

CITY OF NEW BEDFORD, MASSACHUSETTS

ANNUAL FINANCIAL REPORT

YEAR ENDED JUNE 30, 2005

CITY OF NEW BEDFORD, MASSACHUSETTS

June 30, 2005

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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, 2005, 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.

The City of New Bedford, Massachusetts has not reconciled the general ledger cash and investment account balances to the total bank accounts held at various financial institutions as of June 30, 2005. Cash in the bank as reported in the financial statements totals \$55 million compared with the Cash in the Bank as reported in the summary of all bank statements, after considering unrepresented deposits and checks which totals \$57 million, a difference of \$2 million. As a result, we were unable to obtain assurance that all the transactions processed by the City of New Bedford, Massachusetts during the year are accurately reflected in the financial statements.

In our opinion, except for the existence of the limitation on the scope of work as described in the qualification paragraph above, and the effect of such adjustments, if any, as might have been determined to be necessary had the limitation not existed, 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, 2005, 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 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 statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

In accordance with *Government Auditing Standards*, we have also issued a separate report dated January 11, 2006 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Hague, Sahady & Co. PC

January 11, 2006

CITY OF NEW BEDFORD, MASSACHUSETTS

Management's Discussion and Analysis (MD&A)

Year Ended June 30, 2005

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, 2005 and 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 June 30, 2005 and 2004, respectively, by \$151,277,124 and \$119,431,728. Of this amount, \$55,222,771 represents unrestricted net assets.
- The City's total net assets increased by \$31,845,396.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$(15,246,610). As of June 30, 2004 ending fund balances for governmental funds were \$(6,650,1294).
- At the end of the current fiscal year, unreserved fund balance for the general fund was \$21,779,197 (9.1 percent) of total general fund expenditures.
- The City's total long term debt decreased by \$2,111,508 from \$206,677,219 to \$204,565,711 during the current fiscal year. The key factor in this decrease is the normal annual debt service requirements.
- The City considered its water and airport activities to be business-type in nature beginning in 2005.

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, 2005

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

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

- Governmental activities – Governmental activities of the City such as general government, public works, public safety, education, community and economic development, and culture and recreation are reported here. Property taxes, state aid, local fees and charges finance most of these activities.
- Business-type activities - Business-type activities of the City such as water and airport are reported here. Charges for services finance most of these activities.
- Component units — The government-wide financial statements not only include the governmental and business-type activities (known as the primary government) but also legally separate entities. There are 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 water and airport and internal service or medical claims trust funds. All other activities of the City are included in the governmental funds.

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

CITY OF NEW BEDFORD, MASSACHUSETTS

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

Year Ended June 30, 2005

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 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. The budgetary statements can be found on pages XX through XX of this report.

Proprietary funds: The City maintains two different type of proprietary fund. *Enterprise funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its water and airport operations. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among various 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 water and airport 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, 2005

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, water, airport 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 \$148 million as of June 30, 2005 and \$119 million as of June 30, 2004.

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, 2005 and June 30, 2004 (Government-wide level)

	<u>Governmental Activities</u>		<u>Business-Type Activities **</u>		<u>Total **</u>	
	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>
Current and other assets	\$ 136,859,617	\$ 120,000,414	\$ 1,672,120	\$ 553,463	\$ 138,531,737	\$ 120,553,877
Capital assets	<u>343,624,445</u>	<u>304,997,060</u>	<u>17,530,772</u>	<u>16,900,874</u>	<u>361,155,217</u>	<u>321,897,934</u>
Total Assets	<u>\$ 480,484,062</u>	<u>\$ 424,997,474</u>	<u>\$ 19,202,892</u>	<u>\$ 17,454,337</u>	<u>\$ 499,686,954</u>	<u>\$ 442,451,811</u>
Current liabilities	\$ 66,865,860	\$ 57,881,053	\$ 1,987,519	\$ 571,013	\$ 68,853,379	\$ 58,452,066
Long-term liabilities	<u>264,714,032</u>	<u>256,366,642</u>	<u>14,842,419</u>	<u>8,201,375</u>	<u>279,556,451</u>	<u>264,568,017</u>
Total Liabilities	<u>\$ 331,579,892</u>	<u>\$ 314,247,695</u>	<u>\$ 16,829,938</u>	<u>\$ 8,772,388</u>	<u>\$ 348,409,830</u>	<u>\$ 323,020,083</u>
Net Assets:						
Investment in capital assets (net of debt)	\$ 75,086,015	\$ 50,749,961	\$ 3,877,604	\$ 9,106,045	\$ 78,963,619	\$ 59,856,006
Restricted	17,090,734	19,367,524			17,090,734	19,367,524
Unreserved fund balance	<u>56,727,421</u>	<u>40,632,294</u>	<u>(1,504,650)</u>	<u>(424,096)</u>	<u>55,222,771</u>	<u>40,208,198</u>
Total Net Assets	<u>\$ 148,904,170</u>	<u>\$ 110,749,779</u>	<u>\$ 2,372,954</u>	<u>\$ 8,681,949</u>	<u>\$ 151,277,124</u>	<u>\$ 119,431,728</u>

** Total net assets for fiscal year ended June 30, 2004 have been restated - refer to restatement note in the financial statements for the explanation.

CITY OF NEW BEDFORD, MASSACHUSETTS

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

Year Ended June 30, 2005

An additional portion of the City's net assets \$17,090,734 represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets \$55,222,771 may be used to meet the City's ongoing obligations to citizens and creditors.

The strength of the City is dependent upon the willingness of the citizenry to pay their bills when they are due, and the diligence of the Tax Collector to ensure that everyone complies with such dealings. As of June 30, 2005 and June 30, 2004 cash and investments consisted of \$51,862,577 and \$55,359,123 respectively.

At the end of fiscal years 2005 and 2004, the City is able to report positive balances in all three categories of net assets for its governmental activities. For years ended 2005 and 2004 the City is not able to report positive balances in all three categories of net assets for its business-type activities.

The City's net assets for its governmental funds increased during the current fiscal year, due in primarily to change in accruals from one year to the next. Net assets for business-type activities decreased due to new debt of \$6,429,352.

Governmental activities. Governmental activities increased the City's net assets by \$38,154,391 for fiscal year ended June 30, 2005.

Business-type activities. Business-type activities decreased the City's net assets by \$(6,308,995) for 2005.

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

Changes in Net Assets for the period ending June 30, 2005 and June 30, 2004 (Government-wide level)

	<u>Governmental Activities **</u>		<u>Business-Type Activities **</u>		<u>Total **</u>	
	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>
Revenues:						
Program revenues:						
Charges for service	\$ 33,811,227	\$ 32,776,740	\$ 7,649,179	\$ 6,790,945	\$ 41,460,406	\$ 39,567,685
Operating grants & contributions	59,552,977	60,835,376	124,902		59,677,879	60,835,376
Capital grants & contributions	31,829,131	11,278,056			31,829,131	11,278,056
General revenues:						
Property taxes	70,839,790	65,763,438			70,839,790	65,763,438
Motor vehicle excise	6,203,610	5,981,080			6,203,610	5,981,080
Tax foreclosure & other	5,049,099	2,610,715			5,049,099	2,610,715
Intergovernmental	126,578,904	121,437,635			126,578,904	121,437,635
Earnings on investments	2,367,999	1,317,865			2,367,999	1,317,865
Other	<u>2,835,604</u>	<u>3,362,556</u>	<u>47,143</u>		<u>2,882,747</u>	<u>3,362,556</u>
Total revenues	<u>339,068,341</u>	<u>305,363,461</u>	<u>7,821,224</u>	<u>6,790,945</u>	<u>346,889,565</u>	<u>312,154,406</u>

CITY OF NEW BEDFORD, MASSACHUSETTS

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

Year Ended June 30, 2005

Changes in Net Assets for the period ending June 30, 2005 and June 30, 2004 (Government-wide level)

	<u>Governmental Activities **</u>		<u>Business-Type Activities **</u>		<u>Total **</u>	
	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>
Expenses:						
General government	17,155,165	17,456,808			17,155,165	17,456,808
Public safety	49,137,925	45,397,878			49,137,925	45,397,878
Education	188,845,906	178,582,064			188,845,906	178,582,064
Public works	20,630,510	29,612,467			20,630,510	29,612,467
Community and						
Economic Development	7,605,609	4,478,884			7,605,609	4,478,884
Health & human serv	4,478,133	5,646,333			4,478,133	5,646,333
Municipal Airport	1,717,997	1,229,376			1,717,997	1,229,376
Culture and recreation	4,639,846	4,243,183			4,639,846	4,243,183
Debt service (interest)	10,585,512	11,566,036			10,585,512	11,566,036
Debt administrative fees	106,356	83,833			106,356	83,833
State and County charges	1,546,634	1,513,412			1,546,634	1,513,412
Water			7,835,697	4,453,647	7,835,697	4,453,647
Airport			653,252	501,353	653,252	501,353
Total expenses	<u>306,449,593</u>	<u>299,810,274</u>	<u>8,488,949</u>	<u>4,955,000</u>	<u>314,938,542</u>	<u>304,765,274</u>
Increase (decrease) in net assets before transfers	32,618,748	5,553,187	(667,725)	1,835,945	31,951,023	7,389,132
Transfers from other funds (791,550)					(791,550)	
Transfers from overlay		600,000				600,000
Proceeds from borrowing	5,759,352		(6,429,352)		(670,000)	
Bond premiums	447,841				447,841	
Transfers from tailings	<u>120,000</u>	<u>165,000</u>	<u>788,082</u>		<u>908,082</u>	<u>165,000</u>
Increase (decrease) in net assets	38,154,391	6,318,187	(6,308,995)	1,835,945	31,845,396	8,154,132
Net assets - beginning **	<u>110,749,779</u>	<u>104,431,592</u>	<u>8,681,949</u>	<u>6,846,004</u>	<u>119,431,728</u>	<u>111,277,596</u>
Net assets - ending	<u>\$ 148,904,170</u>	<u>\$ 110,749,779</u>	<u>\$ 2,372,954</u>	<u>\$ 8,681,949</u>	<u>\$ 151,277,124</u>	<u>\$ 119,431,728</u>

** This category was restated - Refer to restatement note (page 50) for explanation.

The majority of general revenues are tax collections from the City's taxpayers. This amount represented 33% of the total general revenues of \$214 million. The operating grants are also a significant source of revenue for the City. The total operating grants for fiscal year ended June 30, 2005 amounted to \$59,677,879 of which \$42,227,688 were received for education.

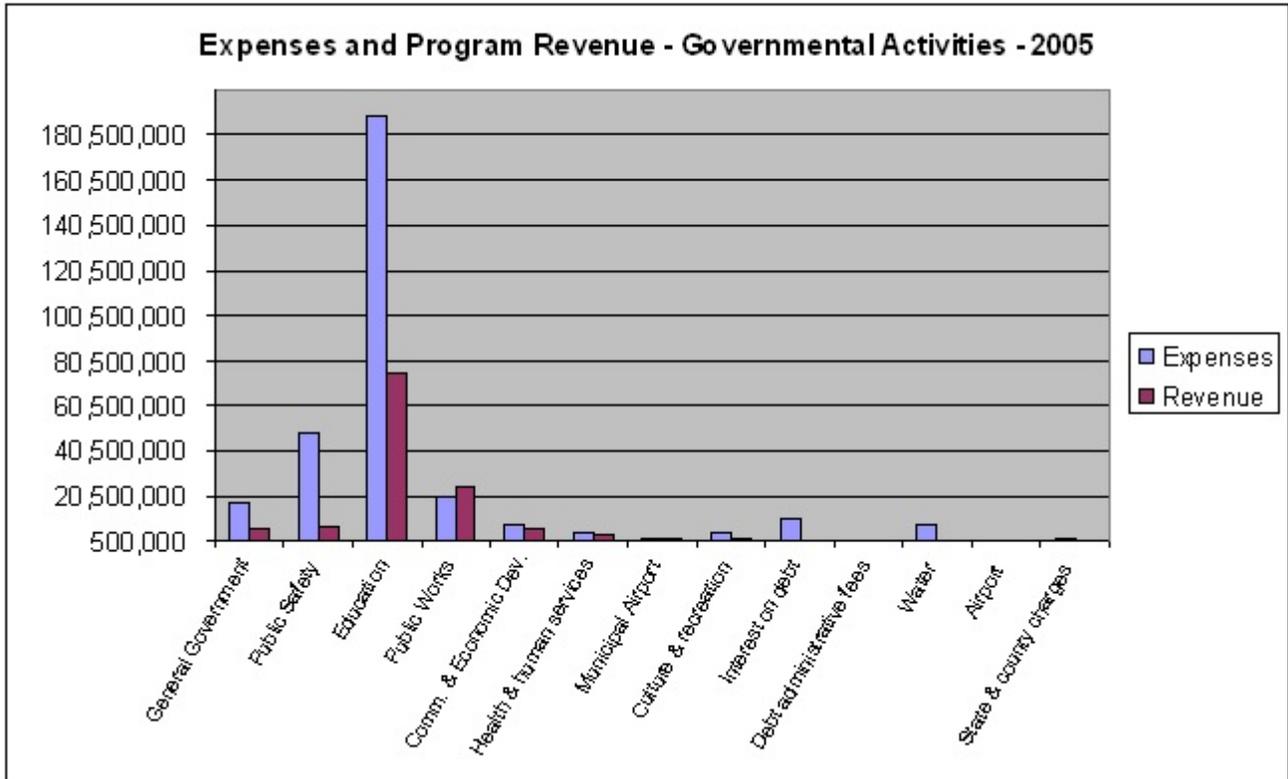
The most significant expense of the City is education which represented 62% of total expenses, followed by public safety at 16%.

CITY OF NEW BEDFORD, MASSACHUSETTS

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

Year Ended June 30, 2005

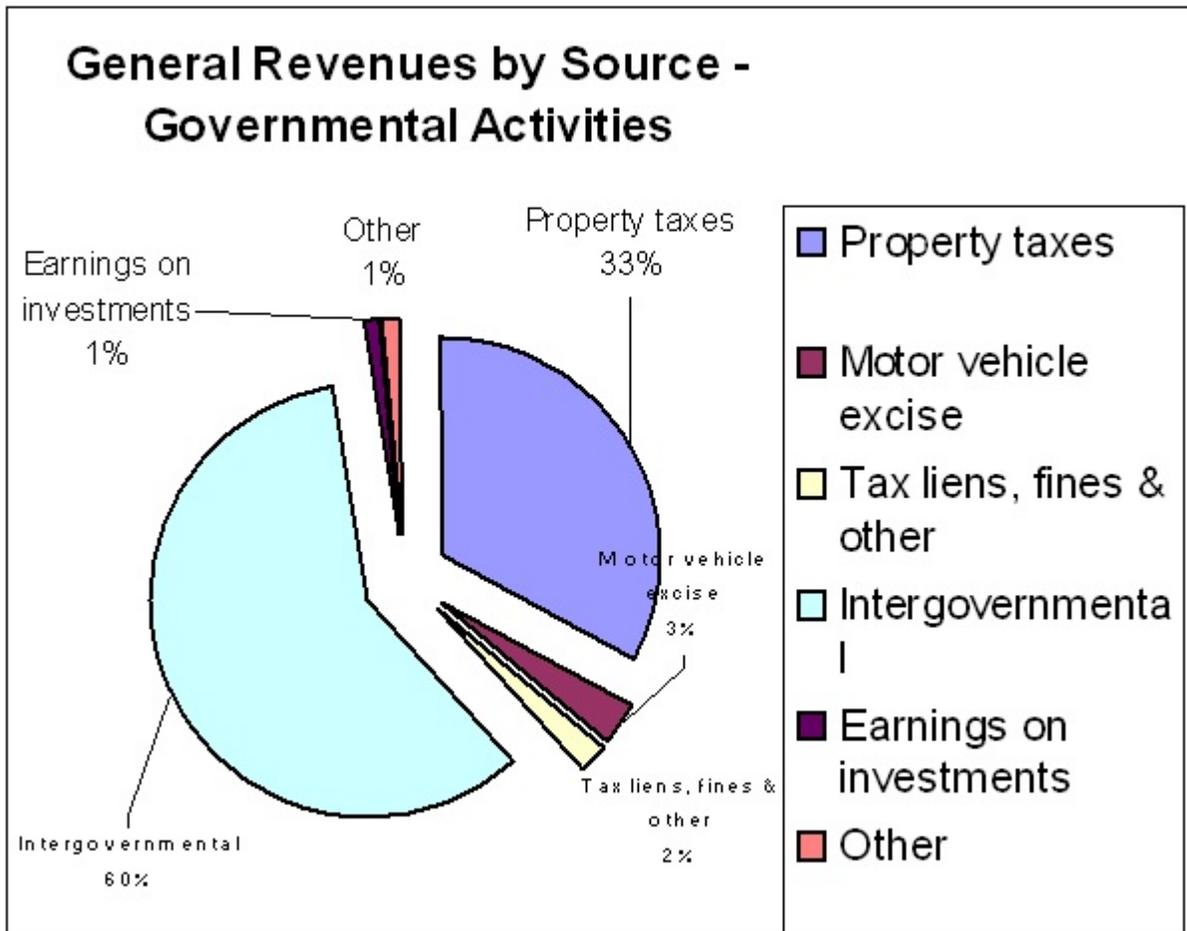
Expenses and Program Revenues – Governmental Activities



CITY OF NEW BEDFORD, MASSACHUSETTS

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

Year Ended June 30, 2005



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 \$(15,246,610) for fiscal year ended June 30, 2005 and \$(6,650,294) for fiscal year ended June 30, 2004. This decrease in fiscal year ended June 30, 2005, totaling \$18,596,316, 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 \$21,779,197 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 9% of total general fund expenditures.

CITY OF NEW BEDFORD, MASSACHUSETTS

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

Year Ended June 30, 2005

The stabilization fund had a fund balance of \$2,464,487 at the end of fiscal year 2005 and a balance of \$3,194,498 at the end of fiscal year 2004. During the year the net transfers out were \$787,249 for fiscal year ended June 30, 2005. The fund had earnings from investments of \$63,009 and \$(6,513) respectively and expenditures of \$5,768 and \$10,919 respectively for fiscal year ended June 30, 2005 and 2004.

Proprietary funds. The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. The Internal Service Fund is categorized as a governmental activity because it services primarily governmental-type funds. The water and airport funds had a fund balance of \$1,418,131 and \$954,823 as of June 30, 2005 and \$8,375,957 and \$305,992 as of June 30, 2004, respectively.

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 \$8,353,521, over the original budget.

- Property tax revenue was increased by \$4,865,515
- Intergovernmental (state) revenue was increased by \$2,440,783
- Transfers from other funds were appropriated in the amount of \$2,509,249

Expenditures and Other Uses:

Total budgeted appropriations were increased by \$10,730,162 over the original budget

- Included additional appropriation for general government - unclassified in the amount of \$5,450,444
- Included additional appropriation for fire in the amount of \$1,867,500
- Included additional appropriation for general government in the amount of \$1,892,137

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

- The revenues were \$1,527,140 higher than budgeted, which was primarily from departmental revenues.
- Total expenditures were \$12,646 lower than budgeted.
- Debt service expenditures were \$170,559 lower than anticipated.
- School Department expenditures were \$110,082 lower than budgeted.
- Environmental stewardship was over budgeted by \$103,767 due to a project plan for fiscal year 2006 and performed in fiscal year 2005.
- Life, Health and Medical Premiums were \$136,951 over budgeted.
- Snow Removal expenditures were \$433,320 over budget.

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, 2005 amounted to \$361,155,127 (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 12.2 percent.

CITY OF NEW BEDFORD, MASSACHUSETTS

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

Year Ended June 30, 2005

Major capital asset events during the current fiscal year included construction in progress for both the Keith Middle School, Sea Lab and the railroad depot projects.

**Net of Accumulated Depreciation
June 30, 2005**

	2005			2004		
	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total
Land	\$ 679,894	\$ 638,000	\$ 1,317,894	\$ 679,894	\$	\$ 679,894
Construction in progress	99,586,572		99,586,572	59,124,362		49,124,362
Infrastructure in progress	14,440,098	2,461,430	16,901,528	11,618,754	2,461,430	14,080,184
Infrastructure	121,307,048	13,562,630	134,869,678	123,502,553	13,913,448	137,416,001
Buildings and Improvements	95,920,588	1,173,996	97,094,584	98,190,419	303,136	98,493,555
Machinery and Equipment	6,723,371	233,333	6,956,704	7,593,057	210,807	7,803,864
Office Equipment and Furniture	1,453,542	15,418	1,468,960	1,875,332	197	1,875,529
Library Books and Textbooks	1,585,165		1,585,165	1,250,473		1,250,473
Automobiles	1,889,350	45,965	1,935,315	1,132,455		1,132,455
Animals	38,817		38,817	41,617		41,617
	<u>\$ 343,624,445</u>	<u>\$ 18,130,772</u>	<u>\$ 361,755,217</u>	<u>\$ 305,008,916</u>	<u>\$ 19,889,018</u>	<u>\$ 321,897,934</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 \$204,565,711 as of June 30, 2005 and \$206,677,219 as of June 30, 2004. The full faith and credit of the City backs this entire amount. Of this amount \$13,653,168 relates to the business type activity.

During the current year the City's total debt decreased by \$2,111,508. This resulted because the regular debt payments were timely paid. \$6,946,252 of new debt was issued during the fiscal year ended June 30, 2005.

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 2005 compared to approximately 60 percent in 1999. Residential vacancy rates continue to decrease. At present, vacant apartments are in scarce supply. During fiscal year 2005, single family housing started to increase from prior years. During 2004, 60 family homes were added to the tax rolls with more new homes under construction. Property value increased for the third consecutive year, growing to 5,180,267,390 in fiscal 2005 compared to 2,904,758,800 in fiscal 2001. This trend has continued into fiscal year 2006.

CITY OF NEW BEDFORD, MASSACHUSETTS

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

Year Ended June 30, 2005

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 51% 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 2005, 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 200, 5 projects are proposed committing \$9.8 million of investments and adding 20 new jobs and retained 70 jobs.

The Industrial Foundation at the New Bedford Industrial Park implemented its "Park Improvement Plan" in 1999, upgrading the entrance, signage, landscaping, making road improvements, modernized telecommunications and improving safety and security. The park has seen 21 purchases and 11 expansions, doubling the number of companies to 36. Currently, 13 projects have been started, or will be completed in 2006, including AFC Cable, Johnson & Johnson, NATCO, First Highland and Buffree Construction. The park offers over 3.0 million square feet of buildings, with annual sales exceeding \$1.5 billion.

The New Bedford Industrial Park is adding 160 acres from three roads under construction. An additional 90 acres will be available in the future after three more roads are added.

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 (continued)

June 30, 2005

	<u>Primary Government</u>			<u>Component Units</u>		
	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>	<u>Greater New Bedford Regional Refuse Management District</u>	<u>Non Major Component Units</u>	<u>Total Component Units</u>
ASSETS						
Unrestricted cash and investments	\$ 43,145,936	\$ 1,281,605	\$ 44,427,541	\$ 1,466,720	\$ 4,160,302	\$ 5,627,022
Restricted cash and investments	7,435,036		7,435,036	10,653,600		10,653,600
Accounts receivable, net of allowance	6,062,987	390,515	6,453,502	484,108	84,318	568,426
Taxes receivable, net	23,502,759		23,502,759			
Loan receivable, net	13,301,167		13,301,167			
Health plan contributions receivable, net	4,283,100		4,283,100			
Due from other funds	9,495,015		9,495,015			
Due from other governments	26,870,804		26,870,804	4,652	1,478,894	1,483,546
Intra-entity receivable	1,958,370		1,958,370		760	760
Receivable from external parties	434,012		434,012		11,151	11,151
Inventories and prepaid expenses	246,918		246,918	41,530	36,026	77,556
Other assets - current	123,513		123,513		1,833	1,833
Other assets - noncurrent				128,149		128,149
Capital assets						
Land	679,894	38,000	717,894	4,644,352	1,903,998	6,548,350
Construction in progress	99,586,572		99,586,572		3,287,210	3,287,210
Infrastructure in progress	14,440,098	2,461,430	16,901,528	7,143,717		7,143,717
Land improvements, net					8,085	8,085
Infrastructure, net	121,307,048	13,562,630	134,869,678			
Building and improvements, net	95,920,588	1,173,996	97,094,584	168,782	8,178,815	8,347,597
Office equipment and furniture, net	1,453,542	15,418	1,468,960	12,497	51,745	64,242
Library books and textbooks, net	1,585,165		1,585,165			
Automobiles, net	1,889,350	45,965	1,935,315	671,115	49,168	720,283
Machinery and equipment, net	6,723,371	233,333	6,956,704		52,988	52,988
Animals, net	38,817		38,817			
Total capital assets	<u>343,624,445</u>	<u>17,530,772</u>	<u>361,155,217</u>	<u>12,640,463</u>	<u>13,532,009</u>	<u>26,172,472</u>
Total Assets	<u>\$ 480,484,062</u>	<u>\$ 19,202,892</u>	<u>\$ 499,686,954</u>	<u>\$ 25,419,222</u>	<u>\$ 19,305,293</u>	<u>\$ 44,724,515</u>

The accompanying notes are an integral part of this statement

CITY OF NEW BEDFORD, MASSACHUSETTS

Statement Of Net Assets (continued)

June 30, 2005

	Primary Government			Component Units		
	Governmental Activities	Business-type Activities	Total	Greater New Bedford Regional Refuse Management District	Non Major Component Units	Total Component Units
LIABILITIES						
Accounts payable and accrued expenses	\$ 17,460,237	\$ 511,476	\$ 17,971,713	\$ 74,231	\$ 992,127	\$ 1,066,358
Retainage payable	883,514		883,514		72,329	72,329
Due to other governments	169,063		169,063	4,652	125,990	130,642
Intra-entity payable	760		760		1,958,370	1,958,370
Due to other funds	9,062,056	432,959	9,495,015			
Payable to external parties	78,000		78,000		741,486	741,486
Accrued interest	3,634,613	195,658	3,830,271	2,295	7,309	9,604
Deposits held					41,667	41,667
Deferred revenues	14,276,064		14,276,064		478,097	478,097
Other liabilities	692,962		692,962	159,313	23,287	182,600
Long-term liabilities:						
Portion due or payable within one year:						
Claims payable	2,822,256		2,822,256			
Bonds and notes payable	14,314,623	708,531	15,023,154	380,000	128,185	508,185
Capital leases	391,166		391,166			
Compensated absences	3,080,546	138,895	3,219,441		8,731	8,731
Portion due or payable in more than one year:						
Accrued closure/post closure costs				3,668,706		3,668,706
Bonds and notes payable	249,904,053	12,944,637	262,848,690	3,023,252	135,921	3,159,173
Capital leases	293,975		293,975			
Compensated absences	14,516,004	1,897,782	16,413,786		78,580	78,580
Total liabilities	<u>\$ 331,579,892</u>	<u>\$ 16,829,938</u>	<u>\$ 348,409,830</u>	<u>\$ 7,312,449</u>	<u>\$ 4,792,079</u>	<u>\$ 12,104,528</u>
NET ASSETS						
Invested in capital assets, net of related debt	\$ 75,086,015	\$ 3,877,604	\$ 78,963,619	\$ 9,365,360	\$ 12,120,140	\$ 21,485,500
Restricted for:						
Debt service	2,624,492		2,624,492			
Special revenue	7,188,270		7,188,270			
Non-expendable bequests	4,783,291		4,783,291			
Other purposes	2,494,681		2,494,681	7,232,578		7,232,578
Unrestricted	56,727,421	(1,504,650)	55,222,771	1,508,835	2,393,074	3,901,909
Total net assets	<u>\$ 148,904,170</u>	<u>\$ 2,372,954</u>	<u>\$ 151,277,124</u>	<u>\$ 18,106,773</u>	<u>\$ 14,513,214</u>	<u>\$ 32,619,987</u>

The accompanying notes are an integral part of this statement

CITY OF NEW BEDFORD, MASSACHUSETTS

Statement of Activities (continued)

For the Year Ended June 30, 2005

	<u>Program Revenues</u>				<u>Net (Expense) Revenue and Changes in Net Assets</u>					
	<u>Expenses</u>	<u>Fees, Fines, and Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<i>Primary Government</i>			<i>Component Units</i>		
				<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>	<u>Greater New Bedford Regional District</u>	<u>Nonmajor Component Units</u>	<u>Total Component Units</u>	
Activities:										
Governmental:										
General government	\$ 17,155,165	\$ 6,162,791	\$	\$	\$ (10,992,374)	\$	\$ (10,992,374)	\$	\$	
Public safety	49,137,925	5,031,974	1,493,653	348,544	(42,263,754)		(42,263,754)			
Public works	20,630,510	13,561,678	9,075,520	1,718,728	3,725,416		3,725,416			
Health and human services	4,478,133	2,679,093	642,975		(1,156,065)		(1,156,065)			
Education	188,845,906	5,307,657	42,227,688	27,597,072	(113,713,489)		(113,713,489)			
Community and economic development	7,605,609	638,778	5,548,444	461,582	(956,805)		(956,805)			
Culture and recreation	4,639,846	429,256	564,697	63,782	(3,582,111)		(3,582,111)			
Municipal Airport	1,717,997			1,639,423	(78,574)		(78,574)			
State and county charges	1,546,634				(1,546,634)		(1,546,634)			
Debt service:										
Administrative fees	106,356				(106,356)		(106,356)			
Interest and fiscal charges	<u>10,585,512</u>				<u>(10,585,512)</u>		<u>(10,585,512)</u>			
Total governmental activities	<u>306,449,593</u>	<u>33,811,227</u>	<u>59,552,977</u>	<u>31,829,131</u>	<u>(181,256,258)</u>		<u>(181,256,258)</u>			
Business-Type Activities:										
Water	7,835,697	7,139,094	124,902		(571,701)	(571,701)				
Airport	<u>653,252</u>	<u>510,085</u>			<u>(143,167)</u>	<u>(143,167)</u>				
Total business-type activities	<u>8,488,949</u>	<u>7,649,179</u>	<u>124,902</u>		<u>(714,868)</u>	<u>(714,868)</u>				
Total primary government	<u>314,938,542</u>	<u>41,460,406</u>	<u>59,677,879</u>	<u>31,829,131</u>	<u>(181,256,258)</u>	<u>(714,868)</u>			<u>(181,971,126)</u>	
Component Units:										
Greater New Bedford Regional Refuse Management District	3,724,726	4,964,268					1,239,542		1,239,542	
Non-major component units	<u>6,357,415</u>	<u>1,372,538</u>	<u>5,164,345</u>	<u>5,089,973</u>				<u>5,269,441</u>	<u>5,269,441</u>	
Total component units	<u>10,082,141</u>	<u>6,336,806</u>	<u>5,164,345</u>	<u>5,089,973</u>			<u>1,239,542</u>	<u>5,269,441</u>	<u>6,508,983</u>	
Total City of New Bedford	<u>\$ 325,020,683</u>	<u>\$ 47,797,212</u>	<u>\$ 64,842,224</u>	<u>\$ 36,919,104</u>	<u>\$(181,256,258)</u>	<u>\$ (714,868)</u>	<u>\$(181,971,126)</u>	<u>\$ 1,239,542</u>	<u>\$ 5,269,441</u>	<u>\$ 6,508,983</u>

The accompanying notes are an integral part of the statement

CITY OF NEW BEDFORD, MASSACHUSETTS

Statement of Activities

For the Year Ended June 30, 2005

Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets					
	Fees, Fines, and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Component Units		Total Component Units
				Governmental Activities	Business-Type Activities	Total	Greater New Bedford Regional District	Nonmajor Component Units	
General revenues:									
Real estate and personal property, net of reserve for abatements				\$ 70,839,790	\$	\$ 70,839,790	\$	\$	\$
Motor vehicle and other excise taxes				6,203,610		6,203,610			
Distribution - School Aid				102,416,889		102,416,889			
Distribution - Lottery				2,356,001		2,356,001			
Distribution - Additional aid				20,272,783		20,272,783			
Distribution - Urban redevelopment				716,255		716,255			
Exemptions - Veteran, blind & surviving spouses				308,876		308,876			
Exemptions - Elderly				498,527		498,527			
State owned land				9,573		9,573			
Tax foreclosures				3,256,512		3,256,512			
Penalties and interest on taxes				1,031,379		1,031,379			
Fines and forfeitures				203,766		203,766			
Earnings on Investments				2,367,999		2,367,999	370,102	1,076	371,178
Payments in lieu of taxes				557,442		557,442			
Miscellaneous				2,835,604	47,143	2,882,747		20,936	20,936
Special item - gain (loss) on sale of capital assets								46,080	46,080
Transfers:									
Tailings				120,000		120,000			
Proceeds from bond refunding				5,759,352	(6,429,352)	(670,000)			
Bond premiums				447,841		447,841			
Transfer between funds				(791,550)	788,082	(3,468)			
Total general revenue				<u>219,410,649</u>	<u>(5,594,127)</u>	<u>213,816,522</u>	<u>370,102</u>	<u>68,092</u>	<u>438,194</u>
Change in net assets				38,154,391	(6,308,995)	31,845,396	1,609,644	5,337,533	6,947,177
Net assets-beginning, restated				<u>110,749,779</u>	<u>8,681,949</u>	<u>119,431,728</u>	<u>16,497,129</u>	<u>9,175,681</u>	<u>25,672,810</u>
Net assets-ending				<u>\$ 148,904,170</u>	<u>\$ 2,372,954</u>	<u>\$ 151,277,124</u>	<u>\$ 18,106,773</u>	<u>\$ 14,513,214</u>	<u>\$ 32,619,987</u>

The accompanying notes are an integral part of the statement

CITY OF NEW BEDFORD, MASSACHUSETTS

Balance Sheet

Governmental Funds

June 30, 2005

	<u>General Fund</u>	<u>Wastewater Fund</u>	<u>Stabilization</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS					
Cash and investments, unrestricted	\$ 22,420,252	\$ 3,620,464	\$ 2,461,042	\$ 13,044,254	\$ 41,546,012
Cash, restricted		7,435,036			7,435,036
Receivables, net:					
Real estate and personal property taxes	3,654,232				3,654,232
Tax liens and foreclosures	17,292,462				17,292,462
Motor vehicle and other excise	2,556,065				2,556,065
User fees		1,331,198			1,331,198
Departmental and other	4,601,321	129,128		359,761	5,090,210
Loans receivable				14,884,389	14,884,389
Special assessments	7,384	116,129			123,513
Due from other funds	5,979,295	1,636,825	3,445	140,560	7,760,125
Due from external parties	679			434,012	434,691
Intra-entity receivables	1,315,850			642,520	1,958,370
Due from other governments	136,585			26,734,219	26,870,804
Inventories				246,918	246,918
	<u>57,964,125</u>	<u>14,268,780</u>	<u>2,464,487</u>	<u>56,486,633</u>	<u>131,184,025</u>
Total assets	<u>\$ 57,964,125</u>	<u>\$ 14,268,780</u>	<u>\$ 2,464,487</u>	<u>\$ 56,486,633</u>	<u>\$ 131,184,025</u>
LIABILITIES AND FUND BALANCES (DEFICITS)					
Liabilities:					
Warrants payable	\$ 1,862,244	\$ 654,641	\$	\$ 1,277,553	\$ 3,794,438
Accounts payable and accrued expenses	6,827,113	174,383		3,569,219	10,570,715
Retainage payable				883,514	883,514
Bonds payable				67,383,777	67,383,777
Interim loan payable				5,922,356	5,922,356
Due to other funds	1,402,804	6,573,184		1,085,483	9,061,471
Due to external parties				78,000	78,000
Intra-entity payables				760	760
Due to other governments				169,063	169,063
Other liabilities	637,057			55,905	692,962
Deferred revenue	22,356,891	1,576,455		23,940,233	47,873,579
	<u>33,086,109</u>	<u>8,978,663</u>		<u>104,365,863</u>	<u>146,430,635</u>
Total liabilities	<u>33,086,109</u>	<u>8,978,663</u>		<u>104,365,863</u>	<u>146,430,635</u>
Fund balances (deficits):					
Reserved for:					
Encumbrances	2,400,014				2,400,014
Debt Service		2,624,492			2,624,492
Non expendable bequests				4,783,291	4,783,291
Other specific purposes	698,805	1,527,476		268,400	2,494,681
Unreserved	21,779,197	1,138,149	2,464,487		25,381,833
Undesignated, reported in nonmajor:					
Special revenue funds				8,197,771	8,197,771
Capital project funds				(65,717,381)	(65,717,381)
Permanent funds				4,588,689	4,588,689
	<u>24,878,016</u>	<u>5,290,117</u>	<u>2,464,487</u>	<u>(47,879,230)</u>	<u>(15,246,610)</u>
Total fund balances	<u>24,878,016</u>	<u>5,290,117</u>	<u>2,464,487</u>	<u>(47,879,230)</u>	<u>(15,246,610)</u>
Total liabilities and fund balances	<u>\$ 57,964,125</u>	<u>\$ 14,268,780</u>	<u>\$ 2,464,487</u>	<u>\$ 56,486,633</u>	<u>\$ 131,184,025</u>

The accompanying notes are an integral part of this statement

CITY OF NEW BEDFORD, MASSACHUSETTS

Statement of Revenues, Expenditures, and Changes in Fund Balances

Governmental Funds

For the Year Ended June 30, 2005

	<u>General Fund</u>	<u>Wastewater Fund</u>	<u>Stabilization</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUE					
Real estate and personal property taxes	\$ 70,303,292	\$	\$	\$	\$ 70,303,292
Motor vehicle and other excise taxes	5,982,109			11,815	5,993,924
School Building Authority reimbursement	2,398,548			25,196,233	27,594,781
Exemptions	498,527				498,527
State Aid	125,771,501				125,771,501
Tax foreclosures	1,276,812				1,276,812
Penalties and interest on taxes	1,031,379				1,031,379
Licenses and permits	1,579,680				1,579,680
Fines and forfeitures	198,726			5,040	203,766
Investment income	600,829	128,506	63,009	1,319,533	2,111,877
Intergovernmental - operating grants	16,657,549	6,837,919		38,875,848	62,371,316
Intergovernmental - capital grants	2,291			4,223,844	4,226,135
Charges for services	13,867,826	13,738,219		4,657,685	32,263,730
Payments in lieu of taxes	866,318				866,318
Miscellaneous	<u>1,192,724</u>	<u>1,142,265</u>		<u>500,615</u>	<u>2,835,604</u>
Total revenues	<u>242,228,111</u>	<u>21,846,909</u>	<u>63,009</u>	<u>74,790,613</u>	<u>338,928,642</u>
EXPENDITURES					
General government	15,765,184			3,279,067	19,044,251
Public safety	38,296,188			3,702,230	41,998,418
Education	122,774,192		5,768	49,522,721	172,302,681
Public works	2,055,544	10,769,408		19,902,909	32,727,861
Community and economic development				13,217,567	13,217,567
Health and human services	2,426,587			360,870	2,787,457
Municipal airport				1,717,997	1,717,997
Culture and recreation	2,583,753			668,366	3,252,119
Pension benefits	14,023,034				14,023,034
Health and other insurance	32,614,087				32,614,087
State and county charges	1,546,634				1,546,634
Debt service:					
Administrative fees		106,356			106,356
Principal payments	3,715,000	4,769,055		100,000	8,584,055
Interest and fiscal charges	<u>3,767,633</u>	<u>6,747,860</u>		<u>20,181</u>	<u>10,535,674</u>
Total expenditures	<u>239,567,836</u>	<u>22,392,679</u>	<u>5,768</u>	<u>92,491,908</u>	<u>354,458,191</u>
Excess (deficiency) of revenues over expenditures	<u>2,660,275</u>	<u>(545,770)</u>	<u>57,241</u>	<u>(17,701,295)</u>	<u>(15,529,549)</u>
OTHER FINANCING SOURCES (USES)					
Bond proceeds				6,276,252	6,276,252
Bond premiums				447,841	447,841
Transfer from tailings	120,000				120,000
Transfers in	1,085,628	5,137,171		516,192	6,738,991
Transfers out	<u>(198,468)</u>	<u>(5,217,724)</u>	<u>(787,249)</u>	<u>(446,410)</u>	<u>(6,649,851)</u>
Total other financing sources and uses	<u>1,007,160</u>	<u>(80,553)</u>	<u>(787,249)</u>	<u>6,793,875</u>	<u>6,933,233</u>
Net change in fund balances	3,667,435	(626,323)	(730,008)	(10,907,420)	(8,596,316)
Fund balances-beginning, restated	<u>21,210,581</u>	<u>5,916,440</u>	<u>3,194,495</u>	<u>(36,971,810)</u>	<u>(6,650,294)</u>
Fund balances-ending	<u>\$ 24,878,016</u>	<u>\$ 5,290,117</u>	<u>\$ 2,464,487</u>	<u>\$(47,879,230)</u>	<u>\$(15,246,610)</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, 2005

Total governmental fund balances	\$(15,246,610)
Record allowance for doubtful accounts that are financial resources, for the governmental funds.	(1,941,643)
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	343,624,445
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	33,597,515
Internal service funds are used by management to account for health insurance and workers' compensation activities.	
The assets and liabilities of the internal service funds are included in the governmental activities in the Statement of Net Assets.	1,699,310
In the statement of activities, interest is accrued on outstanding long-term debt, whereas in governmental funds interest is not reported until due.	(3,634,613)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds	
Bonds and notes payable	(190,912,543)
Compensated absences	(17,596,550)
Capital leases	<u>(685,141)</u>
Net assets of governmental activities	<u>\$ 148,904,170</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, 2005

Net change in fund balances - total governmental funds	\$(8,596,316)
To record allowance for doubtful accounts that are resources for governmental funds	(87,237)
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.	38,627,385
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.	(29,187)
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.	8,384,640
In the statement of activities, interest is accrued on outstanding long-term debt, whereas in governmental funds interest is not reported until due.	(49,838)
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.	600,255
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>(695,311)</u>
Change in net assets of governmental activities	<u>\$ 38,154,391</u>

The accompanying notes are an integral part of this statement

CITY OF NEW BEDFORD, MASSACHUSETTS

Statement of Net Assets

Proprietary Funds

June 30, 2005

	<u>Business-Type Activities</u>			<u>Governmental Activities - Internal Service Funds</u>
	<u>Water</u>	<u>Airport</u>	<u>Total</u>	
ASSETS				
Current assets:				
Cash and short-term investments	\$ 1,445,183	\$ (163,578)	\$ 1,281,605	\$ 1,599,924
User charges receivables, net	379,930		379,930	
Other receivables	8,705	1,880	10,585	
Due from other funds				1,734,211
Deposits with others				4,283,100
Total current assets	<u>1,833,818</u>	<u>(161,698)</u>	<u>1,672,120</u>	<u>7,617,235</u>
Non-current assets:				
Infrastructure in progress	2,461,430		2,461,430	
Land		38,000	38,000	
Infrastructure, net	13,562,630		13,562,630	
Building and improvements, net	15,373	1,158,623	1,173,996	
Machinery and equipment, net	146,674	86,659	233,333	
Office equipment and furniture, net	13,694	1,724	15,418	
Automobiles, net	45,965		45,965	
Total non-current assets	<u>16,245,766</u>	<u>1,285,006</u>	<u>17,530,772</u>	
Total assets	<u>\$ 18,079,584</u>	<u>\$ 1,123,308</u>	<u>\$ 19,202,892</u>	<u>\$ 7,617,235</u>
LIABILITIES				
Current liabilities:				
Warrants payable	\$ 361,251	\$ 26,235	\$ 387,486	\$ 3,094,568
Accounts payable	102,882	21,108	123,990	516
Accrued interest	195,658		195,658	
Bonds payables	708,531		708,531	
Compensated absences	130,936	7,959	138,895	
Due to other funds	432,959		432,959	585
Claims incurred but not reported				2,822,256
Total current liabilities	<u>1,932,217</u>	<u>55,302</u>	<u>1,987,519</u>	<u>5,917,925</u>
Non-current liabilities:				
Bonds payable	12,944,637		12,944,637	
Compensated absences	1,784,599	113,183	1,897,782	
Total non-current liabilities	<u>14,729,236</u>	<u>113,183</u>	<u>14,842,419</u>	
Total liabilities	<u>\$ 16,661,453</u>	<u>\$ 168,485</u>	<u>\$ 16,829,938</u>	<u>\$ 5,917,925</u>
NET ASSETS				
Investment in capital assets, net of related debt	\$ 2,592,598	\$ 1,285,006	\$ 3,877,604	\$
Unrestricted	(1,174,467)	(330,183)	(1,504,650)	1,699,310
Total net assets	<u>\$ 1,418,131</u>	<u>\$ 954,823</u>	<u>\$ 2,372,954</u>	<u>\$ 1,699,310</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, 2005

	<u>Business-Type Activities</u>			<u>Governmental Activities - Internal Service Funds</u>
	<u>Water</u>	<u>Airport</u>	<u>Total</u>	
OPERATING REVENUES				
Charges for services	\$ 7,139,094	\$ 510,085	\$ 7,649,179	\$
Operating grants and contributions	124,902		124,902	
Interfund services provided				34,093,268
Miscellaneous	43,227	3,916	47,143	228,151
Total operating revenues	<u>7,307,223</u>	<u>514,001</u>	<u>7,821,224</u>	<u>34,321,419</u>
OPERATING EXPENSES				
Salaries and benefits	3,201,022	322,961	3,523,983	28,549
Services and supplies	3,551,666	270,410	3,822,076	221,291
Depreciation expense	593,069	59,881	652,950	
Health and other insurance				35,023,012
Total operating expenses	<u>7,345,757</u>	<u>653,252</u>	<u>7,999,009</u>	<u>35,272,852</u>
Operating income (loss)	<u>(38,534)</u>	<u>(139,251)</u>	<u>(177,785)</u>	<u>(951,433)</u>
NONOPERATING REVENUES (EXPENSES)				
Debt service - interest payments	(489,940)		(489,940)	
Investment earnings				256,122
Total nonoperating revenue (expenses)	<u>(489,940)</u>		<u>(489,940)</u>	<u>256,122</u>
Income (loss) before transfers	<u>(528,474)</u>	<u>(139,251)</u>	<u>(667,725)</u>	<u>(695,311)</u>
TRANSFERS				
Proceeds from bond issues	(6,429,352)		(6,429,352)	
Transfers In		880,690	880,690	
Transfers Out		(92,608)	(92,608)	
Total Transfers	<u>(6,429,352)</u>	<u>788,082</u>	<u>(5,641,270)</u>	
Change in net assets	(6,957,826)	648,831	(6,308,995)	(695,311)
Total net assets-beginning, restated	<u>8,375,957</u>	<u>305,992</u>	<u>8,681,949</u>	<u>2,394,621</u>
Total net assets-ending	<u>\$ 1,418,131</u>	<u>\$ 954,823</u>	<u>\$ 2,372,954</u>	<u>\$ 1,699,310</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, 2005

	<u>Business-Type Activities</u>			<u>Governmental Activities - Internal Service Funds</u>
	<u>Water</u>	<u>Airport</u>	<u>Total</u>	
Cash flows from operating activities:				
Cash received from employee and employer contributions and governmental units	\$	\$	\$	\$ 32,588,086
Cash received from customers	7,429,294	507,735	7,937,029	
Payments to suppliers and employees	(5,232,966)	(542,499)	(5,775,465)	(248,284)
Payments to participants and employees				(34,804,348)
Other receipts	43,227	3,916	47,143	
Net cash provided (used) by operating activities	<u>2,239,555</u>	<u>(30,848)</u>	<u>2,208,707</u>	<u>(2,464,546)</u>
Cash flows from noncapital financing activities:				
Transfers in (out)	<u>(5,996,393)</u>	<u>788,082</u>	<u>(5,208,311)</u>	<u>(1,156)</u>
Net cash provided by noncapital financing activities	<u>(5,996,393)</u>	<u>788,082</u>	<u>(5,208,311)</u>	<u>(1,156)</u>
Cash flows from investing activities:				
Purchases and construction of capital assets	(362,036)	(920,812)	(1,282,848)	
Proceeds from long term borrowing	6,429,352		6,429,352	
Principal paid on capital debt	(473,705)		(473,705)	
Interest paid on capital debt	<u>(391,590)</u>		<u>(391,590)</u>	
Net cash used by investing activities	<u>5,202,021</u>	<u>(920,812)</u>	<u>4,281,209</u>	
Net increase in cash and cash equivalents	<u>1,445,183</u>	<u>(163,578)</u>	<u>1,281,605</u>	<u>(2,465,702)</u>
Balances-beginning of the year				<u>3,809,504</u>
Balances-end of the year	<u>\$ 1,445,183</u>	<u>\$ (163,578)</u>	<u>\$ 1,281,605</u>	<u>\$ 1,343,802</u>
Displayed as:				
Cash and short-term investments	<u>\$ 1,445,183</u>	<u>\$ (163,578)</u>	<u>\$ 1,281,605</u>	<u>\$ 1,343,802</u>
	<u>\$ 1,445,183</u>	<u>\$ (163,578)</u>	<u>\$ 1,281,605</u>	<u>\$ 1,343,802</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, 2005

	Business-Type Activities			Governmental Activities - Internal Service Funds
	Water	Airport	Total	
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:				
Operating income (loss)	\$ (38,534)	\$ (139,251)	\$ (177,785)	\$ (951,433)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:				
Depreciation expense	593,069	59,881	652,950	
Change in assets and liabilities:				
(Increase) decrease receivables, net	165,298	(2,350)	162,948	(1,733,333)
(Increase) decrease prepaid expenses				(662,800)
Increase (decrease) warrants and accounts payable	464,133	47,343	511,476	883,020
Increase (decrease) compensated absences	1,055,589	3,529	1,059,118	
Increase (decrease) incurred but not reported				
Net cash provided (used) by operating activities	\$ 2,239,555	\$ (30,848)	\$ 2,208,707	\$ (2,464,546)

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, 2005

	Pension Trust Fund (As of December 31, 2004)	Private Purpose Trust Funds	Agency	Total
Assets				
Cash and short-term investments	\$ 2,773,538	\$ 6,206	\$ 3,486,673	\$ 6,266,417
Investments	179,958,301	12,306		179,970,607
Receivables, net of allowance or uncollectibles:				
Employee	71,847			71,847
Interest and dividends	766,525			766,525
Other	77,621		200	77,821
Due from external parties - component unit			741,487	741,487
Due from external parties - primary government			78,000	78,000
Due from other governments	<u>935,691</u>			<u>935,691</u>
 Total assets	 <u>\$ 184,583,523</u>	 <u>\$ 18,512</u>	 <u>\$ 4,306,360</u>	 <u>\$ 188,908,395</u>
Liabilities				
Warrants payable	\$ 1,052,634	\$ 2,000	\$ 169,673	\$ 169,673
Accounts payable			272,417	1,327,051
Payable to external parties - component unit			11,152	11,152
Payable to external parties - primary government			434,012	434,012
Deposits held	<u>901,618</u>		<u>3,419,106</u>	<u>4,320,724</u>
 Total liabilities	 <u>1,954,252</u>	 <u>2,000</u>	 <u>4,306,360</u>	 <u>6,262,612</u>
Net Assets				
Held in trust for pension benefits and other purposes	<u>\$ 182,629,271</u>	<u>\$ 16,512</u>	<u>\$</u>	<u>\$ 182,645,783</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, 2005

	Pension Trust Fund (As of December 31, 2004)	Private Purpose Trust Funds	Total
Additions:			
Contributions:			
Employer	\$ 15,484,550	\$	\$ 15,484,550
Employee	7,090,127		7,090,127
Miscellaneous	<u>1,345</u>		<u>1,345</u>
Total contributions	<u>22,576,022</u>		<u>22,576,022</u>
Net investment income:			
Dividends and interest	4,810,380	280	4,810,660
Net appreciation in fair value of investments	<u>16,296,421</u>	<u>2,178</u>	<u>16,298,599</u>
Total investment income	21,106,801	2,458	21,109,259
Less investment expense	<u>1,299,770</u>		<u>1,299,770</u>
Net investment income	19,807,031	2,458	19,809,489
Intergovernmental	<u>1,905,642</u>		<u>1,905,642</u>
Total Additions	<u>44,288,695</u>	<u>2,458</u>	<u>44,291,153</u>
Deductions:			
Retirement benefits	26,588,035		26,588,035
Administration	346,448	2,300	348,748
Library			
Transfers, reimbursements and refunds	<u>2,258,622</u>		<u>2,258,622</u>
Total Deductions	<u>29,193,105</u>	<u>2,300</u>	<u>29,195,405</u>
Other financing Sources (Uses):			
Transfers from other funds		<u>3,468</u>	<u>3,468</u>
Total Other financing Sources (Uses)		<u>3,468</u>	<u>3,468</u>
Change in Net Assets	15,095,590	3,626	15,099,216
Net Assets at Beginning of Year	<u>167,533,681</u>	<u>12,886</u>	<u>167,546,567</u>
Net Assets at End of Year	<u>\$ 182,629,271</u>	<u>\$ 16,512</u>	<u>\$ 182,645,783</u>

The accompanying notes are an integral part of this statement

CITY OF NEW BEDFORD, MASSACHUSETTS

Notes to Financial Statements

June 30, 2005

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 inter-municipal 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, as a similar component unit.

CITY OF NEW BEDFORD, MASSACHUSETTS

Notes to Financial Statements (Continued)

June 30, 2005

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, and general administrative services are classified as governmental activities. The City's water and airport services are classified as business-type activities.

In the government-wide Statement of Net 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, 2005

NOTE 1: Summary of Significant Accounting Policies (Continued)

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

The following funds are used by the City:

1. *Governmental Funds*

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

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

2. *Proprietary Funds*

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

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

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, 2005

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

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

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, 2005

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 lienied 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, 2005.

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 2005. 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, 2005

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 will implement the retroactive infrastructure provisions in the fiscal year ending June 30, 2006.

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 appropriated 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, 2005

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 the 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 unit financial statements.

CITY OF NEW BEDFORD, MASSACHUSETTS

Notes to Financial Statements (Continued)

June 30, 2005

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, 2005

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 2005 were approved by the City Council as provided by the Charter.
- C. For day-to-day management control, expenditures plus encumbrances may not exceed the budget at the expenditure-type (i.e., personal services, other operations and maintenance, etc.) level of each cost center (activity within a program within a fund). The Mayor may transfer unencumbered appropriations within programs within funds.
- D. Appropriation control (City Council appropriate budget) is by program (i.e., safety, leisure, health, etc.) within a fund. City Council may, by ordinance, transfer amounts among programs within and between funds. Budgetary comparison schedules are presented in the Supplemental Section as Required Supplemental Information. The budgetary basis is the modified accrual basis of accounting with encumbrances included as actual.

CITY OF NEW BEDFORD, MASSACHUSETTS

Notes to Financial Statements (Continued)

June 30, 2005

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>
<u>Major Governmental Funds</u>				
General Fund	\$ 7,295,824	\$ 1,402,804	\$ 1,085,628	\$ 198,468
Wastewater Funds	1,636,825	6,573,184	5,137,171	5,217,724
Stabilization Funds	3,445			787,249
<u>Non-Major Governmental Funds</u>				
Capital Projects	1,004,898	634,130	236,059	56,247
Special Revenue Funds	212,194	370,726	280,133	140,868
Permanent Funds		159,387		249,295
<u>Proprietary Funds</u>				
Internal Service Funds	1,734,211	585		
Water		432,959		
Airport				92,608
<u>Fiduciary Funds</u>				
Agency	819,487	445,164		
Private purpose Trust Funds			3,468	
<u>Component Units</u>				
Harbor Development Commission	11,911	1,384,006		
New Directions		50,000		
Redevelopment Authority		1,265,850		
Totals	<u>\$ 12,718,795</u>	<u>\$ 12,718,795</u>	<u>\$ 6,742,459</u>	<u>\$ 6,742,459</u>

CITY OF NEW BEDFORD, MASSACHUSETTS

Notes to Financial Statements (Continued)

June 30, 2005

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 consolidated vendor checking account.

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

	<u>Governmental Funds</u>			
	<u>General Fund</u>	<u>Wastewater</u>	<u>Trust Fund</u>	<u>Community Development</u>
Reserved:				
Encumbrances	\$ 2,400,014	\$	\$	\$
Nonexpendable bequests			4,783,291	
Petty cash	1,250			
Debt premiums	346,420			
Committee Home Loans				268,400
Renewal and replacement		1,527,476		
Debt service	<u>2,747,684</u>	<u>2,624,492</u>	<u>4,783,291</u>	<u>268,400</u>
		<u>4,151,968</u>		
Designated:				
Designated for appropriation deficits	<u>351,135</u>			
	<u>351,135</u>			
	<u>\$ 3,098,819</u>	<u>\$ 4,151,968</u>	<u>\$ 4,783,291</u>	<u>\$ 268,400</u>

CITY OF NEW BEDFORD, MASSACHUSETTS

Notes to Financial Statements (Continued)

June 30, 2005

NOTE 3: Cash, Cash Equivalents and Investments

Cash and investments as of June 30, 2005 are classified in the accompanying financial statements as follows:

Cash and investments - Governmental Activities	\$ 50,580,972
Cash and investments - Business Type Activities	1,281,605
Cash and investments - Pension Trust Fund	182,731,839
Cash and investments - City Private Purpose Trust Funds	18,512
Cash and investments - Agency Funds	<u>3,486,673</u>
Total cash and investments	<u>\$ 238,099,601</u>

Cash and cash Equivalents

Deposits are in various financial institutions and are carried at cost or fair value in the case of pooled deposits for trust funds. The carrying value is separately displayed on the state of net assets as “Cash and Investments”. Petty cash is included in the presentation of cash on the statement of net assets in the amount of \$1,250 on June 30, 2005.

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

At year end, the City’s carrying amount of deposits for the primary government private purpose trust funds and the agency funds was \$42,121,446, including \$1,250 of petty cash and the bank balance was \$69,608,066. Of the bank balance \$1,200,000 was covered by Federal Depository Insurance and \$18,619,393 was covered by Depositors Insurance Fund. The remaining balance of \$49,788,673 was held in uncollateralized accounts.

At year end the City’s carrying amount of deposits for the pension trust fund was \$2,773,538 and the bank balance was \$3,745,476. Of the bank balance \$200,006 was covered by Federal Depository Insurance. The remaining balance of \$3,454,470 was held in Uncollateralized accounts.

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

Investments

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

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. See below for ratings of the investments held by the City of New Bedford as of June 30, 2005.

Concentration of credit risk is the risk of loss attributed to the magnitude of the City’s investment in a single issuer. The investments listed below were issued by various financial institutions. See below for investments that represent 5% or more of the total investments held by the City of New Bedford as of June 30, 2005.

CITY OF NEW BEDFORD, MASSACHUSETTS

Notes to Financial Statements (Continued)

June 30, 2005

NOTE 3: Cash, Cash Equivalents and Investments (Continued)

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates.

Information about the sensitivity of the fair values of the City's investments to market rate fluctuations is provided by the following table that show the distribution of the City's investments by maturity utilizing the specific identification method:

Total Investments by Investment Type and Moody Ratings

<u>Investment Type</u>	<u>Total Amount</u>	<u>Maximum Maturity</u>	<u>Maximum Investment in One Issuer</u>	<u>Moody Rating</u>
<i>Primary Government, Private Purpose and Agency Funds</i>				
Certificate of deposit	\$ 164,907	1 year	N/A	Unrated
Common stock	1,396,129	N/A	N/A	A+
Common stock	5,583,517	N/A	N/A	Unrated
Fixed income securities	37,013	3 years	N/A	A1
Fixed income securities	24,749	3 years	N/A	A3
Fixed income securities	9,859	3 years	N/A	AA1
Fixed income securities	19,675	1 year	N/A	AA2
Fixed income securities	731,598	8 years	N/A	AA3
Fixed income securities	10,108	9 years	N/A	AA3e
Fixed income securities	2,493,343	9 years	N/A	AAA
Fixed income securities	31,573	7 years	N/A	BAA1
Fixed income securities	61,889	7 years	N/A	BAA2
Fixed income securities	26,770	3 years	N/A	BAA3
Fixed income securities	709,248	29 years	N/A	N/A
Fixed income securities	407,617	1 years	N/A	Unrated
Government securities	26,295	5 years	N/A	AA2
Government securities	921,674	11 years	N/A	AAA
Government securities	14,783	17 years	N/A	N/A
Government securities	222,662	30 years	N/A	Unrated
Mutual funds	161,011	N/A	N/A	Unrated
Preferred stock	142,055	N/A	N/A	A1
Preferred stock	49,841	N/A	N/A	Unrated
Subtotal	<u>\$ 13,246,316</u>			

CITY OF NEW BEDFORD, MASSACHUSETTS

Notes to Financial Statements (Continued)

June 30, 2005

NOTE 3: Cash, Cash Equivalents and Investments (Continued)

<u>Investment Type</u>	<u>Total Amount</u>	<u>Maximum Maturity</u>	<u>Maximum Investment in One Issuer</u>	<u>Moody Rating</u>
<i>Pension Trust Fund</i>				
Domestic Equities	\$ 480,900	N/A	N/A	Unrated
Domestic Equity Pool	1,985,491	N/A	N/A	Unrated
Equities/Bonds	247,566	44 years	N/A	A1
Equities/Bonds	1,109,205	29 years	N/A	A2
Equities/Bonds	667,930	32 years	N/A	A3
Equities/Bonds	156,633	5 years	N/A	AA1
Equities/Bonds	2,190,987	4 years	N/A	AA2
Equities/Bonds	641,921	18 years	N/A	AA3
Equities/Bonds	12,139,101	36 years	N/A	AAA
Equities/Bonds	1,423,850	26 years	N/A	B1
Equities/Bonds	1,942,167	24 years	N/A	B2
Equities/Bonds	1,267,442	28 years	N/A	B3
Equities/Bonds	1,972,606	22 years	N/A	BA1
Equities/Bonds	2,632,400	22 years	N/A	BA2
Equities/Bonds	1,457,125	22 years	N/A	BA3
Equities/Bonds	1,720,398	44 years	N/A	BAA1
Equities/Bonds	4,191,876	40 years	N/A	BAA2
Equities/Bonds	3,495,328	27 years	N/A	BAA3
Equities/Bonds	167,220	13 years	N/A	CA
Equities/Bonds	434,875	23 years	N/A	CAA1
Equities/Bonds	505,451	30 years	N/A	N/A
Equities/Bonds	42,981,563	44 years	N/A	Unrated
Equities/Bonds	502,251	24 years	N/A	WR
Fixed income securities	52,400,424	N/A	N/A	Unrated
International Equity Pool	23,506,275	N/A	12.17%	Unrated
Mutual funds	10,564,026	N/A	5.47%	Unrated
Real Estate Pool	<u>9,173,290</u>	N/A	N/A	Unrated
Subtotal	<u>\$179,958,301</u>			
Total City of New Bedford	<u>\$193,204,617</u>			

* Maximum investment in one issuer labeled as N/A are less than 5% of total investments for any single issues within that category.

CITY OF NEW BEDFORD, MASSACHUSETTS

Notes to Financial Statements (Continued)

June 30, 2005

NOTE 3: Cash, Cash Equivalents and Investments (Continued)

Total Investments by Investment Type and S&P Ratings

<u>Investment Type</u>	<u>Total Amount</u>	<u>Maximum Maturity</u>	<u>Maximum Investment in One Issuer</u>	<u>S&P Rating</u>
<i>Primary Government, Private Purpose and Agency Funds</i>				
Certificate of deposit	\$ 164,907	1 year	N/A	Unrated
Common stock	1,396,129	N/A	N/A	A2
Common stock	5,583,517	N/A	N/A	Unrated
Fixed income securities	68,586	8 years	N/A	A
Fixed income securities	24,749	4 years	N/A	A-
Fixed income securities	149,505	9 years	N/A	A+
Fixed income securities	9,859	3 years	N/A	AA-
Fixed income securities	2,513,018	10 years	N/A	AAA
Fixed income securities	20,045	1 year	N/A	BB+
Fixed income securities	52,751	8 years	N/A	BBB-
Fixed income securities	15,863	3 years	N/A	BBB+
Fixed income securities	709,248	29 years	N/A	N/A
Fixed income securities	999,818	3 years	N/A	Unrated
Government securities	37,299	2 years	N/A	AA
Government securities	26,295	6 years	N/A	AA-
Government securities	884,375	11 years	N/A	AAA
Government securities	14,783	17 years	N/A	N/A
Government securities	222,662	30 years	N/A	Unrated
Mutual funds	161,011	N/A	N/A	Unrated
Preferred stock	49,841	N/A	N/A	BBB
Preferred stock	<u>142,055</u>	N/A	N/A	Unrated
Subtotal	<u>\$ 13,246,316</u>			

CITY OF NEW BEDFORD, MASSACHUSETTS

Notes to Financial Statements (Continued)

June 30, 2005

NOTE 3: Cash, Cash Equivalents and Investments (Continued)

<u>Investment Type</u>	<u>Total Amount</u>	<u>Maximum Maturity</u>	<u>Maximum Investment in One Issuer</u>	<u>S&P Rating</u>
<i>Pension Trust Fund</i>				
Equities/Bonds	\$ 4,414,304	44 years	N/A	A-
Fixed income securities	5,086,925	N/A	N/A	A-
Equities/Bonds	1,943,549	29 years	N/A	A
Fixed income securities	4,271,187	N/A	N/A	A
Equities/Bonds	5,890,843	25 years	N/A	A+
Fixed income securities	4,961,527	N/A	N/A	A+
Equities/Bonds	562,672	5 years	N/A	AA-
Equities/Bonds	1,901,346	18 years	N/A	AA
Equities/Bonds	12,995,398	36 years	N/A	AAA
Equities/Bonds	1,763,254	26 years	N/A	B-
Fixed income securities	6,927,283	N/A	N/A	B-
Equities/Bonds	8,524,433	28 years	N/A	B
Fixed income securities	10,584,930	N/A	N/A	B
Equities/Bonds	6,874,715	26 years	N/A	B+
Fixed income securities	7,723,693	N/A	N/A	B+
Equities/Bonds	1,372,999	22 years	N/A	BB-
Equities/Bonds	2,217,698	23 years	N/A	BB
Equities/Bonds	1,124,180	22 years	N/A	BB+
Equities/Bonds	3,117,118	28 years	N/A	BBB-
Equities/Bonds	5,000,018	32 years	N/A	BBB
Equities/Bonds	1,181,927	28 years	N/A	BBB+
Equities/Bonds	693,253	N/A	N/A	C
Fixed income securities	1,461,363	N/A	N/A	C
Equities/Bonds	87,750	4 years	N/A	CCC-
Equities/Bonds	94,000	6 years	N/A	CCC+
Equities/Bonds	408,533	24 years	N/A	D
Fixed income securities	311,260	N/A	N/A	D
Equities/Bonds	921,548	29 years	N/A	N/A
Fixed income securities	464,327	N/A	N/A	Unrated
Equities/Bonds	20,682,858	44 years	N/A	Unrated
Equities/Bonds	75,500	40 years	N/A	SP-3
Domestic Equities	480,900	N/A	N/A	Unrated
Fixed income securities	10,607,929	N/A	N/A	Unrated
International Equity Pool	23,506,275	N/A	12.17%	Unrated
Mutual funds	10,564,026	N/A	5.47%	Unrated
Domestic Equity Pool	1,985,491	N/A	N/A	Unrated
Real Estate Pool	<u>9,173,290</u>	N/A	N/A	Unrated
Subtotal	<u>\$179,958,302</u>			
Total City of New Bedford	<u>\$193,204,618</u>			

* Maximum investment in one issuer labeled as N/A are less than 5% of total investments for any single issues within that category.

CITY OF NEW BEDFORD, MASSACHUSETTS

Notes to Financial Statements (Continued)

June 30, 2005

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.

Note 5: Capital Assets and Depreciation

Capital asset activity for the year ended June 30, 2005 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<u>Governmental Activities:</u>				
Not Being Depreciated:				
Land	\$ 679,894	\$	\$	\$ 679,894
Construction in progress	59,124,362	41,124,131	(661,921)	99,586,572
Infrastructure in progress	<u>11,618,754</u>	<u>2,821,344</u>	<u></u>	<u>14,440,098</u>
Subtotal	<u>71,423,010</u>	<u>43,945,475</u>	<u>(661,921)</u>	<u>114,706,564</u>
Other Capital Assets:				
Infrastructure	149,376,867	808,196		150,185,063
Buildings and improvements	157,144,374	878,043		158,022,417
Machinery and equipment	31,839,897	1,366,632		33,206,529
Animals	53,250	509		53,759
Office equipment and furniture	11,835,158	323,955		12,159,113
Library books and textbooks	6,062,109	998,293		7,060,402
Automobiles	<u>5,475,633</u>	<u>1,435,455</u>	<u></u>	<u>6,911,088</u>
Subtotal	<u>361,787,288</u>	<u>5,811,083</u>	<u></u>	<u>367,598,371</u>
Accumulated Depreciation:				
Infrastructure	25,874,314	3,003,701		28,878,015
Buildings and improvements	58,953,955	3,147,874		62,101,829
Machinery and equipment	24,246,840	2,236,318		26,483,158
Animals	11,633	3,309		14,942
Office equipment and furniture	9,971,682	733,889		10,705,571
Library books and textbooks	4,811,636	663,601		5,475,237
Automobiles	<u>4,343,178</u>	<u>678,560</u>	<u></u>	<u>5,021,738</u>
Subtotal	<u>128,213,238</u>	<u>10,467,252</u>	<u></u>	<u>138,680,490</u>
Net other capital assets	<u>233,574,050</u>	<u>(4,656,169)</u>	<u></u>	<u>228,917,881</u>
Net capital assets	<u>\$ 304,997,060</u>	<u>\$ 39,289,306</u>	<u>\$(661,921)</u>	<u>\$ 343,624,445</u>

CITY OF NEW BEDFORD, MASSACHUSETTS

Notes to Financial Statements (Continued)

June 30, 2005

Note 5: Capital Assets and Depreciation (continued)

Capital asset activity for the year ended June 30, 2005 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<u>Business-Type Activities - Water:</u>				
Not Being Depreciated:				
Infrastructure in progress	\$ 2,461,430	\$ _____	\$ _____	\$ 2,461,430
Subtotal	<u>2,461,430</u>	_____	_____	<u>2,461,430</u>
Other Capital Assets:				
Infrastructure	26,495,093	182,739		26,677,832
Buildings and improvements		15,687		15,687
Machinery and equipment	744,349	94,252		838,601
Office equipment and furniture	57,775	11,902		59,677
Automobiles	<u>226,220</u>	<u>57,456</u>	_____	<u>283,676</u>
Subtotal	<u>27,523,437</u>	<u>362,036</u>	_____	<u>27,885,473</u>
Accumulated Depreciation:				
Infrastructure	12,581,645	533,557		13,115,202
Buildings and improvements		314		314
Machinery and equipment	654,284	37,643		691,927
Office equipment and furniture	45,919	10,064		55,983
Automobiles	<u>226,220</u>	<u>11,491</u>	_____	<u>237,711</u>
Subtotal	<u>13,508,068</u>	<u>593,069</u>	_____	<u>14,011,137</u>
Net other capital assets	<u>14,015,369</u>	<u>(231,033)</u>	_____	<u>13,784,336</u>
Net capital assets	<u>\$ 16,476,799</u>	<u>\$ (231,033)</u>	<u>\$ _____</u>	<u>\$ 16,245,766</u>

CITY OF NEW BEDFORD, MASSACHUSETTS

Notes to Financial Statements (Continued)

June 30, 2005

Note 5: Capital Assets and Depreciation (continued)

Capital asset activity for the year ended June 30, 2005 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<u>Business-Type Activities - Airport:</u>				
Not Being Depreciated:				
Land	\$	\$ 38,000	\$	\$ 38,000
Subtotal		<u>38,000</u>		<u>38,000</u>
Other Capital Assets:				
Buildings and improvements	379,446	880,690		1,260,136
Machinery and equipment	340,835			340,835
Office equipment and furniture	<u>2,518</u>	<u>2,122</u>		<u>4,640</u>
Subtotal	<u>722,799</u>	<u>882,812</u>		<u>1,605,611</u>
Accumulated Depreciation:				
Buildings and improvements	76,310	25,203		101,513
Machinery and equipment	220,093	34,083		254,176
Office equipment and furniture	<u>2,321</u>	<u>595</u>		<u>2,916</u>
Subtotal	<u>298,724</u>	<u>59,881</u>		<u>358,605</u>
Net other capital assets	<u>424,075</u>	<u>822,931</u>		<u>1,247,006</u>
Net capital assets	<u>\$ 424,075</u>	<u>\$ 860,931</u>	<u>\$</u>	<u>\$ 1,285,006</u>

Depreciation was charged to functions as follows:

Governmental activities:	
General Government	\$ 139,438
Public Safety	1,331,896
Public Works	3,554,689
Health and Human Services	217,389
Education	4,647,718
Community and Economic Development	9,056
Culture and Recreation	567,066
Business-Type activities:	
Water	593,069
Airport	<u>59,881</u>
Total Governmental Activities Depreciation Expense	<u>\$ 11,120,202</u>

CITY OF NEW BEDFORD, MASSACHUSETTS

Notes to Financial Statements (Continued)

June 30, 2005

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, 2005

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, 2005, was \$14,637,839.

As of December 31, 2004, employee membership data related to the pension plan was as follows:

	<u>Group 1</u>	<u>Group 2 & 4</u>	<u>Total</u>
Active members	2,090	500	2,590
Inactive members	234	17	251
Retired members	<u>1,180</u>	<u>579</u>	<u>1,759</u>
	<u>3,504</u>	<u>1,096</u>	<u>4,600</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, 2005

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 2004 amounted to \$21,936,804 of which \$15,470,668 and \$6,466,136 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 2005 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, 2004 was approximately \$82,821,749. The City's total payroll for all employees was approximately \$151,164,046 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 \$15,533,224 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 2004 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>2004</u>	<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	46.1%	51.4%	51.4%	51.4%
Unfunded actuarial accrued liability as a percentage of the City's annual covered payroll	247.9%	179.2%	204.1%	198.0%
City's contribution to the pension plan as a percentage of annual covered payroll	18.7%	17.6%	19.1%	26.5%

CITY OF NEW BEDFORD, MASSACHUSETTS

Notes to Financial Statements (Continued)

June 30, 2005

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, 2005, 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, 2005.

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 2005 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, 2005

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, 2005

NOTE 9: Contingencies (Continued)

Schamonchi Parking

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

The City of New Bedford licensed a parcel of land on East Rodney French Boulevard in New Bedford, containing 119,572 square feet. The City of New Bedford licensed the premises for the term of six months beginning May 1, 2005 and ending October 31, 2005.

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, 2005 plus twenty-five percent of any amounts above the direct or allocable parking costs (which costs include rent payment of \$50,000, but does not include such items as general overhead) to operate its New Bedford parking lots during the term of this License Agreement. This payment is due by November 30, 2005.

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 2005, however, the Golf course anticipates submitting a complete set of audited financial statements to the City for 2006.

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, 2005

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 \$5,420,000 Bond Anticipation Note, dated February 25, 2005 maturing May 2, 2005. This note was issued for the following:

\$ 2,890,000	Dredging	\$ 380,000	Landfill Cover
\$ 1,000,000	Parking Garage		
\$ 1,150,000	Land Acquisition		

The City issued a \$35,253,777 Bond Anticipation Note, dated February 25, 2005, maturing February 24, 2006. This note was issued for the following:

\$ 20,400,000	Keith Middle School	\$ 1,000,000	Brooks School
\$ 10,103,777	Normandin Middle School	\$ 1,000,000	Winslow School
\$ 1,500,000	Campbell School	\$ 250,000	Land Acquisition - Recreation
\$ 1,000,000	Lincoln School		

The City issued a \$23,630,000 Bond Anticipation Note, dated May 2, 2005, maturing September 29, 2005. This note was issued for the following:

\$ 5,965,000	Keith Middle School	\$ 1,000,000	Street Repaving
\$ 3,400,000	DPI Sewer Project	\$ 400,000	Condominium Acquisition
\$ 3,860,000	Dredging	\$ 615,000	Landfill
\$ 2,800,000	Equipment Purchase	\$ 35,000	Land Acquisition - Recreation
\$ 2,000,000	Sea Lab Building - Rehabilitation	\$ 320,000	Devalles School
\$ 1,085,000	Land Acquisition - Police	\$ 1,150,000	Remodeling
\$ 1,000,000	Parking Garage		

The City issued a \$8,500,000 Bond Anticipation Note, dated June 30, 2005, maturing February 24, 2006. This note was issued for the Sea Lab Facility.

Long-Term Debt

In November 2004 the City issued \$11.4 million in General Obligation Bonds with an average interest rate of 3.6% to advance refund \$21.3 million of outstanding 1995 and 1996 Series bonds with an average interest rate of 5.5 percent. The net proceeds of \$11,451,173 (after payment of underwriting fees, insurance and other issuance costs) were used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the 1995 and 1996 bonds. As a result, the 1995 and 1996 Series bonds are considered to be defeased and the liability for those bonds has been removed from the government-wide statements of net assets.

The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$670,000. This difference was reported in the accompanying financial statements as an addition to bonds payable and is being changed to operations through the year 2013 using the effective-interest method. The City completed the advance refunding to reduce its total debt service payments over the next and to obtain an economic gain (difference between the present values of the old and new debt service payments) of \$624,473.

CITY OF NEW BEDFORD, MASSACHUSETTS

Notes to Financial Statements (Continued)

June 30, 2005

NOTE 12: Debt (Continued)

The City has the following bond anticipation notes payable outstanding at June 30, 2005:

Capital Projects

	<u>Balance</u> <u>6/30/04</u>	<u>Increases</u>	<u>(Decreases)</u>	<u>Balance</u> <u>6/30/05</u>	<u>Issuance</u> <u>Date</u>	<u>Maturity</u> <u>Date</u>	<u>Interest</u> <u>Rate</u>	<u>Interest</u> <u>Paid</u>
Bond Anticipation Note	\$ 27,950,000	\$	\$(27,950,000)	\$	02/19/04	02/25/05	1.15%	\$ 555,894
Bond Anticipation Note	8,600,000		(8,600,000)		06/30/04	02/25/05	1.53%	140,347
Bond Anticipation Note	14,130,000		(14,130,000)		06/01/04	02/25/05	1.56%	259,050
MWPAT Interim Loan Payable		5,922,356		5,922,356	06/15/05	12/31/05	1.28%	
Bond Anticipation Note		5,420,000	(5,420,000)		02/25/05	05/02/05	2.50%	25,218
Bond Anticipation Note		23,630,000		23,630,000	05/02/05	09/29/05	3.00%	
Bond Anticipation Note		8,500,000		8,500,000	06/30/05	02/24/06	3.50%	
Bond Anticipation Note		35,253,777		35,253,777	02/25/05	02/24/06	3.25%	
Total Capital Projects	<u>50,680,000</u>	<u>78,726,133</u>	<u>(56,100,000)</u>	<u>73,306,133</u>				<u>980,509</u>

General Fund

Revenue Anticipation Note		11,000,000	(11,000,000)		07/01/04	06/30/05	3.50%	383,945
Total General Fund		11,000,000	(11,000,000)					383,945
Total Primary Government	<u>\$ 50,680,000</u>	<u>\$ 89,726,133</u>	<u>\$(67,100,000)</u>	<u>\$ 73,306,133</u>				<u>\$1,364,454</u>

CITY OF NEW BEDFORD, MASSACHUSETTS

Notes to Financial Statements (Continued)

June 30, 2005

NOTE 12: Debt (Continued)

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

	<u>Maturity Dates</u>	<u>Balance July 1, 2004</u>	<u>Increases</u>	<u>City (Retirements)</u>	<u>State (Subsidies)</u>	<u>Balance June 30, 2005</u>	<u>Balance Due in 2005</u>
Governmental Activities							
5.30% Landfill Closure Bond	03/03/94-05	\$ 915,000	\$	\$(650,000)	\$	\$ 265,000	\$ 265,000
4.00-6.00% G.O. Bond	04/15/96-13	2,760,000	95,900	(300,000)		2,555,900	300,000
4.60-5.80% Note	10/01/97-16	6,935,000	421,000	(470,000)		6,886,000	475,000
4.25-5.00% G.O. Bond	10/14/98-10/01/18	10,600,000		(905,000)		9,695,000	910,000
4.25-5.50% G.O. Bond	05/01/02-05/01/21	43,735,000		(1,805,000)		41,930,000	1,875,000
4.25-6.00% Revenue Refunding Bond	02/01/97-16	13,690,000		(3,118)	(1,701,882)	11,985,000	1,645,000
4.00-5.25% Revenue Bond	02/01/98-19	113,260,000		(1,381,032)	(1,203,968)	110,675,000	2,755,000
4.00-6.00% Revenue Bond	08/01/01-08/01/31	5,324,698		(121,147)	(2,908)	5,200,643	127,267
HUD 108-2003-A	02/01/04-08/01/22	1,760,000		(40,000)		1,720,000	40,000
Compensated Absences		18,196,805		(600,255)		17,596,550	3,080,546
Capital Leases		<u>1,002,626</u>	<u>226,432</u>	<u>(543,917)</u>		<u>685,141</u>	<u>391,166</u>
Total governmental activities		<u>218,179,129</u>	<u>743,332</u>	<u>(6,819,469)</u>	<u>(2,908,758)</u>	<u>209,194,234</u>	<u>11,863,979</u>
Business-Type Activities							
4.00-6.00% G.O. Bonds	04/15/96-13	3,605,000	153,100	(260,000)		3,498,100	275,000
4.25-5.50% G.O. Bonds	05/01/02-05/01/21	1,785,000		(105,000)		1,680,000	105,000
.85% Revenue Bonds	08/01/03-08/01/24	2,307,521		(77,611)	(31,094)	2,198,816	97,913
.85% Revenue Bonds	02/01/05-08/01/24		2,111,694			2,111,694	77,416
.85% Revenue Bonds	02/01/05-08/01/24		4,164,558			4,164,558	153,202
Compensated Absences		<u>977,559</u>	<u>1,059,118</u>			<u>2,036,677</u>	<u>138,895</u>
Total business-type activities		<u>8,675,080</u>	<u>7,488,470</u>	<u>(422,611)</u>		<u>15,689,845</u>	<u>847,426</u>
Total governmental plus business-type activities		<u>\$226,854,209</u>	<u>\$ 8,231,802</u>	<u>\$ (7,262,080)</u>	<u>\$(2,939,852)</u>	<u>\$ 224,884,079</u>	<u>\$ 12,711,405</u>

CITY OF NEW BEDFORD, MASSACHUSETTS

Notes to Financial Statements (Continued)

June 30, 2005

NOTE 12: Debt (Continued)

Debt service requirements to maturity for long-term debt:

	Total Principal	Total Interest	Total Debt	Less: Total Subsidized Payments (MWPAT)	Net Obligation
2006	\$ 9,100,798	\$ 9,770,481	\$ 18,871,279	\$ 6,939,257	\$ 11,932,022
2007	9,070,093	9,360,844	18,430,937	6,828,841	11,602,096
2008	9,443,236	8,944,368	18,387,604	6,713,454	11,674,150
2009	9,678,276	8,526,704	18,204,980	6,597,027	11,607,953
2010	9,491,186	8,110,305	17,601,491	6,474,616	11,126,875
2011	9,749,967	7,688,178	17,438,145	6,350,572	11,087,573
2012	10,030,510	7,215,203	17,245,713	6,217,913	11,027,800
2013	10,285,978	6,720,292	17,006,270	6,084,466	10,921,804
2014	10,605,400	6,198,478	16,803,878	5,947,190	10,856,688
2015	10,678,650	5,668,154	16,346,804	5,807,161	10,539,643
2016	11,012,412	5,122,482	16,134,894	5,658,506	10,476,388
2017	10,984,108	4,564,497	15,548,605	5,503,232	10,045,373
2018	10,709,108	4,044,374	14,753,482	5,373,350	9,380,132
2019	11,055,805	3,524,120	14,579,925	5,233,044	9,346,881
2020	10,772,501	3,000,808	13,773,309	5,096,794	8,676,515
2021	11,139,198	2,478,028	13,617,226	4,951,762	8,665,464
2022	7,670,894	1,926,592	9,597,486	4,806,072	4,791,414
2023	7,897,591	1,568,201	9,465,792	4,653,109	4,812,683
2024	7,855,000	1,193,669	9,048,669	4,446,238	4,602,431
2025	8,070,000	769,450	8,839,450	4,308,146	4,531,304
2026	7,865,000	445,587	8,310,587	4,115,052	4,195,535
2027	265,000	69,713	334,713	123,498	211,215
2028	270,000	55,000	325,000	117,877	207,123
2029	280,000	39,875	319,875	112,095	207,780
2030	290,000	24,202	314,202	106,102	208,100
2031	295,000	8,113	303,113	95,169	207,944
	<u>\$ 204,565,711</u>	<u>\$ 107,037,718</u>	<u>\$ 311,603,429</u>	<u>\$ 118,660,543</u>	<u>\$ 192,942,886</u>

Authorized and unissued debt at June 30, 2005, is as follows:

Purpose	Date Authorized	Amount Authorized	Issued/ Retired Rescinded	90% State Subsidy	Net Amount
Landfill Closure	02/01/99	\$ 380,000	\$ (\$	\$ 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

CITY OF NEW BEDFORD, MASSACHUSETTS

Notes to Financial Statements (Continued)

June 30, 2005

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
Building Acquisition - Zeiterion	06/25/04	400,000			400,000
Building Renovations	06/25/04	1,150,000			1,150,000
Harbor Dredging	06/25/04	1,170,000			1,170,000
Building Renovations	06/25/04	2,000,000			2,000,000
Railroad Depot	06/25/04	2,000,000			2,000,000
Equipment Purchases	06/25/04	2,800,000			2,800,000
Sea Lab	06/25/04	4,000,000			4,000,000
Sewer Separation	06/25/04	21,608,000			21,608,000
Reconstructing & Paving Roads	06/25/04	1,000,000			1,000,000
Water Mains	06/25/04	4,205,000			4,205,000
West End Sewer Project	08/14/04	8,958,000			8,958,000
Sea Lab	01/18/05	4,500,000			4,500,000
Street Paving	06/23/05	6,000,000			6,000,000
		<u>\$ 302,716,600</u>	<u>\$ _____</u>	<u>\$ _____</u>	<u>\$ 302,716,600</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>\$ 67,383,777</u>	<u>\$ 1,639,456</u>	<u>\$ 69,023,233</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>
2006	\$ 417,664
2007	<u>305,119</u>
Minimum lease payments for all capital leases	722,783
Less: amount representing interest	<u>(37,642)</u>
	<u>\$ 685,141</u>

CITY OF NEW BEDFORD, MASSACHUSETTS

Notes to Financial Statements (Continued)

June 30, 2005

NOTE 13: Fund Deficit

The following individual funds had deficit fund equity balances as of June 30, 2005:

Governmental Funds

Special Revenue Funds:

Art Therapy Inspirational	667 *
Food Service Concession Stand	9,785 *
C.C.D.A. Traffic Handicap	3,168 *
Police Juvenile Block Grant FY04	15 *
GHSB Traffic 2003-2004	24 *
NIRBS Grant	3,055 *
Police - LLEBG FY02	3,163 *
Byrne Task Force FY03	18,048 *
AIP 17 & 19 (EIS/EIR)	<u>1 *</u>

Total Special Revenue Funds \$ 37,926

Capital Projects Funds:

Condominium	\$ 417,907 *, **
Street Repaving	983,203 **
Equipment Purchase Bond Issue	2,341,423 **
Library Renovations	94,608 **
2M Building Purchase	2,208,749 **
Normandin Middle School	11,869,266 *, **
Keith Middle School	21,529,939 **
2Mil Landfill Closure	1,532,449 *, **
Land Acquisition	1,085,000 **
Harbor Development Phase II Dredging	4,366,587 *, **
River Road	438,310 *, **
WW Sewer Separation Project	87,506 **
DPI Sewer Project	1,073,773 **
Winslow Elementary School	790,867 **
Elizabeth Brooks Elementary School	786,070 **
Lincoln Elementary School	797,127 **
Campbell Elementary School	1,378,465 **
Railroad Depot	9,174,930 *, **
DeValles School	321,747 *, **
Incubator Project	758,934 **
State Pier Roof Grant	8,715,142 *, **
EPA Vulnerability	936,432 **
Route 18	<u>22,575 ***</u>

Total Capital Projects Funds \$ 71,711,009

Total Governmental Funds \$ 71,748,935

CITY OF NEW BEDFORD, MASSACHUSETTS

June 30, 2005

NOTE 13: Fund Deficit (continued)

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

NOTE 14: Subsequent Events

The following events relating to long-term debt occurred after the balance sheet date of June 30, 2005.

1. On September 28, 2005 the City of New Bedford issued bonds for the following items:

\$ 340,000	Landfill
1,024,500	Police Station
964,000	Parking Garage
2,785,500	Dredging
970,000	Dredging
1,000,000	Paving
400,000	Penler Building
1,150,000	Remodeling
<u>2,800,000</u>	Equipment

\$ 11,434,000

The following events relating to short-term debt occurred after the balance sheet date of June 30, 2005.

2. A. On September 1, 2005 a \$6,000,000 Bond Anticipation Note was issued for paving.
- B. Revenue Bond Anticipation Notes were issued on September 1, 2005 in the amount of \$12,000,000 for general operating purposes.
- C. On September 29, 2005 a \$6,010,000 Bond Anticipation Notes was issued for the following:
- | | |
|---------------|----------------------------|
| \$ 3,400,000 | Sewer |
| 2,000,000 | Remodeling |
| 320,000 | Devalles Elementary School |
| 255,000 | Landfill |
| <u>35,000</u> | Land Acquisition |
- \$ 6,010,000
- D. Bond Anticipation Notes were issued for \$19,400,000 on September 29, 2005 for the Keith Middle School.
3. On February 21, 2006 the City of New Bedford received a principal payment of \$22,721,326 and an interest payment of \$484,505 from the Massachusetts School Building Authority for the Keith Middle School construction project.

CITY OF NEW BEDFORD, MASSACHUSETTS

Notes to Financial Statements (Continued)

June 30, 2005

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

	<u>General Fund</u>	<u>Non-Major Governmental Funds</u>		
		<u>Special Revenue Reserve for Appropriation</u>	<u>Capital Project Funds</u>	<u>Community Development Funds</u>
Beginning balance, July 1, 2004	\$ 20,518,070	\$ 1,310,588	\$(54,161,052)	\$ 208,450
To remove the water fund to a proprietary fund	(300,000)			
To correct amounts due from Redevelopment Authority	875,000			
To adjust Home loans commitment				270,563
To adjust deferred balances to actual				432,048
To correct accounts payable	117,511			
To record investment cash transfer to City not recorded		9,000		
To reverse double booking of expense Transfer Oliver Grimes to Expendable Transfer Oliver Grimes from Non-Expendable			447,426	
Beginning balance, July 1, 2004, restated	<u>\$ 21,210,581</u>	<u>\$ 1,319,588</u>	<u>\$(53,713,626)</u>	<u>\$ 911,061</u>

Proprietary Funds

	<u>Water</u>	<u>Airport</u>
Beginning balance, July 1, 2004	\$	
To move water receivables and deferred balances from the general fund	300,000	
To move deferred revenue eliminated for accrual basis from governmental activities	395,679	
To move allowance recorded for accrual basis from governmental activities	(141,746)	(470)
To move compensated absences liability recorded for accrual basis from governmental activities	(859,946)	(117,613)
To move interest liability recorded for accrual basis from governmental activities	(97,308)	
To move long-term debt balance from governmental activities	(7,697,521)	
To move fixed assets recorded for accrual basis from governmental activities	29,984,867	722,799
To move accumulated depreciation recorded for accrual basis from governmental activities	(13,508,068)	(298,724)
Beginning balance, July 1, 2004, restated	<u>\$ 8,375,957</u>	<u>\$ 305,992</u>

CITY OF NEW BEDFORD, MASSACHUSETTS

Notes to Financial Statements (Continued)

June 30, 2005

NOTE 15: Restatement (continued)

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

	Primary Government			Non-Major Component Units			
	Governmental Activities	Business-Type Activities Water	Airport	Greater New Bedford Regional Refuse District	Harbor Development Commission	Redevelopment Authority	New Directions
Beginning balance, July 1, 2004	\$ 117,419,316	\$	\$	\$ 16,539,000	\$ 7,330,876	\$ 1,402,552	\$ 486,316
Restatements, per above	1,851,548	8,375,957	305,992				
To move allowances to proprietary funds for water and airport	3,080						
To move deferred revenue to proprietary funds for water and airport	(395,679)						
To move compensated absences to proprietary funds for water and airport	977,559						
To move accrued interest liability to proprietary funds for water and airport	97,308						
To move long term debt balance to proprietary for water	7,697,521						
To move fixed assets to proprietary fund for water and airport	(30,707,666)						
To move accumulated depreciation to proprietary for was and airport	13,806,792						
To reverse prior year closure costs capitalized				(46,058)			
To reverse prior year deletion on closure capitalized				4,187			
To correct cash balances						1,561	
To record investment in Healy Street property						1,200,000	
To record depreciation on Healy Street property						(88,742)	
To record loan to the City of New Bedford for purchase of Healy Street property						(875,000)	
To record fish grant receivable							39,409
To correct prior year capital asset activity							(11,661)
To correct compensated absences balance					116,000		
To correct fixed assets balancers					(426,629)		
Rounding					(1)		
Beginning balance, July 1, 2004, restated	<u>\$ 110,749,779</u>	<u>\$ 8,375,957</u>	<u>\$ 305,992</u>	<u>\$ 16,497,129</u>	<u>\$ 7,020,246</u>	<u>\$ 1,640,371</u>	<u>\$ 514,064</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, 2005

	<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	\$	\$ 65,108,957	\$ 4,865,515	\$ 69,974,472	\$ 69,974,472	\$	\$
Motor vehicle excise		5,634,019	217,415	5,851,434	5,989,389		137,955
Tax liens and foreclosures		75,000	40,450	115,450	135,711		20,261
Other excise collections		40,000	(25,758)	14,242	11,937		(2,305)
Penalties and interest		1,100,000	11,644	1,111,644	1,031,379		(80,265)
Payments in lieu of taxes		465,000	228,959	693,959	866,318		172,359
Charges for services:							
Trash		5,000	5,433	10,433	7,643		(2,790)
Cemeteries		805,000	(327,985)	477,015	220,259		(256,756)
Parking		835,000	94,306	929,306	852,323		(76,983)
Zoo		418,300	(10,777)	407,523	389,831		(17,692)
Departmental		11,407,962	337,380	11,745,342	12,324,477		579,135
Licenses and permits		1,240,000	564,727	1,804,727	1,787,490		(17,237)
Fines and forfeitures		279,000	(265,382)	13,618	13,952		334
Special assessments					(374)		(374)
Earnings on investments		225,000	13,708	238,708	600,829		362,121
Other					743,526		743,526
Governmental revenue:							
Federal					4,212		4,212
State		127,410,229	2,440,783	129,851,012	129,790,980		(60,032)
County			163,103	163,103	184,774		21,671
Total revenues		<u>215,048,467</u>	<u>8,353,521</u>	<u>223,401,988</u>	<u>224,929,128</u>		<u>1,527,140</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, 2005

	<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>
Expenditures:							
General Government	\$ 4,500	13,789,060	1,892,137	15,685,697	15,765,189	1,200	(80,692)
General Government-unclassified		40,921,070	5,450,444	46,371,514	46,637,121		(265,607)
Public safety:							
Police		19,813,008	475,430	20,288,438	20,288,964		(526)
Fire		12,693,806	1,867,500	14,561,306	14,555,545		5,761
EMS		2,181,313	49,100	2,230,413	2,234,723		(4,310)
Inspector of buildings		985,910	10,753	996,663	994,096		2,567
Other	56	263,957	(37,385)	226,628	222,860		3,768
Public works and facilities:							
Health and sanitation operations		1,396,223	(657,673)	738,550	738,550		
Highways and streets	62,831	719,496	588,551	1,370,878	1,316,994		53,884
Education:							
School Department	765,930	105,576,884	500,215	106,843,029	104,376,055	2,356,892	110,082
Other		2,800,000	64,913	2,864,913	2,864,913		
Human services	44,131	2,238,967	238,600	2,521,698	2,426,587	41,922	53,189
Culture and recreation		1,366,997	245,143	1,612,140	1,611,218		922
Zoo		948,444	27,400	975,844	972,535		3,309
Debt service		7,833,158	15,034	7,848,192	7,677,633		170,559
Intergovernmental expenditures		<u>1,506,374</u>		<u>1,506,374</u>	<u>1,546,634</u>		<u>(40,260)</u>
Total expenditures	<u>877,448</u>	<u>215,034,667</u>	<u>10,730,162</u>	<u>226,642,277</u>	<u>224,229,617</u>	<u>2,400,014</u>	<u>12,646</u>
Excess (deficiency) of revenues over expenditures	<u>(877,448)</u>	<u>13,800</u>	<u>(2,376,641)</u>	<u>(3,240,289)</u>	<u>699,511</u>	<u>(2,400,014)</u>	<u>1,539,786</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, 2005

	<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		55,317	782,215	837,532	798,599	(38,933)
Operating transfers out		(69,117)	(120,608)	(189,725)	(3,468)	186,257
Tailings			120,000	120,000	120,000	
Treasurer's debt			1,320,000	1,320,000		(1,320,000)
Overlay reserve			287,034	287,034	287,034	
Overlay deficit			(12,000)	(12,000)		12,000
Total other financing sources (uses)		<u>(13,800)</u>	<u>2,376,641</u>	<u>2,362,841</u>	<u>1,202,165</u>	<u>(1,160,676)</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses		<u>\$ (877,448)</u>	<u>\$</u>	<u>\$ (877,448)</u>	1,901,676	<u>\$ (2,400,014)</u>
Budgetary fund balance at the beginning of the year **					<u>20,831,185</u>	
Budgetary fund balance at the end of year					<u>\$ 22,732,861</u>	

* The encumbrances were restated for the following reasons:

\$ (227,533)	Remove DPI Water encumbrances which is now reflected in an enterprise fund
<u>5,850</u>	To correct prior year public infrastructure encumbrances

\$ (221,683)

** To transfer to the water enterprise fund portion relating to the fund

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

CITY OF NEW BEDFORD, MASSACHUSETTS

Required Supplementary Information

Statement of Revenues and Expenses- (Non-GAAP /Budgetary Basis)
Budget and Actual - Water Enterprise Fund

Year Ended June 30, 2005

	<u>Original Budget</u>						
	<u>Encumbrances Carried Forward</u>	<u>Budget as Adopted</u>	<u>Appropriations and Transfers</u>	<u>Available for Current Year Expenditures</u>	<u>Actual</u>	<u>Encumbrances Carried Forward</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:							
Charges for services	\$	\$ 6,858,765	\$	\$ 6,858,765	\$ 7,006,395	\$	\$ 147,630
Intergovernmental					124,902		124,902
Other					43,227		43,227
Total revenues		<u>6,858,765</u>		<u>6,858,765</u>	<u>7,174,524</u>		<u>315,759</u>
Expenses:							
Salaries		2,256,689	(100,000)	2,156,689	2,145,433		11,256
Charges and services	34,694	2,769,392	90,000	2,894,086	2,535,359	37,002	321,125
Materials and supplies	39,994	592,000	100,000	731,994	721,986		10,008
Capital outlay	178,595	393,000		571,595	656,357	84,318	(169,080)
Debt service		<u>757,684</u>		<u>757,684</u>	<u>865,295</u>		<u>(107,611)</u>
Total expenses	<u>253,283</u>	<u>6,768,765</u>	<u>90,000</u>	<u>7,112,048</u>	<u>6,924,430</u>	<u>121,920</u>	<u>65,698</u>
Excess (deficiency) of revenues over expenses	(253,283)	<u>90,000</u>	(90,000)	<u>253,283</u>	<u>250,094</u>	(121,920)	<u>381,457</u>
Other financing sources and (uses):							
Operating transfers in							
Operating transfers out							
Total other financing sources and (uses)							
Excess (deficiency) of revenue and other sources over expenses and other uses	<u>\$(253,283)</u>	<u>\$ 90,000</u>	<u>\$(90,000)</u>	<u>\$(253,283)</u>	250,094	<u>\$(121,920)</u>	<u>\$ 381,457</u>
Budgetary fund balance at the beginning of the year					<u>300,000</u>		
Budgetary fund balance at the end of the year					<u>\$ 550,094</u>		

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

* \$227,583 of encumbrances was moved from the general fund in the prior year and \$25,700 was restated

CITY OF NEW BEDFORD, MASSACHUSETTS

Required Supplementary Information

Statement of Revenues and Expenses- (Non-GAAP /Budgetary Basis)
Budget and Actual - Airport Enterprise Fund

Year Ended June 30, 2005

	<u>Original Budget</u>						
	<u>Encumbrances Carried Forward</u>	<u>Budget as Adopted</u>	<u>Appropriations and Transfers</u>	<u>Available for Current Year Expenditures</u>	<u>Actual</u>	<u>Encumbrances Carried Forward</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:							
Charges for services	\$	\$ 580,000	\$	\$ 580,000	\$ 514,001	\$	\$ (65,999)
Intergovernmental							
Other							
Total revenues		<u>580,000</u>		<u>580,000</u>	<u>514,001</u>		<u>(65,999)</u>
Expenses:							
Salaries		291,014	31,000	322,014	319,432		2,582
Charges and services		230,083	27,858	257,941	261,968		(4,027)
Materials and supplies		28,020	21,000	49,020	48,563		457
Capital outlay			8,750	8,750			8,750
Debt service							
Total expenses		<u>549,117</u>	<u>88,608</u>	<u>637,725</u>	<u>629,963</u>		<u>7,762</u>
Excess (deficiency) of revenues over expenses		<u>30,883</u>	<u>(88,608)</u>	<u>(57,725)</u>	<u>(115,962)</u>		<u>(58,237)</u>
Other financing sources and (uses):							
Operating transfers in		69,117	120,608	189,725	189,725		
Operating transfers out		<u>(100,000)</u>	<u>(32,000)</u>	<u>(132,000)</u>	<u>(92,608)</u>		
Total other financing sources and (uses)		<u>(30,833)</u>	<u>(88,608)</u>	<u>57,725</u>	<u>97,117</u>		
Excess (deficiency) of revenue and other sources over expenses and other uses	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>(18,845)</u>	<u>\$</u>	<u>\$ (58,327)</u>
Budgetary fund balance at the beginning of the year							
Budgetary fund balance at the end of the year					<u>\$ (18,845)</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, 2005

	<u>Original Budget</u>						
	<u>Encumbrances Carried Forward</u>	<u>Budget as Adopted</u>	<u>Appropriations and Transfers</u>	<u>Available for Current Year Expenditures</u>	<u>Actual</u>	<u>Encumbrances Carried Forward</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:							
Charges for services	\$	\$ 15,285,410	\$	\$ 15,285,410	\$ 13,738,219	\$	\$(1,547,191)
Earnings on investments		145,798		145,798	128,506		(17,292)
Other		<u>123,412</u>		<u>123,412</u>	<u>852,140</u>		<u>728,728</u>
Total revenues		<u>15,554,620</u>		<u>15,554,620</u>	<u>14,718,865</u>		<u>(835,755)</u>
Expenditures:							
Salaries		1,285,672		1,285,672	1,148,134		137,538
Charges and services	25,600	8,669,211		8,694,811	8,264,090		430,721
Materials and supplies	19,452	426,000		445,452	427,615		17,837
Capital outlay	26,827	245,000		271,827	146,700	64,756	60,371
Debt service		<u>893,013</u>		<u>892,013</u>	<u>754,636</u>		<u>138,377</u>
Total expenditures	<u>71,879</u>	<u>11,518,896</u>		<u>11,590,775</u>	<u>10,741,175</u>	<u>64,756</u>	<u>784,844</u>
Excess (deficiency) of revenues over expenditures	(71,879)	<u>4,035,734</u>		<u>3,963,845</u>	<u>3,977,690</u>	<u>(64,756)</u>	<u>(50,911)</u>
Other financing sources and (uses):							
Operating transfers in					18,000		18,000
Operating transfers out		<u>(4,035,724)</u>		<u>(4,035,724)</u>	<u>(5,235,724)</u>		<u>(1,200,000)</u>
Total other financing sources and (uses)		<u>(4,035,724)</u>		<u>(4,035,724)</u>	<u>(5,217,724)</u>		<u>(1,182,000)</u>
Excess (deficiency) of revenue and other sources over expenditures and other uses	<u>\$(71,879)</u>	<u>\$</u>		<u>\$(71,879)</u>	<u>(1,240,034)</u>	<u>\$(64,756)</u>	<u>\$(1,232,911)</u>
Budgetary fund balance at the beginning of the year					<u>3,069,627</u>		
Budgetary fund balance at the end of the year					<u>\$ 1,829,593</u>		

See notes to required supplementary information

CITY OF NEW BEDFORD, MASSACHUSETTS

Required Supplementary Information

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

June 30, 2005

Budgetary - GAAP Reporting Reconciliation

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

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

Therefore, timing, perspective, and entity differences in the excess (deficiency) of revenues and other sources of financial resources for the year ended June 30, 2005 are as follows:

	Government Funds		Enterprise Funds	
	General Fund	Special Revenue Wastewater-Operating	Water	Airport
Revenues and other financing sources:				
GAAP Basis	\$ 243,433,744	\$ 14,736,865	\$ 7,307,223	\$ 514,001
Adjustments:				
Increase in real estate and personal property taxes to full accrual	(820,337)			
(Increase) decrease in 60 day accrual	(945,423)			
MTRB on-behalf payments	(15,533,224)			
Reversal of deferred revenue			(86,437)	
Change in allowance for receivables	_____	_____	(46,262)	_____
Budgetary Basis	<u>\$ 226,134,760</u>	<u>\$ 14,736,865</u>	<u>\$ 7,174,524</u>	<u>\$ 514,001</u>
Expenditures and other financing uses:				
GAAP Basis	\$ 239,766,309	\$ 15,976,899	\$ 7,835,697	\$ 653,252
Adjustments:				
MTRB on-behalf payments	(15,533,224)			
Change in compensated absences			(1,055,589)	(3,530)
Additions to capital assets			362,036	40,122
Depreciation expense			(593,069)	(59,881)
Change in accrued interest			(98,350)	
Principal paid on long term debt	_____	_____	473,705	_____
Budgetary basis	<u>\$ 224,233,085</u>	<u>\$ 15,976,899</u>	<u>\$ 6,924,430</u>	<u>\$ 629,963</u>

See accompanying independent auditors' report

CITY OF NEW BEDFORD, MASSACHUSETTS

Required Supplementary information

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

June 30, 2005

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, 2005, expenditures exceeded budget in the General Fund as follows:

<u>Category</u>	<u>Excess</u>
General government	\$ 80,692
General government - unclassified	265,607
Public safety:	
Police	526
EMS	<u>4,310</u>
Total	<u>\$ 351,135</u>

See accompanying independent auditors' report

CITY OF NEW BEDFORD, MASSACHUSETTS

Required Supplementary Information

Contributory Retirement System

Schedule of Funding Progress

December 31, 2004

(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%
01/01/04	2004	175,663,857	380,950,456	205,286,599	46%	75,414,151	272%

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, 2004

(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%
2005	16,148,800	2004	15,470,688	96%

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, 2004

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, 2005.

No changes in actuarial assumptions or benefit provisions that would significantly affect the valuation of the actuarial accrued liability occurred during 2004.

See accompanying independent auditors' report

CITY OF NEW BEDFORD, MASSACHUSETTS

Supplementary Information

Major Governmental Funds - Wastewater

Combining Balance Sheet

June 30, 2005

	<u>Operating</u>	<u>Special Projects</u>	<u>Debt Service</u>	<u>Total</u>
ASSETS				
Cash, unrestricted	\$ 3,620,464	\$	\$	\$ 3,620,464
Cash, restricted	4,078,490	1,401,658	1,954,888	7,435,036
User charges receivable	1,331,198			1,331,198
Special assessments receivable, current	(75,016)			(75,016)
Other receivables	129,128			129,128
Due from other funds	352,558	611,646	672,621	1,636,825
Special assessments receivables, noncurrent	<u>191,145</u>	<u></u>	<u></u>	<u>191,145</u>
 Total assets	 <u>\$ 9,627,967</u>	 <u>\$ 2,013,304</u>	 <u>\$ 2,627,509</u>	 <u>\$ 14,268,780</u>
 LIABILITIES AND FUND BALANCES				
Liabilities:				
Warrants payable	\$ 654,641	\$	\$	\$ 654,641
Accounts payable and accrued expenses	174,383		3,017	177,400
Deferred revenue	1,576,455			1,576,455
Due to other funds	<u>6,279,707</u>	<u>290,460</u>	<u></u>	<u>6,570,167</u>
 Total liabilities	 <u>8,685,186</u>	 <u>290,460</u>	 <u>3,017</u>	 <u>8,978,663</u>
Fund balances:				
Reserved/designated	1,527,476		2,624,492	4,151,968
Unreserved	<u>(584,695)</u>	<u>1,722,844</u>	<u></u>	<u>1,138,149</u>
 Total fund balance	 <u>942,781</u>	 <u>1,722,844</u>	 <u>2,624,492</u>	 <u>5,290,117</u>
 Total liabilities and fund balances	 <u>\$ 9,627,967</u>	 <u>\$ 2,013,304</u>	 <u>\$ 2,627,509</u>	 <u>\$ 14,268,780</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, 2005

	<u>Operating</u>	<u>Special Projects</u>	<u>Debt Service</u>	<u>Total</u>
Revenues:				
Utility usage charges	\$ 13,738,219	\$	\$	\$ 13,738,219
Intergovernmental revenues - operating			6,837,919	6,837,919
Investment income	128,506			128,506
Other	<u>852,140</u>	<u>290,125</u>		<u>1,142,265</u>
 Total revenues	 <u>14,718,865</u>	 <u>290,125</u>	 <u>6,837,919</u>	 <u>21,846,909</u>
Expenditures:				
Salaries	1,148,134			1,148,134
Charges and services	8,264,090			8,264,090
Supplies and materials	427,615			427,615
Capital outlay	146,700	782,869		929,569
Debt service	<u>754,636</u>		<u>10,868,635</u>	<u>11,623,271</u>
 Total expenditures	 <u>10,741,175</u>	 <u>782,869</u>	 <u>10,868,635</u>	 <u>22,392,679</u>
 Excess (deficiency) of revenues over expenditures	 3,977,690	 (492,744)	 (4,030,716)	 (545,770)
 Other financing sources and (uses)	 <u>(5,217,724)</u>	 <u>1,101,447</u>	 <u>4,035,724</u>	 <u>(80,553)</u>
 Excess (deficiency) of revenues and other sources over expenditures and other uses	 (1,240,034)	 608,703	 5,008	 (626,323)
 Fund balance - July 1, 2004	 <u>2,182,815</u>	 <u>1,114,141</u>	 <u>2,619,484</u>	 <u>5,916,440</u>
 Fund balance - June 30, 2005	 <u>\$ 942,781</u>	 <u>\$ 1,722,844</u>	 <u>\$ 2,624,492</u>	 <u>\$ 5,290,117</u>

See accompanying independent auditors' report

CITY OF NEW BEDFORD, MASSACHUSETTS

Supplementary Information

Wastewater Reserved Cash Account Activity

June 30, 2005

	<u>Reserve Fund</u>	<u>Operating Reserve Fund</u>	<u>Debt Service Fund</u>	<u>Renewal & Replacement Reserve Fund</u>	<u>Special Projects</u>	<u>Unrestricted Fund</u>	<u>Total</u>
Beginning balance	\$ 2,590,332	\$ 2,283,548	\$ 2,620,051	\$ 1,527,476	\$ 346,009	\$ (219)	\$ 9,367,197
Transfers in	14,228,139	78,632	3,372,669	45,045	2,091,441	219	19,816,145
Transfers out	<u>16,546,812</u>	<u>81,365</u>	<u>4,037,832</u>	<u>46,505</u>	<u>1,035,792</u>	<u> </u>	<u>21,748,306</u>
Ending balance	<u>\$ 271,659</u>	<u>\$ 2,280,815</u>	<u>\$ 1,954,888</u>	<u>\$ 1,526,016</u>	<u>\$ 1,401,658</u>	<u> </u>	<u>\$ 7,435,036</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, 2005

	Highway Improvements	Revolving	Reserve For Appropriation	Donations	Federal/State Grants	School Grants	Community Development	Subtotal
ASSETS								
Cash and investments	\$ 48,248	\$ 3,162,608	\$ 1,191,308	\$ 90,675	\$ 1,451,781	\$ (3,353,743)	\$ 541,332	\$ 3,132,209
Federal and state grants receivable	332,911	1,406,344			798,450	7,044,530	6,972,616	16,554,851
Loans receivable							14,884,389	14,884,389
Receivable, other		3,263			9,526	215,853	19,736	248,378
Land inventory							246,918	246,918
Due from other funds		4,836	60,000		139,054		8,304	212,194
	<u>381,159</u>	<u>4,577,051</u>	<u>1,251,308</u>	<u>90,675</u>	<u>2,398,811</u>	<u>3,906,640</u>	<u>22,673,295</u>	<u>35,278,939</u>
Total assets								
LIABILITIES AND FUND BALANCES (DEFICITS)								
Liabilities:								
Warrants payable	\$ 105,867	\$ 88,153	\$ 37,248	\$ 161	\$ 155,854	\$ 285,323	\$ 604,947	\$ 1,277,553
Accounts payable and accrued expenses	181,338	188,421	74		308,407	217,504	110,023	995,767
Bond payable								
Retainage payable							3,521	3,521
Due to other funds	93,681	36,467			229,718		10,860	370,726
Due to federal or state gov't					17,193	151,870		169,063
Deferred revenue		37,647			277,109	2,376,797	21,248,680	23,940,233
Other liabilities							55,905	55,905
	<u>380,886</u>	<u>350,688</u>	<u>37,322</u>	<u>161</u>	<u>988,281</u>	<u>3,031,494</u>	<u>22,023,936</u>	<u>26,812,768</u>
Total liabilities								
Fund balances (deficits):								
Restricted							268,400	268,400
Unrestricted, undesignated	273	4,226,363	1,213,986	90,514	1,410,530	875,146	380,959	8,197,771
	<u>273</u>	<u>4,226,363</u>	<u>1,213,986</u>	<u>90,514</u>	<u>1,410,530</u>	<u>875,146</u>	<u>649,359</u>	<u>8,466,171</u>
Total fund balances								
Total liabilities and fund balances	<u>\$ 381,159</u>	<u>\$ 4,577,051</u>	<u>\$ 1,251,308</u>	<u>\$ 90,675</u>	<u>\$ 2,398,811</u>	<u>\$ 3,906,640</u>	<u>\$ 22,673,295</u>	<u>\$ 35,278,939</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, 2005

	<u>Condominium</u>	<u>Street Repaving</u>	<u>CSO Relocate</u>	<u>Equipment Bond Issue</u>	<u>Building Imp Bond Issue</u>	<u>Library Renovation Bond Issue</u>	<u>Roosevelt School Construction</u>
ASSETS							
Cash and cash equivalents	\$ (17,907)	\$ 183,697	\$ 257,176	\$ 458,577	\$ 1,077,804	\$ 113,682	\$ 3,680,095
Federal and state grants receivable							
Receivable, other			273,378				
Due from other funds							
Total assets	<u>\$ (17,907)</u>	<u>\$ 183,697</u>	<u>\$ 530,554</u>	<u>\$ 458,577</u>	<u>\$ 1,077,804</u>	<u>113,682</u>	<u>\$ 3,680,095</u>
LIABILITIES AND FUND BALANCES (DEFICITS)							
Liabilities:							
Warrants payable	\$	\$	\$	\$	\$	\$	\$
Accounts payable and accrued expenses		166,900			21,540		
Bond payable	400,000	1,000,000		2,800,000	1,150,000		
Interim loan payable							
Retainage payable					872		
Due to other funds			530,554				
Other liabilities							
Total liabilities	<u>400,000</u>	<u>1,166,900</u>	<u>530,554</u>	<u>2,800,000</u>	<u>1,172,412</u>		
Fund balances (deficits):							
Restricted							
Unrestricted/undesignated	<u>(417,907)</u>	<u>(983,203)</u>		<u>(2,341,423)</u>	<u>(94,608)</u>	<u>113,682</u>	<u>3,680,095</u>
Total fund balances	<u>(417,907)</u>	<u>(983,203)</u>		<u>(2,341,423)</u>	<u>(94,608)</u>	<u>113,682</u>	<u>3,680,095</u>
Total liabilities and fund balances	<u>\$ (17,907)</u>	<u>\$ 183,697</u>	<u>\$ 530,554</u>	<u>\$ 458,577</u>	<u>\$ 1,077,804</u>	<u>\$ 113,682</u>	<u>\$ 3,680,095</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, 2005

	<u>Water Main Bond Issue</u>	<u>Chlorine Disinfectant Station</u>	<u>Building Purchase Bond Issue</u>	<u>Normandin MS</u>	<u>Keith MS</u>	<u>Landfill Closure</u>	<u>Land Acquisition</u>
ASSETS							
Cash and cash equivalents	\$	\$	\$ 133,168	\$ (1,744,602)	\$ 5,393,622	\$ (912,129)	\$
Federal and state grants receivable							
Receivable, other							
Due from other funds							
Total assets	<u>\$</u>	<u>\$</u>	<u>\$ 133,168</u>	<u>\$ (1,744,602)</u>	<u>\$ 5,393,622</u>	<u>\$ (912,129)</u>	<u>\$</u>
LIABILITIES AND FUND BALANCES (DEFICITS)							
Liabilities:							
Warrants payable	\$	\$		\$	\$	\$	\$
Accounts payable and accrued expenses			178,978		276,595	5,320	
Bond payable			2,000,000	10,103,777	26,365,000	615,000	1,085,000
Interim loan payable							
Retainage payable			162,939	20,887	281,966		
Due to other funds							
Other liabilities							
Total liabilities			<u>2,341,917</u>	<u>10,124,664</u>	<u>26,923,561</u>	<u>620,320</u>	<u>1,085,000</u>
Fund balances (deficits):							
Restricted							
Unrestricted/undesignated			<u>(2,208,749)</u>	<u>(11,869,266)</u>	<u>(21,529,939)</u>	<u>(1,532,449)</u>	<u>(1,085,000)</u>
Total fund balances			<u>(2,208,749)</u>	<u>(11,869,266)</u>	<u>(21,529,939)</u>	<u>(1,532,449)</u>	<u>(1,085,000)</u>
Total liabilities and fund balances	<u>\$</u>	<u>\$</u>	<u>\$ 133,168</u>	<u>\$ (1,744,602)</u>	<u>\$ 5,393,622</u>	<u>\$ (912,129)</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, 2005

	<u>Harbor Phase 2 Dredging</u>	<u>River Road Bond Issue</u>	<u>Wastewater Sewer Separation</u>	<u>DPI Sewer Separation</u>	<u>Winslow Elementary</u>	<u>Elizabeth Brook Elementary</u>	<u>Lincoln Elementary</u>
ASSETS							
Cash and investments	\$ (617,210)	\$ (153,310)	\$ (737,685)	\$ 2,585,800	\$ 209,133	\$ 213,930	\$ 202,873
Federal and state grants receivable			6,648,542				
Receivable, other	111,383						
Due from other funds	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ (505,827)</u>	<u>\$ (153,310)</u>	<u>\$ 5,910,857</u>	<u>\$ 2,585,800</u>	<u>\$ 209,133</u>	<u>\$ 213,930</u>	<u>\$ 202,873</u>
LIABILITIES AND FUND BALANCES (DEFICITS)							
Liabilities:							
Warrants payable	\$	\$	\$	\$	\$	\$	\$
Accounts payable and accrued expenses			42,640	259,573			
Bond payable	3,860,000	285,000		3,400,000	1,000,000	1,000,000	1,000,000
Interim loan payable			5,922,356				
Retainage payable			33,367				
Due to other funds	760						
Other liabilities	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities	<u>3,860,760</u>	<u>285,000</u>	<u>5,998,363</u>	<u>3,659,573</u>	<u>1,000,000</u>	<u>1,000,000</u>	<u>1,000,000</u>
Fund balances (deficits):							
Restricted							
Unrestricted/undesignated	<u>(4,366,587)</u>	<u>(438,310)</u>	<u>(87,506)</u>	<u>(1,073,773)</u>	<u>(790,867)</u>	<u>(786,070)</u>	<u>(797,127)</u>
Total fund balances	<u>(4,366,587)</u>	<u>(438,310)</u>	<u>(87,506)</u>	<u>(1,073,773)</u>	<u>(790,867)</u>	<u>(786,070)</u>	<u>(797,127)</u>
Total liabilities and fund balances	<u>\$ (505,827)</u>	<u>\$ (153,310)</u>	<u>\$ 5,910,857</u>	<u>\$ 2,585,800</u>	<u>\$ 209,133</u>	<u>\$ 213,930</u>	<u>\$ 202,873</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, 2005

	Campbell Elementary	Devalles Elementary	Railroad Depot	Riverside Park	Water Transmission Mains	West End Cement Linging Ph2	Incubator Project
ASSETS							
Cash and cash equivalents	\$ 121,535	\$ (1,747)	\$ (8,853,715)	\$ (233,965)	\$ (106,471)	\$ (318,866)	\$ (697,693)
Federal and state grants receivable				415,000	1,320,825	1,795,001	
Receivable, other Due from other funds							
Total assets	<u>\$ 121,535</u>	<u>\$ (1,747)</u>	<u>\$ (8,853,715)</u>	<u>\$ 181,035</u>	<u>\$ 1,214,354</u>	<u>\$ 1,476,135</u>	<u>\$ (697,693)</u>
LIABILITIES AND FUND BALANCES (DEFICITS)							
Liabilities:							
Warrants payable	\$	\$	\$	\$	\$	\$	\$
Accounts payable and accrued expenses			99,737	54,744	309,934	175,024	61,241
Bond payable	1,500,000	320,000					
Interim loan payable							
Retainage payable			122,933		60,721	146,308	
Due to other funds			98,545				
Other liabilities							
Total liabilities	<u>1,500,000</u>	<u>320,000</u>	<u>321,215</u>	<u>54,744</u>	<u>370,655</u>	<u>321,332</u>	<u>61,241</u>
Fund balances (deficits):							
Restricted							
Unrestricted/undesignated	<u>(1,378,465)</u>	<u>(321,747)</u>	<u>(9,174,930)</u>	<u>126,291</u>	<u>843,699</u>	<u>1,154,803</u>	<u>(758,934)</u>
Total fund balances	<u>(1,378,465)</u>	<u>(321,747)</u>	<u>(9,174,930)</u>	<u>126,921</u>	<u>843,699</u>	<u>1,154,803</u>	<u>(758,934)</u>
Total liabilities and fund balances	<u>\$ 121,535</u>	<u>\$ (1,747)</u>	<u>\$ (8,853,715)</u>	<u>\$ 181,035</u>	<u>\$ 1,214,354</u>	<u>\$ 1,476,135</u>	<u>\$ (697,693)</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, 2005

ASSETS	HDC Oak Bluff Ferry Terminal	Sea Lab	Phase 2 Regional-Airspace Study	Parking Garage	Wastewater 2D Treatment	AIP 27 Taxiway B Construction	Route 18	Subtotal
Cash and investments	\$(642,520)	\$ 721,765	\$ 9,920	\$ 63,568	\$ 3,988	\$ 9,116	\$(22,575)	\$ 379,054
Federal and state grants receivable								10,179,368
Receivable, other	642,520							753,903
Due from other funds					<u>56,642</u>	<u>32,358</u>		<u>362,378</u>
Total assets	<u>\$</u>	<u>\$ 721,765</u>	<u>\$ 9,920</u>	<u>\$ 63,568</u>	<u>\$ 60,630</u>	<u>\$ 41,474</u>	<u>\$(22,575)</u>	<u>\$ 11,674,703</u>
 LIABILITIES AND FUND BALANCES (DEFICITS)								
Liabilities:								
Warrants payable	\$	\$	\$	\$	\$	\$	\$	\$
Accounts payable and accrued expenses		886,907			336	32,359		2,571,828
Bond payable		8,500,000		1,000,000				67,383,777
Interim loan payable								5,922,356
Retainage payable		50,000						879,993
Due to other funds					4,271			634,130
Other liabilities								
Total liabilities		<u>9,436,907</u>		<u>1,000,000</u>	<u>4,607</u>	<u>32,359</u>		<u>77,392,084</u>
Fund balances (deficits):								
Restricted								
Unrestricted/undesignated		<u>(8,715,142)</u>	<u>9,920</u>	<u>(936,432)</u>	<u>56,023</u>	<u>9,115</u>	<u>(22,575)</u>	<u>(65,717,381)</u>
Total fund balances		<u>(8,715,142)</u>	<u>9,920</u>	<u>(936,432)</u>	<u>56,023</u>	<u>9,115</u>	<u>(22,575)</u>	<u>(65,717,381)</u>
Total liabilities and fund balances	<u>\$</u>	<u>\$ 721,765</u>	<u>\$ 9,920</u>	<u>\$ 63,568</u>	<u>\$ 60,630</u>	<u>\$ 41,474</u>	<u>\$(22,575)</u>	<u>\$ 11,674,703</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, 2005

	<u>Nonexpendable Trusts</u>	<u>Expendable Trusts</u>	<u>Subtotal</u>	<u>Total Non Major Governmental Funds</u>
ASSETS				
Cash and investments	\$ 9,154,237	\$ 378,754	\$ 9,532,991	\$ 13,044,254
Federal and state receivable				26,734,219
Loans receivable				14,541,789
Receivable, other				1,002,281
Land inventory				246,918
Due from other funds				<u>574,572</u>
 Total assets	 <u>\$ 9,154,237</u>	 <u>\$ 378,754</u>	 <u>\$ 9,532,991</u>	 <u>\$ 56,144,033</u>
 LIABILITIES AND FUND BALANCES				
Liabilities:				
Warrants payable	\$	\$	\$	\$ 1,277,553
Accounts payable and accrued expenses	1,624		1,624	3,585,671
Bond payable				67,383,777
Interim loan payable				5,922,356
Retainage payable				883,514
Due to other funds	159,387		159,387	1,164,243
Due to federal and state governments				169,063
Deferred revenue				24,225,693
Other liabilities				<u>689,294</u>
 Total liabilities	 <u>161,011</u>	 <u></u>	 <u>161,011</u>	 <u>105,301,164</u>
Fund balances:				
Restricted	4,783,291		4,783,291	4,783,291
Unrestricted/undesignated	<u>4,209,935</u>	<u>378,754</u>	<u>4,588,689</u>	<u>(53,940,422)</u>
 Total fund balance	 <u>8,993,226</u>	 <u>378,754</u>	 <u>9,371,980</u>	 <u>(49,157,131)</u>
 Total liabilities and fund balances	 <u>\$ 9,154,237</u>	 <u>\$ 378,754</u>	 <u>\$ 9,532,991</u>	 <u>\$ 56,144,033</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, 2005

	<u>Highway Improvements</u>	<u>Revolving</u>	<u>Reserve For Appropriation</u>	<u>Donations</u>
Revenues:				
Intergovernmental - operating	\$ 1,389,957	\$ 8,806,908	\$	\$ 46,316
Intergovernmental - capital				9,235
Investment income		570	44,374	1,289
Other excise		11,815		
Fines and penalties		5,040		
Charges for services		1,890,532	73,090	
Other income				
	<u>1,389,957</u>	<u>10,714,865</u>	<u>117,464</u>	<u>56,840</u>
Expenditures:				
General government		28,797	174,682	
Public safety		78,447		
Public works	1,389,684			
Health and human services		40,899		1,440
Education		9,729,585		
Community and economic development				
Municipal airport				
Culture and recreation		211,886		16,577
Debt service:				
Principal				
Interest				
	<u>1,389,684</u>	<u>10,089,614</u>	<u>174,682</u>	<u>18,017</u>
Excess (deficiency) of revenue over expenditures	273	625,251	(57,218)	38,823
Other financing sources (uses):				
Transfers between funds	<u>()</u>	<u>(91,779)</u>	<u>(48,384)</u>	<u>(705)</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	273	533,472	(105,602)	38,118
Fund balance (deficit), July 1, 2004, as restated	<u>()</u>	<u>3,692,891</u>	<u>1,319,588</u>	<u>52,396</u>
Fund balance (deficit), June 30, 2005	<u>\$ 273</u>	<u>\$ 4,226,363</u>	<u>\$ 1,213,986</u>	<u>\$ 90,514</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, 2005

	<u>Federal/State Grants</u>	<u>School Grants</u>	<u>Community Development</u>	<u>Subtotals</u>
Revenues:				
Intergovernmental - operating	\$ 2,118,567	\$ 19,856,671	\$ 6,657,429	\$ 38,875,848
Intergovernmental - capital	2,201,620			2,210,855
Investment income			44,292	90,525
Other excise				11,815
Fines and penalties				5,040
Charges for services	639,517	1,415,768	638,778	4,657,685
Other income				
	<u>4,959,704</u>	<u>21,272,439</u>	<u>7,340,499</u>	<u>45,851,768</u>
Total revenues				
Expenditures:				
General government	448,729			652,208
Public safety	1,359,005			1,437,452
Public works	1,117,986			2,507,670
Health and human services	263,879			306,218
Education		21,220,567		30,950,152
Community and economic development	24,229		7,602,201	7,626,430
Municipal airport	1,731,165			1,731,165
Culture and recreation	233,907			462,370
Debt service:				
Principal	100,000			100,000
Interest	20,181			20,181
	<u>5,299,081</u>	<u>21,220,567</u>	<u>7,602,201</u>	<u>45,793,846</u>
Total expenditures				
Excess (deficiency) of revenue over expenditures	(339,377)	51,872	(261,702)	57,922
Other financing sources (uses):				
Transfers between funds	<u>266,258</u>	<u>13,875</u>		<u>139,265</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	(73,119)	65,747	(261,702)	197,187
Fund balance (deficit), July 1, 2004, as restated	<u>1,483,649</u>	<u>809,399</u>	<u>911,061</u>	<u>8,268,984</u>
Fund balance (deficit), June 30, 2005	<u>\$ 1,410,530</u>	<u>\$ 875,146</u>	<u>\$ 649,359</u>	<u>\$ 8,466,171</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, 2005

	<u>Condominium</u>	<u>Street Repaving</u>	<u>CSO Relocate</u>	<u>Equipment Bond Issue</u>	<u>Building Imp Bond Issue</u>	<u>Library Renovation Bond Issue</u>	<u>Roosevelt School Construction</u>
Revenues:							
Intergovernmental - operating	\$	\$	\$ 68,518	\$	\$	\$	\$
Intergovernmental - capital							
Investment income							
Other	_____	_____	_____	_____	_____	_____	_____
Total revenues	_____	_____	<u>68,518</u>	_____	_____	_____	_____
Expenditures:							
General government	417,907						
Public safety				2,264,778			
Public works		983,203	(366,458)	75,792			
Education							
Community and economic development							
Municipal airport				853	94,608		
Culture and recreation	_____	_____	_____	_____	_____	_____	_____
Total expenditures	<u>417,907</u>	<u>983,203</u>	<u>(366,458)</u>	<u>2,341,423</u>	<u>94,608</u>	_____	_____
Excess (deficiency) of revenue over expenditures	<u>(417,907)</u>	<u>(983,203)</u>	<u>434,976</u>	<u>(2,341,423)</u>	<u>(94,608)</u>	_____	_____
Other financing sources (uses):							
Transfers between funds							
Bond premiums							
Bond proceeds	_____	_____	_____	_____	_____	_____	_____
Excess (deficiency) of revenues and other sources over expenditures and other uses	<u>(417,907)</u>	<u>(983,203)</u>	<u>434,976</u>	<u>(2,341,423)</u>	<u>(94,608)</u>	_____	_____
Fund balances (deficit), July 1, 2004, as restated	_____	_____	<u>(434,976)</u>	_____	_____	<u>113,682</u>	<u>3,680,095</u>
Fund balances (deficit), June 30, 2005	<u><u>\$(417,907)</u></u>	<u><u>\$(983,203)</u></u>	<u><u>\$</u></u>	<u><u>\$(2,341,423)</u></u>	<u><u>(94,608)</u></u>	<u><u>\$ 113,682</u></u>	<u><u>\$ 3,680,095</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, 2005						
	<u>Water Main Bond Issue</u>	<u>Chlorine Disinfectant Station</u>	<u>Building Purchase Bond Issue</u>	<u>Normandin MS</u>	<u>Keith MS</u>	<u>Landfill Closure</u>	<u>Land Acquisition</u>
Revenues:							
Intergovernmental - operating	\$	\$	\$	\$	\$	\$	\$
Intergovernmental - capital				25,196,233			
Investment income							
Other	_____	_____	_____	_____	_____	_____	_____
Total revenues	_____	_____	_____	<u>25,196,233</u>	_____	_____	_____
Expenditures:							
General government			2,208,749				
Public safety							
Public works						89,643	
Education				438,962	18,124,582		
Community and economic development							
Municipal airport							
Culture and recreation	_____	_____	_____	_____	_____	_____	_____
Total expenditures	_____	_____	<u>2,208,749</u>	<u>438,962</u>	<u>18,124,582</u>	<u>89,643</u>	_____
Excess (deficiency) of revenue over expenditures	_____	_____	<u>(2,208,749)</u>	<u>24,757,271</u>	<u>(18,124,582)</u>	<u>(89,643)</u>	_____
Other financing sources (uses):							
Transfers between funds	(41,058)	1,725				20,000	65,000
Bond premiums							
Bond proceeds	_____	_____	_____	_____	_____	_____	_____
Excess (deficiency) of revenues and other sources over expenditures and other uses	(41,058)	1,725	(2,208,749)	24,757,271	(18,124,582)	(69,643)	65,000
Fund balances (deficit), July 1, 2004, as restated	<u>41,058</u>	<u>(1,725)</u>	_____	<u>(36,626,537)</u>	<u>(3,405,357)</u>	<u>(1,462,806)</u>	<u>(1,150,000)</u>
Fund balances (deficit), June 30, 2005	<u>\$</u>	<u>\$</u>	<u>\$ (2,208,749)</u>	<u>\$ (11,869,266)</u>	<u>\$ (21,529,939)</u>	<u>\$ (1,532,449)</u>	<u>\$ (1,085,000)</u>

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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, 2005

	<u>Harbor Phase 2 Dredging</u>	<u>River Road Bond Issue</u>	<u>Wastewater Sewer Separation</u>	<u>DPI Sewer Separation</u>	<u>Winslow Elementary</u>	<u>Elizabeth Brook Elementary</u>	<u>Lincoln Elementary</u>
Revenues:							
Intergovernmental - operating	\$	\$	\$	\$	\$	\$	\$
Intergovernmental - capital			726,187				
Investment income							
Other	_____	_____	_____	_____	_____	_____	_____
Total revenues	_____	_____	<u>726,187</u>	_____	_____	_____	_____
Expenditures:							
General government							
Public safety							
Public works			813,693	1,073,773			
Education					1,278	1,278	1,278
Community and economic development							
Municipal airport							
Culture and recreation	_____	_____	_____	_____	_____	_____	_____
Total expenditures	_____	_____	<u>813,693</u>	<u>1,073,773</u>	<u>1,278</u>	<u>1,278</u>	<u>1,278</u>
Excess (deficiency) of revenue over expenditures	_____	_____	<u>(87,506)</u>	<u>(1,073,773)</u>	<u>(1,278)</u>	<u>(1,278)</u>	<u>(1,278)</u>
Other financing sources (uses):							
Transfers between funds	110,000						
Bond premiums							
Bond proceeds	_____	_____	_____	_____	_____	_____	_____
Excess (deficiency) of revenues and other sources over expenditures and other uses	110,000		<u>(87,506)</u>	<u>(1,073,773)</u>	<u>(1,278)</u>	<u>(1,278)</u>	<u>(1,278)</u>
Fund balances (deficit), July 1, 2004, as restated	<u>(4,476,587)</u>	<u>(438,310)</u>	_____	_____	<u>(789,589)</u>	<u>(784,792)</u>	<u>(795,849)</u>
Fund balances (deficit), June 30, 2005	<u><u>\$ (4,366,587)</u></u>	<u><u>\$ (438,310)</u></u>	<u><u>\$ (87,506)</u></u>	<u><u>\$ (1,073,773)</u></u>	<u><u>\$ (790,867)</u></u>	<u><u>\$ (786,070)</u></u>	<u><u>\$ (797,127)</u></u>

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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, 2005

	<u>Campbell Elementary</u>	<u>Devalles Elementary</u>	<u>Railroad Depot</u>	<u>Riverside Park</u>	<u>Water Transmission Mains</u>	<u>West End Cement Linging Ph2</u>	<u>Incubator Project</u>
Revenues:							
Intergovernmental - operating	\$	\$	\$	\$	\$	\$	\$ 365,128
Intergovernmental - capital			438,156	415,000			
Investment income							
Other	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u>352,225</u>
Total revenues	<u> </u>	<u> </u>	<u>438,156</u>	<u>415,000</u>	<u> </u>	<u> </u>	<u>717,353</u>
Expenditures:							
General government							
Public safety							
Public works				238,157	1,418,660	3,217,202	1,162,792
Education	1,913	282					
Community and economic development			5,573,997				
Municipal airport							
Culture and recreation	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total expenditures	<u>1,913</u>	<u>282</u>	<u>5,573,997</u>	<u>238,157</u>	<u>1,418,660</u>	<u>3,217,202</u>	<u>1,162,792</u>
Excess (deficiency) of revenue over expenditures	<u>(1,913)</u>	<u>(282)</u>	<u>(5,135,841)</u>	<u>176,843</u>	<u>(1,418,660)</u>	<u>(3,217,202)</u>	<u>(445,439)</u>
Other financing sources (uses):							
Transfers between funds						39,334	
Bond premiums					150,665	297,176	
Bond proceeds	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u>2,111,694</u>	<u>4,164,558</u>	<u> </u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	<u>(1,913)</u>	<u>(282)</u>	<u>(5,135,841)</u>	<u>176,843</u>	<u>843,699</u>	<u>1,283,866</u>	<u>(445,439)</u>
Fund balances (deficit), July 1, 2004, as restated	<u>(1,376,552)</u>	<u>(321,465)</u>	<u>(4,039,089)</u>	<u>(50,552)</u>	<u> </u>	<u>(129,063)</u>	<u>(313,495)</u>
Fund balances (deficit), June 30, 2005	<u><u>\$(1,378,465)</u></u>	<u><u>\$(321,747)</u></u>	<u><u>\$(9,174,930)</u></u>	<u><u>\$ 126,291</u></u>	<u><u>\$ 843,699</u></u>	<u><u>\$ 1,154,803</u></u>	<u><u>\$(758,934)</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, 2005

	<u>HDC Oak Bluff Ferry Terminal</u>	<u>Sea Lab</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>Route 18</u>	<u>Subtotal</u>
Revenues:								
Intergovernmental - operating	\$	\$	\$	\$	\$	\$	\$	\$ 433,646
Intergovernmental - capital								26,775,576
Investment income				4,148	462			4,610
Other				<u>22</u>	<u>56,642</u>			<u>408,889</u>
Total revenues				<u>4,170</u>	<u>57,104</u>			<u>27,622,721</u>
Expenditures:								
General government								2,626,656
Public safety								2,264,778
Public work		8,657,869			8,338		22,575	17,395,239
Education								18,569,573
Community and economic development				17,140				5,591,137
Municipal airport						(12,463)		(12,463)
Culture and recreation								<u>95,461</u>
Total expenditures		<u>8,657,869</u>		<u>17,140</u>	<u>8,338</u>	<u>(12,463)</u>	<u>22,575</u>	<u>46,530,381</u>
Excess (deficiency) of revenue over expenditures		<u>(8,657,869)</u>		<u>(12,970)</u>	<u>48,766</u>	<u>12,463</u>	<u>(22,575)</u>	<u>(18,907,660)</u>
Other financing sources (uses):								
Transfers between funds					(4,234)	(10,955)		179,812
Bond premiums								447,841
Bond proceeds								<u>6,276,252</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses		<u>(8,657,869)</u>		<u>(12,970)</u>	<u>44,532</u>	<u>1,508</u>	<u>(22,575)</u>	<u>(12,003,755)</u>
Fund balances (deficit), July 1, 2004, as restated		<u>(57,273)</u>	<u>9,920</u>	<u>(923,462)</u>	<u>11,491</u>	<u>7,607</u>		<u>(53,713,626)</u>
Fund balances (deficit), June 30, 2005	<u>\$</u>	<u>\$(8,715,142)</u>	<u>\$ 9,920</u>	<u>\$(936,432)</u>	<u>\$ 56,023</u>	<u>\$ 9,115</u>	<u>\$(22,575)</u>	<u>\$(65,717,381)</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, 2005

	<u>Nonexpendable Trusts</u>	<u>Expendable Trusts</u>	<u>Subtotal</u>	<u>Total Non Major Governmental Funds</u>
Revenues:				
Intergovernmental - operating	\$	\$	\$	\$ 38,875,848
Intergovernmental - capital				29,420,077
Investment income	1,127,012	97,386	1,224,398	1,319,533
Other excise				11,815
Fines and penalties				5,040
Charges for services				4,657,685
Other	<u>88,795</u>	<u>2,931</u>	<u>91,726</u>	<u>500,615</u>
Total revenues	<u>1,215,807</u>	<u>100,317</u>	<u>1,316,124</u>	<u>74,790,613</u>
Expenditures:				
General government	203		203	3,279,067
Public safety				3,702,230
Public works				19,902,909
Health and human services	54,652		54,652	360,870
Education	2,996		2,996	49,522,721
Community and economic development				13,217,567
Municipal airport				1,718,702
Culture and recreation	106,966	2,864	109,830	667,661
Debt service:				
Principal				100,000
Interest				<u>20,181</u>
Total expenditures	<u>164,817</u>	<u>2,864</u>	<u>167,681</u>	<u>92,491,908</u>
Excess (deficiency) of revenue over expenditures	<u>1,050,990</u>	<u>97,453</u>	<u>1,148,443</u>	<u>(17,701,295)</u>
Other financing sources (uses):				
Transfers between funds	(249,295)		(249,295)	69,782
Bond premiums				447,841
Bond proceeds				<u>6,276,252</u>
Total other financing sources (uses)	<u>(249,295)</u>		<u>(249,295)</u>	<u>6,793,875</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	801,695	97,453	899,148	(10,907,420)
Fund balance (deficit), July 1, 2004, restated	<u>8,191,531</u>	<u>281,301</u>	<u>8,472,832</u>	<u>(36,971,810)</u>
Fund balance (deficit), June 30, 2005	<u>\$ 8,993,226</u>	<u>\$ 378,754</u>	<u>\$ 9,371,980</u>	<u>\$(47,879,230)</u>

See accompanying independent auditors' report

CITY OF NEW BEDFORD, MASSACHUSETTS

Supplementary Information

Private Purpose Trust Funds

Combining Balance Sheet

June 30, 2005

	<u>Elwyn G. Campbell</u>	<u>Taylor School</u>	<u>Total</u>
Assets			
Cash and short-term investments	\$(345)	\$ 6,551	\$ 6,206
Investments	<u>12,306</u>	<u> </u>	<u>12,306</u>
Total assets	<u>\$ 11,961</u>	<u>\$ 6,551</u>	<u>\$ 18,512</u>
Liabilities			
Accounts payable	<u>\$ </u>	<u>\$ 2,000</u>	<u>\$ 2,000</u>
Total liabilities	<u> </u>	<u>2,000</u>	<u>2,000</u>
Net Assets			
Held in trust for pension benefits and other purposes	<u>\$ 11,961</u>	<u>\$ 4,551</u>	<u>\$ 16,512</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, 2005

	<u>Elwyn G. Campbell</u>	<u>Taylor School</u>	<u>Total</u>
Additions:			
Investment income:			
Dividends and interest	\$ 208	\$ 72	\$ 280
Net appreciation in fair value of investments	<u>2,178</u>	<u> </u>	<u>2,178</u>
Total additions	<u>2,386</u>	<u>72</u>	<u>2,458</u>
Deductions:			
Administration	<u>300</u>	<u>2,000</u>	<u>2,300</u>
Total deductions	<u>300</u>	<u>2,000</u>	<u>2,300</u>
Other financing sources (uses):			
Transfers between funds	<u> </u>	<u>3,468</u>	<u>3,468</u>
		<u>3,468</u>	<u>3,468</u>
Changes in net assets	<u>2,086</u>	<u>1,540</u>	<u>3,626</u>
Net assets at beginning of year	<u>9,875</u>	<u>3,011</u>	<u>12,886</u>
Net assets at end of year	<u>\$ 11,961</u>	<u>\$ 4,551</u>	<u>\$ 16,512</u>

See accompanying independent auditors' report

CITY OF NEW BEDFORD, MASSACHUSETTS

Supplementary Information

Special Revenue Funds - Community Development

Combining Balance Sheet

June 30, 2005

	Community Development Block Grant	HILP	National Park	Portuguese Culture Center	HOME Program	Housing Seventy Inc.	HAND, Inc.	Total
ASSETS								
Cash	\$ 12,879	\$ 33,209	\$	\$	\$ 45,319	\$	\$ 449,925	\$ 541,332
Federal and state receivables	4,283,097				2,689,519			6,972,616
Loans receivable	1,687,719						13,196,670	14,884,389
Receivable, other	19,736							19,736
Due from other funds	1,304						7,000	8,304
Land inventory						246,918		246,918
Total assets	<u>\$ 6,004,735</u>	<u>\$ 33,209</u>	<u>\$</u>	<u>\$</u>	<u>\$ 2,734,838</u>	<u>\$ 246,918</u>	<u>\$ 13,653,595</u>	<u>\$ 22,673,295</u>
LIABILITIES AND FUND EQUITIES (DEFICITS)								
Liabilities:								
Warrants payable	\$ 526,483	\$	\$	\$	\$ 14,820	\$	\$ 63,644	\$ 604,947
Accounts payable and accrued expenses	98,057				1,966			100,023
Retainage payable	3,521							3,521
Deferred revenue	5,362,491				2,689,519		13,196,670	21,248,680
Due from other funds	7,000				3,860			10,860
Other liabilities		6,856			4,722		44,327	55,905
Total liabilities	<u>5,997,552</u>	<u>6,856</u>			<u>2,714,887</u>		<u>13,304,641</u>	<u>22,023,936</u>
Fund Balance:								
Restricted					268,400			268,400
Unreserved, undesignated	7,183	26,353			(248,449)	246,918	348,954	380,959
Total liabilities and fund balance	<u>\$ 6,004,735</u>	<u>\$ 33,209</u>	<u>\$</u>	<u>\$</u>	<u>\$ 2,734,838</u>	<u>\$ 246,918</u>	<u>\$ 13,653,595</u>	<u>\$ 22,673,295</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, 2005

	Community Development Block Grant	HILP	National Park	Portuguese Culture Center	HOME Program	Housing Seventy Inc.	HAND, Inc.	Total
Revenues:								
Federal and state grant income	\$ 5,237,729	\$	\$	\$	\$ 1,139,979	\$	\$ 279,721	\$ 6,657,429
Interest income	4,592	214					39,486	44,292
Charges for services	<u>9,783</u>	<u>1,153</u>			<u>312,006</u>		<u>315,836</u>	<u>638,778</u>
Total revenue	<u>5,252,104</u>	<u>1,367</u>			<u>1,451,985</u>		<u>635,043</u>	<u>7,340,499</u>
Expenditures:								
Community and economic development	<u>5,264,861</u>	<u>5,558</u>	<u>15,990</u>		<u>1,657,628</u>		<u>658,164</u>	<u>7,602,201</u>
Total expenditures	<u>5,264,861</u>	<u>5,558</u>	<u>15,990</u>		<u>1,657,628</u>		<u>658,164</u>	<u>7,602,201</u>
Excess (deficiency) of revenues over expenditures	<u>(12,757)</u>	<u>(4,191)</u>	<u>(15,990)</u>		<u>(205,643)</u>		<u>(23,121)</u>	<u>(261,702)</u>
Other financing sources (uses):								
Transfers between funds								
Excess (deficiency) of revenues and other sources over expenditures and other uses	<u>(12,757)</u>	<u>(4,191)</u>	<u>(15,990)</u>		<u>(205,643)</u>		<u>(23,121)</u>	<u>(261,702)</u>
Fund balance (deficit), July 1, 2004	<u>19,940</u>	<u>30,544</u>	<u>15,990</u>		<u>225,594</u>	<u>246,918</u>	<u>372,075</u>	<u>911,061</u>
Fund balance (deficit), June 30, 2005	<u>\$ 7,183</u>	<u>\$ 26,353</u>	<u>\$</u>	<u>\$</u>	<u>\$ 19,951</u>	<u>\$ 246,918</u>	<u>\$ 348,954</u>	<u>\$ 649,359</u>

See accompanying independent auditors' report

CITY OF NEW BEDFORD, MASSACHUSETTS

Supplementary Information

Proprietary Funds - Internal Service Funds

Combining Balance Sheet

June 30, 2005

	<u>Group Insurance Claims</u>	<u>Purchasing Department</u>	<u>Totals</u>
ASSETS			
Cash and investments	\$ 1,452,359	\$ 147,565	\$ 1,599,924
Insurance premium deposit	4,283,100		4,283,100
Due from other funds	<u>1,734,193</u>	<u>18</u>	<u>1,734,211</u>
Total assets	<u>\$ 7,469,652</u>	<u>\$ 147,583</u>	<u>\$ 7,617,235</u>
LIABILITIES AND RETAINED EARNINGS (DEFICITS)			
Liabilities:			
Warrants payable	\$ 3,070,438	\$ 24,130	\$ 3,094,568
Accounts payable and accrued expenses	468	48	516
Claims IBNR	2,822,256		2,822,256
Due to other funds	<u>585</u>	<u></u>	<u>585</u>
Total liabilities	5,893,747	24,178	5,917,925
Retained earnings	<u>1,575,905</u>	<u>123,405</u>	<u>1,699,310</u>
Total liabilities and retained earnings	<u>\$ 7,469,652</u>	<u>\$ 147,583</u>	<u>\$ 7,617,235</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, 2005

	<u>Group Insurance Claims</u>	<u>Purchasing Department</u>	<u>Totals</u>
Revenues:			
Other miscellaneous revenue	\$	\$ 228,151	\$ 228,151
Other restricted revenue	<u>34,093,268</u>	<u> </u>	<u>34,093,268</u>
Total operating revenue	<u>34,093,268</u>	<u>228,151</u>	<u>34,321,419</u>
Expenses:			
Premiums LHM	35,023,012		35,023,012
Contract services	28,549		28,549
Supplies	<u> </u>	<u>221,291</u>	<u>221,291</u>
Total operating expenses	<u>35,051,561</u>	<u>221,291</u>	<u>35,272,852</u>
Operating income (loss)	(958,293)	6,860	(951,433)
Non operating income/expenses:			
Investment income	<u>256,122</u>	<u> </u>	<u>256,122</u>
Net income	(702,171)	6,860	(695,311)
Fund balance July 1, 2004	<u>2,278,076</u>	<u>116,545</u>	<u>2,394,621</u>
Fund balance June 30, 2005	<u>\$ 1,575,905</u>	<u>\$ 123,405</u>	<u>\$ 1,699,310</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, 2005

	<u>Beginning Balance 06/30/04</u>	<u>Commitments</u>	<u>Treasurer's Collections</u>	<u>Adjustments</u>	<u>Abatements</u>	<u>Transfer to Tax Title</u>	<u>Refunds & Refund Pay</u>	<u>Ending Balance 06/30/04</u>
Real Estate:								
2005	\$	\$ 69,627,777	\$(65,593,508)	\$(29,617)	\$(779,142)	\$	\$ 87,507	\$ 3,313,017
2004	1,967,173	27,184	(1,007,802)	(24,369)	(44,191)	(1,409,988)	334,027	(157,966)
2003	(82,679)				(6,164)		20,055	(68,788)
2002	371,998							371,998
2001	(36,462)							(36,462)
2000	(13,709)							(13,709)
1999	(24,893)							(24,893)
1998	(111)							(111)
Unallocated	(7,056)			7,056				
Total Real Estate	<u>2,174,261</u>	<u>69,654,961</u>	<u>(66,601,310)</u>	<u>(46,930)</u>	<u>(829,497)</u>	<u>(1,409,988)</u>	<u>441,589</u>	<u>3,383,086</u>
Personal Property:								
2005		3,430,220	(3,373,811)	(58)	(14,534)			41,817
2004	53,263		(31,125)				8,846	30,984
2003	50,346		(13,663)		(1,921)		239	35,001
2002	51,015		(2,697)		(2,608)			45,710
2001	42,626		(3,917)	(1)	(2,644)			36,064
2000	31,942		(1,787)		(2,478)			27,677
1999	11,827		(1,649)	(232)	(1,897)			8,049
1998	20,142		(1,044)	183	(745)			18,536
1997	5,865		(848)					5,017
1996	8,009		(1,818)					6,191
1995	3,935		(377)					3,558
1994	1,404		(105)					1,299
1993	2,932		(395)					2,537
1992	1,405		(219)					1,186
1991	4,761		(783)	(1)				3,977
1990	3,246		(826)	(48)				2,372
1989	1,171		(48)	48				1,171
Total Personal Property	<u>293,889</u>	<u>3,430,220</u>	<u>(3,435,112)</u>	<u>(109)</u>	<u>(26,827)</u>		<u>9,085</u>	<u>271,146</u>
Total Property Taxes	<u>2,468,150</u>	<u>73,085,181</u>	<u>(70,036,422)</u>	<u>(47,039)</u>	<u>(856,324)</u>	<u>(1,409,988)</u>	<u>450,674</u>	<u>3,654,232</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 (Continued)

Year Ended June 30, 2005

	<u>Beginning Balance 06/30/04</u>	<u>Commitments</u>	<u>Treasurer's Collections</u>	<u>Adjustments</u>	<u>Abatements</u>	<u>Transfer to Tax Title</u>	<u>Refunds & Refund Pay</u>	<u>Ending Balance 06/30/05</u>
<u>Motor Vehicle:</u>								
2005		5,365,388	(4,381,224)	(1,369)	(125,668)		13,147	870,274
2004	828,048	1,017,858	(1,446,196)	(20,664)	(96,279)		50,066	332,833
2003	263,464	37,900	(162,640)	(1,179)	(16,169)		12,642	134,018
2002	149,795	833	(38,058)	(24)	(2,371)		553	110,728
2001	88,549	276	(15,514)	31	(544)		142	72,940
2000	57,085	8	(8,077)	181	(914)		27	48,310
1999	46,226		(3,606)		(570)		76	42,126
1998	37,551		(1,915)	(2)	(220)			35,414
1997	36,209		(1,304)	(5)	(19)		116	34,997
1996	33,912		(727)	(1)				33,184
1995	35,396		(825)	(1)				34,570
1994	37,993		(426)					37,567
1993	51,921		(472)	7				51,456
1992	63,070		(487)					62,583
1991	85,446		(988)	1				84,459
1990	108,743		(1,744)					106,999
1989	143,429		(4,355)	2,114				141,188
1988	160,164			(2,114)				158,050
Total Motor Vehicle	<u>2,227,001</u>	<u>6,422,263</u>	<u>(6,068,558)</u>	<u>(23,025)</u>	<u>(242,754)</u>		<u>76,769</u>	<u>2,391,696</u>
Total Property and Motor Vehicle	<u>\$ 4,695,151</u>	<u>\$ 79,507,444</u>	<u>\$(76,104,980)</u>	<u>\$(70,064)</u>	<u>\$(1,099,078)</u>	<u>\$(1,409,988)</u>	<u>\$ 527,443</u>	<u>\$ 6,045,928</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

	Outstanding Balance 6/30/05	2006	2007	2008	2009	2010
Landfill Closure Bonds	\$ 265,000	\$ 275,000	\$	\$	\$	\$
GOB 2004 - Refund 1996	6,886,000	475,000	491,000	585,000	595,000	595,000
GOB 2004 - Refund 1996	6,054,000	575,000	594,000	605,000	610,000	580,000
Sewer Bonds	2,720,000	140,000	145,000	150,000	160,000	170,000
General Public Improvement	6,975,000	770,000	770,000	770,000	775,000	390,000
Federal Loan 1996 Series A	11,985,000	1,645,000	1,570,000	1,490,000	1,390,000	1,285,000
Federal Loan 1998 Series A	110,675,000	2,755,000	2,940,000	3,135,000	3,345,000	3,565,000
Federal Loan 2000 Series 6	5,200,643	127,267	130,894	135,129	139,495	144,008
Middle School, Public Imp	43,610,000	1,980,000	2,055,000	2,140,000	2,220,000	2,310,000
Federal Loan 2003 Series 8	732,025	31,079	31,548	32,955	34,103	35,006
Federal Loan 2003 Pool 9	1,466,791	66,834	68,176	69,528	69,964	70,651
HUD 108 -2003 -A	1,720,000	40,000	40,000	90,000	90,000	90,000
Federal Loan DW-02-13	2,111,694	77,416	78,612	80,781	83,834	86,122
Federal Loan DE-02-20	<u>4,164,558</u>	<u>153,202</u>	<u>155,566</u>	<u>159,843</u>	<u>165,880</u>	<u>170,399</u>
	<u>\$ 204,565,711</u>	<u>\$ 9,100,798</u>	<u>\$ 9,070,093</u>	<u>\$ 9,443,236</u>	<u>\$ 9,678,276</u>	<u>\$ 9,491,186</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>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Landfill Closure Bonds	\$	\$	\$	\$	\$
GOB 2004 - Refund 1996	605,000	610,000	565,000	580,000	585,000
GOB 2004 - Refund 1996	580,000	585,000	595,000	600,000	360,000
Sewer Bonds	175,000	185,000	195,000	205,000	215,000
General Public Improvement	390,000	390,000	390,000	390,000	390,000
Federal Loan 1996 Series A	1,165,000	1,035,000	890,000	730,000	515,000
Federal Loan 1998 Series A	3,805,000	4,085,000	4,390,000	4,710,000	5,085,000
Federal Loan 2000 Series 6	148,850	155,000	160,000	165,000	170,000
Middle School, Public Imp	2,405,000	2,500,000	2,605,000	2,715,000	2,835,000
Federal Loan 2003 Series 8	35,940	36,948	37,798	39,019	40,715
Federal Loan 2003 Pool 9	71,594	72,795	74,959	77,290	80,000
HUD 108 -2003 -A	105,000	105,000	105,000	105,000	105,000
Federal Loan DW-02-13	88,495	90,910	93,415	97,068	100,041
Federal Loan DE-02-20	<u>175,088</u>	<u>179,857</u>	<u>184,806</u>	<u>192,023</u>	<u>197,894</u>
	<u>\$ 9,749,967</u>	<u>\$10,030,510</u>	<u>\$10,285,978</u>	<u>\$ 10,605,400</u>	<u>\$ 10,678,650</u>

See accompanying independent auditors' report