining Private Purpose Trust Funds:	
Balance Sheet	82
Statement of Revenues, Expenditures and Changes in Fiduciary Net Assets	83
Combining Community Development:	
Balances Sheet	84
Statement of Revenues, Expenditures and Changes in Fund Balance	85
Combining Internal Service Funds:	
Balance Sheet	86
Statement of Revenues, Expenses and Changes in Fund Balance	87
General Fund:	
Schedule of Property Tax and Mother Vehicle Excise Tax Receivables	88-89
Statements of Revenues, Expenditures and Changes in Fund Balance	90-91
Statistical Section (Unaudited):	
Schedule of Long-Term Maturities	92-93

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## 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, 2004, 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, 2004, 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 12, the schedule of revenues, expenditures and changes in fund balances - budgetary basis on pages 55 through 60 and the schedule of funding progress and employers' contributions on pages 61 through 63 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 February 18, 2005 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.

Our audit was performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, Audits of State, Local Governments, and Non-Profit Organizations, and is not required parts of the basic financial statements of the City of New Bedford, Massachusetts. Such information has been subjected to the audit procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Hague, Sabady & Co PC

February 18, 2005

## CITY OF NEW BEDFORD, MASSACHUSETTS

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

Year Ended June 30, 2004

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, 2004. We encourage readers to consider the information presented here in conjunction with additional information found within the body of the audit.

#### **FINANCIAL Highlights:**

- The assets of the City exceeded liabilities at the close of the fiscal year by \$117,419,316 (net assets). Of this amount, \$(5,658,904) (unrestricted net assets) is a deficit balance.
- The City's total net assets increased by \$13,402,944.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$(8,501,842).
- At the end of the current fiscal year, unreserved fund balance for the general fund was \$16,704,195 (7.2 percent) of total general fund expenditures.
- The City's total long term debt decreased by \$7,050,144 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, 2004

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 two 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.
- 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 five 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, the New Bedford Redevelopment Authority 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. 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.

## CITY OF NEW BEDFORD, MASSACHUSETTS

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

Year Ended June 30, 2004

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

The City maintains many governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the general fund, 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, which are not required but are supplementary information.

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 one different type of proprietary fund. *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. The accrual basis of accounting is used for the proprietary funds.

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 which is considered a 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 government-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.

**CITY OF NEW BEDFORD, MASSACHUSETTS**

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

Year Ended June 30, 2004

**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 54 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 and wastewater funds. Budgetary comparison schedules are presented to demonstrate compliance with the budget on pages 55 through 60.

**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 \$117 million as of June 30, 2004 and 113 million as of June 30, 2003.

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, 2004 and June 30, 2003 (Government-wide level)**

	Governmental Activities		Total	
	2004	2003	2004	2003
Current and other assets	\$ 120,236,587	\$ 108,377,741	\$ 120,236,587	\$ 108,377,741
Capital assets	<u>321,897,934</u>	<u>310,077,640</u>	<u>321,897,934</u>	<u>310,077,640</u>
<b>Total Assets</b>	<b><u>\$ 442,134,521</u></b>	<b><u>\$ 418,455,381</u></b>	<b><u>\$ 442,134,521</u></b>	<b><u>\$ 418,455,381</u></b>
Current liabilities	\$ 60,563,161	\$ 56,055,004	\$ 60,563,161	\$ 56,055,044
Long-term liabilities	<u>264,152,044</u>	<u>258,324,005</u>	<u>264,152,044</u>	<u>258,324,005</u>
<b>Total Liabilities</b>	<b><u>\$ 324,715,205</u></b>	<b><u>\$ 315,379,009</u></b>	<b><u>\$ 324,715,205</u></b>	<b><u>\$ 314,379,009</u></b>
<b>Net Assets:</b>				
Investment in capital assets (net of debt)	\$ 111,538,632	\$ 92,157,886	\$ 111,538,632	\$ 92,157,886
Restricted	11,539,508	8,754,139	11,539,508	8,754,139
Unreserved fund balance	<u>( 5,658,904)</u>	<u>3,164,347</u>	<u>( 5,658,904)</u>	<u>3,164,347</u>
<b>Total Net Assets</b>	<b><u>\$ 117,419,316</u></b>	<b><u>\$ 104,076,372</u></b>	<b><u>\$ 117,419,316</u></b>	<b><u>\$ 104,076,372</u></b>

**CITY OF NEW BEDFORD, MASSACHUSETTS**

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

Year Ended June 30, 2004

An additional portion of the City's net assets \$11,539,588 represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets \$(5,658,904) is a deficit and may not 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, 2004 and June 30, 2003 cash and investments consisted of \$55,359,123 and \$42,875,597 respectively.

At the end of fiscal years 2004 and 2003, the City is not able to report positive balances in all three categories of net assets for its governmental activities.

The City's net assets increased during the current fiscal year, due in primarily to change in accruals from one year to the next.

**Governmental activities.** Governmental activities increased the City's net assets by \$13,402,944 for fiscal year ended June 30, 2004. Key elements of this increase are documented on the following page:

**Changes in Net Assets for the period ending June 30, 2004 and June 30, 2003 (Government-wide level)**

	Governmental Activities		Total	
	2004	2003	2004	2003
Revenues:				
Program revenues:				
Charges for service	\$ 39,567,685	\$ 32,829,137	\$ 39,567,685	\$ 32,829,137
Operating grants & contributions	60,750,394	50,584,094	60,750,394	50,584,094
Capital grants & contributions	11,278,056	13,299,793	11,278,056	13,299,793
General revenues:				
Property taxes	65,763,438	61,777,400	65,763,438	61,777,400
Motor vehicle excise	5,981,080	6,134,081	5,981,080	6,134,081
Tax foreclosure & other	2,610,715	2,869,234	2,610,715	2,869,234
Intergovernmental	121,437,635	119,544,578	121,437,635	119,544,578
Earnings on investments	1,317,865	1,376,235	1,317,865	1,376,235
Other	<u>3,362,556</u>	<u>6,215,837</u>	<u>3,362,556</u>	<u>6,215,837</u>
Total revenues	<u>312,069,424</u>	<u>297,630,389</u>	<u>312,069,424</u>	<u>297,630,389</u>

CITY OF NEW BEDFORD, MASSACHUSETTS

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

Year Ended June 30, 2004

	Governmental Activities		Total	
	2004	2003	2004	2003
Expenses:				
General government	17,456,808	9,306,362	17,456,808	9,306,362
Public protection	44,954,467	41,496,661	44,954,467	41,496,661
Public works	29,612,467	26,361,566	29,612,467	26,361,566
Health & human serv	5,065,130	4,975,266	5,065,130	4,975,266
Education	178,965,475	170,598,886	178,965,475	170,598,886
Community and				
Economic Deve	4,741,293	11,379,080	4,741,293	11,379,080
Culture and recreation	4,243,183	5,167,583	4,243,183	5,167,583
State and County chgs	1,513,412	1,614,076	1,513,412	1,614,076
Debt service (interest)	11,566,036	7,691,724	11,566,036	7,691,724
Debt administrative fees	83,833		83,833	
Total expenses	<u>299,431,480</u>	<u>279,469,242</u>	<u>299,431,480</u>	<u>279,469,242</u>
Increase (decrease) in net				
assets before transfers	12,673,944	15,161,147	12,673,944	15,161,147
Transfers	<u>( 765,000)</u>		<u>( 765,000)</u>	
Increase (decrease) in				
net assets	13,402,944	15,161,147	13,402,944	15,161,147
Net assets - beginning	<u>104,016,372</u>	<u>88,915,225</u>	<u>104,016,372</u>	<u>88,915,225</u>
Net assets - ending	<u>\$ 117,419,316</u>	<u>\$ 104,076,372</u>	<u>\$ 117,419,316</u>	<u>\$ 104,076,372</u>

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

The majority of general revenues are tax collections from the City's taxpayers. This amount represented 33% of the total general revenues of \$200 million. The operating grants are also a significant source of revenue for the City. The total operating grants for fiscal year ended June 30, 2004 amounted to \$60,750,394 of which \$40,740,738 were received for education.

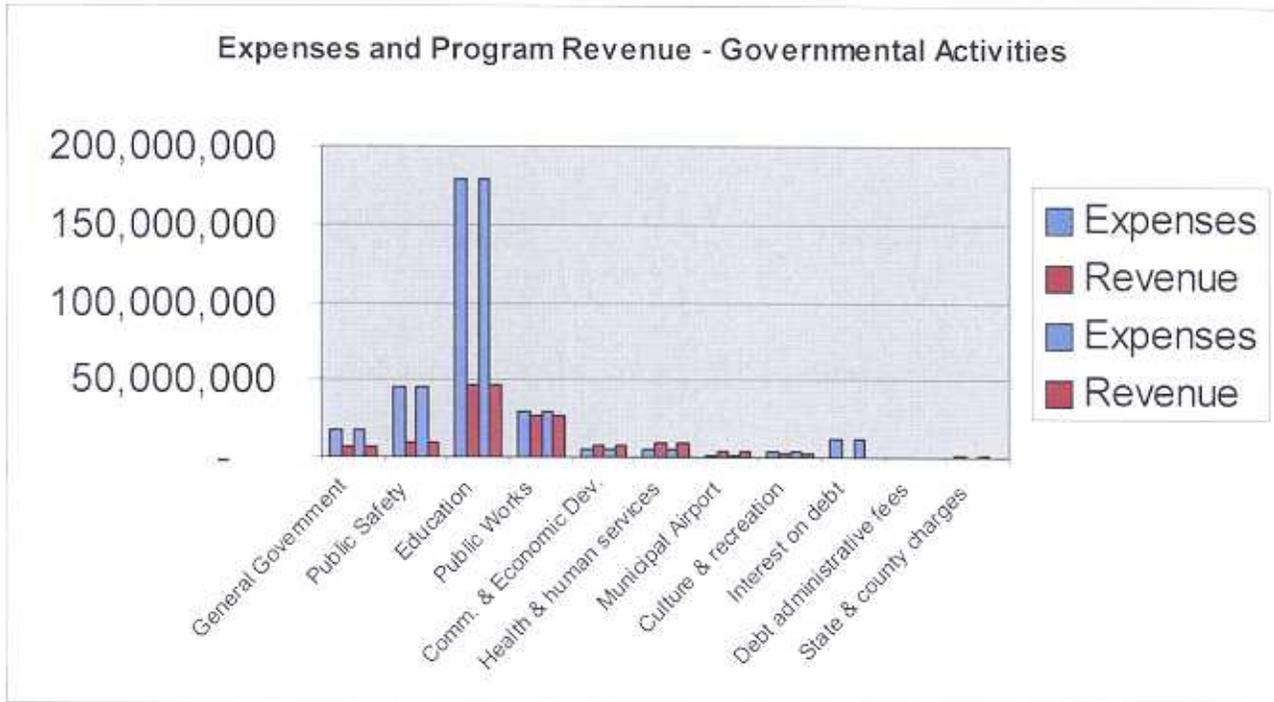
The most significant expense of the City is education which represented 60% of total expenses, followed by public safety at 15%.

CITY OF NEW BEDFORD, MASSACHUSETTS

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

Year Ended June 30, 2004

Expenses and Program Revenues – Governmental Activities

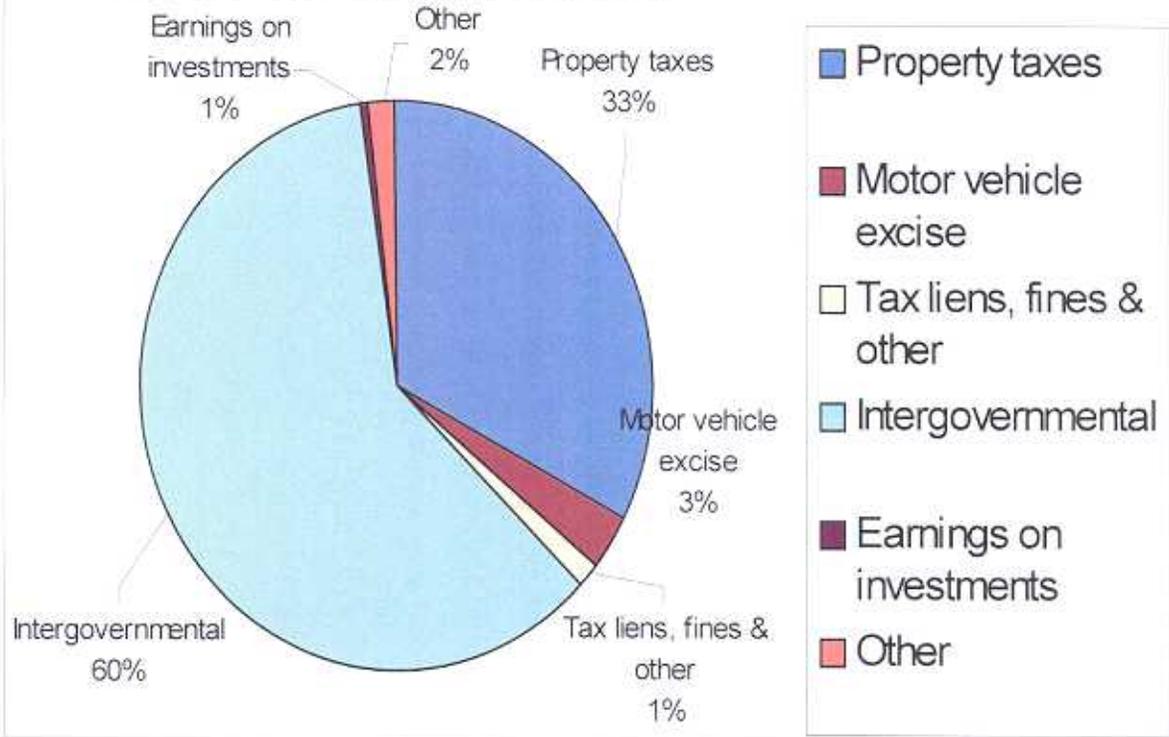


CITY OF NEW BEDFORD, MASSACHUSETTS

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

Year Ended June 30, 2004

### General Revenues by Source - Governmental 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 \$(8,501,842) for fiscal year ended June 30, 2004 and \$(458,121) for fiscal year ended June 30, 2003. This decrease in fiscal year ended June 30, 2004, totaling \$8,043,721, 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 \$16,704,195 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 7% of total general fund expenditures.

## CITY OF NEW BEDFORD, MASSACHUSETTS

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

Year Ended June 30, 2004

The stabilization fund had a fund balance of \$3,194,495 at the end of fiscal year 2004 and a balance of \$4,328,195 at the end of fiscal year 2003. During the year the net transfers out were \$426,268 for fiscal year ended June 30, 2003. The fund had earnings from investments of \$(6,513) and \$274,929 respectively and expenditures of \$10,919 and \$12,101 respectively for fiscal year ended June 30, 2004 and 2003.

**Proprietary funds.** The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. The Internal Service Fund is categorized as a governmental activity because it services primarily governmental-type funds.

#### 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 \$11,781,133, over the original budget.

- Property tax revenue was increased by \$7,611,150
- Intergovernmental (state) revenue was increased by \$1,866,352
- Transfers from other funds were appropriated in the amount of \$1,345,113

##### Expenditures and Other Uses:

Total budgeted appropriations were increased by \$11,781,133 over the original budget

- Included additional appropriation for intergovernmental expenditures in the amount of \$1,574,471
- Included additional appropriation for culture and recreation in the amount of \$1,292,450
- Included additional appropriation for health insurance and pension in the amount of \$4,994,300
- Included various other additional appropriations totaling \$3,919,912

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

- The City's costs for education were \$102,180,873 resulting in a favorable variance of \$2,204,828
- The City's departmental charges for services category recognized as revenue \$610,228 more than what was budgeted.
- The City actually collected \$484,885 more in intergovernmental revenues than was budgeted.

#### 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, 2004 amounted to \$321,897,934 (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 3.8 percent.

**CITY OF NEW BEDFORD, MASSACHUSETTS**

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

Year Ended June 30, 2004

Major capital asset events during the current fiscal year included construction in progress for both the Normandin Middle School, the airport taxiway rehabilitation and the railroad depot project.

**Net of Accumulated Depreciation  
June 30, 2004**

	<b>2004</b>	<b>2003</b>
	<b>Governmental</b>	<b>Governmental</b>
	<b>Activities</b>	<b>Activities</b>
Land	\$ 679,894	\$ 679,894
Construction in progress	59,124,362	83,452,666
Infrastructure in progress	14,080,184	20,650,659
Infrastructure	137,416,001	132,527,937
Buildings and Improvements	98,493,555	59,692,037
Machinery and Equipment	7,803,864	8,761,297
Office Equipment and Furniture	1,875,529	2,391,390
Library Books and Textbooks	1,250,473	1,159,149
Automobiles	1,132,455	718,354
Animals	<u>41,617</u>	<u>44,257</u>
	<u>\$ 321,897,934</u>	<u>\$ 310,077,640</u>

Additional information on the City's capital assets can be found on note 10 on pages 39 through 40 of this report.

**Long-term debt.** The City had total bonded debt outstanding of \$206,677,219 as of June 30, 2004 and \$213,727,367 as of June 30, 2003. 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 \$7,050,148. This resulted because the regular debt payments were timely paid. \$1,761,314 of new debt was issued during the fiscal year ended June 30, 2004 however, in fiscal year ended June 30, 2003.

Additional information on the City's long-term debt can be found in note 10 on pages 46 through 50 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 2004 compared to approximately 60 percent in 1999. Residential vacancy rates continue to decrease. At present, vacant apartments are in scare supply. During fiscal year 2004, single family housing started to increase from prior years. During 2003, 138 family homes were added to the tax rolls with more new homes under construction. Property value increased for the third consecutive year, growing to 4,534,708,400 in fiscal 2003 compared to 2,904,758,800 in fiscal 2001. This trend has continued into fiscal year 2005.

## CITY OF NEW BEDFORD, MASSACHUSETTS

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

Year Ended June 30, 2004

In 2003, there were 15 building sales in the downtown area. The new owners have plans to create over 130 residential units and renovate over 63,000 square feet of commercial space within the next two years.

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.

New Bedford has experienced a substantial increase in business activity. During fiscal year 2003, the City approved 6 Tax Increment Financing projects representing over \$29 million of new investments. In fiscal year 2004, the City approved 6 Tax Increment Financing projects representing over \$8.7 million of new investment in the City, adding 25 new jobs and renovating six abandoned buildings. In fiscal year 2005, 6 projects are proposed committing \$19.9 million of investments and adding 141 new jobs.

There are currently 30 companies and 36 plants in the New Bedford business park, totaling 2.5 million square feet 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, AFC Cable is in construction \$14.0 million expansion, retaining 230 jobs and creating 35 new jobs and Butler Architecture is in construction of a \$1.4 million renovation creating 15 new jobs. Other park companies currently planning plant expansion include: Johnston & Johnson, NATCO, Zapp USA and Ahead.

#### **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, 2004

	Primary Government		Component Units		
	Governmental Activities	Total	Greater New Bedford Regional Refuse Management District	Non Major Component Units	Total Component Units
<b>ASSETS</b>					
Unrestricted cash and investments	\$ 45,991,926	\$ 45,991,926	\$ 1,631,731	\$ 1,100,770	\$ 2,732,501
Restricted cash and investments	9,367,197	9,367,197	10,780,595		10,780,595
Accounts receivable, net of allowance	6,260,896	6,260,896	616,545	66,882	683,427
Taxes receivable, net	20,144,453	20,144,453			
Notes receivable, net	10,995,262	10,995,262			
Health plan contributions receivable, net	3,620,300	3,620,300			
Accrued interest	8,891	8,891			
Due from other funds	7,041,806	7,041,806			
Due from other governments	15,199,385	15,199,385	47,985	1,807,846	1,855,831
Intra-entity receivable	437,231	437,231		313,960	313,960
Receivables from external parties	710,713	710,713		11,152	11,152
Inventories and prepaid expenses	246,918	246,918	31,982	33,124	65,106
Other assets, current	23,198	23,198		1,833	1,833
Other assets, non-current	188,411	188,411	148,567		148,567
Capital assets					
Land	679,894	679,894	3,857,186	1,714,085	5,571,272
Construction in progress	59,124,362	59,124,362		6,844,118	6,844,118
Infrastructure in progress	14,080,184	14,080,184	7,909,651		7,909,651
Infrastructure, net	137,416,001	137,416,001			
Building and improvements, net	98,493,555	98,493,555	172,089	523,619	695,708
Piers and wharfs, net				380,894	380,894
Office equipment and furniture, net	1,875,529	1,875,529	8,292	56,702	64,994
Library books and textbooks, net	1,250,473	1,250,473			
Automobiles, net	1,132,455	1,132,455	743,980	36,816	780,796
Machinery and equipment, net	7,803,864	7,803,864		22,325	22,325
Animals, net	41,617	41,617			
Total capital assets	<u>321,897,934</u>	<u>321,897,934</u>	<u>12,691,198</u>	<u>9,578,560</u>	<u>22,269,758</u>
Total Assets	<u>\$ 442,134,521</u>	<u>\$ 442,134,521</u>	<u>\$ 25,950,603</u>	<u>\$ 12,914,127</u>	<u>\$ 38,864,730</u>
<b>LIABILITIES</b>					
Accounts payable and accrued expenses	\$ 18,388,731	\$ 18,388,731	\$ 145,955	\$ 1,366,241	\$ 1,512,196
Retainage payable	958,985	958,985			
Due to other governments	12,617	12,617	47,985	1,224	49,209
Intra-entity payable	313,960	313,960		437,231	437,231
Due to other funds	7,550,570	7,550,570			
Payable to external parties	78,000	78,000		691,487	691,487
Accrued interest	3,682,083	3,682,083		48,475	48,475
Deposits held			184,394	66,667	251,061
Deferred revenue	13,082,199	13,082,199		490,698	490,698
Other liabilities	572,792	572,792			
Long-term liabilities					
Portion due or payable within one year					
Claims payable	2,541,059	2,541,059			
Bonds and notes payable	9,046,721	9,046,721	545,000	221,769	766,769
Capital leases	464,741	464,741			
Compensated absences	3,870,703	3,870,703		18,924	18,924
Portion due or payable in more than one year					
Accrued closure/post closure costs			5,088,785		5,088,785
Bonds and notes payable	248,310,498	248,310,498	3,399,484	185,356	3,584,840
Compensated absences	15,303,661	15,303,661		166,311	166,311
Capital leases	537,885	537,885			
Total liabilities	<u>\$ 324,715,205</u>	<u>\$ 324,715,205</u>	<u>\$ 9,411,603</u>	<u>\$ 3,694,383</u>	<u>\$ 13,105,986</u>
<b>NET ASSETS</b>					
Invested in capital assets, net of related debt	\$ 111,538,632	\$ 111,538,632	\$ 8,746,714	\$ 9,122,960	\$ 17,869,674
Restricted for					
Debt Service	2,619,484	2,619,484			
Non-expendable bequests	4,677,885	4,677,885			
Other purposes	4,242,219	4,242,219	5,839,142		5,839,142
Unrestricted	<u>( 5,658,904)</u>	<u>( 5,658,904)</u>	<u>1,953,144</u>	<u>96,784</u>	<u>2,049,928</u>
Total net assets	<u>\$ 117,419,316</u>	<u>\$ 117,419,316</u>	<u>\$ 16,539,000</u>	<u>\$ 9,219,744</u>	<u>\$ 25,768,744</u>

The accompanying notes are an integral part of this statement

CITY OF NEW BEDFORD, MASSACHUSETTS  
Statement of Activities  
For the Year Ended June 30, 2004

Expenses	Program Revenues			Primary Government		Net (Expense) Revenue and Changes in Net Assets			
	Fees, Fines, and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Total	Greater New Bedford Regional Refuse Management District	Nonmajor Component Units	Total Component Units	
<b>Activities:</b>									
<b>Governmental:</b>									
General government	\$ 17,456,808	\$ 5,712,041	\$ 346,979	\$ ( 11,397,788)	\$ ( 11,397,788)	\$	\$	\$	
Public safety	44,954,467	4,936,595	4,375,579	( 35,642,293)	( 35,642,293)				
Public works	29,612,467	14,578,915	7,983,339	2,946,352	( 3,703,861)	( 3,703,861)			
Health and human services	5,065,130	8,470,702	409,146		3,814,718			3,814,718	
Education	178,965,475	3,405,343	40,740,738	2,374,563	( 132,444,831)	( 132,444,831)			
Community and economic development	4,741,293	1,055,762	6,604,222	684,897	3,603,588	3,603,588			
Culture and recreation	4,243,183	439,284	290,391	2,126,069	( 1,387,439)	( 1,387,439)			
Municipal Airport	1,229,376	569,043		3,146,175	2,485,842	2,485,842			
State and county charges	1,513,412				( 1,513,412)	( 1,513,412)			
Debt service									
Administrative fees	83,833				( 83,833)	( 83,833)			
Interest and fiscal charges	11,566,036				( 11,566,036)	( 11,566,036)			
Total governmental activities	299,431,480	39,567,685	60,750,394	11,278,056	( 187,835,345)				
Total primary government	299,431,480	39,567,685	60,750,394	11,278,056	( 187,835,345)				
<b>Component Units:</b>									
Greater New Bedford Regional Refuse Management District	4,156,200	5,186,726				1,030,526		1,030,526	
Non-major component units	5,770,170	1,015,863	2,234,303	1,499,735			( 1,020,269)	( 1,020,269)	
Total component units	9,926,370	6,202,589	2,234,303	1,499,735		1,030,526	( 1,020,269)	10,257	
Total City of New Bedford	\$ 309,357,850	\$ 45,770,274	\$ 62,984,697	\$ 12,777,791	( 187,835,345)	( 187,835,345)	1,030,526	( 1,020,269)	10,257
<b>General revenues:</b>									
Real estate and personal property, net of reserve for abatements				65,763,438	65,763,438				
Motor vehicle and other excise taxes				5,981,080	5,981,080				
Distribution - School Aid				99,645,731	99,645,731				
Distribution - Lottery				20,272,783	20,272,783				
Distribution - Additional aid				716,255	716,255				
Distribution - Urban redevelopment				289,910	289,910				
Exemptions - Veteran, blind & surviving spouses				136,958	136,958				
Exemptions - Elderly				375,998	375,998				
State owned land				6,124	6,124				
Tax foreclosures				1,342,291	1,342,291				
Penalties and interest on taxes				1,087,563	1,087,563				
Fines and forfeitures				180,861	180,861				
Earnings on Investments				1,317,865	1,317,865	188,806	11,851	200,657	
Payments in lieu of taxes				404,049	404,049				
Miscellaneous				2,952,383	2,952,383	26,166		26,166	
Special item - gain (loss) on sale of capital assets							188,747	188,747	
Transfers									
Tailings				165,000	165,000				
Overlay reserve				600,000	600,000				
Total general revenue				201,238,289	201,238,289	214,972	200,598	415,570	
Change in net assets				13,402,944	13,402,944	1,245,498	( 819,671)	425,827	
Net assets-beginning, restated				104,016,372	104,016,372	15,293,502	10,039,415	25,332,917	
Net assets-ending				\$ 117,419,316	\$ 117,419,316	\$ 16,539,000	\$ 9,219,744	\$ 25,758,744	

The accompanying notes are an integral part of the statement

**CITY OF NEW BEDFORD, MASSACHUSETTS**

Balance Sheet

Governmental Funds

June 30, 2004

	<u>General Fund</u>	<u>Wastewater Fund</u>	<u>Stabilization</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>					
Cash and investments, unrestricted	\$ 17,440,946	\$ 2,317,012	\$ 3,191,050	\$ 19,233,414	\$ 42,182,422
Cash, restricted		9,367,197			9,367,197
Receivables, net:					
Real estate and personal property taxes	2,468,150				2,468,150
Tax liens and foreclosures	15,310,707				15,310,707
Motor vehicle and other excise	2,365,596				2,365,596
User fees	673,187	1,556,782			2,229,969
Accrued interest				8,891	8,891
Departmental and other	3,871,117	62,952		376,067	4,310,136
Loans receivable				12,573,539	12,573,539
Special assessments	6,330	205,279			211,609
Due from other funds	6,699,606	1,539,749	3,445	213,386	8,456,186
Intra-entity receivables	392,496				392,496
Due from other governments	136,958			15,062,427	15,199,385
Inventories				246,918	246,918
<b>Total assets</b>	<b><u>\$ 48,856,329</u></b>	<b><u>\$ 15,048,971</u></b>	<b><u>\$ 3,194,495</u></b>	<b><u>\$ 47,714,642</u></b>	<b><u>\$ 114,814,437</u></b>
<b>LIABILITIES AND FUND BALANCES (DEFICITS)</b>					
Liabilities:					
Warrants payable	\$ 3,097,022	\$ 815,831	\$	\$ 992,081	\$ 4,904,934
Accounts payable and accrued expenses	5,283,622	99,231		5,607,684	10,990,537
Retainage payable				958,985	958,985
Bonds payable				50,680,000	50,680,000
Due to other funds	129,929	6,392,455		1,177,490	7,699,874
Due to external parties				78,000	78,000
Intra-entity payables				313,960	313,960
Due to other governments				12,617	12,617
Other liabilities	244,050			328,742	572,792
Deferred revenue	19,583,636	1,825,014		25,695,930	47,104,580
<b>Total liabilities</b>	<b><u>28,338,259</u></b>	<b><u>9,132,531</u></b>		<b><u>85,845,489</u></b>	<b><u>123,316,279</u></b>
Fund balances (deficits):					
Reserved for:					
Encumbrances	1,099,132				1,099,132
Debt Service		2,619,484			2,619,484
Non expendable bequests				4,677,885	4,677,885
Other specific purposes	2,714,743	1,527,476			4,242,219
Unreserved	16,704,195	1,769,480	3,194,495		21,668,170
Undesignated, reported in nonmajor:					
Special revenue funds				7,557,373	7,557,373
Capital project funds				( 54,161,052)	( 54,161,052)
Permanent funds				3,794,947	3,794,947
<b>Total fund balances</b>	<b><u>20,518,070</u></b>	<b><u>5,916,440</u></b>	<b><u>3,194,495</u></b>	<b><u>( 38,130,847)</u></b>	<b><u>( 8,501,842)</u></b>
<b>Total liabilities and fund balances</b>	<b><u>\$ 48,856,329</u></b>	<b><u>\$ 15,048,971</u></b>	<b><u>\$ 3,194,495</u></b>	<b><u>\$ 47,714,642</u></b>	<b><u>\$ 114,814,437</u></b>

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, 2004

	General Fund	Wastewater Fund	Stabilization	Nonmajor Governmental Funds	Total Governmental Funds
<b>REVENUE</b>					
Real estate and personal property taxes	\$ 66,118,307	\$	\$	\$	\$ 66,118,307
Motor vehicle and other excise taxes	5,870,684			15,865	5,886,549
Tax foreclosures	1,144,771				1,144,771
Penalties and interest on taxes	1,087,563				1,087,563
Licenses and permits	1,294,457				1,294,457
Fines and forfeitures	176,721			4,140	180,861
Investment income	239,325	5,244	( 6,513)	1,079,549	1,317,605
Intergovernmental	138,024,853	6,938,739		45,411,988	190,375,580
Charges for services	19,746,250	14,384,443		1,645,200	35,775,893
Special assessments	3,983				3,983
Payments in lieu of taxes	404,049				404,049
Miscellaneous	402,416	730,705		4,440,015	5,573,136
Total revenues	<u>234,513,379</u>	<u>22,059,131</u>	<u>( 6,513)</u>	<u>52,596,757</u>	<u>309,162,754</u>
<b>EXPENDITURES</b>					
General government	15,816,567			458,937	16,275,504
Public safety	35,370,334			3,787,869	39,158,203
Education	116,995,459		10,919	39,087,896	156,094,274
Public works	9,792,312	9,111,506		9,718,543	28,622,361
Community and economic development				8,036,797	8,036,797
Health and human services	2,036,575			868,350	2,904,925
Municipal airport	391,853			3,252,684	3,644,537
Culture and recreation	2,551,685			1,174,583	3,726,268
Pension benefits	13,257,370				13,257,370
Health and other insurance	26,708,058				26,708,058
State and county charges	1,513,412				1,513,412
Debt service:					
Administrative fees		226,915			226,915
Principal payments	4,080,683	4,630,775		100,000	8,811,458
Interest and fiscal charges	4,509,196	7,034,534		22,306	11,566,036
Total expenditures	<u>233,023,504</u>	<u>21,003,730</u>	<u>10,919</u>	<u>66,507,965</u>	<u>320,546,118</u>
Excess (deficiency) of revenues over expenditures	<u>1,489,875</u>	<u>1,055,401</u>	<u>( 17,432)</u>	<u>( 13,911,208)</u>	<u>( 11,383,364)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Bond proceeds				1,751,289	1,751,289
Transfer from tailings	165,000				165,000
Transfer from overlay reserve	600,000				600,000
Transfers in	755,681	4,445,068		311,501	5,512,250
Transfers out	<u>( 132,240)</u>	<u>( 4,445,068)</u>	<u>( 426,268)</u>	<u>( 508,674)</u>	<u>( 5,512,250)</u>
Total other financing sources and uses	<u>1,388,441</u>		<u>( 426,268)</u>	<u>1,554,116</u>	<u>2,516,289</u>
Net change in fund balances	2,873,316	1,055,401	( 443,700)	( 12,357,092)	( 8,867,075)
Fund balances-beginning, restated	<u>17,639,754</u>	<u>4,861,039</u>	<u>3,638,195</u>	<u>( 25,773,755)</u>	<u>365,233</u>
Fund balances-ending	<u>\$ 20,518,070</u>	<u>\$ 5,916,440</u>	<u>\$ 3,194,495</u>	<u>\$( 38,130,847)</u>	<u>\$( 8,501,842)</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, 2004

Total governmental fund balances	\$( 8,501,842)
Record allowance for doubtful accounts that are financial resources, for the governmental funds.	( 1,857,486)
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	321,897,934
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	34,022,381
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.	2,394,621
In the statement of activities, interest is accrued on outstanding long-term debt, whereas in governmental funds interest is not reported until due.	( 3,682,083)
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	( 206,677,219)
Compensated absences	( 19,174,364)
Capital leases	<u>( 1,002,626)</u>
Net assets of governmental activities	<u>\$ 117,419,316</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, 2004

Net change in fund balances - total governmental funds	\$( 8,867,075)
To record allowance for doubtful accounts that are resources for governmental funds	( 67,843)
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.	11,820,294
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.	2,831,783
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.	6,777,506
In the statement of activities, interest is accrued on outstanding long-term debt, whereas in governmental funds interest is not reported until due.	153,107
Some expenses reported in the Statement of Activities, such as compensated absences, do not require current financial resources and, therefore, are not reported as expenditures in the governmental funds.	612,442
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>142,730</u>
Change in net assets of governmental activities	<u>\$ 13,402,944</u>

The accompanying notes are an integral part of this statement

**CITY OF NEW BEDFORD, MASSACHUSETTS**

Statement of Net Assets

Proprietary Funds

June 30, 2004

	<u>Governmental Activities - Internal Service Funds</u>	
<b>ASSETS</b>		
Current assets:		
Cash and short-term investments	\$	3,809,504
Due from other funds		877
Deposits with others		<u>3,620,300</u>
Total current assets		<u>7,430,681</u>
Total assets	\$	<u><u>7,430,681</u></u>
<b>LIABILITIES</b>		
Current liabilities:		
Warrants payable	\$	2,492,918
Accounts payable		342
Due to other funds		1,741
Claims incurred but not reported		<u>2,541,059</u>
Total current liabilities		<u>5,036,060</u>
Total liabilities	\$	<u>5,036,060</u>
<b>NET ASSETS</b>		
Unrestricted	\$	<u>2,394,621</u>
Total net assets	\$	<u><u>2,394,621</u></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, 2004

	<u>Governmental Activities - Internal Service Funds</u>
<b>OPERATING REVENUES</b>	
Interfund services provided	\$ 30,990,929
Miscellaneous	<u>338,668</u>
Total operating revenues	<u>31,329,597</u>
<b>OPERATING EXPENSES</b>	
Salaries and benefits	28,895
Services and supplies	291,648
Health and other insurance	<u>30,866,584</u>
Total operating expenses	<u>31,187,127</u>
Operating income (loss)	<u>142,470</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>	
Investment earnings	<u>260</u>
Total nonoperating revenue (expenses)	<u>260</u>
Income (loss) before transfers	<u>142,730</u>
<b>TRANSFERS</b>	
Transfers In	<u>                    </u>
Total Transfers	<u>                    </u>
Change in net assets	142,730
Total net assets-beginning, restated	<u>2,251,891</u>
Total net assets-ending	<u>\$ 2,394,621</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, 2004

	<b>Governmental Activities - Internal Service Funds</b>
<b>Cash flows from operating activities:</b>	
Cash received from employee and employer contributions and governmental units	\$ 33,677,413
Payments to suppliers and employees	( 297,854)
Payments to participants and employees	<u>( 30,800,699)</u>
Net cash provided (used) by operating activities	<u>2,578,860</u>
<b>Cash flows from noncapital financing activities:</b>	
Transfers in (out)	<u>( 10,862)</u>
Net cash provided by noncapital financing activities	<u>( 10,862)</u>
<b>Cash flows from investing activities:</b>	
Interest and dividends	<u>260</u>
Net cash used by investing activities	<u>260</u>
Net increase in cash and cash equivalents	2,568,258
Balances-beginning of the year	<u>1,241,246</u>
Balances-end of the year	<u>\$ 3,809,504</u>
Displayed as:	
Cash and short-term investments	<u>\$ 3,809,504</u>
	<u>\$ 3,809,504</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, 2004

**Governmental Activities -  
Internal Service Funds**

Reconciliation of operating income (loss) to net  
cash provided (used) by operating activities:

Operating income (loss) \$ 142,470

Adjustments to reconcile operating income to net  
cash provided (used) by operating activities:

Depreciation  
Change in assets and liabilities:  
(Increase) decrease receivables, net 2,347,816  
(Increase) decrease prepaid expenses ( 291,100)  
Increase (decrease) warrants payable 238,160  
Increase (decrease) accounts payable  
and accrued expenses ( 59,211)  
Increase (decrease) incurred but not reported 200,725

Net cash provided (used) by operating activities \$ 2,578,860

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, 2004

	<u>Pension Trust Fund (As of December 31, 2003)</u>	<u>Private Purpose Trust Funds</u>	<u>Agency</u>	<u>Total</u>
<b>Assets</b>				
Cash and short-term investments	\$ 4,470,737	\$ 4,993	\$ 2,344,107	\$ 6,819,837
Investments	163,537,622	10,103		163,547,725
Receivables, net of allowance or uncollectibles:				
Employee	187,902			187,902
Interest and dividends	822,382			822,382
Other	1,439,588		34,943	1,474,531
Due from external parties - component unit			691,487	691,487
Due from external parties - primary government			78,000	78,000
Due from other governments	<u>749,737</u>			<u>749,737</u>
Total assets	<u>\$ 171,207,968</u>	<u>\$ 15,096</u>	<u>\$ 3,148,537</u>	<u>\$ 174,371,601</u>
<b>Liabilities</b>				
Warrants payable	\$ 3,450,801	\$ 2,210	\$ 226,469	\$ 226,469
Accounts payable			31,667	3,484,678
Payable to external parties - component unit			11,152	11,152
Payable to external parties - primary government			201,950	201,950
Deposits held	<u>223,486</u>		<u>2,677,299</u>	<u>2,900,785</u>
Total liabilities	<u>3,674,287</u>	<u>2,210</u>	<u>3,148,537</u>	<u>6,825,034</u>
<b>Net Assets</b>				
Held in trust for pension benefits and other purposes	<u>\$ 167,533,681</u>	<u>\$ 12,886</u>	<u>\$</u>	<u>\$ 167,546,567</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, 2004

	<u>Pension Trust Fund (As of December 31, 2003)</u>	<u>Private Purpose Trust Funds</u>	<u>Total</u>
<b>Additions:</b>			
Contributions:			
Employer	\$ 14,572,226	\$	\$ 14,572,226
Employee	<u>6,866,519</u>	<u>                    </u>	<u>6,866,519</u>
Total contributions	<u>21,438,745</u>	<u>                    </u>	<u>21,438,745</u>
Net investment income:			
Dividends and interest	4,996,279	1,261	4,997,540
Net appreciation in fair value of investments	<u>27,680,433</u>	<u>742</u>	<u>27,681,175</u>
Total investment income	32,676,712	2,003	32,678,715
Less investment expense	<u>1,020,292</u>	<u>                    </u>	<u>1,020,292</u>
Net investment income	31,656,420	2,003	31,658,423
Intergovernmental	<u>1,413,942</u>	<u>                    </u>	<u>1,413,942</u>
Total Additions	<u>54,509,107</u>	<u>2,003</u>	<u>54,511,110</u>
<b>Deductions:</b>			
Retirement benefits	25,005,508		25,005,508
Administration	314,749	2,492	317,241
Library			
Transfers, reimbursements and refunds	<u>2,473,149</u>	<u>                    </u>	<u>2,473,149</u>
Total Deductions	<u>27,793,406</u>	<u>2,492</u>	<u>27,795,898</u>
Change in Net Assets	26,715,701	( 489)	26,715,212
Net Assets at Beginning of Year	<u>140,817,980</u>	<u>13,375</u>	<u>140,831,355</u>
Net Assets at End of Year	<u>\$ 167,533,681</u>	<u>\$ 12,886</u>	<u>\$ 167,546,567</u>

The accompanying notes are an integral part of this statement

## CITY OF NEW BEDFORD, MASSACHUSETTS

### Notes to Financial Statements

June 30, 2004

#### **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, the Redevelopment Authority 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. The Redevelopment Authority is reported on the government-wide financial statements as a non-major component unit. 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. The Retirement System is reported on the Fiduciary Fund financial statements.

## CITY OF NEW BEDFORD, MASSACHUSETTS

### Notes to Financial Statements (Continued)

June 30, 2004

#### 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 does not have any business-type activities.

In the government-wide Statement of Net Assets, the governmental column is presented on a consolidated basis by column, and are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The City's net 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 (police, fire, public works, etc.). The functions are also supported by general government revenues (property, sales and use taxes, certain intergovernmental revenues, fines, permits and charges, etc.) The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with function (police, public works, community and economic development, etc.). Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants.

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

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

The government-wide focus is more on the sustainability of the City as an entity and the change in the City's net 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, 2004

**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. **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, 2004

#### NOTE 1: Summary of Significant Accounting Policies (Continued)

##### C. Basic Financial Statements – Fund Financial Statements (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. GASB No. 34 sets forth minimum criteria (percentage of assets, liabilities, revenues or expenditures/expenses of either fund category of the governmental and enterprise combined) for the determination of major funds.

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

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

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

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

###### 1. *Accrual*

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

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

###### 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, 2004

**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 liened 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 inventorable items as recorded is an expenditure at the time of purchase (purchase method). No significant inventory balances were on hand at June 30, 2004.

**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 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 2004. 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, 2004

**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, 2005.

**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 fund financial statements. A liability for these amounts is reported in the governmental funds only if it has matured.

**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, 2004

**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, 2004

#### 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. As required by GASB No. 33 when recording 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, 2004

#### 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 2004 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.

**CITY OF NEW BEDFORD, MASSACHUSETTS**

Notes to Financial Statements (Continued)

June 30, 2004

**NOTE 2: Compliance and Accountability (Continued)**

**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 Sources</u>	<u>Other Financing Uses</u>
<b><u>Major Governmental Funds</u></b>				
General Fund	\$ 6,583,338	\$ 129,929	\$ 755,681	\$ 132,240
Wastewater Funds	1,539,749	6,392,455	4,445,068	4,445,068
Stabilization Funds	3,445			426,268
<b><u>Non-Major Governmental Funds</u></b>				
Capital Projects	77,093	1,143,620	83,720	32,778
Community Development Funds	5,900	11,941		
Special Revenue Funds	130,393	312,390	226,579	225,896
Permanent Funds		101,499	1,202	250,000
<b><u>Proprietary Funds</u></b>				
Internal Service Funds	877	1,741		
<b><u>Fiduciary Funds</u></b>				
Agency	769,487	213,101		
<b><u>Component Units</u></b>				
Harbor Development Commission	325,112	761,222		
Redevelopment Authority	<u>                    </u>	<u>367,496</u>	<u>                    </u>	<u>                    </u>
Totals	<u>\$ 9,435,394</u>	<u>\$ 9,435,394</u>	<u>\$ 5,512,250</u>	<u>\$ 5,512,250</u>

**CITY OF NEW BEDFORD, MASSACHUSETTS**

Notes to Financial Statements (Continued)

June 30, 2004

**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.

	Governmental Funds			
	General Fund	Wastewater	Special Revenue	Trust Fund
Reserved:				
Encumbrances	\$ 1,099,132	\$	\$	\$
Nonexpendable bequests				4,677,885
Petty cash	1,250			
Renewal and replacement		1,527,476		
Debt service	<u>                    </u>	<u>2,619,484</u>	<u>                    </u>	<u>                    </u>
	<u>1,100,382</u>	<u>4,146,960</u>	<u>                    </u>	<u>4,677,885</u>
Designated:				
Overlay deficit	600,000			
Designated for appropriation deficits	<u>2,113,493</u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
	<u>2,713,493</u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
	<u>\$ 3,813,875</u>	<u>\$ 4,146,960</u>	<u>\$</u>	<u>\$ 4,677,885</u>

## CITY OF NEW BEDFORD, MASSACHUSETTS

### Notes to Financial Statements (Continued)

June 30, 2004

#### 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 \$45,197,956 and the bank balance was \$56,746,937. Of the bank balance \$25,331,762 was covered by Federal Depository or Depositors Insurance Funds 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 \$31,415,175 was uninsured or collateralized with securities held by the pledging financial institutions trust department or agent but not in the City's name.

The Contributory Retirement System's carrying amount of deposits was \$4,470,737 and the bank balance was \$5,587,590. Of that bank balance \$4,316,608 was covered by Federal Depository or collateral held by the System or its agent in the System's name. \$190,820 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 \$1,080,162 was uninsured or uncollateralized.

The Harbor Development Commission's carrying amount of deposits was \$774,323 and the bank balance was \$790,307. Of that bank balance \$609,306 was covered by Federal Depository or Depositors Insurance Funds or collateral held by the Commission or its agent in the System's name. The remaining balance of \$181,001 was uninsured or uncollateralized. The total carrying value does not include cash on hand of \$700.

The New Directions Fund's carrying amount of deposits was \$166,050 and the bank balance was \$131,042. Of that bank balance \$100,000 was covered by Federal Depository or collateral held by the Fund's or its agent in the System's name. The remaining balance of \$31,042 was uninsured or uncollateralized. The total carrying value does not include petty cash of \$292.

The Greater New Bedford Regional Refuse Management District's carrying amount of deposits was \$3,577,603 and the bank balance was \$3,883,590. Of that bank balance \$559,250 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. \$3,324,340 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 \$0 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 \$159,205 and the bank balance was \$161,892. Of that bank balance \$161,892 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 \$200.

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, 2004

**NOTE 3: Deposits and Investments (Continued)**

Primary Government:

	<u>Category</u>		
	<u>1</u>	<u>2</u>	<u>3</u>
Government securities	\$	\$ 1,776,586	\$
Stocks		6,373,563	
Bonds		538,840	
Fixed income securities		3,782,067	
Money market		424	
Certificate of deposit		48,890	
	<u>\$</u>	<u>\$ 12,520,370</u>	<u>\$</u>

Component Units (Fiduciary Fund):  
Contributory Retirement System

	<u>Category</u>		
	<u>1</u>	<u>2</u>	<u>3</u>
Stocks	\$	\$ 19,621,728	\$
Bonds		70,398,118	
Fixed income securities		52,140,311	
Real estate		8,283,835	
Mutual funds		11,656,777	
Other		1,436,853	
	<u>\$</u>	<u>\$ 163,537,622</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	\$	\$ 2,332,867	\$
Bonds		4,122,326	
Certificate of Deposit		2,379,330	
	<u>\$</u>	<u>\$ 8,834,523</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, 2004

**NOTE 5: Capital Assets and Depreciation**

Capital asset activity for the year ended June 30, 2004 was as follows:

	<u>Beginning Balance(*)</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b><u>Governmental Activities:</u></b>				
Not Being Depreciated:				
Land	\$ 679,894	\$	\$	\$ 679,894
Construction in progress	83,452,666	17,542,143	( 41,870,447)	59,124,362
Infrastructure in progress	<u>20,650,659</u>	<u>1,606,705</u>	<u>( 8,177,180)</u>	<u>14,080,184</u>
Subtotal	<u>104,783,219</u>	<u>19,148,848</u>	<u>( 50,047,627)</u>	<u>73,884,440</u>
Other Capital Assets:				
Infrastructure	167,466,457	8,405,503		175,871,960
Buildings and improvements	115,571,826	41,951,994		157,523,820
Machinery and equipment	30,741,533	2,183,548		32,925,081
Animals	52,623	627		53,250
Office equipment and furniture	10,843,318	1,052,133		11,895,451
Library books and textbooks	5,382,836	679,273		6,062,109
Automobiles	<u>4,737,219</u>	<u>964,634</u>		<u>5,701,853</u>
Subtotal	<u>334,795,812</u>	<u>55,237,712</u>		<u>390,033,524</u>
Accumulated Depreciation:				
Infrastructure	34,938,520	3,517,439		38,455,959
Buildings and improvements	55,879,789	3,150,476		59,030,265
Machinery and equipment	21,980,236	3,140,981		25,121,217
Animals	8,366	3,267		11,633
Office equipment and furniture	8,451,928	1,567,994		10,019,922
Library books and textbooks	4,223,687	587,949		4,811,636
Automobiles	<u>4,018,865</u>	<u>550,533</u>		<u>4,569,398</u>
Subtotal	<u>129,501,391</u>	<u>12,518,639</u>		<u>142,020,030</u>
Net other capital assets	<u>205,294,421</u>	<u>42,719,073</u>		<u>248,013,494</u>
Net capital assets	<u>\$ 310,077,640</u>	<u>\$ 61,867,921</u>	<u>\$(50,047,627)</u>	<u>\$ 321,897,934</u>

(\*) The beginning balance has been restated. Refer to the restatement note for an explanation.

CITY OF NEW BEDFORD, MASSACHUSETTS

Notes to Financial Statements (Continued)

June 30, 2004

**NOTE 5: Capital Assets and Depreciation (Continued)**

Depreciation was charged to functions as follows:

Governmental activities:

General Government	\$ 165,337
Public Safety	1,243,184
Public Works	3,565,760
Health and Human Services	899,050
Education	6,021,358
Community and Economic Development	4,763
Culture and Recreation	<u>619,187</u>
Total Governmental Activities Depreciation Expense	<u>\$ 12,518,639</u>

## CITY OF NEW BEDFORD, MASSACHUSETTS

### Notes to Financial Statements (Continued)

June 30, 2004

#### **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, 2004

**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, 2004, was \$14,572,226.

As of December 31, 2003, employee membership data related to the pension plan was as follows:

	<u>Group 1</u>	<u>Group 2 &amp; 4</u>	<u>Total</u>
Active members	1,796	471	2,267
Inactive members	287	19	306
Retired members	<u>1,162</u>	<u>565</u>	<u>1,727</u>
	<u>3,245</u>	<u>1,055</u>	<u>4,300</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, 2004

**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 from 1984 through June 30, 1996 the contribution rate is 8%. For employees hired after July 1, 1996 the contribution rate is 9%. For all employees hired on or after January 1, 1979 there is an additional contribution of 2% of salary in excess of \$30,000. In addition, the City must provide annual contributions sufficient to satisfy the actuarially determined contribution requirements as mandated by state statutes. Administrative costs of the Retirement System are financed through investment earnings.

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, 2004. The standardized measure of the unfunded actuarial accrued liability as of January 1, 2004, is as follows:

Actuarial accrued liability:

	<u>January 1, 2004</u> <u>(unaudited)</u>
Active members	\$ 166,990,739
Inactive members	1,843,957
Retirees and beneficiaries currently receiving benefits	212,115,760
Cost of living adjustment	<hr/>
Total actuarial accrued liability	380,950,456
Net assets available for benefits, at market	<hr/> <u>175,663,857</u>
Unfunded actuarial accrued liability	<u>\$ 205,286,599</u>

**CITY OF NEW BEDFORD, MASSACHUSETTS**

Notes to Financial Statements (Continued)

June 30, 2004

**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 2003 amounted to \$21,011,955 of which \$14,569,050 and \$6,442,905 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 2004 the contribution amount of \$14,819,118 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 18% and 8% respectively, of covered payroll for the year.

The covered payroll for the Contributory Retirement System for the year ending December 31, 2003 was approximately \$82,981,340. The City's total payroll for all employees was approximately \$153,404,272 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 Massachusetts Retirement Board contributed \$12,843,518 for benefits "on-behalf" of the school department. The amount was recorded as revenue and as an expenditures in the general fund in accordance with GASB-24.

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>2003</u>	<u>2002</u>	<u>2001</u>
Net assets available for benefits as a percentage of the actuarial accrued liability applicable to the City's employees	51.4%	51.4%	51.4%
Unfunded actuarial accrued liability as a percentage of the City's annual covered payroll	179.2%	204.1%	198.0%
City's contribution to the pension plan as a percentage of annual covered payroll	17.6%	19.1%	26.5%

## CITY OF NEW BEDFORD, MASSACHUSETTS

### Notes to Financial Statements (Continued)

June 30, 2004

#### **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, 2004, 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, 2004.

The Keith Middle School's land site had to be developed to satisfy the Environmental Protection Agency. In fiscal year 2003 the City of New Bedford incurred \$184,269 in environmental expenditures and in fiscal year 2004 the City incurred an additional \$1,440,346. In fiscal year 2005 the City of New Bedford is expected to spend approximately \$6,462,397 for the remainder of the costs.

#### **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 basic financial statements.

## CITY OF NEW BEDFORD, MASSACHUSETTS

### Notes to Financial Statements (Continued)

June 30, 2004

#### 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, 2004

**NOTE 9: Contingencies (Continued)**

**Schamonchi Parking**

On June 5, 2003, an agreement was made between the City of New Bedford, "LICENSOR" and Woods Hole Martha's Vineyard and Nantucket Steamship Authority "LICENSEE".

The City of New Bedford licensed to the LICENSEE a parcel of land on East Rodney French Boulevard in New Bedford, owned by the LICENSOR containing 119,572 square feet. The City of New Bedford licensed the premises for the term of six months beginning May 1, 2003 and ending October 31, 2003.

The leased premises are used for purposes of off-street parking. The primary function of the parking lot is to provide parking for passengers using the Schamonchi ferry service between New Bedford and Martha's Vineyard.

Rent for the premises is \$50,000 due on June 1, 2003 plus twenty-five percent of any amounts above the LICENSEE's direct or allocable parking costs (which costs include LICENSEE's rent payment of \$50,000, but does not include such items as LICENSEE's general overhead) to operate its New Bedford parking lots during the term of this License Agreement. This payment is due by November 30, 2003.

**NOTE 10: Lease Revenues**

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

The land was leased for the operation of an 18 hole public golf course. As stated in the lease agreement, the Whaling City Golf course is required to submit to the City of New Bedford, a certified annual audit of the financial records. An audit was not performed during 2004, however, the Golf course anticipates submitting a complete set of audited financial statements to the City for 2005.

**NOTE 11: Joint Venture**

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

CITY OF NEW BEDFORD, MASSACHUSETTS

Notes to Financial Statements (Continued)

June 30, 2004

**NOTE 12: 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 \$8,600,000 Bond Anticipation Note, dated June 30, 2004, maturing February 25, 2005. This note was issued to construct the Keith Middle School.

The City issued a \$7,500,000 Bond Anticipation Note, dated September 26, 2003, maturing June 25, 2004. 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
\$ 3,000,000	Dredging		

The City issued a \$27,950,000 Bond Anticipation Note, dated February 19, 2004, maturing February 25, 2005. This note was issued for the following:

\$ 25,000,000	Normandin Middle School	\$ 1,800,000	Keith Middle School
\$ 1,150,000	Land Acquisition		

The City issued a \$14,130,000 Bond Anticipation Note, dated June 25, 2004, maturing February 25, 2005. This note was issued for the following:

\$ 3,000,000	Dredging	\$ 1,500,000	Campbell School
\$ 1,000,000	Lincoln School	\$ 1,000,000	Brooks School
\$ 1,000,000	Winslow School	\$ 1,000,000	Parking Garage
\$ 250,000	Land Acquisition	\$ 5,000,000	School
\$ 380,000	Landfill Cover		

The City issued a \$1,250,000 Bond Anticipation Note, dated July 25, 2003, maturing June 25, 2004. This note was issued for the following:

\$ 1,000,000	Parking Garage	\$ 250,000	Land Acquisition
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The City issued a \$14,000,000 Revenue Anticipation Note, dated July 25, 2003, maturing June 30, 2004.

**CITY OF NEW BEDFORD, MASSACHUSETTS**

Notes to Financial Statements (Continued)

June 30, 2004

**NOTE 12: Debt (Continued)**

The City has the following bond anticipation notes payable outstanding at June 30, 2004:

**Capital Projects**

	<u>Balance 6/30/03</u>	<u>Increases</u>	<u>(Decreases)</u>	<u>Balance 6/30/04</u>	<u>Issuance Date</u>	<u>Maturity Date</u>	<u>Interest Rate</u>
Bond Anticipation Note	\$ 5,400,000	\$	\$ ( 5,400,000)	\$	06/27/03	06/25/04	1.75%
Bond Anticipation Note	7,500,000		( 7,500,000)		09/26/02	09/26/03	3.00%
Bond Anticipation Note	27,950,000		( 27,950,000)		02/27/03	02/27/04	2.00%
Section 108 Interim Loan*	1,749,975		( 1,749,975)		03/26/03	03/26/04	
Bond Anticipation Note		27,950,000		27,950,000	02/19/04	02/25/05	1.15%
Bond Anticipation Note		8,600,000		8,600,000	06/30/04	02/25/05	1.53%
Bond Anticipation Note		14,130,000		14,130,000	06/25/04	02/25/05	1.56%
Bond Anticipation Note		1,250,000	( 1,250,000)		07/25/03	06/25/04	2.50%
Bond Anticipation Note		7,500,000	( 7,500,000)		09/26/03	06/25/04	1.75%
	<u>42,599,975</u>	<u>59,430,000</u>	<u>( 51,349,975)</u>	<u>50,680,000</u>			

**General Fund**

Revenue Anticipation Note		14,000,000	( 14,000,000)		07/25/03	06/30/04	1.75%
		14,000,000	( 14,000,000)				
	<u>\$ 42,599,975</u>	<u>\$ 73,430,000</u>	<u>\$ ( 55,349,975)</u>	<u>\$ 50,680,000</u>			

\* This balance was restated from the prior year financial statements

CITY OF NEW BEDFORD, MASSACHUSETTS

Notes to Financial Statements (Continued)

June 30, 2004

NOTE 12: Debt (Continued)

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

Governmental Activities

	<u>Maturity Dates</u>	<u>Balance July 1, 2003</u>	<u>Increases</u>	<u>City (Retirements)</u>	<u>State (Subsidies)</u>	<u>Balance June 30, 2004</u>	<u>Balance Due in 2005</u>
5.30% Landfill Closure Bond	03/03/94-05	\$ 1,565,000	\$	\$( 650,000)	\$	\$ 915,000	\$ 650,000
4.00-6.00% G.O. Bond	03/01/06	3,143,000		( 383,000)		2,760,000	300,000
4.00-6.00% G.O. Bond	04/15/96-13	3,852,000		( 247,000)		3,605,000	260,000
4.60-5.80% Note	10/01/97-16	7,405,000		( 470,000)		6,935,000	470,000
4.25-5.00% G.O. Bond	10/14/98-10/01/18	11,495,000		( 895,000)		10,600,000	905,000
4.25-5.50% G.O. Bond	05/01/02-05/02/21	47,360,000		( 1,840,000)		45,520,000	1,910,000
4.25-6.00% Revenue Refunding Bond	02/01/97-16	15,450,000		( 4,973)	( 1,755,027)	13,690,000	1,705,000
4.00-5.25% Revenue Bond	02/01/98-19	115,675,000		( 1,290,897)	( 1,124,103)	113,260,000	2,585,000
4.00-6.00% Revenue Bond	08/01/01-08/01/31	5,445,473		( 119,465)	( 1,310)	5,324,698	124,055
.85% Revenue Bond	02/01/03-08/01/33	2,336,890	1,314	( 17,689)	( 12,994)	2,307,521	97,666
HUD 108-2003-A	05/01/02-05/01/21		1,760,000			1,760,000	40,000
Compensated Absences		19,786,806		( 612,442)		19,174,364	3,870,703
Capital Leases		<u>729,988</u>	<u>737,322</u>	<u>( 464,684)</u>		<u>1,002,626</u>	<u>464,741</u>
Total governmental activity		<u>\$234,244,157</u>	<u>\$ 2,498,636</u>	<u>\$( 6,995,150)</u>	<u>\$( 2,893,434)</u>	<u>\$226,854,209</u>	<u>\$ 13,382,165</u>

**CITY OF NEW BEDFORD, MASSACHUSETTS**

Notes to Financial Statements (Continued)

June 30, 2004

**NOTE 12: 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>
2005	\$ 9,046,721	\$ 10,100,948	\$ 19,147,669	\$ 4,442,077	\$ 14,705,592
2006	8,870,649	9,671,994	18,542,643	4,499,640	14,043,003
2007	8,771,396	9,258,137	18,029,533	4,559,225	13,470,308
2008	9,063,109	8,850,036	17,913,145	4,623,391	13,289,754
2009	9,294,076	8,431,034	17,725,110	4,688,258	13,036,852
2010	9,120,193	8,003,970	17,124,163	4,755,728	12,368,435
2011	9,396,926	7,570,174	16,967,100	4,826,227	12,140,873
2012	9,690,300	7,086,756	16,777,056	4,894,440	11,882,616
2013	9,963,327	6,588,690	16,552,017	4,951,416	11,600,601
2014	10,291,897	6,058,228	16,350,125	5,046,266	11,303,859
2015	10,376,329	5,521,344	15,897,673	5,167,045	10,730,628
2016	10,718,051	4,971,711	15,689,762	5,297,187	10,392,575
2017	10,664,773	4,416,421	15,081,194	5,428,370	9,652,824
2018	10,379,773	3,907,212	14,286,985	5,302,162	8,984,823
2019	10,711,495	3,402,636	14,114,131	5,167,408	8,946,723
2020	10,413,218	2,897,701	13,310,919	5,034,094	8,276,825
2021	10,769,940	2,391,691	13,161,631	4,891,689	8,269,942
2022	7,286,662	1,868,050	9,154,712	4,750,183	4,404,529
2023	7,498,384	1,518,548	9,016,932	4,634,281	4,382,651
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>\$ 206,677,219</u>	<u>\$ 115,134,667</u>	<u>\$ 321,811,886</u>	<u>\$ 106,193,926</u>	<u>\$ 215,617,960</u>

Authorized and unissued debt at June 30, 2004, 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	\$ 400,000	\$( 20,000)	\$	\$ 380,000
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	108,560	( 108,560)		

**CITY OF NEW BEDFORD, MASSACHUSETTS**

Notes to Financial Statements (Continued)

June 30, 2004

**NOTE 12: 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
Railroad Depot	05/27/04	2,000,000			2,000,000
Harbor Dredging	05/27/04	1,170,000			1,170,000
Equipment Purchases	05/27/04	2,800,000			2,800,000
Condominium	05/27/04	400,000			400,000
Incubator/building Rehabilitation	05/27/04	2,000,000			2,000,000
Sea Lab	05/27/04	4,000,000			4,000,000
Reconstructing & Paving Roads	05/27/04	1,000,000			1,000,000
Building Renovations	05/27/04	1,150,000			1,150,000
Water Mains	05/27/04	4,205,000			4,205,000
West End Sewer Project	05/27/04	21,608,000			21,608,000
		<u>\$ 283,387,160</u>	<u>\$( 128,560)</u>	<u>\$</u>	<u>\$ 283,258,600</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>
2005	<u>\$ 50,680,000</u>	<u>\$ 556,097</u>	<u>\$ 51,236,097</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>Balance Due</u>
2005	\$ 490,472
2006	338,489
2007	<u>225,944</u>
Minimum lease payments for all capital leases	1,054,905
Less: amount representing interest	<u>( 52,279)</u>
	<u>\$ 1,002,626</u>



CITY OF NEW BEDFORD, MASSACHUSETTS

Notes to Financial Statements (Continued)

June 30, 2004

**NOTE 14: Subsequent Events**

The following events relating to short-term debt occurred after the balance sheet date of June 30, 2004.

1. Revenue Bond Anticipation Notes were issued on July 1, 2004 in the amount of \$11,000,000 for general operating purposes.

The following event relates to the acquisition of a capital asset after the balance sheet date of June 30, 2004.

2. The City purchased a State Theatre Condominium (known as Unit One) on July 6, 2004. The purchase price of \$388,000 is to be paid as follows:

Due on July 6, 2004	\$ 25,000
Due on Delivery of the Deed	169,000
Due on a Promissory Note secured by the priority mortgage	<u>194,000</u>
	<u>\$ 388,000</u>

CITY OF NEW BEDFORD, MASSACHUSETTS

Notes to Financial Statements (Continued)

June 30, 2004

**NOTE 15: 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:

**Governmental Funds**

	Non-Major Governmental Funds					
	General Fund	Wastewater	Special Revenue Reserve for Appropriation	Special Revenue Revolving	Capital Project Funds	Permanent Funds
Beginning balance, July 1, 2003	\$ 16,056,779	\$ 4,659,529	\$ 1,234,067	\$ 3,064,573	\$( 39,680,105)	\$ 7,752,917
To record due from other funds for bill paid in prior year for Capital Project Fund 3214		201,510				
To close zoo proprietary fund to the general fund	37,753					
To transfer unspent appropriation budget to CCDA Handicap Parking	( 14,778)		14,778			
To correct transfer to stabilization	1,620,000					
To correct investments held				( 39,353)		
To combine Sullivan's Ledge Funds			15,000			
To record due to Sullivan Ledge	( 60,000)					
To reclass amounts included as Federal revenue in prior year					( 750,045)	
To reclass amounts as due from HDC					( 201,510)	
Transfer Oliver Grimes to Expendable						3,104
Transfer Oliver Grimes from Non-Expendable						( 3,104)
Rounding					( 1)	
Beginning balance, July 1, 2003, restated	<u>\$ 17,639,754</u>	<u>\$ 4,861,039</u>	<u>\$ 1,263,845</u>	<u>\$ 3,025,220</u>	<u>\$( 40,631,661)</u>	<u>\$ 7,752,917</u>

**Proprietary Funds**

	Group Insurance Claims
Beginning balance, July 1, 2003	\$ 1,031,613
To record Prudential stocks	<u>1,150,753</u>
Beginning balance, July 1, 2003, restated	<u>\$ 2,182,366</u>

CITY OF NEW BEDFORD, MASSACHUSETTS

Notes to Financial Statements (Continued)

June 30, 2004

NOTE 15: Restatement (continued)

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>Non-Major Component Units</u>
	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Harbor Development Commission</u>
Beginning balance, July 1, 2003	\$ 113,006,694	\$ 1,427,601	\$ 6,222,585
Restatements, per above	1,974,107	( 37,753)	
To adjust community development receivables, net of allowance	( 1,078,648)		
To adjust deferred revenue reversal	( 11,280,222)		( 479,985)
To reclass zoo accrued interest	( 64,740)	64,740	
To reclass zoo compensated absences amount to the governmental activities	( 89,863)	89,863	
To record capital leases	( 357,201)		
To reclass zoo long-term debt	( 7,630,000)	7,630,000	
To reclass zoo capital assets	10,156,915	( 10,156,915)	
To reclass zoo accumulated depreciation	( 982,465)	982,465	
To reclass capital assets			( 16,740)
To record additional capital assets	544,176		
To record additional accumulated depreciation	( 182,381)		
Rounding		( 1)	2
Beginning balance, July 1, 2003, restated	<u>\$ 104,016,372</u>	<u>\$</u>	<u>\$ 5,725,862</u>

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, 2004

	<u>Original Budget</u>		<u>Appropriations and Transfers</u>	<u>Total Available</u>	<u>Actual</u>	<u>Encumbrances Carried Forward</u>	<u>Variance Favorable (Unfavorable)</u>
	<u>Encumbrances Carried Forward</u>	<u>Budget as Adopted</u>					
Revenues:							
Tax collections net of refunds:							
Real estate and personal property taxes	\$	\$ 58,865,443	\$ 7,611,150	\$ 66,476,593	\$ 66,476,593	\$	\$
Motor vehicle excise		5,194,569	704,418	5,898,987	5,802,959		( 96,028)
Tax liens and foreclosures		104,000	( 29,000)	75,000	( 382,811)		( 457,811)
Other excise collections		55,000	( 15,000)	40,000	11,845		( 28,155)
Penalties and interest		950,000	150,000	1,100,000	1,087,563		( 12,437)
Payments in lieu of taxes		280,000	185,000	465,000	404,049		( 60,951)
Charges for services:							
Water		6,097,306	147,694	6,245,000	6,160,699		( 84,301)
Trash		10,000		10,000	10,433		433
Cemeteries		555,000	( 325,000)	230,000	252,015		22,015
Parking		735,000	100,000	835,000	838,008		3,008
Zoo			418,300	418,300	404,924		( 13,376)
Departmental		11,826,646	( 440,092)	11,386,554	11,996,782		610,228
Licenses and permits		1,120,000	( 21,500)	1,098,500	1,294,457		195,957
Fines and forfeitures		303,000	10,000	313,000	176,721		( 136,279)
Special assessments					3,983		3,983
Earnings on investments		200,000	73,698	273,698	239,325		( 34,373)
Other					402,416		402,416
Governmental revenue:							
Federal					32,956		32,956
State		122,759,573	1,866,352	124,625,925	125,077,854		451,929
County							
Total revenues		<u>209,055,537</u>	<u>10,436,020</u>	<u>219,491,557</u>	<u>220,290,771</u>		<u>799,214</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, 2004

	<u>Original Budget</u>		<u>Appropriations and Transfers</u>	<u>Total Available</u>	<u>Actual</u>	<u>Encumbrances Carried Forward</u>	<u>Variance Favorable (Unfavorable)</u>
	<u>Encumbrances Carried Forward</u>	<u>Budget as Adopted</u>					
Expenditures:							
General Government	\$ 14,140	14,475,573	1,032,368	15,622,081	15,816,567	4,500	( 198,986)
Public safety:							
Police		18,243,716	768,800	19,012,516	19,116,075		( 103,559)
Fire		12,488,343	532,982	13,021,325	13,034,569		( 13,244)
EMS		2,128,193	( 24,500)	2,103,693	2,110,413		( 6,720)
Inspector of buildings		998,869	15,400	1,014,269	1,068,477		( 54,208)
Other		69,682	( 5,100)	64,582	40,800	56	23,726
Public works and facilities:							
Health and sanitation operations	114,432	7,703,320	693,800	8,511,552	8,229,630	227,533	54,389
Highways and streets		1,581,497	( 115,900)	1,465,597	1,562,682	56,981	( 154,066)
Education:							
School Department	629,328	103,356,374	400,000	104,385,702	101,414,943	765,930	2,204,829
Other		2,600,000	136,998	2,736,998	2,736,998		
Human services	43,024	1,842,261	177,745	2,063,030	2,036,575	44,131	( 17,676)
Culture and recreation		1,296,123	1,292,450	2,588,573	2,551,685		36,888
Debt service		8,373,639	165,768	8,539,407	8,539,353		54
Insurance and pension		33,437,818	4,994,300	38,432,118	39,965,428		( 1,533,310)
Municipal Airport		360,129	109,500	469,629	501,353		( 31,724)
Intergovernmental expenditures			1,574,471	1,574,471	1,513,412		61,059
Total expenditures	<u>800,924</u>	<u>209,055,537</u>	<u>11,749,082</u>	<u>221,605,543</u>	<u>220,238,960</u>	<u>1,099,131</u>	<u>267,452</u>
Excess (deficiency) of revenues over expenditures	<u>( 800,924)</u>		<u>( 1,313,062)</u>	<u>( 2,113,986)</u>	<u>51,811</u>	<u>( 1,099,131)</u>	<u>1,066,666</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, 2004

	<u>Original Budget</u>					
	<u>Encumbrances Carried Forward</u>	<u>Budget as Adopted</u>	<u>Appropriations and Transfers</u>	<u>Total Available</u>	<u>Actual</u>	<u>Encumbrances Carried Forward</u>
						<u>Variance Favorable (Unfavorable)</u>
Other financing sources and (uses):						
Operating transfers in			580,113	580,113	755,683	175,570
Operating transfers out:					( 2,740)	( 2,740)
Tailings			165,000	165,000	165,000	
Overlay reserve:			600,000	600,000	600,000	
Revenue deficit			( 16,852)	( 16,852)		16,852
Overlay deficit			( 7,270)	( 7,270)		7,270
Appropriation deficit			( 7,929)	( 7,929)		7,929
Total other financing sources (uses)			<u>1,313,062</u>	<u>1,313,062</u>	<u>1,517,943</u>	<u>204,881</u>
Excess (deficiency) of revenues and other financing sources over over expenditures and other financing uses	<u>\$ ( 800,924)</u>		<u>\$</u>	<u>\$ ( 800,924)</u>	1,569,754	<u>\$ ( 1,099,131)</u>
Budgetary fund balance at the beginning of the year					<u>19,561,431</u>	
Budgetary fund balance at the end of year					<u>\$ 21,131,185</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, 2004

	<u>Original Budget</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>
	<u>Encumbrances Carried Forward</u>	<u>Budget as Adopted</u>					
Revenues:							
Charges for services	\$	\$ 14,308,351	\$	\$ 14,308,351	\$ 14,384,443	\$	\$ 76,092
Earnings on investments		233,129		233,129	159,055		( 74,074)
Other		<u>500,000</u>		<u>500,000</u>	<u>730,705</u>		<u>230,705</u>
Total revenues		<u>15,041,480</u>		<u>15,041,480</u>	<u>15,274,203</u>		<u>232,723</u>
Expenditures:							
Salaries		1,085,928	( 104,000)	981,928	846,939		134,989
Charges and services	110,000	8,704,300		8,814,300	7,647,328	25,600	1,141,372
Materials and supplies	4,343	285,000	100,000	389,343	310,001	19,452	59,890
Capital outlay		97,000	4,000	101,000	78,916	26,827	( 4,743)
Debt service		<u>924,184</u>		<u>924,184</u>	<u>921,099</u>		<u>3,085</u>
Total expenditures	<u>114,343</u>	<u>11,096,412</u>		<u>11,210,755</u>	<u>9,804,283</u>	<u>71,879</u>	<u>1,334,593</u>
Excess (deficiency) of revenues over expenditures	( 114,343)	<u>3,945,068</u>		<u>3,830,725</u>	<u>5,469,920</u>	( 71,879)	<u>1,567,316</u>
Other financing sources and (uses):							
Operating transfers in							
Operating transfers out		( 3,945,068)		( 3,945,068)	( 4,445,068)		( 500,000)
Total other financing sources and (uses)		<u>( 3,945,068)</u>		<u>( 3,945,068)</u>	<u>( 4,445,068)</u>		<u>( 500,000)</u>
Excess (deficiency) of revenue and other sources over expenditures and other uses	<u>\$ ( 114,343)</u>	<u>\$</u>	<u>\$</u>	<u>\$ ( 114,343)</u>	1,024,852	<u>\$ ( 71,879)</u>	<u>\$ 1,067,316</u>
Budgetary fund balance at the beginning of the year					<u>2,044,775</u>		
Budgetary fund balance at the end of the year					<u>\$ 3,069,627</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 (Continued)

June 30, 2004

**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, 2004, expenditures exceeded budget in the General Fund as follows:

<u>Category</u>	<u>Excess</u>
General government	\$ 198,986
Public safety:	
Police	103,559
Fire	13,244
EMS	6,720
Inspector of buildings	54,208
Public works, highways and streets	154,066
Human services	17,676
Insurance and pension	1,533,310
Municipal airport	<u>31,724</u>
Total	<u>\$ 2,113,493</u>

See accompanying independent auditors' report

**CITY OF NEW BEDFORD, MASSACHUSETTS**

Required Supplementary Information

Contributory Retirement System

Schedule of Funding Progress

December 31, 2003

(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>
01/01/94	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%
01/01/01	2002	157,129,409	305,813,631	148,684,222	51%	72,843,213	204%
01/01/01	2003	157,129,409	305,813,631	148,684,222	51%	82,981,340	179%

Isolated analysis of the dollar amounts of net assets available for benefits, actuarial accrued liability, and unfunded actuarial accrued liability can be misleading. Expressing the net assets available for benefits as a percentage of the actuarial accrued liability provided one indication of the Plans' funding status on a going-concern basis. Analysis of this percentage over time indicates whether the system is becoming financially stronger or weaker. Generally, the greater this percentage, the stronger the Plan. Trends in unfunded actuarial accrued liability and annual covered payroll are both affected by inflation. Expressing the unfunded actuarial accrued liability as a percentage of annual covered payroll approximately adjusts for the effects of inflation and aids in the analysis of the progress made in accumulating sufficient assets to pay benefits when due. Generally, the smaller this percentage, the stronger the 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, 2003

(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%
2004	14,819,118	2003	14,569,050	98%

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, 2003

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 RP-2000 Mortality Table, with ages set forward two years for all disabled members.
- 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, including longevity, were assumed to increase 5.0% per year for each member.
- 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 a study conducted by PERAC with rates ranging from .01% to 1.25%.
- 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 a study conducted by PERAC with rates ranging from .0% to 1.50%.
- Retirement rates were assumed to range from 10% to 100% for various ages, positions within the government and genders.

The most recent actuarial valuation of the Plan was prepared as of January 1, 2004.

No changes in actuarial assumptions or benefit provisions that would significantly affect the valuation of the actuarial accrued liability occurred during 2003.

See accompanying independent auditors' report

**CITY OF NEW BEDFORD, MASSACHUSETTS**

Supplementary Information

Major Governmental Funds - Wastewater

Combining Balance Sheet

June 30, 2004

	<u>Operating</u>	<u>Projects</u>	<u>Special Service</u>	<u>Total</u>
<b>ASSETS</b>				
Cash, unrestricted	\$ 2,317,012	\$	\$	\$ 2,317,012
Cash, restricted	6,401,137	346,009	2,620,051	9,367,197
User charges receivable	1,556,782			1,556,782
Special assessments receivable, current	16,868			16,868
Other receivables	62,952			62,952
Due from other funds	428,123	1,111,626		1,539,749
Special assessments receivables, noncurrent	<u>188,411</u>	<u></u>	<u></u>	<u>188,411</u>
Total assets	<u>\$ 10,971,285</u>	<u>\$ 1,457,635</u>	<u>\$ 2,620,051</u>	<u>\$ 15,048,971</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Warrants payable	\$ 708,261	\$ 107,570	\$	\$ 815,831
Accounts payable and accrued expenses	22,751	76,480		99,231
Deferred revenue	1,825,014			1,825,014
Due to other funds	<u>6,232,444</u>	<u>159,444</u>	<u>567</u>	<u>6,392,455</u>
Total liabilities	<u>8,788,470</u>	<u>343,494</u>	<u>567</u>	<u>9,132,531</u>
Fund balances:				
Reserved/designated	1,527,476		2,619,484	4,146,960
Unreserved	<u>655,339</u>	<u>1,114,141</u>	<u></u>	<u>1,769,480</u>
Total fund balance	<u>2,182,815</u>	<u>1,114,141</u>	<u>2,619,484</u>	<u>5,916,440</u>
Total liabilities and fund balances	<u>\$ 10,971,285</u>	<u>\$ 1,457,635</u>	<u>\$ 2,620,051</u>	<u>\$ 15,048,971</u>

See accompanying independent auditors' report

**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, 2004

	<u>Operating</u>	<u>Special Projects</u>	<u>Debt Service</u>	<u>Total</u>
Revenues:				
Utility usage charges	\$ 14,384,443	\$	\$	\$ 14,384,443
Intergovernmental revenues			6,938,739	6,938,739
Investment income	5,244			5,244
Other	<u>730,705</u>			<u>730,705</u>
Total revenues	<u>15,120,392</u>		<u>6,938,739</u>	<u>22,059,131</u>
Expenditures:				
Salaries	846,939			846,939
Charges and services	7,647,327			7,647,327
Supplies and materials	310,001			310,001
Capital outlay	78,916	228,323		307,239
Debt service	<u>921,099</u>		<u>10,971,125</u>	<u>11,892,224</u>
Total expenditures	<u>9,804,282</u>	<u>228,323</u>	<u>10,971,125</u>	<u>21,003,730</u>
Excess (deficiency) of revenues over expenditures	5,316,110	( 228,323)	( 4,032,386)	1,055,401
Other financing sources an (uses)	<u>( 4,445,068)</u>	<u>500,000</u>	<u>3,945,068</u>	
Excess (deficiency) of revenues and other sources over expenditures and other uses	871,042	271,677	( 87,318)	1,055,401
Fund balance - July 1, 2003, restated	<u>1,311,773</u>	<u>842,464</u>	<u>2,706,802</u>	<u>4,861,039</u>
Fund balance - June 30, 2004	<u>\$ 2,182,815</u>	<u>\$ 1,114,141</u>	<u>\$ 2,619,484</u>	<u>\$ 5,916,440</u>

See accompanying independent auditors' report

CITY OF NEW BEDFORD, MASSACHUSETTS

Supplementary Information

Wastewater Reserved Cash Account Activity

June 30, 2004

	<u>Reserve Fund</u>	<u>Operating Reserve Fund</u>	<u>Debt Service Fund</u>	<u>Renewal &amp; Replacement Reserve Fund</u>	<u>Special Projects</u>	<u>Unrestricted Fund</u>	<u>Total</u>
Beginning balance	\$ 2,789,423	\$ 2,382,813	\$ 2,706,803	\$ 1,581,958	\$ 668,101	\$ 1,072,368	\$ 11,201,466
Transfers in	14,842,389	( 22,318)	4,875,478	( 9,543)	4,292	7,874	19,698,172
Transfers out	<u>15,041,480</u>	<u>76,947</u>	<u>4,962,230</u>	<u>44,939</u>	<u>326,384</u>	<u>1,080,461</u>	<u>21,532,441</u>
Ending balance	<u>\$ 2,590,332</u>	<u>\$ 2,283,548</u>	<u>\$ 2,620,051</u>	<u>\$ 1,527,476</u>	<u>\$ 346,009</u>	<u>\$ ( 219)</u>	<u>\$ 9,367,197</u>

See accompanying independent auditors' report

CITY OF NEW BEDFORD, MASSACHUSETTS

Supplementary Information

Non Major Governmental Funds

Special Revenue Funds

Combining Balance Sheet

June 30, 2004

	<u>Highway Improvements</u>	<u>Revolving</u>	<u>Reserve For Appropriation</u>	<u>Donations</u>	<u>Federal/State Grants</u>	<u>School Grants</u>	<u>Community Development</u>	<u>Subtotal</u>
<b>ASSETS</b>								
Cash and investments	\$ 30,508	\$ 1,369,885	\$ 1,260,704	\$ 56,632	\$ 1,108,746	\$ 3,402,695	\$ 750,013	\$ 7,979,183
Federal and state grants receivable	191,775	2,354,967			1,889,362	1,676,547	8,579,606	14,692,257
Loans receivable							12,573,539	12,573,539
Receivable, other		2,637			89,692	95,459	22,166	209,954
Land inventory							246,918	246,918
Due from other funds:		34,126	60,000		36,267		5,900	136,293
Total assets	<u>\$ 222,283</u>	<u>\$ 3,761,615</u>	<u>\$ 1,320,704</u>	<u>\$ 56,632</u>	<u>\$ 3,124,067</u>	<u>\$ 5,174,701</u>	<u>\$ 22,178,142</u>	<u>\$ 35,838,144</u>
<b>LIABILITIES AND FUND BALANCES (DEFICITS)</b>								
Liabilities:								
Warrants payable	\$ 90,131	\$ 25,554	\$	\$	\$ 341,277	\$ 196,744	\$ 332,388	\$ 986,094
Accounts payable and accrued expenses	38,471	6,703	10,116	4,236	677,034	63,677	121,184	921,421
Bond payable							11,636	11,636
Retainage payable							11,941	324,331
Due to other funds	93,681	36,467			182,242			12,617
Due to federal or state gov't								439,865
Deferred revenue						4,092,264	21,163,801	25,695,930
Other liabilities							328,742	328,742
Total liabilities	<u>222,283</u>	<u>68,724</u>	<u>10,116</u>	<u>4,236</u>	<u>1,640,418</u>	<u>4,365,302</u>	<u>21,969,692</u>	<u>28,280,771</u>
Fund balances (deficits):								
Restricted								
Unrestricted, undesignated		3,692,891	1,310,588	52,396	1,483,649	809,399	208,450	7,557,373
Total fund balances		<u>3,692,891</u>	<u>1,310,588</u>	<u>52,396</u>	<u>1,483,649</u>	<u>809,399</u>	<u>208,450</u>	<u>7,557,373</u>
Total liabilities and fund balances	<u>\$ 222,283</u>	<u>\$ 3,761,615</u>	<u>\$ 1,320,704</u>	<u>\$ 56,632</u>	<u>\$ 3,124,067</u>	<u>\$ 5,174,701</u>	<u>\$ 22,178,142</u>	<u>\$ 35,838,144</u>

See accompanying independent auditors' report

CITY OF NEW BEDFORD, MASSACHUSETTS

Supplementary Information

Non Major Governmental Funds

Capital Project Funds

Combining Balance Sheet (Continued)

June 30, 2004

	<u>CSO Relocate</u>	<u>FY94 Bond Issue</u>	<u>FY96 Bond Issue</u>	<u>FY97 Bond Issue</u>	<u>FY99 Bond Issue</u>	<u>Police Bond Issue</u>	<u>Zoo Bond Issue</u>
<b>ASSETS</b>							
Cash and investments	\$ 134,869	\$	\$	\$	\$ 113,682	\$	\$
Federal and state grants receivable							
Receivable, other	54,730						
Due from other funds							
<b>Total assets</b>	<u>\$ 189,599</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$ 113,682</u>	<u>\$</u>	<u>\$</u>
<b>LIABILITIES AND FUND BALANCES (DEFICITS)</b>							
Liabilities:							
Warrants payable	\$	\$	\$	\$	\$	\$	\$
Accounts payable and accrued expenses	941						
Bond payable							
Retainage payable	93,081						
Due to other funds	530,554						
Other liabilities							
<b>Total liabilities</b>	<u>624,576</u>						
Fund balances (deficits):							
Restricted							
Unrestricted/undesignated	( 434,977)				113,682		
<b>Total fund balances</b>	<u>( 434,977)</u>				<u>113,682</u>		
<b>Total liabilities and fund balances</b>	<u>\$ 189,599</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$ 113,682</u>	<u>\$</u>	<u>\$</u>

See accompanying independent auditors' report

CITY OF NEW BEDFORD, MASSACHUSETTS

Supplementary Information

Non Major Governmental Funds

Capital Project Funds

Combining Balance Sheet (Continued)

June 30, 2004

	<u>New Roosevelt Construction</u>	<u>Water Main Bond Issue</u>	<u>Chlorine Disinfectant Station</u>	<u>Normandin MS</u>	<u>Keith MS</u>	<u>Landfill Closure</u>	<u>Land Acquisition</u>
<b>ASSETS</b>							
Cash and investments	\$ 3,680,095	\$ 41,058	\$ ( 1,725)	\$ ( 5,323,429)	\$ 7,575,221	\$ (1,017,732)	\$
Federal and state grants receivable							
Receivable, other							
Due from other funds							
Total assets	<u>\$ 3,680,095</u>	<u>\$ 41,058</u>	<u>\$ ( 1,725)</u>	<u>\$ ( 5,323,429)</u>	<u>\$ 7,575,221</u>	<u>\$ (1,017,732)</u>	<u>\$</u>
<b>LIABILITIES AND FUND BALANCES (DEFICITS)</b>							
Liabilities:							
Warrants payable	\$	\$	\$	\$	\$	\$	\$
Accounts payable and accrued expenses				532,561	557,291	65,074	
Bond payable				30,000,000	10,400,000	380,000	1,150,000
Retainage payable				770,547	23,286		
Due to other funds							
Other liabilities							
Total liabilities				<u>31,303,108</u>	<u>10,980,577</u>	<u>445,074</u>	<u>1,150,000</u>
Fund balances (deficits):							
Restricted							
Unrestricted/undesignated	<u>3,680,095</u>	<u>41,058</u>	<u>( 1,725)</u>	<u>( 36,626,537)</u>	<u>( 3,405,356)</u>	<u>(1,462,806)</u>	<u>( 1,150,000)</u>
Total fund balances:	<u>3,680,095</u>	<u>41,058</u>	<u>( 1,725)</u>	<u>( 36,626,537)</u>	<u>( 3,405,356)</u>	<u>(1,462,806)</u>	<u>( 1,150,000)</u>
Total liabilities and fund balances	<u>\$ 3,680,095</u>	<u>\$ 41,058</u>	<u>\$ ( 1,725)</u>	<u>\$ ( 5,323,429)</u>	<u>\$ 7,575,221</u>	<u>\$ (1,017,731)</u>	<u>\$</u>

See accompanying independent auditors' report

CITY OF NEW BEDFORD, MASSACHUSETTS

Supplementary Information

Non Major Governmental Funds:

Capital Projects Funds

Combining Balance Sheet (Continued)

June 30, 2004

	<u>River Road Bond</u>	<u>Winslow Elementary</u>	<u>Elizabeth Brooks</u>	<u>Lincoln Elementary</u>	<u>Campbell Elementary</u>	<u>Railroad Depot</u>	<u>2002 SAC- Dredge Grant</u>
<b>ASSETS</b>							
Cash and investments	\$ ( 438,310)	\$ 210,894	\$ 215,691	\$ 204,634	\$ 124,169	\$( 2,671,436)	\$ ( 167,210)
Federal and state grants receivable							
Receivable, other							111,383
Due from other funds:							
Total assets:	<u>\$( 438,310)</u>	<u>\$ 210,894</u>	<u>\$ 215,691</u>	<u>\$ 204,634</u>	<u>\$ 124,169</u>	<u>\$( 2,671,436)</u>	<u>\$( 55,827)</u>
<b>LIABILITIES AND FUND BALANCES (DEFICITS)</b>							
Liabilities:							
Warrants payable:	\$	\$	\$	\$	\$	\$	\$
Accounts payable and accrued expenses		483	483	483	721	1,524,473	1,170,000
Bond payable		1,000,000	1,000,000	1,000,000	1,500,000		3,250,000
Retainage payable						51,245	
Due to other funds						239,359	
Other liabilities							760
Total liabilities		<u>1,000,483</u>	<u>1,000,483</u>	<u>1,000,483</u>	<u>1,500,721</u>	<u>1,815,077</u>	<u>4,420,760</u>
Fund balances (deficits):							
Restricted							
Unrestricted/undesignated	<u>( 438,310)</u>	<u>( 789,589)</u>	<u>( 784,792)</u>	<u>( 795,849)</u>	<u>(1,376,552)</u>	<u>(4,486,513)</u>	<u>( 4,476,587)</u>
Total fund balances	<u>( 438,310)</u>	<u>( 789,589)</u>	<u>( 784,792)</u>	<u>( 795,849)</u>	<u>(1,376,552)</u>	<u>(4,486,513)</u>	<u>( 4,476,587)</u>
Total liabilities and fund balances	<u>\$( 438,310)</u>	<u>\$ 210,894</u>	<u>\$ 215,691</u>	<u>\$ 204,634</u>	<u>\$ 124,169</u>	<u>\$(2,671,436)</u>	<u>\$( 55,827)</u>

See accompanying independent auditors' report

CITY OF NEW BEDFORD, MASSACHUSETTS

Supplementary Information

Non Major Governmental Funds

Capital Projects Funds

Combining Balance Sheet (Continued)

June 30, 2004

	<u>DeValles Elementary</u>	<u>Pierce Mill Park</u>	<u>West End Cement Lining Ph2</u>	<u>HDC EPA Reimb Agreement</u>	<u>Incubator Project</u>	<u>HDC Oak Bluff Ferry Terminal</u>	<u>Sea Lab</u>
<b>ASSETS</b>							
Cash and investments	\$ ( 321,465)	\$ ( 16,242)	\$	\$ ( 44,735)	\$ ( 134,692)	\$ 313,200	\$
Federal and state grants receivable							
Receivable, other							
Due from other funds				44,735			
Total assets	<u>\$ ( 321,465)</u>	<u>\$ ( 16,242)</u>	<u>\$</u>	<u>\$</u>	<u>\$ ( 134,692)</u>	<u>\$ 313,200</u>	<u>\$</u>
<b>LIABILITIES AND FUND BALANCES (DEFICITS)</b>							
Liabilities:							
Warrants payable	\$	\$	\$	\$	\$	\$	\$
Accounts payable and accrued expenses		34,310	122,773		178,803		57,273
Bond payable			6,290				
Retainage payable							
Due to other funds							
Other liabilities						313,200	
Total liabilities		<u>34,310</u>	<u>129,063</u>		<u>178,803</u>	<u>313,200</u>	<u>57,273</u>
Fund balances (deficits):							
Restricted							
Unrestricted/undesignated	( 321,465)	( 50,552)	( 129,063)		( 313,495)		( 57,273)
Total fund balances	<u>( 321,465)</u>	<u>( 50,552)</u>	<u>( 129,063)</u>		<u>( 313,495)</u>		<u>( 57,273)</u>
Total liabilities and fund balances	<u>\$ ( 321,465)</u>	<u>\$ ( 16,242)</u>	<u>\$</u>	<u>\$</u>	<u>\$ ( 134,692)</u>	<u>\$ 313,200</u>	<u>\$</u>

See accompanying independent auditors' report

CITY OF NEW BEDFORD, MASSACHUSETTS

Supplementary Information

Non Major Governmental Funds

Capital Projects Funds

Combining Balance Sheet (Continued)

June 30, 2004

ASSETS	EPA Vulnerability Assem	Phase 2 Regional-Airspace Study	Parking Garage	Wastewater 2D Treatment	AIP 27 Taxiway B Construction	Subtotal
Cash and investments	\$	\$ 9,920	\$ 79,437	\$ 71,237	\$ 45,673	\$ 2,682,804
Federal and state grants receivable					370,170	370,170
Receivable, other						166,113
Due from other funds					32,358	77,093
Total assets	<u>\$</u>	<u>\$ 9,920</u>	<u>\$ 79,437</u>	<u>\$ 71,237</u>	<u>\$ 448,201</u>	<u>\$ 3,296,180</u>
<b>LIABILITIES AND FUND BALANCES (DEFICITS)</b>						
Liabilities:						
Warrants payable	\$	\$	\$	\$	\$	\$
Accounts payable and accrued expenses					440,594	4,686,263
Bond payable			1,000,000			50,680,000
Retainage payable			2,900			947,349
Due to other funds				59,747		829,660
Other liabilities						313,960
Total liabilities			<u>1,002,900</u>	<u>59,747</u>	<u>440,594</u>	<u>57,457,232</u>
Fund balances (deficits):						
Restricted						
Unrestricted/undesignated		9,920	( 923,463)	11,490	7,607	( 54,161,052)
Total fund balances		<u>9,920</u>	<u>( 923,463)</u>	<u>11,490</u>	<u>7,607</u>	<u>( 54,161,052)</u>
Total liabilities and fund balances	<u>\$</u>	<u>\$ 9,920</u>	<u>\$ 79,437</u>	<u>\$ 71,237</u>	<u>\$ 448,201</u>	<u>\$ 3,296,180</u>

See accompanying independent auditors' report

CITY OF NEW BEDFORD, MASSACHUSETTS

Supplementary Information

Non Major Governmental Funds

Permanent Funds

Combining Balance Sheet (Continued)

June 30, 2004

	<u>Nonexpendable Trusts</u>	<u>Expendable Trusts</u>	<u>Subtotal</u>	<u>Total Non Major Governmental Funds</u>
<b>ASSETS</b>				
Cash and investments	\$ 8,288,913	\$ 282,514	\$ 8,571,427	\$ 19,233,414
Federal and state receivable				15,062,427
Loans receivable				12,573,539
Receivable, other				376,067
Accrued interest	8,891		8,891	8,891
Land inventory				246,918
Due from other funds				213,386
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total assets	<u>\$ 8,297,804</u>	<u>\$ 282,514</u>	<u>\$ 8,580,318</u>	<u>\$ 47,714,642</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Warrants payable	\$ 5,987	\$	\$ 5,987	\$ 992,081
Accounts payable and accrued expenses				5,607,684
Bond payable				50,680,000
Retainage payable				958,985
Due to other funds	100,286	1,213	101,499	1,255,490
Due to federal and state governments				12,617
Deferred revenue				25,695,930
Other liabilities				642,702
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total liabilities	<u>106,273</u>	<u>1,213</u>	<u>107,486</u>	<u>85,845,489</u>
Fund balances:				
Restricted	4,677,885		4,677,885	4,677,885
Unrestricted/undesignated	<u>3,513,646</u>	<u>281,301</u>	<u>3,794,947</u>	<u>( 42,808,732)</u>
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total fund balance	<u>8,191,531</u>	<u>281,301</u>	<u>8,472,832</u>	<u>( 38,130,847)</u>
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total liabilities and fund balances	<u>\$ 8,297,804</u>	<u>\$ 282,514</u>	<u>\$ 8,580,318</u>	<u>\$ 47,714,642</u>

See accompanying independent auditors' report

## 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, 2004

	<u>Highway Improvements</u>	<u>Revolving</u>	<u>Reserve For Appropriation</u>	<u>Donations</u>
Revenues:				
Federal and state grants	\$ 1,311,362	\$ 6,295,416	\$	\$
Investment income		263	( 15,105)	510
Other excise		15,865		
Fines and penalties		4,140		
Charges for services		1,645,200		
Other income		560,092	141,571	41,049
Total revenues	<u>1,311,362</u>	<u>8,520,976</u>	<u>126,466</u>	<u>41,559</u>
Expenditures:				
General government		24,965	33,088	
Public safety		112,007		
Public works	1,311,362			
Health and human services		96,439		1,199
Education		7,461,539		
Community and economic development				
Municipal airport				
Culture and recreation		109,242		15,316
Debt service:				
Principal				
Interest				
Total expenditures	<u>1,311,362</u>	<u>7,804,192</u>	<u>33,088</u>	<u>16,515</u>
Excess (deficiency) of revenue over expenditures		716,784	93,378	25,044
Other financing sources (uses):				
Transfers between funds		( 49,113)	( 46,635)	
Excess (deficiency) of revenues and other sources over expenditures and other uses		667,671	46,743	25,044
Fund balance (deficit), July 1, 2003, as restated		<u>3,025,220</u>	<u>1,263,845</u>	<u>27,352</u>
Fund balance (deficit), June 30, 2004	<u>\$</u>	<u>\$ 3,692,891</u>	<u>\$ 1,310,588</u>	<u>\$ 52,396</u>

See accompanying independent auditors' report

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, 2004

	<u>Federal/State Grants</u>	<u>School Grants</u>	<u>Community Development</u>	<u>Subtotals</u>
Revenues:				
Federal and state grants	\$ 8,820,094	\$ 20,965,545	\$ 4,711,709	\$ 42,104,126
Investment income			30,971	16,648
Other excise				15,865
Fines and penalties				4,140
Charges for services				1,645,200
Other income	<u>1,022,300</u>	<u>1,070,926</u>	<u>1,055,391</u>	<u>3,891,329</u>
Total revenues	<u>9,842,403</u>	<u>22,036,471</u>	<u>5,798,071</u>	<u>47,677,308</u>
Expenditures:				
General government	398,918			456,971
Public safety	3,670,722			3,782,729
Public works	3,901,157		771,644	5,984,163
Health and human services	338,311		319,726	755,675
Education		21,945,558		29,407,097
Community and economic development	144,330		5,132,278	5,276,608
Municipal airport	846,914			846,914
Culture and recreation	220,586		248,000	593,144
Debt service:				
Principal	100,000			100,000
Interest	<u>22,306</u>			<u>22,306</u>
Total expenditures	<u>9,643,244</u>	<u>21,945,558</u>	<u>6,471,648</u>	<u>47,225,607</u>
Excess (deficiency) of revenue over expenditures	199,159	90,913	( 673,577)	451,701
Other financing sources (uses):				
Transfers between funds	<u>96,431</u>			<u>683</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	295,590	90,913	( 673,577)	452,384
Fund balance (deficit), July 1, 2003, as restated	<u>1,188,059</u>	<u>718,486</u>	<u>882,027</u>	<u>7,104,989</u>
Fund balance (deficit), June 30, 2004	<u>\$ 1,483,649</u>	<u>\$ 809,399</u>	<u>\$ 208,450</u>	<u>\$ 7,557,373</u>

See accompanying independent auditors' report

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, 2004

	<u>CSO Relocate</u>	<u>FY94 Bond Issue</u>	<u>FY96 Bond Issue</u>	<u>FY97 Bond Issue</u>	<u>FY99 Bond Issue</u>	<u>Police Bond Issue</u>	<u>Zoo Bond Issue</u>
Revenues:							
Federal and state grants	\$ 848,257	\$	\$	\$	\$	\$	\$
Investment income							
Other							
Total revenues	<u>848,257</u>						
Expenditures:							
General government							
Public safety						5,140	
Public works	1,180,063						
Education							
Community and economic development							
Municipal airport							
Culture and recreation					11,842		
Total expenditures	<u>1,180,063</u>				<u>11,842</u>	<u>5,140</u>	
Excess (deficiency) of revenue over expenditures	<u>( 331,806)</u>				<u>( 11,842)</u>	<u>( 5,140)</u>	
Other financing sources (uses):							
Transfers between funds			( 84)	( 1,277)		( 5,582)	( 25,835)
Bond proceeds							
Excess (deficiency) of revenues and other sources over expenditures and other uses	<u>( 331,806)</u>		<u>( 84)</u>	<u>( 1,277)</u>	<u>( 11,842)</u>	<u>( 10,722)</u>	<u>( 25,835)</u>
Fund balances (deficit), July 1, 2003, as restated	<u>( 103,171)</u>		<u>84</u>	<u>1,277</u>	<u>125,524</u>	<u>10,722</u>	<u>25,835</u>
Fund balances (deficit), June 30, 2004	<u><u>\$ ( 434,977)</u></u>	<u><u>\$</u></u>	<u><u>\$</u></u>	<u><u>\$</u></u>	<u><u>113,682</u></u>	<u><u>\$</u></u>	<u><u>\$</u></u>

See accompanying independent auditors' report

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, 2004

	<u>New Roosevelt Construction</u>	<u>Water Main Bond Issue</u>	<u>Chlorine Disinfectant Station</u>	<u>Normandin MS</u>	<u>Keith MS</u>	<u>Landfill Closure</u>	<u>Land Acquisition</u>
Revenues:							
Federal and state grants	\$	\$	\$ 54,296	\$	\$	\$	\$
Investment income						242,875	
Other							
Total revenues			54,296			242,875	
Expenditures:							
General government							
Public safety			( 2,694)			744,567	
Public works				6,910,985	1,440,346		
Education	686,861						
Community and economic development							
Municipal airport							
Culture and recreation							
Total expenditures	686,861		( 2,694)	6,910,985	1,440,346	744,567	
Excess (deficiency) of revenue over expenditures	( 686,861)		56,990	( 6,910,985)	( 1,440,346)	( 501,692)	
Other financing sources (uses):							
Transfers between funds						20,000	
Bond proceeds			1,314				
Excess (deficiency) of revenues and other sources over expenditures and other uses	( 686,861)		58,304	( 6,910,985)	( 1,440,346)	( 481,692)	
Fund balances (deficit), July 1, 2003, as restated	4,366,956	41,058	( 60,029)	(29,715,552)	( 1,965,010)	( 981,114)	( 1,150,000)
Fund balances (deficit), June 30, 2004	<u>\$ 3,680,095</u>	<u>\$ 41,058</u>	<u>\$ ( 1,725)</u>	<u>\$ (36,626,537)</u>	<u>\$ (3,405,356)</u>	<u>\$ ( 1,462,806)</u>	<u>\$ ( 1,150,000)</u>

See accompanying independent auditors' report

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, 2004

	<u>River Road Bond</u>	<u>Winslow Elementary</u>	<u>Elizabeth Brooks</u>	<u>Lincoln Elementary</u>	<u>Campbell Elementary</u>	<u>Railroad Depot</u>	<u>2002 SAC- Dredge Grant</u>
Revenues:							
Federal and state grants	\$	\$	\$	\$	\$	\$	\$
Investment income							
Other						164,778	
Total revenues						164,778	
Expenditures:							
General government							
Public safety							
Public works							1,170,061
Education		146,898	152,791	8,875	10,133		
Community and economic development						2,760,189	
Municipal airport							
Culture and recreation							
Total expenditures		146,898	152,791	8,875	10,133	2,760,189	1,170,061
Excess (deficiency) of revenue over expenditures		( 146,898)	( 152,791)	( 8,875)	( 10,133)	( 2,595,411)	( 1,170,061)
Other financing sources (uses):							
Transfers between funds							
Bond proceeds							
Excess (deficiency) of revenues and other sources over expenditures and other uses		( 146,898)	( 152,791)	( 8,875)	( 10,133)	( 2,595,411)	( 1,170,061)
Fund balances (deficit), July 1, 2003, as restated	( 438,310)	( 642,691)	( 632,001)	( 786,974)	( 1,366,419)	( 1,891,102)	( 3,306,526)
Fund balances (deficit), June 30, 2004	<u>\$( 438,310)</u>	<u>\$( 789,589)</u>	<u>\$( 784,792)</u>	<u>\$( 795,849)</u>	<u>\$( 1,376,552)</u>	<u>\$( 4,486,513)</u>	<u>\$( 4,476,587)</u>

See accompanying independent auditors' report

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, 2004

	<u>DeValles Elementary</u>	<u>Pierce Mill Park</u>	<u>West End Cement Lining Ph2</u>	<u>HDC EPA Reimb Agreement</u>	<u>Incubator Project</u>	<u>HDC Oak Bluff Ferry Terminal</u>	<u>Sea Lab</u>
Revenues:							
Federal and state grants	\$	\$	\$	\$	\$	\$	\$
Investment income							
Other							
Total revenues							
Expenditures:							
General government							
Public safety							
Public works		50,552	129,063		313,495		57,273
Education	321,465						
Community and economic development							
Municipal airport							
Culture and recreation							
Total expenditures	<u>321,465</u>	<u>50,552</u>	<u>129,063</u>		<u>313,495</u>		<u>57,273</u>
Excess (deficiency) of revenue over expenditures	<u>( 321,465)</u>	<u>( 50,552)</u>	<u>( 129,063)</u>		<u>( 313,495)</u>		<u>( 57,273)</u>
Other financing sources (uses):							
Transfers between funds							
Bond proceeds							
Excess (deficiency) of revenues and other sources over expenditures and other uses	<u>( 321,465)</u>	<u>( 50,552)</u>	<u>( 129,063)</u>		<u>( 313,495)</u>		<u>( 57,273)</u>
Fund balances (deficit), July 1, 2003, as restated							
Fund balances (deficit), June 30, 2004	<u><u>\$ ( 321,465)</u></u>	<u><u>\$ ( 50,552)</u></u>	<u><u>\$ ( 129,063)</u></u>	<u><u>\$</u></u>	<u><u>\$ ( 313,495)</u></u>	<u><u>\$</u></u>	<u><u>\$ ( 57,273)</u></u>

See accompanying independent auditors' report

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, 2004

	<u>EPA Vulnerability Assem</u>	<u>Phase 2 Regional-Airspace Study</u>	<u>Parking Garage</u>	<u>Wastewater 2D Treatment</u>	<u>AIP 27 Taxiway B Construction</u>	<u>Subtotal</u>
Revenues:						
Federal and state grants	\$ 92,000	\$	\$	\$	\$ 2,313,309	\$ 3,307,862
Investment income			8,559	429		8,988
Other			790		32,358	440,801
Total revenues	<u>92,000</u>		<u>9,349</u>	<u>429</u>	<u>2,345,667</u>	<u>3,757,651</u>
Expenditures:						
General government						5,140
Public safety						3,734,380
Public works	92,000					9,678,354
Education						2,760,189
Community and economic development						2,405,770
Municipal airport					2,405,770	2,405,770
Culture and recreation			493,598			505,440
Total expenditures	<u>92,000</u>		<u>493,598</u>		<u>2,405,770</u>	<u>19,089,273</u>
Excess (deficiency) of revenue over expenditures			<u>( 484,249)</u>	<u>429</u>	<u>( 60,103)</u>	<u>( 15,331,622)</u>
Other financing sources (uses):						
Transfers between funds					63,720	50,942
Bond proceeds			1,749,975			1,751,289
Excess (deficiency) of revenues and other sources over expenditures and other uses:			1,265,726	429	3,617	( 13,529,391)
Fund balances (deficit):						
July 1, 2003, as restated		9,920	( 2,189,189)	11,061	3,990	( 40,631,661)
Fund balances (deficit):						
June 30, 2004	<u>\$</u>	<u>\$ 9,920</u>	<u>\$( 923,463)</u>	<u>\$ 11,490</u>	<u>\$ 7,607</u>	<u>\$( 54,161,052)</u>

See accompanying independent auditors' report

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, 2004

	Nonexpendable Trusts	Expendable Trusts	Subtotal	Total Non Major Governmental Funds
Revenues:				
Federal and state grants	\$	\$	\$	\$
Investment income	1,021,950	31,963	1,053,913	45,411,988
Other excise				1,079,549
Fines and penalties				15,865
Charges for services				4,140
Other	<u>105,407</u>	<u>2,478</u>	<u>107,885</u>	<u>1,645,200</u>
Total revenues	<u>1,127,357</u>	<u>34,441</u>	<u>1,161,798</u>	<u>4,440,015</u>
Expenditures:				
General government	1,966		1,966	458,937
Public safety				3,787,869
Public works				9,718,543
Health and human services	112,675		112,675	868,350
Education	2,445		2,445	39,087,896
Community and economic development				8,036,797
Municipal airport				3,252,684
Culture and recreation	74,564	1,435	75,999	1,174,583
Debt service:				
Principal				100,000
Interest				<u>22,306</u>
Total expenditures	<u>191,650</u>	<u>1,435</u>	<u>193,085</u>	<u>66,507,965</u>
Excess (deficiency) of revenue over expenditures	<u>935,707</u>	<u>33,006</u>	<u>968,713</u>	<u>( 13,911,208)</u>
Other financing sources (uses):				
Transfers between funds	( 250,000)	1,202	( 248,798)	( 197,173)
Bond proceeds				<u>1,751,289</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	685,707	34,208	719,915	( 12,357,092)
Fund balance (deficit), July 1, 2003, restated	<u>7,505,824</u>	<u>247,093</u>	<u>7,752,917</u>	<u>( 25,773,755)</u>
Fund balance (deficit), June 30, 2004	<u>\$ 8,191,531</u>	<u>\$ 281,301</u>	<u>\$ 8,472,832</u>	<u>\$ 38,130,847</u>

See accompanying independent auditors' report

CITY OF NEW BEDFORD, MASSACHUSETTS

Supplementary Information

Private Purpose Trust Funds

Combining Balance Sheet

June 30, 2004

	<u>Elwyn G. Campbell</u>	<u>Taylor School</u>	<u>Total</u>
<b>Assets</b>			
Cash and short-term investments	\$( 228)	\$ 5,221	\$ 4,993
Investments	<u>10,103</u>	<u>          </u>	<u>10,103</u>
Total assets	<u>\$ 9,875</u>	<u>\$ 5,221</u>	<u>\$ 15,096</u>
<b>Liabilities</b>			
Accounts payable	<u>\$           </u>	<u>\$ 2,210</u>	<u>\$ 2,210</u>
Total liabilities	<u>          </u>	<u>2,210</u>	<u>2,210</u>
<b>Net Assets</b>			
Held in trust for pension benefits and other purposes	<u>\$ 9,875</u>	<u>\$ 3,011</u>	<u>\$ 12,886</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, 2004

	<u>Elwyn G. Campbell</u>	<u>Taylor School</u>	<u>Total</u>
<b>Additions:</b>			
Investment income:			
Dividends and interest	\$ 179	\$ 1,082	\$ 1,261
Net appreciation in fair value of investments	<u>1,765</u>	<u>(1,023)</u>	<u>742</u>
Total additions	<u>1,944</u>	<u>59</u>	<u>2,003</u>
<b>Deductions:</b>			
Administration	<u>282</u>	<u>2,210</u>	<u>2,492</u>
Total deductions	<u>282</u>	<u>2,210</u>	<u>2,492</u>
Changes in net assets	<u>1,662</u>	<u>(2,151)</u>	<u>(489)</u>
Net assets at beginning of year	<u>8,213</u>	<u>5,162</u>	<u>13,375</u>
Net assets at end of year	<u>\$ 9,875</u>	<u>\$ 3,011</u>	<u>\$ 12,886</u>

See accompanying independent auditors' report

CITY OF NEW BEDFORD, MASSACHUSETTS

Supplementary Information

Special Revenue Funds - Community Development

Combining Balance Sheet

June 30, 2004

	Community Development Block Grant	HILP	National Park	Portuguese Culture Center	HOME Program	Housing Seventy Inc.	HAND, Inc.	Total
<b>ASSETS</b>								
Cash	\$ 25,840	\$ 64,502	\$ 15,990	\$( 11,250)	\$ 271,047	\$	\$ 383,884	\$ 750,013
Federal and state receivables	5,747,532			498,000	2,334,074			8,579,606
Loans receivable	1,697,502						10,876,037	12,573,539
Receivable, other	21,906				260			22,166
Due from other funds							5,900	5,900
Land inventory						246,918		246,918
Total assets	<u>\$ 7,492,780</u>	<u>\$ 64,502</u>	<u>\$ 15,990</u>	<u>\$ 486,750</u>	<u>\$ 2,605,381</u>	<u>\$ 246,918</u>	<u>\$ 11,265,821</u>	<u>\$ 22,178,142</u>
<b>LIABILITIES AND FUND EQUITIES (DEFICITS)</b>								
Liabilities:	\$ 332,388	\$	\$	\$	\$	\$	\$	\$ 332,388
Warrants payable								
Accounts payable and accrued expenses	88,024				15,451		17,709	121,184
Retainage payable	11,636							11,636
Deferred revenue	7,466,940			486,750	2,334,074		10,876,037	21,163,801
Due from other funds	5,900				6,041			11,941
Other liabilities		33,958			294,784			328,742
Total liabilities	<u>7,904,888</u>	<u>33,958</u>		<u>486,750</u>	<u>2,650,350</u>		<u>10,893,746</u>	<u>21,969,692</u>
Fund Balance:								
Unreserved, undesignated	( 412,108)	30,544	15,990		( 44,969)	246,918	372,075	208,450
Total liabilities and fund balance	<u>\$ 7,492,780</u>	<u>\$ 64,502</u>	<u>\$ 15,990</u>	<u>\$ 486,750</u>	<u>\$ 2,605,381</u>	<u>\$ 246,918</u>	<u>\$ 11,265,821</u>	<u>\$ 22,178,142</u>

See accompanying independent auditors' report

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, 2004

	Community Development Block Grant	National		Portuguese Culture Center	HOME Program	Housing Seventy Inc.	HAND, Inc.	Total
		HILP	Park					
Revenues:								
Federal and state grant income	\$ 4,007,078	\$	\$ 40,000	\$ 11,250	\$ 461,940	\$	\$ 191,441	\$ 4,711,709
Interest income	5,333	256					25,382	30,971
Other income	9,681	4,111			708,346		333,253	1,055,391
Total revenue	<u>4,022,092</u>	<u>4,367</u>	<u>40,000</u>	<u>11,250</u>	<u>1,170,286</u>		<u>550,076</u>	<u>5,798,071</u>
Expenditures:								
Community and economic development	2,833,834	6,060	24,010	11,250	1,585,548		671,576	5,132,278
Culture and recreation	248,000							248,000
Health and human services	319,726							319,726
Public works	771,644						771,644	
Total expenditures	<u>4,173,204</u>	<u>6,060</u>	<u>24,010</u>	<u>11,250</u>	<u>1,585,548</u>		<u>671,576</u>	<u>6,471,648</u>
Excess (deficiency) of revenues over expenditures	<u>( 151,112)</u>	<u>( 1,693)</u>	<u>15,990</u>		<u>( 415,262)</u>		<u>( 121,500)</u>	<u>( 673,577)</u>
Other financing sources (uses):								
Transfers between funds								
Excess (deficiency) of revenues and other sources over expenditures and other uses	<u>( 151,112)</u>	<u>( 1,693)</u>	<u>15,990</u>		<u>( 415,262)</u>		<u>( 121,500)</u>	<u>( 673,577)</u>
Fund balance (deficit), July 1, 2003, restated	<u>( 260,996)</u>	<u>32,237</u>			<u>370,293</u>	<u>246,918</u>	<u>493,575</u>	<u>882,027</u>
Fund balance (deficit), June 30, 2004	<u><u>\$ ( 412,108)</u></u>	<u><u>\$ 30,544</u></u>	<u><u>\$ 15,990</u></u>	<u><u>\$</u></u>	<u><u>\$ ( 44,969)</u></u>	<u><u>\$ 246,918</u></u>	<u><u>\$ 372,075</u></u>	<u><u>\$ 208,450</u></u>

See accompanying independent auditors' report

CITY OF NEW BEDFORD, MASSACHUSETTS

Supplementary Information

Proprietary Funds - Internal Service Funds

Combining Balance Sheet

June 30, 2004

	<u>Group Insurance Claims</u>	<u>Purchasing Department</u>	<u>Totals</u>
<b>ASSETS</b>			
Cash and investments	\$ 3,670,220	\$ 139,284	\$ 3,809,504
Insurance premium deposit	3,620,300		3,620,300
Due from other funds	<u>860</u>	<u>18</u>	<u>878</u>
Total assets	<u>\$ 7,291,380</u>	<u>\$ 139,302</u>	<u>\$ 7,430,682</u>
<b>LIABILITIES AND RETAINED EARNINGS (DEFICITS)</b>			
Liabilities:			
Warrants payable	\$ 2,470,170	\$ 22,748	\$ 2,492,918
Accounts payable and accrued expenses	333	9	342
Claims IBNR	2,541,060		2,541,060
Due to other funds	<u>1,741</u>	<u>          </u>	<u>1,741</u>
Total liabilities	5,013,304	22,757	5,036,061
Retained earnings	<u>2,278,076</u>	<u>116,545</u>	<u>2,394,621</u>
Total liabilities and retained earnings	<u>\$ 7,291,380</u>	<u>\$ 139,302</u>	<u>\$ 7,430,682</u>

See accompanying independent auditors' report

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, 2004

	<u>Group Insurance Claims</u>	<u>Purchasing Department</u>	<u>Totals</u>
Revenues:			
Other miscellaneous revenue	\$	\$ 338,668	\$ 338,668
Other restricted revenue	<u>30,990,929</u>	<u>          </u>	<u>30,990,929</u>
Total operating revenue	<u>30,990,929</u>	<u>338,668</u>	<u>31,329,857</u>
Expenses:			
Premiums LHM	30,866,584		30,866,584
Contract services	28,895		28,895
Supplies	<u>          </u>	<u>291,648</u>	<u>291,648</u>
Total operating expenses	<u>30,895,479</u>	<u>291,648</u>	<u>31,187,127</u>
Operating income (loss)	95,450	47,020	142,470
Non operating income/expenses:			
Investment income	<u>260</u>	<u>          </u>	<u>260</u>
Net income	95,710	47,020	142,730
Fund balance July 1, 2003, restated	<u>2,182,366</u>	<u>69,525</u>	<u>2,251,891</u>
Fund balance June 30, 2004	<u>\$ 2,278,076</u>	<u>\$ 116,545</u>	<u>\$ 2,394,621</u>

See accompanying independent auditors' report

CITY OF NEW BEDFORD, MASSACHUSETTS

Supplementary Information

General Fund

Schedule of Property Tax and Motor Vehicle Excise Tax Receivables

Year Ended June 30, 2004

	<u>Beginning Balance 06/30/03</u>	<u>Commitments</u>	<u>Treasurer's Collections</u>	<u>Adjustments</u>	<u>Abatements</u>	<u>Transfer to Tax Title</u>	<u>Refunds &amp; Refund Pay</u>	<u>Ending Balance 06/30/04</u>
<u>Real Estate</u>								
2004	\$	\$ 64,979,471	\$( 62,250,625)	\$( 5,118)	\$( 756,555)	\$	\$	\$ 1,967,173
2003	2,210,629		( 858,394)	1,101	( 7,128)	( 1,506,709)	77,822	( 82,679)
2002	371,589				( 1,959)		2,368	371,998
2001	( 35,949)				( 513)			( 36,462)
2000	( 13,307)				( 402)			( 13,709)
1999	( 24,500)				( 393)			( 24,893)
1998	31,111			( 20,440)	( 10,782)			( 111)
1997	( 1,218)			1,218				
1996	( 682)			682				
1995	( 16,679)			16,679				
1994	( 5,388)			5,388				
1993	( 2,469)			2,469				
1992	( 16,117)			16,117				
1991	( 13,671)			13,671				
1990	( 17,880)			17,880				
1989	( 5,916)			5,916				
1998	( 527)			527				
Unallocated	( 2,897)			( 4,159)				( 7,056)
<b>Total Real Estate</b>	<b>2,456,129</b>	<b>64,979,471</b>	<b>( 63,109,019)</b>	<b>51,931</b>	<b>( 777,732)</b>	<b>( 1,506,709)</b>	<b>80,190</b>	<b>2,174,261</b>
<u>Personal Property:</u>								
2004		3,636,007	( 3,577,498)		( 5,246)			53,263
2003	66,061		( 32,178)	2	( 737)		17,198	50,346
2002	58,419		( 8,208)	( 1)	( 2,168)		2,973	51,015
2001	54,708		( 9,881)		( 2,201)			42,626
2000	41,564		( 7,621)	( 1)	( 2,000)			31,942
1999	16,559		( 4,120)	( 1)	( 611)			11,827
1998	27,834		( 4,683)	( 637)	( 2,372)			20,142
1997	11,385		( 3,250)	( 12)	( 2,258)			5,865
1996	13,443		( 2,657)	( 5)	( 2,772)			8,009
1995	9,941		( 4,586)	( 238)	( 1,182)			3,935
1994	7,296		( 3,739)	( 1,151)	( 1,002)			1,404
1993	7,284		( 3,396)	( 4)	( 952)			2,932
1992	4,096		( 1,785)	11	( 917)			1,405
1991	4,818		( 1,364)	2,351	( 1,044)			4,761
1990	2,301		( 1,209)	3,209	( 1,055)			3,246
1989	3,762		( 1,352)	( 196)	( 1,043)			1,171
<b>Total Personal Property</b>	<b>329,471</b>	<b>3,636,007</b>	<b>( 3,667,527)</b>	<b>3,327</b>	<b>( 27,560)</b>		<b>20,171</b>	<b>293,889</b>
<b>Total Property Taxes</b>	<b>2,785,600</b>	<b>68,615,478</b>	<b>( 66,776,546)</b>	<b>55,258</b>	<b>( 805,292)</b>	<b>( 1,506,709)</b>	<b>100,361</b>	<b>2,468,150</b>

See accompanying independent auditors' report

CITY OF NEW BEDFORD, MASSACHUSETTS

Supplementary Information

General Fund

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

Year Ended June 30, 2004

	<u>Beginning Balance 06/30/03</u>	<u>Commitments</u>	<u>Treasurer's Collections</u>	<u>Adjustments</u>	<u>Abatements</u>	<u>Transfer to Tax Title</u>	<u>Refunds &amp; Refund Pay</u>	<u>Ending Balance 06/30/04</u>
<u>Motor Vehicle:</u>								
2004		5,208,790	( 4,307,700)	25,282	( 122,990)		24,666	828,048
2003	662,485	984,690	( 1,319,606)	( 29,087)	( 79,833)		44,815	263,464
2002	282,689	45,432	( 159,327)	( 14,196)	( 7,598)		2,795	149,795
2001	124,883	790	( 34,728)	( 1,671)	( 798)		73	88,549
2000	69,486		( 12,190)	( 136)	( 75)			57,085
1999	52,730		( 6,305)	( 21)	( 178)			46,226
1998	106,012		( 3,464)	( 64,978)	( 19)			37,551
1997	45,939		( 2,002)	( 7,728)				36,209
1996	35,839		( 855)	( 1,072)				33,912
1995	36,229		( 798)	( 35)				35,396
1994	38,816		( 798)	( 25)				37,993
1993	53,184		( 1,199)	( 64)				51,921
1992	64,473		( 1,342)	( 61)				63,070
1991	87,689		( 2,133)	( 47)	( 63)			85,446
1990	111,231		( 2,573)	85				108,743
1989	146,540		( 2,899)	( 212)				143,429
1988	162,385		( 2,548)	327				160,164
Total Motor Vehicle	<u>2,080,610</u>	<u>6,239,702</u>	<u>( 5,860,467)</u>	<u>( 93,639)</u>	<u>( 211,554)</u>		<u>72,349</u>	<u>2,227,001</u>
Total Property and Motor Vehicle	<u>\$ 4,866,210</u>	<u>\$ 74,855,180</u>	<u>\$( 72,637,013)</u>	<u>\$( 38,381)</u>	<u>\$( 1,016,846)</u>	<u>\$( 1,506,709)</u>	<u>\$ 172,710</u>	<u>\$ 4,695,151</u>

See accompanying independent auditors' report

CITY OF NEW BEDFORD, MASSACHUSETTS

Supplementary Information

General Fund

Statement of Revenues, Expenditures and Changes in Fund Balances

Year Ended June 30, 2004

Revenues:

Tax collections net of refunds:

Real estate and personal property taxes	\$ 66,118,307
Motor vehicle excise	5,858,839
Tax liens and foreclosures	1,144,771
Other excise collections	11,845
Penalties and interest	1,087,563
Payments in lieu of taxes	404,049

Charges for services:

Water and sewer	6,200,699
Trash	10,433
Cemeteries	252,015
Parking	838,008
Zoo	404,924
Other	112,449
Departmental	11,927,722
Licenses and permits	1,294,457
Fines and forfeitures	176,721
Special assessments	3,983
Earnings on investments	239,325
Other	402,416

Governmental revenue:

Federal	103,482
State	137,921,371
Other	

Total revenues

234,513,379

See accompanying independent auditors' report

**CITY OF NEW BEDFORD, MASSACHUSETTS**

Supplementary Information

General Fund

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

Year Ended June 30, 2004

Expenditures:

General government	15,816,567
Public safety:	
Police	19,116,075
Fire	13,034,569
EMS	2,110,413
Inspector of buildings	1,068,477
Other	40,800
Public works and facilities:	
Water, sewer and sanitation operations	8,229,630
Highways and streets	1,562,682
Education:	
School department	114,258,461
Other	2,736,998
Human services	2,036,575
Culture and recreation	2,551,685
Debt service	8,589,879
Insurance and pension	39,965,428
Other	391,853
Intergovernmental expenditures	<u>1,513,412</u>
Total Expenditures	<u>233,023,504</u>
Excess (deficiency) of revenues over expenditures	<u>1,489,875</u>
Other financing sources and (uses):	
Transfer from tailings	165,000
Transfer from overlay reserve	600,000
Operating transfers in	755,683
Operating transfers out	<u>( 132,240)</u>
Total other financing sources and (uses)	<u>1,388,441</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	2,878,316
Fund balance (deficit) at beginning of year, restated	<u>17,639,754</u>
Fund balance (deficit) at end of year	<u>\$ 20,518,070</u>

See accompanying independent auditors' report

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 6/30/04</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Landfill Closure Bonds	\$ 915,000	\$ 650,000	\$ 265,000	\$	\$	\$
General Public Improvement	2,760,000	300,000	300,000	295,000	295,000	295,000
Water Bond	3,605,000	260,000	275,000	235,000	250,000	260,000
General Public Improvement	2,895,000	250,000	245,000	245,000	245,000	245,000
Sewer Bonds	4,040,000	220,000	230,000	245,000	260,000	270,000
Sewer Bonds	2,855,000	135,000	140,000	145,000	150,000	160,000
General Public Improvement	7,745,000	770,000	770,000	770,000	770,000	775,000
Federal Loan 1996 Series A	13,690,000	1,705,000	1,645,000	1,570,000	1,490,000	1,390,000
Federal Loan 1998 Series A	113,260,000	2,585,000	2,755,000	2,940,000	3,135,000	3,345,000
Federal Loan 2000 Series 6	5,324,698	124,055	127,267	130,894	135,129	139,495
Landfill and Water	3,125,000	185,000	185,000	185,000	185,000	185,000
Middle School, Public Imp	42,395,000	1,725,000	1,795,000	1,870,000	1,955,000	2,035,000
Federal Loan 2003 Series 8	774,167	31,103	31,548	32,326	33,452	34,617
Federal Loan 2003 Pool 9	1,533,354	66,563	66,834	68,176	69,528	69,964
HUD 108 -2003 -A	<u>1,760,000</u>	<u>40,000</u>	<u>40,000</u>	<u>40,000</u>	<u>90,000</u>	<u>90,000</u>
	<u>\$ 206,677,219</u>	<u>\$ 9,046,721</u>	<u>\$ 8,870,649</u>	<u>\$ 8,771,396</u>	<u>\$ 9,063,109</u>	<u>\$ 9,294,076</u>

See accompanying independent auditors' report.

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>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Landfill Closure Bonds	\$	\$	\$	\$	\$
General Public Improvement	255,000	255,000	255,000	255,000	255,000
Water Bond	280,000	295,000	310,000	330,000	350,000
General Public Improvement	240,000	240,000	240,000	190,000	190,000
Sewer Bonds	285,000	305,000	320,000	340,000	360,000
Sewer Bonds	170,000	175,000	185,000	195,000	205,000
General Public Improvement	390,000	390,000	390,000	390,000	390,000
Federal Loan 1996 Series A	1,285,000	1,165,000	1,035,000	890,000	730,000
Federal Loan 1998 Series A	3,565,000	3,805,000	4,085,000	4,390,000	4,710,000
Federal Loan 2000 Series 6	144,008	148,850	155,000	160,000	165,000
Landfill and Water	185,000	185,000	185,000	185,000	185,000
Middle School, Public Imp	2,125,000	2,220,000	2,315,000	2,420,000	2,530,000
Federal Loan 2003 Series 8	35,534	36,482	37,505	38,368	39,607
Federal Loan 2003 Pool 9	70,651	71,594	72,795	74,959	77,290
HUD 108-2003-A	<u>90,000</u>	<u>105,000</u>	<u>105,000</u>	<u>105,000</u>	<u>105,000</u>
	<u>\$ 9,120,193</u>	<u>\$ 9,396,926</u>	<u>\$ 9,690,300</u>	<u>\$ 9,963,327</u>	<u>\$ 10,291,897</u>

See accompanying independent auditors' report