

**CITY OF NEW BEDFORD, MASSACHUSETTS**

ANNUAL FINANCIAL REPORT

JUNE 30, 2006

# CITY OF NEW BEDFORD, MASSACHUSETTS

June 30, 2006

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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, 2006, 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 provides 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, 2006. Cash in the bank as reported in the financial statements totals \$63.0 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 \$60.5 million, a difference of \$2.5 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, 2006, 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.

In accordance with *Government Auditing Standards*, we have also issued a separate report dated December 13, 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 grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

**CITY OF NEW BEDFORD, MASSACHUSETTS**

The management's discussion and analysis on pages 3 through 13, the schedule of revenues, expenditures and changes in fund balances - budgetary basis on pages 67 through 74 and the schedule of funding progress and employers' contributions on pages 75 through 77 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.

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 on pages 78 through 105 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.

*Hague, Sahady & Co. PC*

December 13, 2006

## CITY OF NEW BEDFORD, MASSACHUSETTS

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

Year Ended June 30, 2006

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, 2006 and 2005. 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, 2006 and 2005, respectively, by \$186,665,893 and \$154,102,104. Of this amount, \$60,822,486 represents unrestricted net assets.
- The City's total net assets increased by \$32,563,789.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$(17,253,721). As of June 30, 2005 ending fund balances for governmental funds were \$(16,009,983).
- At the end of the current fiscal year, unreserved fund balance for the general fund was \$27,759,935 (10.9 percent) of total general fund expenditures.
- The City's total long term debt increased by \$8,855,558 from \$204,565,711 to \$213,421,269 during the current fiscal year. The key factor in this increase is that the City is incurred new debt totaling \$17,956,356.
- The City considered its water and airport activities to be business-type in nature beginning in 2005. The business-type activities increased the City's net assets by \$1,005,216.

#### **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, 2006

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 through 17 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, 2006

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 18 through 19 of this report. The budgetary statements can be found on pages 67 through 69 and 72 of this report.

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

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

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

The proprietary fund financial statements can be found on pages 22 through 25 of this report. The budgetary statements can be found on pages 70 through 71 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 26 through 27 of this report.

**CITY OF NEW BEDFORD, MASSACHUSETTS**

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

Year Ended June 30, 2006

**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 28 through 66 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 67 through 74.

**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 \$186,665,893 as of June 30, 2006 and \$154,102,104 as of June 30, 2005.

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, etc.) less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to its residents; consequently, these assets are *not* available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

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

**Net Assets for the period ending June 30, 2006 and June 30, 2005 (Government-wide level)**

	<u>Governmental Activities</u>		<u>Business-Type Activities **</u>		<u>Total **</u>	
	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>
<b>Assets:</b>						
Current and other assets	\$ 146,266,274	\$ 136,536,956	\$ 1,813,200	\$ 1,672,120	\$ 148,079,474	\$ 138,209,076
Capital assets	<u>385,520,330</u>	<u>343,401,830</u>	<u>17,447,772</u>	<u>17,540,106</u>	<u>402,968,102</u>	<u>360,941,936</u>
Total Assets	<u>\$ 531,786,604</u>	<u>\$ 479,938,786</u>	<u>\$ 19,260,972</u>	<u>\$ 19,212,226</u>	<u>\$ 551,047,576</u>	<u>\$ 499,151,012</u>
<b>Liabilities:</b>						
Current liabilities	\$ 56,210,123	\$ 67,592,042	\$ 767,473	\$ 1,987,519	\$ 56,977,596	\$ 69,579,561
Long-term liabilities	<u>293,927,169</u>	<u>262,256,005</u>	<u>13,476,918</u>	<u>13,213,342</u>	<u>307,404,087</u>	<u>275,469,347</u>
Total Liabilities	<u>\$ 350,137,292</u>	<u>\$ 329,848,047</u>	<u>\$ 14,244,391</u>	<u>\$ 15,200,861</u>	<u>\$ 364,381,683</u>	<u>\$ 345,048,908</u>
<b>Net Assets:</b>						
Investment in capital assets (net of debt)	\$ 104,145,815	\$ 75,401,285	\$ 4,196,065	\$ 3,886,938	\$ 108,341,880	\$ 79,288,223
Restricted	17,521,798	17,090,734	( 20,271)		17,501,527	17,090,734
Unreserved	<u>59,981,699</u>	<u>57,598,720</u>	<u>840,787</u>	<u>124,427</u>	<u>60,822,486</u>	<u>57,723,147</u>
Total Net Assets	<u>\$ 181,649,312</u>	<u>\$ 150,090,739</u>	<u>\$ 5,016,581</u>	<u>\$ 4,011,365</u>	<u>\$ 186,665,893</u>	<u>\$ 154,102,104</u>

\*\* Total net assets for fiscal year ended June 30, 2005 have been restated - refer to restatement note (pages 65-66) in the financial statements for the explanation.

**CITY OF NEW BEDFORD, MASSACHUSETTS**

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

Year Ended June 30, 2006

An additional portion of the City's net assets \$17,501,527 represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets \$60,822,486 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, 2006 and June 30, 2005 cash and investments consisted of \$59,672,406 and \$51,862,577 respectively.

At the end of fiscal years 2006 and 2005, the City is able to report positive balances in all three categories of net assets for its governmental activities. For years ended 2006 and 2005 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 decreased during the current fiscal year, due in primarily to change in accruals from one year to the next. Net assets for business-type activities increased due to increased cash and investments of \$139,304 and decreased accrual balances.

**Governmental activities.** Governmental activities increased the City's net assets by \$31,558,573 for fiscal year ended June 30, 2006.

**Business-type activities.** Business-type activities increased the City's net assets by \$1,005,216 for 2006.

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

**Changes in Net Assets for the period ending June 30, 2006 and June 30, 2005 (Government-wide level)**

	<u>Governmental Activities **</u>		<u>Business-Type Activities **</u>		<u>Total **</u>	
	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>
Revenues:						
Program revenues:						
Charges for service	\$ 34,953,972	\$ 33,811,227	\$ 7,879,651	\$ 7,649,179	\$ 42,833,623	\$ 41,460,406
Operating grants & contributions	62,891,457	59,552,977	202,766	124,902	63,094,223	59,677,879
Capital grants & contributions	39,581,303	31,829,131			39,581,303	31,829,131
General revenues:						
Property taxes	74,363,939	70,839,790			74,363,939	70,839,790
Motor vehicle excise	6,487,123	6,203,610			6,487,123	6,203,610
Tax liens fines & other	4,418,468	5,049,099			4,418,468	5,049,099
Intergovernmental	128,890,454	126,578,904			128,890,454	126,578,904
Earnings on investments	3,016,169	2,367,999			3,016,169	2,367,999
Other	<u>1,991,368</u>	<u>2,835,604</u>	<u>59,175</u>	<u>47,143</u>	<u>2,050,543</u>	<u>2,882,747</u>
Total revenues	<u>356,594,253</u>	<u>339,068,341</u>	<u>8,141,592</u>	<u>7,821,224</u>	<u>364,735,845</u>	<u>346,889,565</u>

**CITY OF NEW BEDFORD, MASSACHUSETTS**

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

Year Ended June 30, 2006

**Changes in Net Assets for the period ending June 30, 2006 and June 30, 2005 (Government-wide level)**

	<u>Governmental Activities **</u>		<u>Business-Type Activities **</u>		<u>Total **</u>	
	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>
Expenses:						
General government	6,550,769	17,155,165			6,550,769	17,155,165
Public safety	51,098,444	49,137,925			51,098,444	49,137,925
Education	189,859,876	188,845,906			189,859,876	188,845,906
Public works	44,403,933	20,630,510			44,403,933	20,630,510
Community and						
Economic development	7,656,934	7,605,609			7,656,934	7,605,609
Health & human serv	5,389,908	4,478,133			5,389,908	4,478,133
Municipal airport	611,149	1,717,997			611,149	1,717,997
Culture and recreation	4,167,032	4,639,846			4,167,032	4,639,846
Debt service (interest)	12,553,318	10,585,512			12,553,318	10,585,512
Debt administrative fees	198,846	106,356			198,846	106,356
Miscellaneous	582,951				582,951	
State and county charges	1,553,092	1,546,634			1,553,092	1,546,634
Water			6,916,058	7,835,697	6,916,058	7,835,697
Airport			708,847	653,252	708,847	653,252
Total expenses	<u>324,626,252</u>	<u>306,449,593</u>	<u>7,624,905</u>	<u>8,488,949</u>	<u>332,251,157</u>	<u>314,938,542</u>
Increase (decrease) in net assets before transfers	31,968,001	32,618,748	516,687	( 667,725)	32,484,688	31,951,023
Transfers from other funds (	409,428)	( 791,550)	488,529		79,101	( 791,550)
Proceeds from borrowing		5,759,352		( 6,429,352)		( 670,000)
Bond premiums		447,841				447,841
Transfers from tailings		120,000		788,082		908,082
Increase (decrease) in net assets	31,558,573	38,154,391	1,005,216	( 6,308,995)	32,563,789	31,845,396
Net assets - beginning **	<u>150,090,739</u>	<u>111,936,348</u>	<u>4,011,365</u>	<u>10,320,360</u>	<u>154,102,104</u>	<u>122,256,708</u>
Net assets - ending	<u>\$ 181,649,312</u>	<u>\$ 150,090,739</u>	<u>\$ 5,016,581</u>	<u>\$ 4,011,365</u>	<u>\$ 186,665,893</u>	<u>\$ 154,102,104</u>

\*\* This category was restated - Refer to restatement note (page 65-66) for explanation.

The majority of general revenues are tax collections from the City's taxpayers. This amount represented 37% of the total general revenues of \$219 million. The operating grants are also a significant source of revenue for the City. The total operating grants for fiscal year ended June 30, 2006 amounted to \$62,891,457 of which \$44,197,092 were received for education.

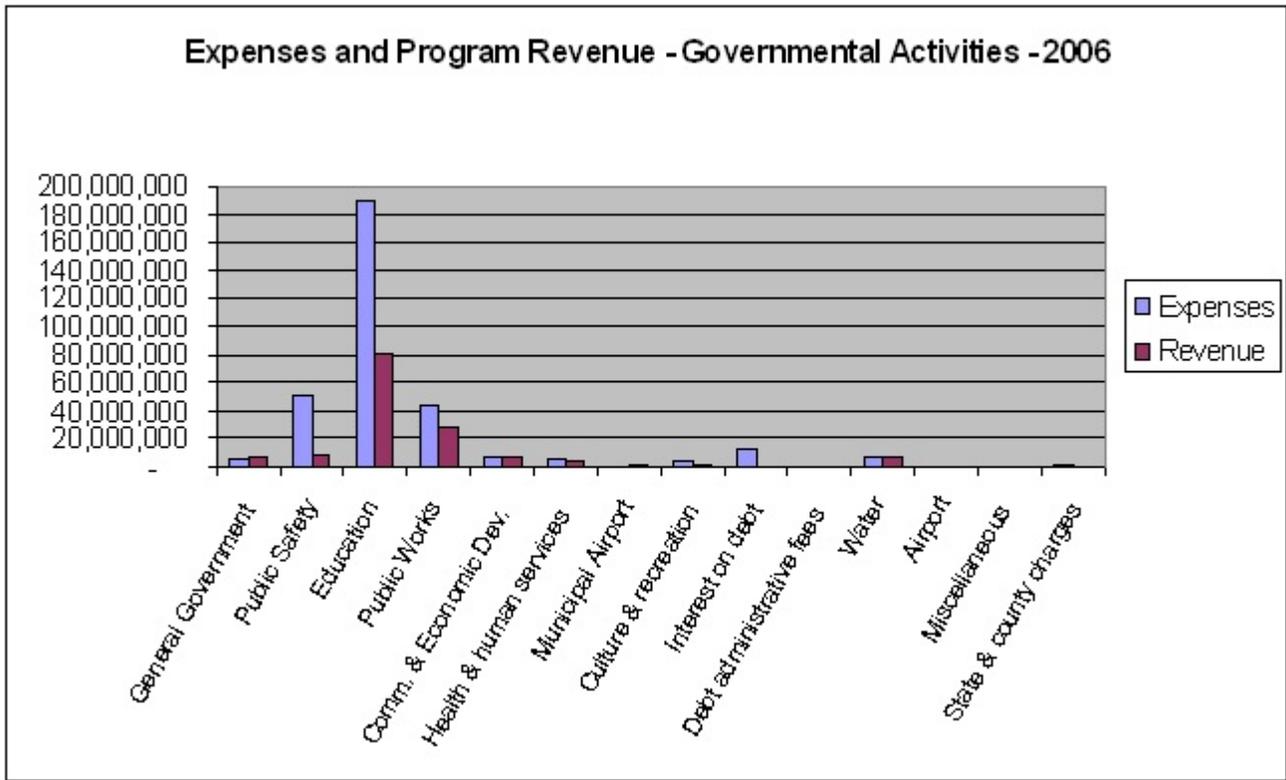
The most significant expense of the City is education which represented 58% of total expenses, followed by public safety at 16%.

CITY OF NEW BEDFORD, MASSACHUSETTS

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

Year Ended June 30, 2006

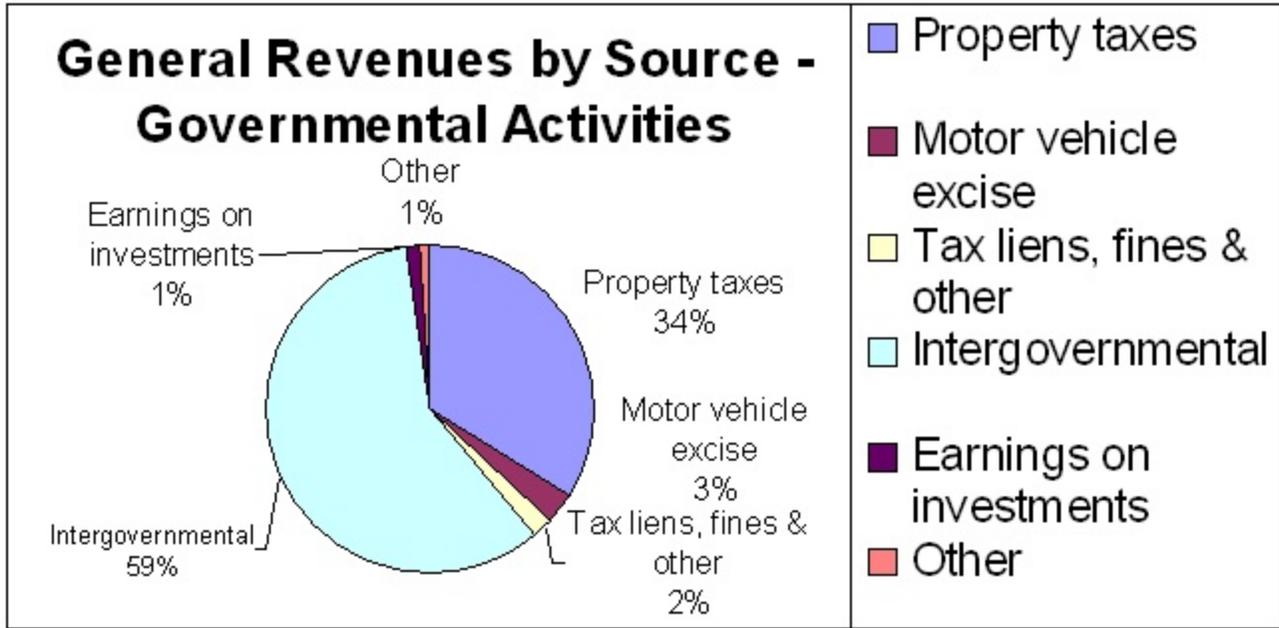
Expenses and Program Revenues – Governmental Activities



CITY OF NEW BEDFORD, MASSACHUSETTS

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

Year Ended June 30, 2006



**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 \$(17,253,721) for fiscal year ended June 30, 2006 and \$(16,009,983) for fiscal year ended June 30, 2005. This decrease in fiscal year ended June 30, 2006, totaling \$(1,243,738), 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 \$27,759,935 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 10.08% and 10.86% of total general fund expenditures, respectively.

## CITY OF NEW BEDFORD, MASSACHUSETTS

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

Year Ended June 30, 2006

The stabilization fund had a fund balance of \$2,167,518 at the end of fiscal year 2006 and a balance of \$2,464,487 at the end of fiscal year 2005. During the year the net transfers out were \$280,540 for fiscal year ended June 30, 2006. The fund had negative earnings from investments of \$(16,364) and \$63,009 respectively and expenditures of \$65 and \$5,768 respectively for fiscal year ended June 30, 2006 and 2005.

**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 \$3,634,260 and \$1,382,321 as of June 30, 2006 and \$2,993,568 and \$1,017,797 as of June 30, 2005, 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 \$6,421,537, over the original budget.

- Property tax revenue was increased by \$4,601,380.
- Earnings on investments was increased by \$932,055.
- Other departmental revenue was increased by \$643,622.

##### Expenditures and Other Uses:

Total budgeted appropriations were increased by \$7,018,200 over the original budget

- Included additional appropriation for general government - unclassified in the amount of \$1,858,059.
- Included additional appropriation for police in the amount of \$1,487,414.
- Included additional appropriation for fire in the amount of \$864,263.
- Included additional appropriation for public facilities in the amount of \$1,745,670.
- Included additional appropriation for debt service in the amount of \$1,249,094.

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

- Total revenues were \$1,558,791 higher than budgeted, which was primarily from departmental revenues and increased earnings on investments.
- Total expenditures were \$464,728 higher than budgeted.
- Police expenditures were \$97,739 higher than anticipated.
- Fire expenditures were \$550,987 over budget.
- Public facilities expenditures were \$93,091 over budgeted.
- Snow and ice removal deficit is \$155,904 for the current year.

#### **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, 2006 amounted to \$402,968,102 (net of accumulated depreciation). This investment in capital assets includes land, buildings and system, improvements, machinery and equipment, construction in progress and animals, etc. The total increase in the City's investment in capital assets for the current year was 11.6 percent.

**CITY OF NEW BEDFORD, MASSACHUSETTS**

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

Year Ended June 30, 2006

Major capital asset events during the current fiscal year included construction in progress for the Keith Middle School and infrastructure in progress for the Wastewater Sewer Separation project.

**Net of Accumulated Depreciation  
June 30, 2006**

	2006			2005		
	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total
Land	\$ 679,894	\$ 135,522	\$ 815,416	\$ 679,894	\$ 38,000	\$ 717,894
Construction in progress	82,523,748		82,523,748	95,799,652		95,799,652
Infrastructure in progress	16,366,390		16,366,390	18,714,518	2,461,430	21,175,948
Infrastructure	131,007,949	15,441,275	146,449,224	121,307,048	13,562,630	134,869,678
Buildings and Improvements	140,477,509	1,186,025	141,663,534	95,920,588	1,173,996	97,094,584
Machinery and Equipment	9,497,073	467,921	9,964,994	6,913,392	228,163	7,141,555
Office Equipment and Furniture	782,064	14,187	796,251	689,629	16,378	706,007
Computer Equipment	1,916,915	5,498	1,922,413	662,891	3,203	666,094
Library Books and Textbooks	1,321,829		1,321,829	1,465,800		1,465,800
Automobiles	911,451	197,344	1,108,795	1,209,601	56,306	1,265,907
Animals	35,508		35,508	38,817		38,817
	<u>\$ 385,520,330</u>	<u>\$ 17,447,772</u>	<u>\$ 402,968,102</u>	<u>\$ 343,401,830</u>	<u>\$ 17,540,106</u>	<u>\$ 360,941,936</u>

Additional information on the City's capital assets can be found on note 5 on pages 47 through 49 of this report.

**Long-term debt.** The City had total bonded debt outstanding of \$213,421,269 as of June 30, 2006 and \$204,565,711 as of June 30, 2005. The full faith and credit of the City backs this entire amount. Of this amount \$12,944,637 relates to the business type activity.

During the current year the City's total debt increased by \$8,855,558. This resulted because the City incurred new debt totaling \$17,956,356 during the fiscal year ended June 30, 2006.

Additional information on the City's long-term debt can be found in note 12 on pages 57 through 62 of this report.

**Economic Factors and Next Year's Budgets and Rates**

The unemployment rate of the City of New Bedford is currently 9.2%, which is a slight decrease from 9.5% as reported in the 2005 financial statements. Given the seasonal nature of the fishing industry, it is more useful to compare the 5.9% unemployment rate of October 2006 to the State average of 5.1 %.

The Economic Development Council's Real Estate Assistance Program assisted 32 businesses with relocation within New Bedford, positively impacting over 150 employees.

## **CITY OF NEW BEDFORD, MASSACHUSETTS**

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

Year Ended June 30, 2006

Sovereign Bank opened a new call center in downtown New Bedford, hiring approximately 130 new employees.

After a professional market study concluded that there is sufficient demand to support an 80-100 room hotel downtown, several developers are actively considering the City for a hotel site.

Within the New Bedford Business Park, 3 new roads were built making available 10 new lots. It is anticipated in 2007 that 5 companies will begin new construction with job growth from 4,500 jobs increasing to 5,200 jobs.

In 2006, New Bedford was once again ranked the top-grossing fishing port in the nation in terms of catch, with a total of \$ 282.5 million in landings in 2005 with a yield of an estimated \$ 1.6 billion in benefit to the local economy.

Visits to tourism-related destinations increased 9% in 2006, while the Buttonwood Park Zoo had 197,777 visits making it the #1 paid city attraction. The Zoo has been selected to host the 2008 Annual Conference of the Association of Zoo Veterinary Technicians, which will bring a national audience.

State Local Aid to the City increased by 3.77 percent, from 130,056,428 to 134,963,991 from 2006 to 2007. This funding plays a leading role in the annual budget, but leaves the City vulnerable to tax cuts and/or economic downturns at the State level.

#### **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, 2006

	Primary Government			Component Units		
	Governmental Activities	Business-type Activities	Total	Greater New Bedford Regional Refuse Management District	Non Major Component Units	Total Component Units
<b>ASSETS</b>						
Unrestricted cash and investments	\$ 48,436,497	\$ 1,420,909	\$ 49,857,406	\$ 738,518	\$ 1,488,182	\$ 2,226,700
Restricted cash and investments	9,815,000		9,815,000	12,031,597		12,031,597
Accounts receivable, net of allowance	29,365,036	390,798	29,755,834	882,761	158,979	1,041,740
Taxes receivable, net	23,853,066		23,853,066			
Loan receivable, net	15,367,953		15,367,953			
Health plan contributions receivable, net	4,730,000		4,730,000			
Due from other funds	10,347,579		10,347,579			
Investments in property					1,215,610	1,215,610
Due from other governments	1,302,375		1,302,375	21,892	991,650	1,013,542
Intra-entity receivable	1,910,569		1,910,569		760	760
Receivable from external parties	796,246		796,246		11,152	11,152
Inventories and prepaid expenses	246,918		246,918	34,297	22,672	56,969
Other assets - current	95,035	1,493	96,528		1,833	1,833
Other assets - noncurrent				113,916		113,916
Capital assets						
Land	679,894	135,522	815,416	5,735,219	312,583	6,047,802
Construction in progress	82,523,748		82,523,748		6,583,851	6,583,851
Infrastructure in progress	16,366,390		16,366,390	6,516,734		6,516,734
Land improvements, net					86,052	86,052
Leasehold improvements, net					424,564	424,564
Infrastructure, net	131,007,949	15,441,275	146,449,224			
Building and improvements, net	140,477,509	1,186,025	141,663,534	162,198	7,278,241	7,440,439
Office equipment and furniture, net	782,064	14,187	796,251	4,909	65,948	70,857
Computer equipment, net	1,916,915	5,498	1,922,413	7,170		7,170
Library books and textbooks, net	1,321,829		1,321,829			
Automobiles, net	911,451	197,344	1,108,795	669,721	67,101	736,822
Machinery and equipment, net	9,497,073	467,921	9,964,994		43,038	43,038
Animals, net	35,508		35,508			
Total capital assets	<u>385,520,330</u>	<u>17,447,772</u>	<u>402,968,102</u>	<u>13,095,951</u>	<u>14,861,378</u>	<u>27,957,329</u>
Total assets	<u>\$ 531,786,604</u>	<u>\$ 19,260,972</u>	<u>\$ 551,047,576</u>	<u>\$ 26,918,932</u>	<u>\$ 18,752,216</u>	<u>\$ 45,671,148</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, 2006

	<u>Program Revenues</u>					<u>Net (Expense) Revenue and Changes in Net Assets</u>					
	<u>Expenses</u>	<u>Indirect Expense Allocated</u>	<u>Fees, Fines, and Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<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 District District</u>	<u>Nonmajor Component Units</u>	<u>Total Component Units</u>
<b>Governmental Activities:</b>											
General government	\$ 5,077,708	\$ 1,473,061	\$ 6,276,643	\$ 1,818	\$ 896,882	\$ 624,574	\$	\$ 624,574	\$	\$	\$
Public safety	42,329,671	8,768,773	5,268,525	2,387,079	643,626	( 42,799,214)		( 42,799,214)			
Public works	42,945,418	1,458,515	15,411,637	8,779,134	3,582,296	( 16,630,866)		( 16,630,866)			
Health and human services	3,170,811	2,219,097	3,237,098	985,275		( 1,167,535)		( 1,167,535)			
Education	156,960,706	32,899,170	3,637,013	44,197,092	32,945,552	( 109,080,219)		( 109,080,219)			
Community and economic development	7,656,934		652,218	6,027,360	569,009	( 408,347)		( 408,347)			
Culture and recreation	3,331,124	835,908	470,838	513,699	3,000	( 3,179,495)		( 3,179,495)			
Municipal airport	611,149				940,938	329,789		329,789			
Pension benefits	16,175,194	( 16,175,194)									
Health and other insurance	31,479,330	( 31,479,330)									
Miscellaneous	582,951					( 582,951)		( 582,951)			
State and county charges	1,553,092					( 1,553,092)		( 1,553,092)			
Debt service:											
Administrative fees	198,846					( 198,846)		( 198,846)			
Interest and fiscal charges	12,553,318					( 12,553,318)		( 12,553,318)			
<b>Total governmental activities</b>	<b>324,626,252</b>		<b>34,953,972</b>	<b>62,891,457</b>	<b>39,581,303</b>	<b>( 187,199,520)</b>		<b>( 187,199,520)</b>			
<b>Business-Type Activities:</b>											
Water	6,916,058		7,295,003	202,766			581,711	581,711			
Airport	708,847		584,648				( 124,199)	( 124,199)			
<b>Total business-type activities</b>	<b>7,624,905</b>		<b>7,879,651</b>	<b>202,766</b>			<b>457,512</b>	<b>457,512</b>			
<b>Total primary government</b>	<b>332,251,157</b>		<b>42,833,623</b>	<b>63,094,223</b>	<b>39,581,303</b>	<b>( 187,199,520)</b>	<b>457,512</b>	<b>( 186,742,008)</b>			
<b>Component Units:</b>											
Greater New Bedford Regional Refuse Management District	3,496,155		5,048,229					1,552,074			1,552,074
Non-major component units	7,637,556		1,945,300	5,422,713	59,616				( 209,927)		( 209,927)
<b>Total component units</b>	<b>11,133,711</b>		<b>6,993,529</b>	<b>5,422,713</b>	<b>59,616</b>			<b>1,552,074</b>	<b>( 209,927)</b>		<b>1,342,147</b>
<b>Total City of New Bedford</b>	<b>\$ 343,384,868</b>	<b>\$</b>	<b>\$ 49,827,152</b>	<b>\$ 68,516,936</b>	<b>\$ 39,640,919</b>	<b>( 187,199,520)</b>	<b>457,512</b>	<b>( 186,742,008)</b>	<b>1,552,074</b>	<b>( 209,927)</b>	<b>1,342,147</b>

The accompanying notes are an integral part of the statement

CITY OF NEW BEDFORD, MASSACHUSETTS

Statement of Activities

For the Year Ended June 30, 2006

	Program Revenues				Net (Expense) Revenue and Changes in Net Assets						
	Expenses	Indirect Expense Allocated	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					\$ 74,363,939	\$	\$ 74,363,939	\$	\$	\$	
Motor vehicle and other excise taxes					6,487,123		6,487,123				
Distribution - School Aid					104,076,979		104,076,979				
Distribution - Lottery					23,075,967		23,075,967				
Distribution - Additional aid					716,255		716,255				
Distribution - Urban redevelopment					308,007		308,007				
Exemptions - Veteran's blind, surviving spouse & elderly					495,731		495,731				
State owned land					12,530		12,530				
Tax foreclosures					1,769,026		1,769,026				
Penalties and interest on taxes					2,278,381		2,278,381				
Fines and forfeitures					32,548		32,548				
County revenues					204,985		204,985				
Earnings on investments					3,016,169		3,016,169	280,766	62,897	343,663	
Payments in lieu of taxes					338,513		338,513				
Miscellaneous					1,991,368	59,175	2,050,543		2,960	2,960	
Transfers:											
Transfers between funds					( 409,428)	488,529	79,101				
Total general revenues					218,758,093	547,704	219,305,797	280,766	65,857	346,623	
Change in net assets					31,558,573	1,005,216	32,563,789	1,832,840	( 144,070)	1,688,770	
Net assets-beginning, restated					150,090,739	4,011,365	154,102,104	18,106,773	14,310,387	32,417,160	
Net assets-ending					\$ 181,649,312	\$ 5,016,581	\$ 186,665,893	\$ 19,939,613	\$ 14,166,317	\$ 34,105,930	

The accompanying notes are an integral part of the statement

**CITY OF NEW BEDFORD, MASSACHUSETTS**

Balance Sheet

Governmental Funds

June 30, 2006

	<u>General Fund</u>	<u>Wastewater Fund</u>	<u>Stabilization</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>					
Cash and investments, unrestricted	\$ 24,172,435	\$ 2,559,652	\$ 11,718	\$ 21,521,201	\$ 48,265,006
Cash, restricted		7,662,645	2,152,355		9,815,000
Receivables, net:					
Real estate and personal property taxes	3,189,216				3,189,216
Tax liens and foreclosures	17,828,236				17,828,236
Motor vehicle and other excise	2,835,614				2,835,614
User fees		1,325,881			1,325,881
Departmental receivables	4,893,952				4,893,952
Federal & state grants receivable				22,790,184	22,790,184
Loans receivable				17,062,452	17,062,452
Other receivable	650,281	58,017		308,958	1,017,256
Special assessments	4,202	90,833			95,035
Due from other funds	5,593,714	1,785,832	3,445	576,450	7,959,441
Intra-entity receivables	1,318,049			592,520	1,910,569
Due from other governments	1,302,375				1,302,375
Inventories				246,918	246,918
	<u>\$ 61,788,074</u>	<u>\$ 13,482,860</u>	<u>\$ 2,167,518</u>	<u>\$ 63,098,683</u>	<u>\$ 140,537,135</u>
<b>LIABILITIES AND FUND BALANCES (DEFICITS)</b>					
Liabilities:					
Warrants payable	\$ 2,368,266	\$ 414,805	\$	\$ 664,887	\$ 3,447,958
Accounts payable and accrued expenses	8,729,629	695,361		5,216,924	14,641,914
Retainage payable				2,393,854	2,393,854
Bonds payable				70,066,856	70,066,856
Interim loan payable				6,414,971	6,414,971
Due to other funds	2,649,566	5,977,662		1,700,453	10,327,681
Intra-entity payables				760	760
Due to other governments				550,869	550,869
Other liabilities	292,746			6,908	299,654
Deferred revenue	<u>21,982,424</u>	<u>1,474,120</u>		<u>26,189,795</u>	<u>49,646,339</u>
Total liabilities	<u>36,022,631</u>	<u>8,561,948</u>		<u>113,206,277</u>	<u>157,790,856</u>
Fund balances (deficits):					
Reserved for:					
Encumbrances	948,379				948,379
Debt Service		2,900,122			2,900,122
Non expendable bequests				4,971,916	4,971,916
Other specific purposes	410,186	1,497,045			1,907,231
Designated	( 3,353,057)	( 148,848)			( 3,501,905)
Unreserved, undesignated	27,759,935	672,593	2,167,518		30,600,046
Undesignated, reported in nonmajor:					
Special revenue funds				8,780,134	8,780,134
Capital project funds				( 68,603,410)	( 68,603,410)
Permanent funds				4,743,766	4,743,766
Total fund balances	<u>25,765,443</u>	<u>4,920,912</u>	<u>2,167,518</u>	<u>( 50,107,594)</u>	<u>( 17,253,721)</u>
Total liabilities and fund balances	<u>\$ 61,788,074</u>	<u>\$ 13,482,860</u>	<u>\$ 2,167,518</u>	<u>\$ 63,098,683</u>	<u>\$ 140,537,135</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, 2006

	<u>General Fund</u>	<u>Wastewater Fund</u>	<u>Stabilization</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>REVENUE</b>					
Real estate and personal property taxes	\$ 74,767,448	\$	\$	\$	\$ 74,767,448
Motor vehicle and other excise taxes	6,175,058			15,140	6,190,198
School Building Authority reimbursement	2,398,548				2,398,548
Tax liens and foreclosures	2,842,649				2,842,649
Penalties and interest on taxes	2,278,381				2,278,381
Licenses and permits	2,149,806				2,149,806
Fines and forfeitures	15,453			17,095	32,548
Investment income	1,685,793	233,136	( 16,364)	1,111,630	3,014,195
Intergovernmental - operating grants	147,524,312	6,734,487		36,903,219	191,162,018
Intergovernmental - capital grants				36,815,268	36,815,268
Charges for services	14,335,594	14,934,061		2,905,484	32,175,139
Special assessments	45,161				45,161
Payments in lieu of taxes	646,520				646,520
Miscellaneous	<u>1,137,789</u>	<u>749,252</u>		<u>1,324,719</u>	<u>3,211,760</u>
Total revenues	<u>256,002,512</u>	<u>22,650,936</u>	<u>( 16,364)</u>	<u>79,092,555</u>	<u>357,729,639</u>
<b>EXPENDITURES</b>					
General government	5,548,080			806,154	6,354,234
Public safety	40,018,262			1,949,775	41,968,037
Education	129,509,936		65	64,053,088	193,563,089
Public works	17,600,789	11,382,847		21,025,604	50,009,240
Community and economic development				8,143,809	8,143,809
Health and human services	2,547,829			503,316	3,051,145
Municipal airport				1,026,905	1,026,905
Culture and recreation	2,264,007			833,101	3,097,108
Pension benefits	16,175,194				16,175,194
Zoo				1,910	1,910
Health and other insurance	30,994,894				30,994,894
Miscellaneous	582,951				582,951
State and county charges	1,553,092				1,553,092
Debt service:					
Principal payments	3,395,001	4,897,266		100,000	8,392,267
Interest and fiscal charges	5,349,092	6,526,182		18,056	11,893,330
Debt administrative fees		198,846			198,846
Total expenditures	<u>255,539,127</u>	<u>23,005,141</u>	<u>65</u>	<u>98,461,718</u>	<u>377,006,051</u>
Excess (deficiency) of revenues over expenditures	<u>463,385</u>	<u>( 354,205)</u>	<u>( 16,429)</u>	<u>( 19,369,163)</u>	<u>( 19,276,412)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Bond proceeds				17,956,356	17,956,356
Transfers in	1,221,509			431,555	1,653,064
Transfers out	<u>( 711,324)</u>	<u>( 15,000)</u>	<u>( 280,540)</u>	<u>( 569,882)</u>	<u>( 1,576,746)</u>
Total other financing sources and uses	<u>510,185</u>	<u>( 15,000)</u>	<u>( 280,540)</u>	<u>17,818,029</u>	<u>18,032,674</u>
Net change in fund balances	973,570	( 369,205)	( 296,969)	( 1,551,134)	( 1,243,738)
Fund balances-beginning, restated	<u>24,791,873</u>	<u>5,290,117</u>	<u>2,464,487</u>	<u>( 48,556,460)</u>	<u>( 16,009,983)</u>
Fund balances-ending	<u>\$ 25,765,443</u>	<u>\$ 4,920,912</u>	<u>\$ 2,167,518</u>	<u>\$( 50,107,594)</u>	<u>\$( 17,253,721)</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, 2006

Total governmental fund balances	\$( 17,253,721)
Record allowance for doubtful accounts that are financial resources, for the governmental funds.	( 2,356,736)
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	385,520,330
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	32,589,778
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.	1,146,847
In the statement of activities, interest is accrued on outstanding long-term debt, whereas in governmental funds interest is not reported until due.	( 4,287,265)
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	( 200,476,631)
Compensated absences	( 13,104,498)
Capital leases	<u>( 128,792)</u>
Net assets of governmental activities	<u>\$ 181,649,312</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, 2006

Net change in fund balances - total governmental funds	\$( 1,243,738)
To record allowance for doubtful accounts that are resources for governmental funds	( 43,477)
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.	42,118,500
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.	( 1,093,883)
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.	( 9,545,624)
In the Statement of Activities, interest is accrued on outstanding long-term debt, whereas in governmental funds interest is not reported until due.	( 652,652)
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.	2,571,909
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>( 552,462)</u>
Change in net assets of governmental activities	<u>\$ 31,558,573</u>

The accompanying notes are an integral part of this statement

**CITY OF NEW BEDFORD, MASSACHUSETTS**

Statement of Net Assets

Proprietary Funds

June 30, 2006

	Business-Type Activities			Governmental Activities - Internal Service Funds
	Water	Airport	Total	
<b>ASSETS</b>				
Current assets:				
Cash and short-term investments	\$ 1,567,008	\$ ( 146,099)	\$ 1,420,909	\$ 171,491
User charges receivables, net	363,096		363,096	
Other receivables	15,582	12,120	27,702	
Due from other funds				3,184,384
Deposits with others				4,730,000
Other assets	1,493		1,493	
	<hr/>		<hr/>	
Total current assets	1,947,179	( 133,979)	1,813,200	8,085,875
Non-current assets:				
Land		135,522	135,522	
Infrastructure, net	15,441,275		15,441,275	
Building and improvements, net	47,521	1,138,504	1,186,025	
Machinery and equipment, net	128,945	338,976	467,921	
Office equipment and furniture, net	12,913	1,274	14,187	
Computer equipment, net	5,498		5,498	
Automobiles, net	197,344		197,344	
	<hr/>		<hr/>	
Total non-current assets	15,833,496	1,614,276	17,447,772	
	<hr/>		<hr/>	
Total assets	\$ 17,780,675	\$ 1,480,297	\$ 19,260,972	\$ 8,085,875
<b>LIABILITIES</b>				
Current liabilities:				
Warrants payable	\$ 162,165	\$ 18,181	\$ 180,346	\$ 3,203,194
Accounts payable and accrued expenses	137,224	17,074	154,298	413
Accrued interest	191,645		191,645	
Bonds payable	708,699		708,699	
Capital leases	56,232		56,232	
Compensated absences	141,322	22,140	163,462	
Due to other funds	241,072		241,072	
Other liabilities	112		112	
Claims incurred but not reported				3,735,421
	<hr/>		<hr/>	
Total current liabilities	1,638,471	57,395	1,695,866	6,939,028
Non-current liabilities:				
Bonds payable	12,235,938		12,235,938	
Capital leases	59,193		59,193	
Compensated absences	212,813	40,581	253,394	
	<hr/>		<hr/>	
Total non-current liabilities	12,507,944	40,581	12,548,525	
	<hr/>		<hr/>	
Total liabilities	\$ 14,146,415	\$ 97,976	\$ 14,244,391	\$ 6,939,028
<b>NET ASSETS</b>				
Investment in capital assets, net of related debt	\$ 2,581,789	\$ 1,614,276	\$ 4,196,065	
Designated	( 20,271)		( 20,271)	
Unrestricted	1,072,742	( 231,955)	840,787	1,146,847
	<hr/>		<hr/>	
Total net assets	\$ 3,634,260	\$ 1,382,321	\$ 5,016,581	\$ 1,146,847

The accompanying notes 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, 2006

	<u>Business-Type Activities</u>			<u>Governmental Activities - Internal Service Funds</u>
	<u>Water</u>	<u>Airport</u>	<u>Total</u>	
<b>OPERATING REVENUES</b>				
Charges for services	\$ 7,254,686	\$ 584,648	\$ 7,839,334	\$ 245,596
Utility liens and penalties	40,317		40,317	
Intergovernmental	202,766		202,766	
Other restricted revenues				37,402,080
Miscellaneous	58,981	194	59,175	
Total operating revenues	<u>7,556,750</u>	<u>584,842</u>	<u>8,141,592</u>	<u>37,647,676</u>
<b>OPERATING EXPENSES</b>				
Claims paid				37,843,944
Salaries and benefits	2,179,739	326,144	2,505,883	24,836
Services and supplies	3,199,322	296,227	3,495,549	152,876
Capital outlay	272,588		272,588	
Depreciation expense	673,501	86,476	759,977	
Other expenses				110,456
Total operating expenses	<u>6,325,150</u>	<u>708,847</u>	<u>7,033,997</u>	<u>38,132,112</u>
Operating income (loss)	<u>1,231,600</u>	<u>( 124,005)</u>	<u>1,107,595</u>	<u>( 484,436)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Debt service - interest payments	( 590,908)		( 590,908)	
Investment income				1,974
Total nonoperating revenue (expenses)	<u>( 590,908)</u>		<u>( 590,908)</u>	<u>1,974</u>
Income (loss) before transfers	<u>640,692</u>	<u>( 124,005)</u>	<u>516,687</u>	<u>( 482,462)</u>
<b>TRANSFERS</b>				
Transfers In		513,529	513,529	
Transfers Out		( 25,000)	( 25,000)	( 70,000)
Total Transfers		<u>488,529</u>	<u>488,529</u>	<u>( 70,000)</u>
Change in net assets	640,692	364,524	1,005,216	( 552,462)
Total net assets-beginning, restated	<u>2,993,568</u>	<u>1,017,797</u>	<u>4,011,365</u>	<u>1,699,309</u>
Total net assets-ending	<u>\$ 3,634,260</u>	<u>\$ 1,382,321</u>	<u>\$ 5,016,581</u>	<u>\$ 1,146,847</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, 2006

	<u>Business-Type Activities</u>			<u>Governmental Activities -</u>
	<u>Water</u>	<u>Airport</u>	<u>Total</u>	<u>Internal Service Funds</u>
<b>Cash flows from operating activities:</b>				
Cash received from employee and employer contributions and governmental units	\$	\$	\$	\$ 36,197,502
Cash received from customers	7,506,233	574,408	8,080,641	
Payments to suppliers and employees	( 5,811,690)	( 629,906)	( 6,441,596)	( 291,734)
Payments to participants and employees				( 37,265,590)
Other receipts	58,981	194	59,175	
Net cash provided (used) by operating activities	<u>1,753,524</u>	<u>( 55,304)</u>	<u>1,698,220</u>	<u>( 1,359,822)</u>
<b>Cash flows from noncapital financing activities:</b>				
Transfers in (out)	<u>( 176,688)</u>	<u>72,783</u>	<u>( 103,905)</u>	<u>( 70,585)</u>
Net cash provided by noncapital financing activities	<u>( 176,688)</u>	<u>72,783</u>	<u>( 103,905)</u>	<u>( 70,585)</u>
<b>Cash flows from investing activities:</b>				
Principal paid on long-term debt	( 708,531)		( 708,531)	
Interest paid on long-term debt	( 594,921)		( 594,921)	1,974
Principal paid on capital leases	( 77,509)		( 77,509)	
Purchases and construction of capital assets	<u>( 74,050)</u>		<u>( 74,050)</u>	
Net cash used by investing activities	<u>( 1,455,011)</u>		<u>( 1,455,011)</u>	<u>1,974</u>
Net increase in cash and cash equivalents	<u>121,825</u>	<u>17,479</u>	<u>139,304</u>	<u>( 1,428,433)</u>
Balances-beginning of the year	<u>1,445,183</u>	<u>( 163,578)</u>	<u>1,281,605</u>	<u>1,599,924</u>
Balances-end of the year	<u>\$ 1,567,008</u>	<u>\$ ( 146,099)</u>	<u>\$ 1,420,909</u>	<u>\$ 171,491</u>
Displayed as:				
Cash and short-term investments	<u>\$ 1,567,008</u>	<u>\$ ( 146,099)</u>	<u>\$ 1,420,909</u>	<u>\$ 171,491</u>
Total cash and short-term investments	<u>\$ 1,567,008</u>	<u>\$ ( 146,099)</u>	<u>\$ 1,420,909</u>	<u>\$ 171,491</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, 2006

	<b>Business-Type Activities</b>			<b>Governmental Activities - Internal Service Funds</b>
	<b>Water</b>	<b>Airport</b>	<b>Total</b>	
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>				
Operating income (loss)	\$ 1,231,600	\$ ( 124,005)	\$ 1,107,595	\$ ( 484,436)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:				
Depreciation expense	673,501	86,476	759,977	
Change in assets and liabilities:				
(Increase) decrease user charges receivables, net	16,834		16,834	
(Increase) decrease other receivables	( 6,877)	( 10,240)	( 17,117)	( 1,450,173)
(Increase) decrease other assets	( 1,493)		( 1,493)	( 446,900)
Increase (decrease) compensated absences	4,703	4,553	9,256	
Increase (decrease) other liabilities				
Increase (decrease) warrants and accounts payable	( 164,744)	( 12,088)	( 176,832)	1,021,687
Net cash provided (used) by operating activities	\$ 1,753,524	\$ ( 55,304)	\$ 1,698,220	\$ ( 1,359,822)

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, 2006

	<b>Pension Trust Fund (As of December 31, 2005)</b>	<b>Private Purpose Trust Funds</b>	<b>Agency</b>	<b>Total</b>
<b>Assets</b>				
Cash and short-term investments	\$ 5,486,868	\$ 12,359	\$ 3,263,407	\$ 8,762,634
Investments	195,058,024	5,967		195,063,991
Receivables, net of allowance or uncollectibles:				
Employee	17,079			17,079
Interest and dividends	645,836			645,836
Other	208,527		337,079	545,606
Due from external parties - component unit			694,277	694,277
Due from external parties - primary government			221,174	221,174
Due from other governments	<u>68,274</u>		<u>28,629</u>	<u>96,903</u>
Total assets	<u>\$ 201,484,608</u>	<u>\$ 18,326</u>	<u>\$ 4,544,566</u>	<u>\$ 206,047,500</u>
<b>Liabilities</b>				
Warrants payable	\$	\$	\$ 92,989	\$ 92,989
Accounts payable	1,345,855		370,860	1,716,715
Payable to external parties - component unit			11,152	11,152
Payable to external parties - primary government			796,246	796,246
Deposits held	<u>1,237,600</u>		<u>3,273,319</u>	<u>4,510,919</u>
Total liabilities	<u>2,583,455</u>		<u>4,544,566</u>	<u>7,128,021</u>
<b>Net Assets</b>				
Held in trust for pension benefits and other purposes	<u>\$ 198,901,153</u>	<u>\$ 18,326</u>	<u>\$</u>	<u>\$ 198,919,479</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, 2006

	<b>Pension Trust Fund (As of December 31, 2005)</b>	<b>Private Purpose Trust Funds</b>	<b>Total</b>
<b>Additions:</b>			
Contributions:			
Employer	\$ 18,324,791	\$	\$ 18,324,791
Employee	7,335,714		7,335,714
Miscellaneous	<u>14,794</u>		<u>14,794</u>
Total contributions	<u>25,675,299</u>		<u>25,675,299</u>
Net investment income:			
Dividends and interest	4,971,764	747	4,972,511
Net appreciation in fair value of investments	<u>14,036,247</u>	<u>1,386</u>	<u>14,037,633</u>
Total investment income	19,008,011	2,133	19,010,144
Less investment expense	<u>1,361,744</u>		<u>1,361,744</u>
Net investment income	17,646,267	2,133	17,648,400
Intergovernmental	<u>2,796,588</u>		<u>2,796,588</u>
Total Additions	<u>46,118,154</u>	<u>2,133</u>	<u>46,120,287</u>
<b>Deductions:</b>			
Retirement benefits	27,062,942		27,062,942
Administration	331,381	319	331,700
Transfers, reimbursements and refunds	<u>2,839,564</u>		<u>2,839,564</u>
Total Deductions	<u>30,233,887</u>	<u>319</u>	<u>30,234,206</u>
<b>Other financing Sources (Uses):</b>			
Transfers from other funds			
Total Other financing Sources (Uses)			
Change in Net Assets	15,884,267	1,814	15,886,081
Net Assets at Beginning of Year	<u>183,016,886</u>	<u>16,512</u>	<u>183,033,398</u>
Net Assets at End of Year	<u>\$ 198,901,153</u>	<u>\$ 18,326</u>	<u>\$ 198,919,479</u>

The accompanying notes are an integral part of this statement

# CITY OF NEW BEDFORD, MASSACHUSETTS

## Notes to Financial Statements

June 30, 2006

### **NOTE 1: Summary of Significant Accounting Policies**

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

#### **A. Reporting Entity**

The City is a Massachusetts municipal corporation with a Mayor-Council form of government. These financial statements present the City (the primary government) and its component units. The component units are legally separate entities that are included in the City's reporting entity because of the significance of their operating or financial relationships with the City.

##### *Discretely Presented Component Units:*

This component unit is reported in a separate column to emphasize that it is legally separate from the City, but is included because the City is financially accountable for and is able to impose its will on the organization. Unless otherwise indicated, the notes to the basic financial statements pertain to primary government because certain disclosures of the component unit are not significant relative to the primary government. A description of the component unit, criteria for inclusion and its relationship with the City is as follows:

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.

##### *Blended Component Units:*

The following component units have been presented as blended component units (included in the primary government) because the component unit provides services entirely or almost entirely for the benefit of the City.

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.

## CITY OF NEW BEDFORD, MASSACHUSETTS

### Notes to Financial Statements (Continued)

June 30, 2006

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

##### **A. Reporting Entity (Continued)**

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

740 Belleville Avenue, LLC has been formed as a limited liability company under the Massachusetts Limited Liability Company Act for the purpose of holding property in order to facilitate the orderly transfer of the property to a Brownsfield redeveloper and; and to engage in any activity directly or indirectly related or incidental thereto. Members of this LLC are the City of New Bedford at 49% and New Bedford Redevelopment Authority at 51%.

New Bedford Railroad, LLC has been formed as a limited liability company under the Massachusetts Limited Liability Company Act to develop, operate and maintain passenger and freight rail systems and yards in Southeastern Massachusetts, and to engage in any activities directly or indirectly related or incidental thereto. Members of this LLC are the City of New Bedford and the New Bedford Redevelopment Authority.

Quest Center, LLC has been formed as a limited liability company under the Massachusetts Limited Liability Company Act to engage in the business of developing and maintaining a marine science and technology business incubator; and to engage in any activities directly or indirectly related or incidental thereto. Members of this LLC are the City of New Bedford at 51% and New Bedford Economic Redevelopment Council at 49%.

##### **Government-Wide and Fund Financial Statements**

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

##### **B. Government-Wide Statements**

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

## CITY OF NEW BEDFORD, MASSACHUSETTS

### Notes to Financial Statements (Continued)

June 30, 2006

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

##### **B. Government-Wide Statements (Continued)**

(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. Fund Financial Statements**

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

Major Fund Criteria:

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

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

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

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

# CITY OF NEW BEDFORD, MASSACHUSETTS

## Notes to Financial Statements (Continued)

June 30, 2006

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

#### C. 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.

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

## CITY OF NEW BEDFORD, MASSACHUSETTS

### Notes to Financial Statements (Continued)

June 30, 2006

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

##### **C. 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, 2006

#### **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. Real Estate, Personal Property Taxes, Tax Liens and Tax Foreclosures**

Real and personal property taxes are based on values levied (assessed) and lienied as of each January 1<sup>st</sup> of every year. Real estate and personal property taxes levied are recorded as receivables in the fiscal year of the levy.

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

Tax liens may be subject to foreclosure if the tax liens are not paid in accordance with the period required by the law (M.G.L. Ch.60, §50). Foreclosure proceedings are processed by the Treasurer or other tax lien custodian. Foreclosed properties can be then sold through advertised public auction or held for use by the City.

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

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

###### **Motor Vehicle Excise**

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

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

###### **Departmental and Other**

Departmental and other receivables consist primarily of public safety details and emergency management service fees that are recorded as receivables in the fiscal year accrued. The allowance of uncollectibles is estimated based on historical trends and specific account analysis. Allowances of \$396,709 were recorded as of June 30, 2006.

###### **Usage Receivables**

Receivables are recorded at net realizable value when earned under the accrual basis and modified basis of accounting. Allowances of \$265,528 were recorded as of June 30, 2006.

###### **Special Assessments**

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

**CITY OF NEW BEDFORD, MASSACHUSETTS**

Notes to Financial Statements (Continued)

June 30, 2006

**E. Financial Statement Amounts (Continued)**

**3. Real Estate, Personal Property Taxes, Tax Liens and Tax Foreclosures (Continued)**

**Intergovernmental**

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

These receivables are considered 100% collectible and therefore do not report an allowance for uncollectibles.

**Loans**

The City administers loan programs that provide housing assistance to residents and capital needs assistance for small businesses. Upon issuance, a receivable is recorded for the principal amount of the loan.

Allowances of \$1,694,499 were recorded as of June 30, 2006.

**4. Inventory**

The cost of supplies and other inventoriable items as recorded is an expenditure at the time of purchase (purchase method). No significant inventory balances were on hand at June 30, 2006.

**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 2006. 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, 2006

**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
Other infrastructure	10-50 years
Improvements	10-20 years
Machinery and equipment	5-10 years

GASB No. 34 required the City to report and depreciate new infrastructure assets effective June 30, 2002. Infrastructure assets include roads, bridges, underground pipe (other than related to utilities), traffic signals, etc. These infrastructure assets are likely to be the largest asset class of the City. Neither their historical cost nor related depreciation 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.

***Governmental Fund Financial Statements***

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

Vested or accumulated vacation and sick leave, which will be liquidated with expendable available financial resources are reported as expenditures and fund liabilities.

**6. Long-Term Debt**

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

**7. Deferred Revenue**

Deferred revenue at the governmental fund financial statement level represents billed receivables that do not meet the available criteria in accordance with the current financial resources measurement focus and the modified accrual basis of accounting.

**8. Compensated Absences**

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

Compensated absence liabilities related to both governmental and business-type activities are normally paid from the funds reporting payroll and related expenditures.

**Government-Wide and Propriety Fund Financial Statements**

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

CITY OF NEW BEDFORD, MASSACHUSETTS

Notes to Financial Statements (Continued)

June 30, 2006

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

**E. Financial Statement Amounts (Continued)**

**9. 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.

**10. Net Assets and Fund Equity**

Government -Wide Financial Statements (Net Assets)

Net assets are reported as restricted when amounts that are not available for appropriation or are legally restricted by outside parties for a specific future use.

Net assets have been “restricted for” the following:

- “Loans” represents community development outstanding loans receivable balances.
- “Permanent funds - expendable” represents amounts held in trust for which the expenditures are restricted by various trust agreements.
- “Permanent funds - nonexpendable” represents amounts held in trust for which only investment earnings may be expended.
- “Other purposes” represent restrictions placed on assets from outside parties and primarily represents school federal and state grants whose use is limited to specific grant activities.
- It is the policy of the City of New Bedford to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

Fund Financial Statements (Fund Balances)

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.

Fund balances have been reserved for the following:

**Encumbrances** - represents amounts obligated under purchase orders, contracts and other commitments for expenditures that are being carried over to ensuing fiscal year.

**Perpetual Permanent Funds** - represents amounts held in trust for which only investment earnings may be expended.

In addition, 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:

**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;

CITY OF NEW BEDFORD, MASSACHUSETTS

Notes to Financial Statements (Continued)

June 30, 2006

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

**E. Financial Statement Amounts (Continued)**

**10. Net Assets and Fund Equity (Continued)**

**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.

**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 Receivables and Payables

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

Government-Wide Financial Statements

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

## CITY OF NEW BEDFORD, MASSACHUSETTS

### Notes to Financial Statements (Continued)

June 30, 2006

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

##### **E. Financial Statement Amounts (Continued)**

##### **13. Interfund Activity (Continued)**

###### Fund Financial Statements

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

###### Interfund Transfers

During the course of its operations, resources are permanently reallocated between and within funds. These transactions are reported as transfers in and transfers out.

###### Government-Wide Financial Statements

Transfers between and within governmental funds and internal service funds are not eliminated from the governmental activities in the statement of net assets. Any residual balances outstanding between the governmental and business-type activities are reported in the statement of activities as “transfers, net”.

###### Fund Financial Statements

Transfers between and within funds are not eliminated from the individual fund statements and are reported as “transfers in and transfers out”.

##### **14. 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.

##### **15. 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.

##### **16. Fund Deficit and Appropriation Deficits**

Several individual fund deficits existed at June 30, 2006 in the governmental funds. These deficits will be funded by future administration plans; bond issues and available fund balances.

Actual expenditures exceeded appropriations for various departments at June 30, 2006. This over-appropriation will be funded through available funds during the fiscal year 2007.

**CITY OF NEW BEDFORD, MASSACHUSETTS**

Notes to Financial Statements (Continued)

June 30, 2006

**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 2006 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, 2006

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

**Interfund Transactions**

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

	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>	<u>Other Financing Sources</u>	<u>Other Financing Uses</u>
<b><u>Major Governmental Funds</u></b>				
General Fund	\$ 6,911,763	\$ 2,649,566	\$ 1,221,509	\$ 711,324
Wastewater Funds	1,785,832	5,977,662	4,317,667	4,332,667
Stabilization Funds	3,445			280,540
<b><u>Non-Major Governmental Funds</u></b>				
Capital Projects	898,256	634,130	3,921,095	3,680,095
Special Revenue Funds	270,241	405,198	362,365	171,810
Permanent Funds	473	661,885		569,882
<b><u>Proprietary Funds</u></b>				
Internal Service Funds	3,184,384			70,000
Water		241,072		
Airport			97,783	25,000
<b><u>Fiduciary Funds</u></b>				
Agency	915,451	807,398		79,101
Private Purpose Trust Funds				
<b><u>Component Units</u></b>				
Redevelopment Authority		1,268,050		
Harbor Development	<u>11,912</u>	<u>1,336,796</u>		
Totals	<u>\$ 13,981,757</u>	<u>\$ 13,981,757</u>	<u>\$ 9,920,419</u>	<u>\$ 9,920,419</u>

**CITY OF NEW BEDFORD, MASSACHUSETTS**

Notes to Financial Statements (Continued)

June 30, 2006

**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>Business Type Activities</u>
	<u>General Fund</u>	<u>Wastewater</u>	<u>Trust Fund</u>	<u>Water</u>
Reserved:				
Encumbrances	\$ 948,379	\$	\$	\$
Nonexpendable bequests			4,971,916	
Petty cash	1,250			
Debt premiums	408,936			
Committee Home Loans				
Renewal and replacement		1,497,045		
Debt service	<u>                    </u>	<u>2,900,122</u>	<u>                    </u>	<u>                    </u>
	<u>1,358,565</u>	<u>4,397,167</u>	<u>4,971,916</u>	<u>                    </u>
Designated:				
Designated for appropriation deficits	( 888,757)	( 148,848)		( 20,271)
Unreconciled cash difference	<u>( 2,464,300)</u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
	<u>( 3,353,057)</u>	<u>( 148,848)</u>	<u>                    </u>	<u>( 20,271)</u>
	<u>\$ ( 1,994,492)</u>	<u>\$ 4,248,319</u>	<u>\$ 4,971,916</u>	<u>\$ ( 20,271)</u>

**CITY OF NEW BEDFORD, MASSACHUSETTS**

Notes to Financial Statements (Continued)

June 30, 2006

**NOTE 3: Cash, Cash Equivalents and Investments**

Cash and investments as of June 30, 2006 are classified in the accompanying financial statements as follows:

Cash and investments - Governmental Activities	\$ 58,251,497
Cash and investments - Business Type Activities	1,420,909
Cash and investments - Pension Trust Fund	200,544,892
Cash and investments - City Private Purpose Trust Funds	18,326
Cash and investments - Agency Funds	<u>3,263,407</u>
Total cash and investments	<u>\$ 263,499,031</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, 2006.

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 \$56,625,436, including \$1,250 of petty cash and the bank balance was \$50,313,884. Of the bank balance \$1,200,000 was covered by Federal Depository Insurance and \$22,762,786 was covered by Depositors Insurance Fund. The remaining balance of \$26,351,098 was held in uncollateralized accounts.

At year end the City’s carrying amount of deposits for the pension trust fund was \$2,652,027 and the bank balance was \$3,512,769. Of the bank balance \$200,000 was covered by Federal Depository Insurance. The remaining balance of \$3,312,769 was held in uncollateralized accounts.

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

***Investments***

Investments are stated at fair value for investment pools and historical costs for all other investments. The majority of 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, 2006.

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, 2006.

**CITY OF NEW BEDFORD, MASSACHUSETTS**

Notes to Financial Statements (Continued)

June 30, 2006

**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.

Foreign currency risk is the risk that where exchange rates effect the valuation of an investment. The amount of investments which include foreign investments are listed below.

Information about the sensitivity of the fair values of the City's investments to market rate fluctuations is provided by the following table that 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>	<sup>*</sup> <u>Maximum Investment in One Issuer</u>	<u>Moody Rating</u>
<i>Primary Government, Private Purpose and Agency Funds</i>				
Certificate of deposit	\$ 64,174	1 year	N/A	Unrated
Common stock	2,354,674	N/A	N/A	Unrated
Fixed income securities	1,025,978	1 year	N/A	AAA
Fixed income securities	340,128	2 years	N/A	AAA
Fixed income securities	398,242	3 years	N/A	AAA
Fixed income securities	289,414	4 year	N/A	AAA
Fixed income securities	435,339	5 years	N/A	AAA
Fixed income securities	821,100	40 years	N/A	AAA
Fixed income securities	87,098	10 years	N/A	N/A
Fixed income securities	248,654	12 years	N/A	N/A
Fixed income securities	69,024	13 years	N/A	N/A
Fixed income securities	48,167	15 years	N/A	N/A
Fixed income securities	12,027	26 years	N/A	N/A
Fixed income securities	122,812	28 years	N/A	N/A
Government securities	1,156	4 years	N/A	N/A
Government securities	592	10 years	N/A	N/A
Government securities	775	11 years	N/A	N/A
Government securities	<u>9,350</u>	13 years	N/A	N/A
Subtotal	<u>\$ 6,328,704</u>			

**CITY OF NEW BEDFORD, MASSACHUSETTS**

Notes to Financial Statements (Continued)

June 30, 2006

**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 Equity Pool	\$ 2,955,805	N/A	N/A	Unrated
Equities/Bonds	537,694	43 years	N/A	A1
Equities/Bonds	561,682	43 years	N/A	A2
Equities/Bonds	452,994	38 years	N/A	A3
Equities/Bonds	42,609	4 years	N/A	AA1
Equities/Bonds	3,122,768	36 years	N/A	AA2
Equities/Bonds	184,283	17 years	N/A	AA3
Equities/Bonds	11,724,630	38 years	N/A	AAA
Equities/Bonds	1,817,070	23 years	N/A	B1
Equities/Bonds	1,396,468	24 years	N/A	B2
Equities/Bonds	330,792	27 years	N/A	B3
Equities/Bonds	1,097,167	12 years	N/A	BA1
Equities/Bonds	1,215,754	25 years	N/A	BA2
Equities/Bonds	1,318,229	23 years	N/A	BA3
Equities/Bonds	1,526,300	43 years	N/A	BAA1
Equities/Bonds	3,270,295	43 years	N/A	BAA2
Equities/Bonds	2,066,360	23 years	N/A	BAA3
Equities/Bonds	642,833	21 years	N/A	CAA1
Equities/Bonds	15,575	2 years	N/A	CAA2
Equities/Bonds	10,709,476	30 years	N/A	N/A
Equities/Bonds	3,706,951	43 years	N/A	Unrated
Equities/Bonds	666,702	23 years	N/A	WR
Fixed income securities	95,624,004	N/A	N/A	Unrated
International Equity Pool	26,473,387	N/A	12.96%	Unrated
Mutual funds	8,003,962	N/A	N/A	Unrated
Real Estate Pool	18,429,074	N/A	N/A	Unrated
Subtotal	<u>\$197,892,864</u>			
Total City of New Bedford	<u><u>\$204,221,568</u></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, 2006

**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&amp;P Rating</u>
<i>Primary Government, Private Purpose and Agency Funds</i>				
Certificate of deposit	\$ 64,174	1 year	N/A	Unrated
Common stock	2,354,675	N/A	N/A	Unrated
Fixed income securities	3,211,221	30 years	N/A	AAA
Fixed income securities	686,762	28 years	N/A	N/A
Government securities	<u>11,872</u>	16 years	N/A	N/A
Subtotal	<u>\$ 6,328,704</u>			
<i>Pension Trust Fund</i>				
Equities/Bonds	\$ 1,835,408	43 years	N/A	A-
Fixed income securities	7,570,163	N/A	N/A	A-
Equities/Bonds	545,042	43 years	N/A	A
Fixed income securities	8,682,154	N/A	N/A	A
Equities/Bonds	513,112	29 years	N/A	A+
Fixed income securities	13,168,221	N/A	N/A	A+
Equities/Bonds	1,351,041	5 years	N/A	AA-
Equities/Bonds	2,075,951	17 years	N/A	AA
Equities/Bonds	14,495,958	37 years	N/A	AAA
Equities/Bonds	513,831	19 years	N/A	B-
Fixed income securities	8,105,045	N/A	N/A	B-
Equities/Bonds	1,291,013	23 years	N/A	B
Fixed income securities	15,177,689	N/A	N/A	B
Equities/Bonds	2,079,101	27 years	N/A	B+
Fixed income securities	14,692,269	N/A	N/A	B+
Equities/Bonds	482,342	24 years	N/A	BB-
Equities/Bonds	1,337,271	22 years	N/A	BB
Equities/Bonds	1,131,170	11 years	N/A	BB+
Equities/Bonds	1,374,503	29 years	N/A	BBB-
Equities/Bonds	2,542,584	31 years	N/A	BBB
Equities/Bonds	2,603,717	29 years	N/A	BBB+
Fixed income securities	2,800,903	N/A	N/A	C

**CITY OF NEW BEDFORD, MASSACHUSETTS**

Notes to Financial Statements (Continued)

June 30, 2006

**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&amp;P Rating</u>
Equities/Bonds	72,000	12 years	N/A	CCC
Equities/Bonds	252,000	17 years	N/A	CCC+
Equities/Bonds	175,452	23 years	N/A	D
Equities/Bonds	8,808,011	43 years	N/A	N/A
Fixed income securities	25,255,342	N/A	N/A	Unrated
Equities/Bonds	3,022,761	43 years	N/A	Unrated
Equities/Bonds	76,583	39 years	N/A	SP-3
International equity pool	26,473,387	N/A	12.96%	Unrated
Mutual fund	8,003,962	N/A	N/A	Unrated
Domestic equity pool	2,955,805	N/A	N/A	Unrated
Real estate pool	<u>18,429,073</u>	N/A	N/A	Unrated
Subtotal	<u>\$197,892,864</u>			
Total City of New Bedford	<u>\$204,221,568</u>			

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

<u>Investment Type</u>	<u>Total Amount</u>	<u>Currency</u>
<i>Foreign Currency Risk</i>		
U.S. Treasuries	\$ 7,703,639	USD
U.S. Agencies	13,564,651	USD
Corporate Bonds	2,151,258	NZD
Corporate Bonds	25,359,164	USD
Money Market Mutual	5,669,681	USD
Mortgage Backed Securities	17,706,255	USD
Fixed Income Securities	2,186,067	USD
International Debt	1,965,303	MXN
International Debt	558,948	BRL
International Debt	194,508	GBP
International Debt	327,777	NZD
International Debt	2,458,796	SGD
International Debt	536,585	THB
International Debt	6,776,843	USD
International Debt	9,749,158	CAD
Equity Securities - Do	171,887,655	USD
Equity Securities - Inte	536,585	THB
Equity Securities - Inte	13,832,281	USD
Alternative Investment	51,907	USD
Other Investments	<u>52,946,774</u>	USD
Total	<u>\$ 336,163,835</u>	

**CITY OF NEW BEDFORD, MASSACHUSETTS**

Notes to Financial Statements (Continued)

June 30, 2006

**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, 2006 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b><u>Governmental Activities:</u></b>				
Not Being Depreciated:				
Land	\$ 679,894	\$	\$	\$ 679,894
Construction in progress	95,799,652	38,280,904	51,556,808	82,523,748
Infrastructure in progress	<u>18,714,518</u>	<u>9,772,053</u>	<u>12,120,181</u>	<u>16,366,390</u>
Subtotal	<u>115,194,064</u>	<u>48,052,957</u>	<u>63,676,989</u>	<u>99,570,032</u>
Other Capital Assets:				
Infrastructure	150,185,063	12,994,398		163,179,461
Buildings and improvements	158,022,417	48,698,594		206,721,011
Machinery and equipment	33,417,117	4,298,906		37,716,023
Office equipment and furniture	10,618,235	514,512		11,132,747
Computer equipment	2,168,776	2,521,216		4,689,992
Library books and textbooks	7,060,402	638,308		7,698,710
Automobiles	6,061,402	178,182		6,239,584
Animals	<u>53,759</u>			<u>53,759</u>
Subtotal	<u>367,587,171</u>	<u>69,844,116</u>		<u>437,431,287</u>
Accumulated Depreciation:				
Infrastructure	28,878,015	3,293,497		32,171,512
Buildings and improvements	62,101,829	4,141,673		66,243,502
Machinery and equipment	26,503,725	1,715,225		28,218,950
Office equipment and furniture	9,928,606	422,077		10,350,683
Computer equipment	1,505,885	1,267,192		2,773,077
Library books and textbooks	5,594,602	782,279		6,376,881
Automobiles	4,851,801	476,332		5,328,133
Animals	<u>14,942</u>	<u>3,309</u>		<u>18,251</u>
Subtotal	<u>139,379,405</u>	<u>12,101,584</u>		<u>151,480,989</u>
Net other capital assets	<u>228,207,766</u>	<u>57,742,532</u>		<u>285,950,298</u>
Net capital assets	<u>\$ 343,401,830</u>	<u>\$105,795,489</u>	<u>\$ 63,676,989</u>	<u>\$ 385,520,330</u>

**CITY OF NEW BEDFORD, MASSACHUSETTS**

Notes to Financial Statements (Continued)

June 30, 2006

**Note 5: Capital Assets and Depreciation (continued)**

Capital asset activity for the year ended June 30, 2006 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b><u>Business-Type Activities - Water:</u></b>				
Not Being Depreciated:				
Infrastructure in progress	\$ 2,461,430	\$ _____	\$ 2,461,430	\$ _____
Subtotal	<u>2,461,430</u>	<u>_____</u>	<u>2,461,430</u>	<u>_____</u>
Other Capital Assets:				
Infrastructure	26,677,832	2,461,430		29,139,262
Buildings and improvements	15,687	33,124		48,811
Machinery and equipment	838,601	33,616		872,217
Office equipment and furniture	69,677	1,578		71,255
Computer equipment	4,804	5,844		10,648
Automobiles	<u>283,676</u>	<u>177,735</u>	<u>_____</u>	<u>461,411</u>
Subtotal	<u>27,890,277</u>	<u>2,713,327</u>	<u>_____</u>	<u>30,603,604</u>
Accumulated Depreciation:				
Infrastructure	13,115,202	582,785		13,697,987
Buildings and improvements	314	976		1,290
Machinery and equipment	697,097	46,175		743,272
Office equipment and furniture	55,023	3,319		58,342
Computer equipment	1,601	3,549		5,150
Automobiles	<u>227,370</u>	<u>36,697</u>	<u>_____</u>	<u>264,067</u>
Subtotal	<u>14,096,607</u>	<u>673,501</u>	<u>_____</u>	<u>14,770,108</u>
Net other capital assets	<u>13,793,670</u>	<u>2,039,826</u>	<u>_____</u>	<u>15,833,496</u>
Net capital assets	<u>\$ 16,255,100</u>	<u>\$ 2,039,826</u>	<u>\$ 2,461,430</u>	<u>\$ 15,833,496</u>

**CITY OF NEW BEDFORD, MASSACHUSETTS**

Notes to Financial Statements (Continued)

June 30, 2006

**Note 5: Capital Assets and Depreciation (continued)**

Capital asset activity for the year ended June 30, 2006 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b><u>Business-Type Activities - Airport:</u></b>				
Not Being Depreciated:				
Land	\$ 38,000	\$ 97,522	\$	\$ 135,522
Subtotal	<u>38,000</u>	<u>97,522</u>		<u>135,522</u>
Other Capital Assets:				
Buildings and improvements	1,260,136			1,260,136
Machinery and equipment	340,835	318,224		659,059
Office equipment and furniture	<u>4,640</u>			<u>4,640</u>
Subtotal	<u>1,605,611</u>	<u>318,224</u>		<u>1,923,835</u>
Accumulated Depreciation:				
Buildings and improvements	101,513	20,119		121,632
Machinery and equipment	254,176	65,907		320,083
Office equipment and furniture	<u>2,916</u>	<u>450</u>		<u>3,366</u>
Subtotal	<u>358,605</u>	<u>86,476</u>		<u>445,081</u>
Net other capital assets	<u>1,247,006</u>	<u>231,748</u>		<u>1,478,754</u>
Net capital assets	<u>\$ 1,285,006</u>	<u>\$ 329,270</u>	<u>\$</u>	<u>\$ 1,614,276</u>

Depreciation was charged to functions as follows:

Governmental activities:	
General Government	\$ 355,394
Public Safety	1,357,328
Education	5,498,957
Public Works	4,034,341
Community and Economic Development	51,860
Health and Human Services	194,813
Culture and Recreation	609,392
Business-Type activities:	
Water	673,502
Airport	<u>85,976</u>
Total Governmental Activities Depreciation Expense	<u>\$ 12,861,563</u>

\* The beginning balance has been restated, Refer to restatement note for explanation.

## CITY OF NEW BEDFORD, MASSACHUSETTS

### Notes to Financial Statements (Continued)

June 30, 2006

#### **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, 2006

**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, 2006, was \$16,822,763.

As of December 31, 2005, employee membership data related to the pension plan was as follows:

	<u>Group 1</u>	<u>Group 2 &amp; 4</u>	<u>Total</u>
Active members	1,836	520	2,356
Inactive members	217	13	230
Retired members	<u>1,194</u>	<u>605</u>	<u>1,799</u>
	<u>3,247</u>	<u>1,138</u>	<u>4,385</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, 2006

**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 2005 amounted to \$23,130,609 of which \$18,288,018 and \$6,842,591 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 2006 the contribution amount of \$16,822,763 was based on an actuarial valuation as of January 1, 2004. 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, 2005 was approximately \$87,993,734. The City's total payroll for all employees was approximately \$155,680,962 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 \$17,721,276 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 2005 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>2005</u>	<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%	46.1%	51.4%	51.4%	51.4%
Unfunded actuarial accrued liability as a percentage of the City's annual covered payroll	255.4%	247.9%	179.2%	204.1%	198.0%
City's contribution to the pension plan as a percentage of annual covered payroll	20.8%	18.7%	17.6%	19.1%	26.5%

## CITY OF NEW BEDFORD, MASSACHUSETTS

### Notes to Financial Statements (Continued)

June 30, 2006

#### **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, 2006, 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, 2006.

#### **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.

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.

**CITY OF NEW BEDFORD, MASSACHUSETTS**

Notes to Financial Statements (Continued)

June 30, 2006

**NOTE 9: Contingencies (Continued)**

**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.

**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, 2006 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, 2006.

## CITY OF NEW BEDFORD, MASSACHUSETTS

### Notes to Financial Statements (Continued)

June 30, 2006

#### **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 2005.

#### **NOTE 11: Joint Venture**

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

#### **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).

**CITY OF NEW BEDFORD, MASSACHUSETTS**

Notes to Financial Statements (Continued)

June 30, 2006

**NOTE 12: Debt (Continued)**

**Short-Term Debt**

The City issued a \$6,000,000 Bond Anticipation Note, dated September 1, 2005 maturing February 24, 2006. This note was issued for paving.

The City issued a \$12,000,000 Revenue Anticipation Note, dated September 1, 2005 maturing June 30, 2006. This note was issued in anticipation of revenue to cover fiscal year 2006 operational.

The City issued a \$19,400,000 Bond Anticipation Note, dated September 29, 2005, maturing February 24, 2006. This note was issued for Keith Middle School

The City issued a \$6,010,000 Bond Anticipation Note, dated September 29, 2005, maturing September 29, 2006. This note was issued for the following:

\$ 3,400,000	DPI Sewer Project	\$ 255,000	Landfill Closure
\$ 2,000,000	Building Purchase	\$ 35,000	River Road
\$ 320,000	Devalles School		

The City issued a \$15,707,717 Bond Anticipation Note, dated February 24, 2006, maturing August 18, 2006. This note was issued for the following:

\$ 14,003,777	Normadine Middle School	\$ 230,000	River Road
\$ 1,473,940	Keith Middle School		

The City issued a \$48,349,139 Bond Anticipation Note, dated February 24, 2006, maturing February 16, 2007. This note was issued for the following:

\$ 25,097,674	Keith Middle School	\$ 790,000	Winslow Elementary School
\$ 1,378,465	Campbell Elementary School	\$ 8,500,000	Sea Lab Facility
\$ 797,000	Lincoln Elementary School	\$ 6,000,000	Street Paving
\$ 786,000	Elizabeth Brooks Elementary School	\$ 5,000,000	Railroad Depot

The City issued a \$6,414,971 Interim Loan Note, dated April 1, 2006, maturing December 31, 2006. This note was issued for Water Mains.

**Long-Term Debt**

**Prior Year Defeasance of Debt**

In the prior year, the City defeased certain general obligation and other bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust assets and the liability for the defeased bonds are not included in the City's financial statements. One June 30, 2006, \$11.4 million of bonds outstanding are considered defeased.

**CITY OF NEW BEDFORD, MASSACHUSETTS**

Notes to Financial Statements (Continued)

June 30, 2006

**NOTE 12: Debt (Continued)**

**Long-Term Debt (Continued)**

**Assumptions**

On November 2004 the City refunded and defeased in substance its outstanding 1995 and 1996 serial bonds of \$21,300,000, carrying an interest rate of 5.5 percent, with new debt of \$11,400,000, issued at a weighted average rate of 3.6 percent. The new debt is dated November 10, 2004. All issuance costs of the transaction were paid from bond proceeds. Issuance costs were as follows:

Insurance (allowable and fully recoverable) through escrow fund earnings	\$ 65,544
Underwriter's discount (not allowable)	84,081
Financing costs (not allowable)	<u>55,820</u>
	<u><u>\$ 205,445</u></u>

**Sources and Uses of Funds**

The sources and uses of funds required for the transaction are shown below:

**Sources**

Principal amount of the Bonds	\$ 11,400,000
Original issue premium	263,655
Accrued interest	<u>44,142</u>
<u>Total sources</u>	<u><u>\$ 11,707,797</u></u>

**Uses**

<u>Purchase price of the SLGS</u>	\$ 11,451,173
Beginning cash deposit to the escrow account	<u>1</u>
Underwriter's discount	84,081
Bond insurance premium	65,543
Costs of issuance	55,820
Deposit of debt service fund	44,143
Contingency	<u>7,036</u>
<u>Total uses</u>	<u><u>\$ 11,707,797</u></u>

**CITY OF NEW BEDFORD, MASSACHUSETTS**

Notes to Financial Statements (Continued)

June 30, 2006

**NOTE 12: Debt (Continued)**

The City has the following bond anticipation notes payable outstanding at June 30, 2006:

**Capital Projects**

	<u>Balance 6/30/05</u>	<u>Additions Renewals</u>	<u>Retirements</u>	<u>Balance 6/30/06</u>	<u>Issuance Date</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Interest Paid</u>
Bond Anticipation Note	\$ 23,630,000	\$	\$ 23,630,000	\$	05/02/05	09/29/05	3.00%	\$ 289,468
Bond Anticipation Note	8,500,000		8,500,000		06/30/05	02/24/06	3.50%	193,357
Bond Anticipation Note	35,253,777		35,253,777		02/25/05	02/24/06	3.25%	1,142,565
Bond Anticipation Note		6,000,000	6,000,000		09/01/05	02/24/06	4.00%	115,333
Bond Anticipation Note		19,400,000	19,400,000		09/29/05	02/24/06	4.00%	312,556
Bond Anticipation Note		15,707,717		15,707,717	02/24/06	08/18/06	3.63%	
Bond Anticipation Note		48,349,139		48,349,139	02/24/06	02/16/07	3.51%	
Bond Anticipation Note		6,010,000		6,010,000	09/29/05	09/29/06	4.00%	
Interim Loan		6,414,971		6,414,971	09/29/05	09/29/06	4.00%	
	<u>67,383,777</u>	<u>101,881,827</u>	<u>99,198,748</u>	<u>76,481,821</u>				<u>2,053,279</u>
Total Capital Projects								

**General Fund**

Revenue Anticipation Note		<u>12,000,000</u>	<u>12,000,000</u>		07/01/05	06/30/06		<u>397,151</u>
Total General Fund		<u>12,000,000</u>	<u>12,000,000</u>					<u>397,151</u>
Total Primary Government	<u>\$ 67,383,777</u>	<u>\$113,881,827</u>	<u>\$ 111,198,748</u>	<u>\$ 76,481,821</u>				<u>\$2,450,430</u>

**CITY OF NEW BEDFORD, MASSACHUSETTS**

Notes to Financial Statements (Continued)

June 30, 2006

**NOTE 12: Debt (Continued)**

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

	<u>Maturity Dates</u>	<u>Balance June 30, 2005</u>	<u>Additions</u>	<u>City (Retirements)</u>	<u>State (Subsidies)</u>	<u>Balance June 30, 2006</u>	<u>Balance Due in 2007</u>
<b>Governmental Activities</b>							
5.30% Landfill Closure Bond	03/01/06	\$ 265,000	\$	\$( 265,000)	\$	\$	\$
4.00-6.00% G.O. Bond	04/15/96-13	2,555,900		( 300,000)		2,255,900	324,500
4.60-5.80% Note	10/01/97-16	6,886,000		( 475,000)		6,411,000	491,000
4.25-5.00% G.O. Bond	10/14/98-10/01/18	9,695,000		( 910,000)		8,785,000	915,000
4.25-5.50% G.O. Bond	05/01/02-05/01/21	41,930,000		( 1,875,000)		40,055,000	1,950,000
4.25-6.00% Revenue Refunding Bond	02/01/97-16	11,985,000		( 4,817)	( 1,640,183)	10,340,000	1,570,000
4.00-5.25% Revenue Bond	02/01/98-99	110,675,000		( 1,471,817)	( 1,283,183)	107,920,000	2,940,000
4.00-6.00% Revenue Bond	08/01/01-08/01/31	5,200,643		( 120,645)	( 6,622)	5,073,376	130,894
HUD 108-2003-A	02/01/04-08/01/22	1,720,000		( 40,000)		1,680,000	40,000
3.125-5.00% State Qualified G.O. Bond	03/15/06-09/15/25		11,434,000			11,434,000	804,000
.85% Revenue Bond	07/15/06/-07/15/25		600,000			600,000	22,271
.85% Revenue Bond	07/15/06-07/15/35		5,922,356			5,922,356	111,023
Compensated Absences		15,676,407		( 2,571,909)		13,104,498	4,840,738
Capital Leases		<u>147,257</u>	<u>86,073</u>	<u>( 104,538)</u>		<u>128,792</u>	<u>114,342</u>
Total governmental activities		<u>206,736,207</u>	<u>18,042,429</u>	<u>( 8,138,726)</u>	<u>( 2,929,988)</u>	<u>213,709,922</u>	<u>14,253,768</u>
<b>Business-Type Activities</b>							
4.00-6.00% G.O. Bonds	04/15/96-13	3,498,100		( 275,000)		3,223,100	269,500
4.25-5.50% G.O. Bonds	05/01/02-05/01/21	1,680,000		( 105,000)		1,575,000	105,000
.85% Revenue Bonds	08/01/03-08/01/24	2,198,816		( 77,642)	( 20,271)	2,100,903	100,021
.85% Revenue Bonds	02/01/05-08/01/24	2,111,694		( 77,416)		2,034,278	78,612
.85% Revenue Bonds	02/01/05-08/01/24	4,164,558		( 153,202)		4,011,356	155,566
Compensated Absences		407,599	9,257			416,856	163,461
Capital Leases			<u>177,735</u>	<u>( 62,310)</u>		<u>115,425</u>	<u>56,232</u>
Total business-type activities		<u>14,060,767</u>	<u>186,992</u>	<u>( 750,570)</u>	<u>( 20,271)</u>	<u>13,476,918</u>	<u>928,392</u>
Total governmental plus business-type activities		<u>\$220,796,974</u>	<u>\$ 18,229,421</u>	<u>\$ ( 8,889,296)</u>	<u>\$( 2,950,259)</u>	<u>\$ 227,186,840</u>	<u>\$ 15,182,160</u>

In prior years the general fund, wastewater, water and the library special revenue funds have been used to liquidate long-term debt.

**CITY OF NEW BEDFORD, MASSACHUSETTS**

Notes to Financial Statements (Continued)

June 30, 2006

**NOTE 12: Debt (Continued)**

Debt service requirements to maturity for long-term debt:

	<u>Total Principal</u>	<u>Total Interest</u>	<u>Total Debt</u>	<u>Less: Total Subsidized Payments (MWPAT)</u>	<u>Total City Debt Service</u>
2007	\$ 10,007,387	\$ 9,971,156	\$ 19,978,543	\$ 6,826,834	\$ 13,151,709
2008	10,410,893	9,484,238	19,895,131	6,711,446	13,183,685
2009	10,639,766	9,022,988	19,662,754	6,595,018	13,067,736
2010	10,446,598	8,567,318	19,013,916	6,472,606	12,541,310
2011	10,689,390	8,110,381	18,799,771	6,348,561	12,451,210
2012	10,804,037	7,608,882	18,412,919	6,215,901	12,197,018
2013	11,063,702	7,091,866	18,155,568	6,082,453	12,073,115
2014	11,387,419	6,545,535	17,932,954	5,945,176	11,987,778
2015	11,460,061	5,991,141	17,451,202	5,805,146	11,646,056
2016	11,798,316	5,420,792	17,219,108	5,656,490	11,562,618
2017	11,744,608	4,837,916	16,582,524	5,501,215	11,081,309
2018	11,469,309	4,292,858	15,762,167	5,371,332	10,390,835
2019	11,820,816	3,747,167	15,567,983	5,231,025	10,336,958
2020	11,542,431	3,197,831	14,740,262	5,094,774	9,645,488
2021	11,909,159	2,648,463	14,557,622	4,949,741	9,607,881
2022	8,336,004	2,072,277	10,408,281	4,804,050	5,604,231
2023	8,567,967	1,691,223	10,259,190	4,651,086	5,608,104
2024	8,465,762	1,296,102	9,761,864	4,444,214	5,317,650
2025	8,686,273	850,443	9,536,716	4,306,121	5,230,595
2026	8,316,908	509,187	8,826,095	4,113,026	4,713,069
2027	485,757	123,791	609,548	121,471	488,077
2028	495,910	103,926	599,836	115,849	483,987
2029	511,182	83,528	594,710	110,066	484,644
2030	526,578	62,459	589,037	104,072	484,965
2031	537,099	40,849	577,948	93,138	484,810
2032	247,750	27,086	274,836		274,836
2033	253,532	21,303	274,835		274,835
2034	259,449	15,386	274,835		274,835
2035	265,505	9,331	274,836		274,836
2036	271,701	3,134	274,835		274,835
	<u>\$ 213,421,269</u>	<u>\$ 103,448,557</u>	<u>\$ 316,869,826</u>	<u>\$ 111,670,811</u>	<u>\$ 205,199,015</u>

Authorized and unissued debt at June 30, 2006, is as follows:

<u>Purpose</u>	<u>Date Authorized</u>	<u>FY 05 Amount Authorized</u>	<u>FY 06 Amount Authorized</u>	<u>Issued/ Retired Rescinded</u>	<u>Paid FY 06</u>	<u>Net Amount</u>
Landfill Closure	02/01/99	\$ 360,000		\$( 340,000)	\$( 20,000)	\$
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	1,085,000		( 1,024,500)	( 60,500)	
Land Development	03/01/01	500,000			( 20,000)	480,000
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		( 964,000)	( 36,000)	
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

**CITY OF NEW BEDFORD, MASSACHUSETTS**

Notes to Financial Statements (Continued)

June 30, 2006

**NOTE 12: Debt (Continued)**

<u>Purpose</u>	<u>Date Authorized</u>	<u>FY 05 Amount Authorized</u>	<u>FY 06 Amount Authorized</u>	<u>Issued/ Retired Rescinded</u>	<u>Paid FY 06</u>	<u>Net Amount</u>
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	2,890,000		( 2,890,000)		
Water Projects	07/01/02	2,178,748				2,178,748
Landfill Closure	02/01/03	1,800,000				1,800,000
Reconstructing & Paving Roads	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		( 5,922,356)		274,644
Building Acquisition - Zeiterion	06/25/04	400,000		( 400,000)		
Building Renovations	06/25/04	1,150,000		( 1,150,000)		
Harbor Development Phase II Dredging	06/25/04	1,170,000		( 865,500)	( 104,500)	200,000
Incubator/Building Renovatons	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
West End Sewer Separation	06/25/04	21,608,000		( 600,000)		21,008,000
Reconstructing & Paving Roads	06/25/04	1,000,000		( 1,000,000)		
Water Lining	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
West End Sewer Separation Phase V	07/27/05		2,500,000			2,500,000
Mount Pleasant Street/Sawyer Street Area Project	08/23/05		2,500,000			2,500,000
Railroad Depot	06/22/06		7,470,000			7,470,000
		<u>\$ 296,245,348</u>	<u>\$ 12,470,000</u>	<u>\$( 17,956,356)</u>	<u>\$( 241,000)</u>	<u>\$ 290,517,992</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>
2007	<u>\$ 76,481,821</u>	<u>\$ 2,719,156</u>	<u>\$ 79,200,947</u>

**Capital Leases**

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

<u>Year Ending June 30</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
2007	\$ 119,560	\$ 62,311
2008	<u>15,199</u>	<u>62,310</u>
Minimum lease payments for all capital leases	134,759	124,621
Less: amount representing interest	<u>( 5,967)</u>	<u>( 9,196)</u>
	<u>\$ 128,792</u>	<u>\$ 115,425</u>

**CITY OF NEW BEDFORD, MASSACHUSETTS**

Notes to Financial Statements (Continued)

June 30, 2006

**NOTE 13: Fund Deficit**

The following individual funds had deficit fund equity balances as of June 30, 2006:

<b>Capital Project Funds:</b>	<b>Fund Deficit</b>	<b>MWPAT Interim Loan O/S &amp; BAN's O/S</b>	<b>Net Deficit</b>
Condominium	\$( 17,907)	\$	\$( 17,907)*
2M Building Purchase	( 2,000,000)	2,000,000	
Normandin Middle School	( 11,951,488)	14,003,777	
Keith Middle School	( 23,313,763)	26,571,614	
2Mil Landfill Closure	( 1,206,389)	255,000	( 951,389)**
Land Acquisition			
Harbor Development Phase II Dredging	( 506,587)		( 506,587)**,**
500K Bond - River Road	( 213,310)	265,000	
DPI Sewer Project	( 2,813,206)	3,400,000	
\$6 MIL Street Paving Project	( 4,086,839)	6,000,000	
Winslow Elementary School 17 Mil	( 791,250)	790,000	( 1,250)*
Elizabeth Brooks Elementary School 17 Mil	( 786,453)	786,000	( 453)*
Lincoln Elementary School 20.6 Mil	( 797,514)	797,000	( 514)*
Campbell Elementary School 47.2 Mil	( 1,379,135)	1,378,465	( 670)*
Water Mains	( 1,349,833)	6,414,971	
Railroad Depot	( 9,906,019)	5,000,000	( 4,906,019)**
DeValles Bond Issue	( 322,064)	320,000	( 2,064)*
Riverside Park	( 51,295)		( 51,295)*
Water Transmission Main	( 267,679)		( 267,679)**
Incubator Project	( 319,099)		( 319,099)**
Sea Lab	( 8,362,906)	8,500,000	
Route 18	( 22,575)		( 22,575)*
<b>Total Capital Projects Funds</b>	<u><u>\$( 70,465,311)</u></u>	<u><u>\$ 76,481,827</u></u>	<u><u>\$( 7,047,501)</u></u>
 <b>Special Revenue:</b>			
 <b>Federal &amp; State Grants:</b>			
Safe & Drug Free Schools	\$( 853)*	\$	\$
Byrne Safe Neighborhoods Year 2	( 13,388)****		
Redev Authority - TCSP 187K Grant	( 15,367)*		
HIRLS Airport	( 3,265)****		
<b>Total Federal &amp; State Grants</b>	<u><u>( 32,873)</u></u>		

**CITY OF NEW BEDFORD, MASSACHUSETTS**

Notes to Financial Statements (Continued)

June 30, 2006

**NOTE 13: Fund Deficit (Continued)**

<b>Other Special Revenue:</b>	<b>Fund Deficit</b>	<b>MWPAT Interim Loan O/S &amp; BAN's O/S</b>	<b>Net Deficit</b>
	<u>                    </u>	<u>                    </u>	<u>                    </u>
<b>Revolving:</b>			
Food Service Concession Stand	\$( 10,204)*	\$	\$
Art Therapy Inspirational	<u>( 664)*</u>		
Total Revolving	<u>( 10,868)</u>	<u>                    </u>	<u>                    </u>
Total Special Revenue	<u><u>\$( 43,741)</u></u>	<u><u>                    </u></u>	<u><u>                    </u></u>
<b>Permanent Trust Funds</b>			
Kempton Lost Books	<u>\$( 235)</u>	<u>                    </u>	<u>                    </u>
Total Permanent Funds	<u><u>\$( 235)</u></u>	<u><u>                    </u></u>	<u><u>                    </u></u>
Total Fund Deficits	<u><u>\$( 70,509,287)</u></u>	<u><u>\$ 76,481,827</u></u>	<u><u>\$( 7,047,501)</u></u>

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

\*\* The deficit will be eliminated by future bond issuance.

\*\*\* The deficit will be eliminated by reimbursements from third parties.

\*\*\*\* The deficit will require a future match during the grant period to fund the deficit and eliminate it.

**CITY OF NEW BEDFORD, MASSACHUSETTS**

Notes to Financial Statements (Continued)

June 30, 2006

**NOTE 14: 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>Capital Project Funds</u>	<u>Community Development Funds</u>	<u>Permanent Trust Funds</u>
Beginning balance, July 1, 2005	\$ 24,878,016	\$( 65,717,381)	\$ 649,359	\$ 9,371,980
To adjust deferred revenue for police duty when only fees should have been recorded as revenue	( 86,143)			
MWPAT loan advance erroneously recorded as revenue in the Wastewater Sewer Separation Project		( 726,186)		
To restate prior year deferred committed loans for receivable double counted			43,826	
To record cd missed in the prior year				<u>5,128</u>
Beginning balance, July 1, 2005, restated	<u>\$ 24,791,873</u>	<u>\$( 66,443,567)</u>	<u>\$ 693,185</u>	<u>\$ 9,377,108</u>

**Proprietary Funds**

	<u>Water</u>	<u>Airport</u>
Beginning balance, July 1, 2005	\$ 1,418,131	\$ 954,823
To adjust for understatement of capital asset cost	4,804	
To adjust for overstatement of accumulated depreciation	4,530	
To adjust for overstatement of prior year compensated absences	<u>1,566,103</u>	<u>62,974</u>
Beginning balance, July 1, 2005, restated	<u>\$ 2,993,568</u>	<u>\$ 1,017,797</u>

**Fiduciary Funds**

	<u>Pension Trust Fund (As of December 31, 2005)</u>
Beginning balance, July 1, 2005	\$ 182,629,271
To adjust for investments incorrectly recorded	<u>387,615</u>
Beginning balance, July 1, 2005, restated	<u>\$ 183,016,886</u>

**CITY OF NEW BEDFORD, MASSACHUSETTS**

Notes to Financial Statements (Continued)

June 30, 2006

**NOTE 14: Restatement (Continued)**

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

	<u>Non-Major Component Units</u>		
	<u>Governmental Activities</u>	<u>Harbor Development Commission</u>	<u>New Directions</u>
Beginning balance, July 1, 2005	\$ 148,904,170	\$ 11,919,746	\$ 966,129
Restatements, per above	( 763,375)		
To adjust understated allowance to actual	( 371,616)		
To adjust for understated capital assets cost	476,300		
To adjust for understated accumulated depreciation	( 698,914)		
To remove police off-duty included in deferred income	86,146		
To adjust for overstated capital leases	537,884		
To adjust for overstated compensated absences liability	1,920,144		
Adjust fund to actual		26,605	
Whale's Tooth parking Lot items included in Ferry Terminal project not recorded		( 91,415)	
FY05 amount owed to Steamship Authority not recorded		( 51,384)	
FY05 amount owed to State for 5% profit for Pim		( 12,697)	
FY05 rents received in FY06 not recorded		13,000	
Revenue received for prior year boating season from NE Fast Ferry not recorded		22,892	
To adjust for understated capital assets		47,582	
To adjust for compensated absences not recorded		( 203,713)	
To adjust for due to state/federal governments which were double counted			3,735
To adjust for understated deferred revenue			42,568
	<hr/>	<hr/>	<hr/>
Beginning balance, July 1, 2005, restated	<u>\$ 150,090,739</u>	<u>\$ 11,670,616</u>	<u>\$ 1,012,432</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, 2006

	<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	\$	\$ 71,417,864	\$ 4,601,380	\$ 76,019,244	\$ 76,019,244	\$	\$
Local receipts							
Motor vehicle excise		5,851,434	164,038	6,015,472	6,144,233		128,761
Other excise collections		93,242	( 57,766)	35,476	48,201		12,725
Penalties and interest		1,111,644	355,154	1,466,798	2,278,381		811,583
Payments in lieu of taxes		593,959	219,957	813,916	646,520		( 167,396)
Charges for services:							
Trash		10,433	( 2,790)	7,643	6,747		( 896)
Sewer		43,965	286,164	330,129	265,161		( 64,968)
Departmental:							
School		2,140,756	16,924	2,157,680	2,233,045		75,365
Library		113,618	334	113,952	85,453		( 28,499)
Cemeteries		727,015	( 256,756)	470,259	497,892		27,633
Other		10,663,174	643,622	11,306,796	11,691,851		385,055
County			184,774	184,774	204,983		20,209
Licenses and permits		2,123,176	20,438	2,143,614	2,149,806		6,192
Earnings on investments		238,708	932,055	1,170,763	1,685,793		515,030
Miscellaneous on non-recurring		2,000,000	( 686,590)	1,313,410	1,305,760		( 7,650)
Special assessments & betterments					45,161		45,161
Governmental revenue:							
State		132,195,515	599	132,196,114	131,996,600		( 199,514)
<b>Total revenues</b>		<b>229,324,503</b>	<b>6,421,537</b>	<b>235,746,040</b>	<b>237,304,831</b>		<b>1,558,791</b>

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, 2006

	<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	1,200	6,111,754	( 115,270)	5,997,684	5,803,983		193,701
General Government-unclassified		45,759,159	1,858,059	47,617,218	47,497,135		120,083
Public safety:							
Police		20,184,668	1,487,414	21,672,082	21,769,821		( 97,739)
Fire		13,454,142	864,263	14,318,405	14,869,392		( 550,987)
EMS		2,110,498	75,000	2,185,498	2,189,556		( 4,058)
Inspector of buildings		1,164,309	( 121,000)	1,043,309	1,037,086		6,223
Other		283,678	8,000	291,678	287,407		4,271
Public works and facilities:							
Health and sanitation operations		4,284,616		4,284,616	4,284,616		
Highways and streets		1,494,250	( 98,000)	1,396,250	1,386,265		9,985
Public Facilities		9,687,309	1,745,670	11,432,979	11,514,695	11,375	( 93,091)
Snow & Ice Removal		100,000		100,000	255,904		( 155,904)
Education:							
School Department	2,356,892	107,184,252		109,541,144	108,610,505	918,305	12,334
Other		3,214,913	( 36,756)	3,178,157	3,178,157		
Human services	41,922	2,407,815	182,950	2,632,687	2,547,829	16,216	68,642
Culture and recreation		1,451,418	( 30,000)	1,421,418	1,417,207		4,211
Zoo		890,340	( 30,650)	859,690	846,800		12,890
Debt service		7,710,800	1,249,094	8,959,894	8,985,093		( 25,199)
Intergovernmental expenditures		<u>1,603,576</u>	<u>( 20,574)</u>	<u>1,583,002</u>	<u>1,553,092</u>		<u>29,910</u>
Total expenditures	<u>2,400,014</u>	<u>229,097,497</u>	<u>7,018,200</u>	<u>238,515,711</u>	<u>238,034,543</u>	<u>945,896</u>	<u>( 464,728)</u>
Excess (deficiency) of revenues over expenditures	<u>( 2,400,014)</u>	<u>227,006</u>	<u>( 596,663)</u>	<u>( 2,769,671)</u>	<u>( 729,712)</u>	<u>( 945,896)</u>	<u>1,094,063</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, 2006

	<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	444,884	500,201	733,538		233,337
Operating transfers out		( 282,323)	( 53,000)	( 335,323)	( 335,323)		
Tailings							
Treasurer's debt							
Overlay reserve			753,000	753,000			( 753,000)
Appropriation deficit			( 494,797)	( 494,797)			494,797
Revenue deficit			( 53,424)	( 53,424)			53,424
Overlay deficit							
Total other financing sources (uses)		<u>( 227,006)</u>	<u>596,663</u>	<u>369,657</u>	<u>398,215</u>		<u>28,558</u>
Excess (deficiency) of revenues and other financing sources over over expenditures and other financing uses	<u>\$( 2,400,014)</u>	<u>                    </u>	<u>                    </u>	<u>\$( 2,400,014)</u>	<u>( 331,497)</u>	<u>\$( 945,896)</u>	<u>\$ 1,122,621</u>
Budgetary fund balance at the beginning of the year					<u>22,732,861</u>		
Budgetary fund balance at the end of year					<u>\$ 22,401,364</u>		

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, 2006

	<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	\$	\$ 7,036,869	\$	\$ 7,036,869	\$ 7,278,210	\$	\$ 241,341
Utility liens and penalties					40,317		40,317
Intergovernmental					20,271		20,271
Other					58,981		58,981
Total revenues		<u>7,036,869</u>		<u>7,036,869</u>	<u>7,397,779</u>		<u>360,910</u>
Expenses:							
Salaries and wages		2,341,378	( 154,895)	2,186,483	2,175,038		11,445
Charges and services	37,002	2,547,500	100,000	2,684,502	2,459,836		224,666
Materials and supplies		579,200	230,000	809,200	801,796	6,000	1,404
Capital outlay	84,318	658,000	( 365,000)	377,318	346,750		30,568
Debt service		910,791	189,895	1,100,686	1,120,957		( 20,271)
Total expenses	<u>121,320</u>	<u>7,036,869</u>		<u>7,158,189</u>	<u>6,904,377</u>	<u>6,000</u>	<u>247,812</u>
Excess (deficiency) of revenues over expenses	<u>( 121,320)</u>			<u>( 121,320)</u>	<u>493,402</u>	<u>( 6,000)</u>	<u>608,722</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>\$( 121,320)</u>	<u>\$</u>	<u>\$</u>	<u>\$( 121,320)</u>	493,402	<u>\$( 6,000)</u>	<u>\$ 608,722</u>
Budgetary fund balance at the beginning of the year					<u>550,094</u>		
Budgetary fund balance at the end of the year					<u>\$ 1,043,496</u>		

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 - Airport Enterprise Fund

Year Ended June 30, 2006

	<u>Original Budget</u>		<u>Appropriations and Transfers</u>	<u>Available for Current Year Expenditures</u>	<u>Total Budgeted</u>	<u>Actual</u>	<u>Encumbrances Carried Forward</u>	<u>Variance Favorable (Unfavorable)</u>
<u>Encumbrances Carried Forward</u>	<u>Budget as Adopted</u>							
Revenues:								
Charges for services	\$	\$ 563,500	\$	\$	\$ 563,500	\$ 587,402	\$	\$ 23,902
Intergovernmental								
Other								
Total revenues		<u>563,500</u>			<u>563,500</u>	<u>587,402</u>		<u>23,902</u>
Expenses:								
Salaries and wages		325,180			325,180	321,591		3,589
Charges and services		258,030			258,030	254,915		3,115
Materials and supplies		53,073			53,073	41,312		11,761
Capital outlay								
Debt service								
Total expenses		<u>636,283</u>			<u>636,283</u>	<u>617,818</u>		<u>18,465</u>
Excess (deficiency) of revenues over expenses		<u>( 72,783)</u>			<u>( 72,783)</u>	<u>( 30,416)</u>		<u>42,367</u>
Other financing sources and (uses):								
Operating transfers in		97,783			97,783	97,783		
Operating transfers out		<u>( 25,000)</u>			<u>( 25,000)</u>	<u>( 25,000)</u>		
Total other financing sources and (uses)		<u>72,783</u>			<u>72,783</u>	<u>72,783</u>		
Excess (deficiency) of revenue and other sources over expenses and other uses	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	42,367	<u>\$</u>	<u>\$ 42,367</u>
Budgetary fund balance at the beginning of the year						<u>( 208,571)</u>		
Budgetary fund balance at the end of the year						<u>\$ ( 166,204)</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, 2006

	<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	\$	\$ 15,333,664	\$	\$ 15,333,664	\$ 14,934,062	\$	\$ ( 399,602)
Earnings on investments		214,044		214,044	233,136		19,092
Other		444,221		444,221	749,252		305,031
Total revenues		<u>15,991,929</u>		<u>15,991,929</u>	<u>15,916,450</u>		<u>( 75,479)</u>
Expenditures:							
Salaries and wages		1,345,833	( 172,400)	1,173,433	1,172,777		656
Charges and services		8,597,961	328,400	8,926,361	8,976,808		( 50,447)
Materials and supplies		325,500	176,150	501,650	501,627		23
Capital outlay	64,756	502,000	( 275,000)	291,756	291,249	2,500	( 1,993)
Debt service		902,968	( 57,150)	845,818	845,770		48
Total expenditures	<u>64,756</u>	<u>11,674,262</u>		<u>11,739,018</u>	<u>11,788,231</u>	<u>2,500</u>	<u>( 51,713)</u>
Excess (deficiency) of revenues over expenditures	<u>( 64,756)</u>	<u>4,317,667</u>		<u>4,252,911</u>	<u>4,128,219</u>	<u>( 2,500)</u>	<u>( 127,192)</u>
Other financing sources and (uses):							
Operating transfers in							
Operating transfers out		( 4,317,667)		( 4,317,667)	( 4,317,667)		
Total other financing sources and (uses)		<u>( 4,317,667)</u>		<u>( 4,317,667)</u>	<u>( 4,317,667)</u>		
Excess (deficiency) of revenue and other sources over expenditures and other uses	<u>\$ ( 64,756)</u>	<u>\$</u>	<u>\$</u>	<u>\$ ( 64,756)</u>	<u>( 189,448)</u>	<u>\$ ( 2,500)</u>	<u>\$ ( 127,192)</u>
Budgetary fund balance at the beginning of the year					<u>1,829,627</u>		
Budgetary fund balance at the end of the year					<u>\$ 1,640,179</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, 2006

**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, 2006 are as follows:

	<b>Government Funds</b>		<b>Enterprise Funds</b>	
	<b>General Fund</b>	<b>Special Revenue Wastewater-Operating</b>	<b>Water</b>	<b>Airport</b>
Revenues and other financing sources:				
GAAP Basis	\$ 257,224,021	\$ 15,916,449	\$ 7,556,750	\$ 682,625
Adjustments:				
Increase in real estate and personal property taxes to full accrual	( 1,570,794)			
(Increase) decrease in 60 day accrual	106,419			
MTRB on-behalf payments	( 17,721,276)			
Reversal of deferred revenue			37,388	
MWPAT subsidy payments			( 182,495)	
Change in allowance for receivables			( 13,864)	2,560
Rounding	( 1)	1		
Budgetary Basis	<u>\$ 238,038,369</u>	<u>\$ 15,916,450</u>	<u>\$ 7,397,779</u>	<u>\$ 685,185</u>
Expenditures and other financing uses:				
GAAP Basis	\$ 256,250,451	\$ 16,105,897	\$ 6,494,454	\$ 647,371
Adjustments:				
Principal paid on capital leases			62,310	
Proceeds from capital leases			( 177,735)	
MTRB on-behalf payments	( 17,721,276)			
Change in compensated absences			( 4,703)	( 4,553)
Additions to capital assets				
Depreciation expense				
Change in accrued interest			4,013	
MWPAT subsidy payments			( 182,495)	
Principal paid on long term debt			708,531	
Prior year bills	( 159,310)			
Rounding	1	1	2	
Budgetary basis	<u>\$ 238,369,866</u>	<u>\$ 16,105,898</u>	<u>\$ 6,904,377</u>	<u>\$ 642,818</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, 2006

**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, 2006, expenditures exceeded the budget in the following fund:

<u>Category</u>	<u>Excess</u>
General Fund:	
Treasurer	\$ 416
Debt	25,199
Licensing	45
Environmental Stewardship	1,324
Public Facilities	123,492
Police	147,629
Fire	572,389
Emergency Management	11,551
Traffic	699
Public Infrastructure	2,841
Zoo	2,728
Marketing/Tourism	<u>444</u>
	<u>888,757</u>
Enterprise - Water	<u>20,271</u>
<u>Special Revenue - Wastewater</u>	<u>148,848</u>
<u>Total Appropriation Deficits</u>	<u>\$ 1,057,876</u>

See accompanying independent auditors' report

**CITY OF NEW BEDFORD, MASSACHUSETTS**

Required Supplementary Information

Contributory Retirement System

Schedule of Funding Progress

December 31, 2005

**(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%
01/01/04	2005	175,663,857	380,950,456	205,286,599	46%	82,821,749	248%
01/01/06	2006	192,032,773	416,761,645	224,728,872	46%	87,993,734	255%

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, 2005

**(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%
2006	20,814,000	2005	18,288,018	88%

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, 2005

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, 2006.

No changes in actuarial assumptions or benefit provisions that would significantly affect the valuation of the actuarial accrued liability occurred during 2005.

See accompanying independent auditors' report

**CITY OF NEW BEDFORD, MASSACHUSETTS**

Supplementary Information

Major Governmental Funds - Wastewater

Combining Balance Sheet

June 30, 2006

	<u>Operating</u>	<u>Special Projects</u>	<u>Debt Service</u>	<u>Total</u>
<b>ASSETS</b>				
Cash, unrestricted	\$ 2,559,652	\$	\$	\$ 2,559,652
Cash, restricted	3,756,643	1,358,996	2,547,006	7,662,645
User charges receivable	1,325,881			1,325,881
Special assessments receivable	90,833			90,833
Other receivables	58,017			58,017
Due from other funds	814,380	611,646	359,806	1,785,832
	<u>8,605,406</u>	<u>1,970,642</u>	<u>2,906,812</u>	<u>13,482,860</u>
Total assets	<u>\$ 8,605,406</u>	<u>\$ 1,970,642</u>	<u>\$ 2,906,812</u>	<u>\$ 13,482,860</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Warrants payable	\$ 405,004	\$ 9,801	\$	\$ 414,805
Accounts payable and accrued expenses	695,361			695,361
Deferred revenue	1,474,120			1,474,120
Due to other funds	5,277,589	693,383	6,690	5,977,662
	<u>7,852,074</u>	<u>703,184</u>	<u>6,690</u>	<u>8,561,948</u>
Total liabilities	<u>7,852,074</u>	<u>703,184</u>	<u>6,690</u>	<u>8,561,948</u>
Fund balances:				
Reserved/designated	1,348,197		2,900,122	4,248,319
Unreserved	( 594,865)	1,267,458		672,593
	<u>753,332</u>	<u>1,267,458</u>	<u>2,900,122</u>	<u>4,920,912</u>
Total fund balance	<u>753,332</u>	<u>1,267,458</u>	<u>2,900,122</u>	<u>4,920,912</u>
Total liabilities and fund balances	<u>\$ 8,605,406</u>	<u>\$ 1,970,642</u>	<u>\$ 2,906,812</u>	<u>\$ 13,482,860</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, 2006

	<u>Operating</u>	<u>Special Projects</u>	<u>Debt Service</u>	<u>Total</u>
Revenues:				
Utility usage charges	\$ 14,934,061	\$	\$	\$ 14,934,061
Intergovernmental revenues - operating			6,734,487	6,734,487
Investment income	233,136			233,136
Other	<u>749,252</u>	<u>                    </u>	<u>                    </u>	<u>749,252</u>
Total revenues	<u>15,916,449</u>	<u>                    </u>	<u>6,734,487</u>	<u>22,650,936</u>
Expenditures:				
Salaries	1,172,777			1,172,777
Charges and services	8,961,807			8,961,807
Supplies and materials	501,627			501,627
Capital outlay	291,249	455,387		746,636
Debt service	<u>845,770</u>	<u>                    </u>	<u>10,776,524</u>	<u>11,622,294</u>
Total expenditures	<u>11,773,230</u>	<u>455,387</u>	<u>10,776,524</u>	<u>23,005,141</u>
Excess (deficiency) of revenues over expenditures	4,143,219	( 455,387)	( 4,042,037)	( 354,205)
Other financing sources and (uses)	<u>( 4,332,667)</u>	<u>                    </u>	<u>4,317,667</u>	<u>( 15,000)</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	( 189,448)	( 455,387)	275,630	( 369,205)
Fund balance - July 1, 2005	<u>942,780</u>	<u>1,722,845</u>	<u>2,624,492</u>	<u>5,290,117</u>
Fund balance - June 30, 2006	<u>\$ 753,332</u>	<u>\$ 1,267,458</u>	<u>\$ 2,900,122</u>	<u>\$ 4,920,912</u>

See accompanying independent auditors' report

**CITY OF NEW BEDFORD, MASSACHUSETTS**

Supplementary Information

Wastewater Reserved Cash Account Activity

June 30, 2006

	<u>Reserve Fund</u>	<u>Operating Reserve Fund</u>	<u>Debt Service Fund</u>	<u>Renewal &amp; Replacement Reserve Fund</u>	<u>Special Projects</u>	<u>Unrestricted Fund</u>	<u>Total</u>
Beginning balance	\$ 271,659	\$ 2,280,815	\$ 1,954,888	\$ 1,526,016	\$ 1,401,658	\$	\$ 7,435,036
Transfers in	16,085,006	32,668	7,565,287	36,779	56,872		23,776,612
Transfers out	<u>16,309,796</u>	<u>100,754</u>	<u>6,973,169</u>	<u>65,750</u>	<u>99,534</u>		<u>23,549,003</u>
Ending balance	<u>\$ 46,869</u>	<u>\$ 2,212,729</u>	<u>\$ 2,547,006</u>	<u>\$ 1,497,045</u>	<u>\$ 1,358,996</u>	<u>\$</u>	<u>\$ 7,662,645</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, 2006

	<u>Highway Improvements</u>	<u>Revolving</u>	<u>Reserve For Appropriation</u>	<u>Donations</u>	<u>Federal/State Grants</u>	<u>School Grants</u>	<u>Community Development</u>	<u>Subtotal</u>
<b>ASSETS</b>								
Cash and investments	\$ ( 41,666)	\$ 3,585,507	\$ 1,112,386	\$ 134,592	\$ 3,086,059	\$ 126,229	\$ 661,427	\$ 8,664,534
Federal and state grants receivable	469,364	1,092,091			455,361	3,812,178	6,230,932	12,059,926
Loans receivable							17,062,452	17,062,452
Receivable, other		6,083			30,995	160,497		197,575
Land inventory							246,918	246,918
Due from other funds		<u>16,236</u>	<u>60,000</u>	<u>2,025</u>	<u>29,561</u>		<u>162,419</u>	<u>270,241</u>
 Total assets	<u>\$ 427,698</u>	<u>\$ 4,699,917</u>	<u>\$ 1,172,386</u>	<u>\$ 136,617</u>	<u>\$ 3,601,976</u>	<u>\$ 4,098,904</u>	<u>\$ 24,364,148</u>	<u>\$ 38,501,646</u>
<b>LIABILITIES AND FUND BALANCES (DEFICITS)</b>								
Liabilities:								
Warrants payable	\$ 76,578	\$ 34,245	\$	\$	\$ 303,685	\$ 245,459	\$	\$ 659,967
Accounts payable and accrued expenses	257,439	71,272		2,007	367,039	510,689	700,329	1,908,775
Bond payable								
Retainage payable								
Due to other funds	93,681	100			155,076		156,341	405,198
Due to federal or state gov't						550,869		550,869
Deferred revenue					1,351,583	2,209,029	22,629,183	26,189,795
Other liabilities							<u>6,908</u>	<u>6,908</u>
 Total liabilities	<u>427,698</u>	<u>105,617</u>		<u>2,007</u>	<u>2,177,383</u>	<u>3,516,046</u>	<u>23,492,761</u>	<u>29,721,512</u>
Fund balances (deficits):								
Restricted								
Unrestricted, undesignated		<u>4,594,300</u>	<u>1,172,386</u>	<u>134,610</u>	<u>1,424,593</u>	<u>582,858</u>	<u>871,387</u>	<u>8,780,134</u>
 Total fund balances		<u>4,594,300</u>	<u>1,172,386</u>	<u>134,610</u>	<u>1,424,593</u>	<u>582,858</u>	<u>871,387</u>	<u>8,780,134</u>
 Total liabilities and fund balances	<u>\$ 427,698</u>	<u>\$ 4,669,917</u>	<u>\$ 1,172,386</u>	<u>\$ 136,617</u>	<u>\$ 3,601,976</u>	<u>\$ 4,098,904</u>	<u>\$ 24,364,148</u>	<u>\$ 38,501,646</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, 2006

	<u>Condominium</u>	<u>Street Repaving</u>	<u>CSO Relocate</u>	<u>Equipment Purchase Bond Issue</u>	<u>Building Imp Bond Issue</u>	<u>Library Renovation Bond Issue</u>	<u>Roosevelt School Construction</u>
<b>ASSETS</b>							
Cash and cash equivalents	\$ ( 17,907)	\$ 3,051	\$ 257,176	\$ 107,087	\$ 150,512	\$	\$
Federal and state grants receivable							
Receivable, other			273,378				
Due from other funds							
Total assets	<u>\$ ( 17,907)</u>	<u>\$ 3,051</u>	<u>\$ 530,554</u>	<u>\$ 107,087</u>	<u>\$ 150,512</u>	<u>\$</u>	<u>\$</u>
<b>LIABILITIES AND FUND BALANCES (DEFICITS)</b>							
Liabilities:							
Accounts payable and accrued expenses	\$	\$	\$	\$ 42	19,010	\$	\$
Bond anticipation notes payable							
Interim loan payable							
Retainage payable							
Due from other funds			530,554				
Other liabilities							
Total liabilities			<u>530,554</u>	<u>42</u>	<u>19,010</u>		
Fund balances (deficits), unreserved	<u>( 17,907)</u>	<u>3,051</u>		<u>107,045</u>	<u>131,502</u>		
Total fund balances	<u>( 17,907)</u>	<u>3,051</u>		<u>107,045</u>	<u>131,502</u>		
Total liabilities and fund balances	<u>\$ ( 17,907)</u>	<u>\$ 3,051</u>	<u>\$ 530,554</u>	<u>\$ 107,087</u>	<u>\$ 150,512</u>	<u>\$</u>	<u>\$</u>

See accompanying independent auditors' report

**CITY OF NEW BEDFORD, MASSACHUSETTS**

Supplementary Information

Non Major Governmental Funds

Capital Project Funds

Combining Balance Sheet (Continued)

June 30, 2006

	<b>Building Purchase Bond Issue</b>	<b>Normandin MS</b>	<b>Keith MS</b>	<b>Landfill Closure</b>	<b>Land Acquisition</b>	<b>Harbor Phase 2 Dredging</b>	<b>River Road Bond</b>
<b>ASSETS</b>							
Cash and cash equivalents	\$	\$ 2,089,657	\$ 6,518,470	\$ ( 951,389)	\$	\$ ( 617,210)	\$ ( 153,310)
Federal and state grants receivable							205,000
Receivable, other						111,383	
Due from other funds							
Total assets	<u>\$</u>	<u>\$ 2,089,657</u>	<u>\$ 6,518,470</u>	<u>\$ ( 951,389)</u>	<u>\$</u>	<u>\$ ( 505,827)</u>	<u>\$ 51,690</u>
<b>LIABILITIES AND FUND BALANCES (DEFICITS)</b>							
Liabilities:							
Accounts payable and accrued expenses	\$	\$ 37,368	\$ 1,445,504	\$	\$	\$	\$
Bond anticipation notes payable	2,000,000	14,003,777	26,571,614	255,000			265,000
Interim loan payable			1,815,115				
Retainage payable						760	
Due to other funds							
Other liabilities							
Total liabilities	<u>2,000,000</u>	<u>14,041,145</u>	<u>29,832,233</u>	<u>255,000</u>		<u>760</u>	<u>265,000</u>
Fund balances (deficits) unreserved:	<u>( 2,000,000)</u>	<u>( 11,951,488)</u>	<u>(23,313,763)</u>	<u>( 1,206,389)</u>		<u>( 506,587)</u>	<u>( 213,310)</u>
Total fund balances	<u>( 2,000,000)</u>	<u>( 11,951,488)</u>	<u>(23,313,763)</u>	<u>( 1,206,389)</u>		<u>( 506,587)</u>	<u>( 213,310)</u>
Total liabilities and fund balances	<u>\$</u>	<u>\$ 2,089,657</u>	<u>\$ 6,518,470</u>	<u>\$ ( 951,389)</u>	<u>\$</u>	<u>\$ ( 505,827)</u>	<u>\$ 51,690</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, 2006

	<u>Wastewater Sewer Separation</u>	<u>DPI Sewer Separation</u>	<u>Street Paving</u>	<u>Winslow Elementary</u>	<u>Elizabeth Brooks Elementary</u>	<u>Lincoln Elementary</u>	<u>Campbell Elementary</u>
<b>ASSETS</b>							
Cash and investments	\$ ( 59,800)	\$ 988,333	\$ 2,361,534	\$ ( 1,250)	\$ ( 453)	\$ ( 514)	\$ ( 670)
Federal and state grants receivable	1,520,116						
Receivable, other							
Due from other funds	_____	_____	_____	_____	_____	_____	_____
Total assets	<u>\$ 1,460,316</u>	<u>\$ 988,333</u>	<u>\$ 2,361,534</u>	<u>\$ ( 1,250)</u>	<u>\$ ( 453)</u>	<u>\$ ( 514)</u>	<u>\$ ( 670)</u>
<b>LIABILITIES AND FUND BALANCES (DEFICITS)</b>							
Liabilities:							
Accounts payable and accrued expenses	\$ 128,088	\$ 401,539	\$ 352,484	\$ 790,000	\$ 786,000	\$ 797,000	\$ 1,378,465
Bond anticipation notes payable		3,400,000	6,000,000				
Interim loan payable							
Retainage payable	197,078		95,889				
Due to other funds							
Other liabilities	_____	_____	_____	_____	_____	_____	_____
Total liabilities	<u>325,166</u>	<u>3,801,539</u>	<u>6,448,373</u>	<u>790,000</u>	<u>786,000</u>	<u>797,000</u>	<u>1,378,465</u>
Fund balances (deficits) unreserved	<u>1,135,150</u>	<u>( 2,813,206)</u>	<u>( 4,086,839)</u>	<u>( 791,250)</u>	<u>( 786,453)</u>	<u>( 797,514)</u>	<u>( 1,379,135)</u>
Total fund balances	<u>1,135,150</u>	<u>( 2,813,206)</u>	<u>( 4,086,839)</u>	<u>( 791,250)</u>	<u>( 786,453)</u>	<u>( 797,514)</u>	<u>( 1,379,135)</u>
Total liabilities and fund balances	<u>\$ 1,460,316</u>	<u>\$ 988,333</u>	<u>\$ 2,361,534</u>	<u>\$ ( 1,250)</u>	<u>\$ ( 453)</u>	<u>\$ ( 514)</u>	<u>\$ ( 670)</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, 2006

	<u>Water Mains</u>	<u>Railroad Depot</u>	<u>DeValles Elementary</u>	<u>Riverside Park</u>	<u>Water Transmission Mains</u>	<u>West End Cement Lining Ph2</u>	<u>Incubator Project</u>
<b>ASSETS</b>							
Cash and cash equivalents	\$ ( 654,119)	\$ ( 4,807,474)	\$ ( 2,064)	\$ ( 2,031,143)	\$ ( 39,666)	\$ 9,207	\$ ( 360,336)
Federal and state grants receivable	6,278,480			2,000,000	49,246	432,179	41,237
Receivable, other							
Due from other funds							
Total assets	<u>\$ 5,624,361</u>	<u>\$ ( 4,807,474)</u>	<u>\$ ( 2,064)</u>	<u>\$ ( 31,143)</u>	<u>\$ 9,580</u>	<u>\$ 441,386</u>	<u>\$ ( 319,099)</u>
<b>LIABILITIES AND FUND BALANCES (DEFICITS)</b>							
Liabilities:							
Accounts payable and accrued expenses	\$ 498,164	\$	\$	\$ 20,152	\$ 234,488	\$ 86,017	\$
Bond anticipation notes payable		5,000,000	320,000				
Interim loan payable	6,414,971						
Retainage payable	61,059				42,771	181,942	
Due to other funds		98,545					
Other liabilities							
Total liabilities	<u>6,974,194</u>	<u>5,098,545</u>	<u>320,000</u>	<u>20,152</u>	<u>277,259</u>	<u>267,959</u>	
Fund balances (deficits), unreserved	<u>( 1,349,833)</u>	<u>( 9,906,019)</u>	<u>( 322,064)</u>	<u>( 51,295)</u>	<u>( 267,679)</u>	<u>173,427</u>	<u>( 319,099)</u>
Total fund balances	<u>( 1,349,833)</u>	<u>( 9,906,019)</u>	<u>( 322,064)</u>	<u>( 51,295)</u>	<u>( 267,679)</u>	<u>173,427</u>	<u>( 319,099)</u>
Total liabilities and fund balances	<u>\$ 5,624,361</u>	<u>\$ ( 4,807,474)</u>	<u>\$ ( 2,064)</u>	<u>\$ ( 31,143)</u>	<u>\$ 9,580</u>	<u>\$ 441,386</u>	<u>\$ ( 319,099)</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, 2006

	<b>HDC Oak Bluff Ferry Terminal</b>	<b>Sea Lab</b>	<b>Route 18</b>	<b>Phase 2 Regional-Airspace Study</b>	<b>AIP 27 Taxiway B Construction</b>	<b>Parking Garage</b>	<b>Wastewater 2D Treatment</b>	<b>Subtotal</b>
<b>ASSETS</b>								
Cash and investments	\$ ( 592,520)	\$ 144,024	\$ ( 22,575)	\$ 9,920	\$ ( 23,243)	\$ 63,568	\$ 71,394	\$ 2,438,290
Federal and state grants receivable							204,000	10,730,258
Receivable, other								111,383
Due from component unit	592,520							592,520
Due from other funds					32,358			305,736
Total assets	<u>\$</u>	<u>\$ 144,024</u>	<u>\$( 22,575)</u>	<u>\$ 9,920</u>	<u>\$ 9,115</u>	<u>\$ 63,568</u>	<u>\$ 275,394</u>	<u>\$ 14,178,187</u>
<b>LIABILITIES AND FUND BALANCES (DEFICITS)</b>								
Liabilities:								
Accounts payable and accrued expenses	\$	\$ 6,930	\$	\$	\$	\$	\$ 42,000	\$ 3,271,786
Bond anticipation notes payable		8,500,000						70,066,856
Interim loan payable								6,414,971
Retainage payable								2,393,854
Due to other funds							4,271	633,370
Due to component unit								760
Total liabilities		<u>8,506,930</u>					<u>46,271</u>	<u>82,781,597</u>
Fund balances (deficits), unreserved		<u>(8,362,906)</u>	<u>( 22,575)</u>	<u>9,920</u>	<u>9,115</u>	<u>63,568</u>	<u>229,123</u>	<u>( 68,603,410)</u>
Total fund balances		<u>(8,362,906)</u>	<u>( 22,575)</u>	<u>9,920</u>	<u>9,115</u>	<u>63,568</u>	<u>229,123</u>	<u>( 68,603,410)</u>
Total liabilities and fund balances	<u>\$</u>	<u>\$ 144,024</u>	<u>\$( 22,575)</u>	<u>\$ 9,920</u>	<u>\$ 9,115</u>	<u>\$ 63,568</u>	<u>\$ 275,394</u>	<u>\$ 14,178,187</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, 2006

	<b>Permanent Funds</b>			<b>Total Non Major Governmental Funds</b>
	<b>Nonexpendable Trusts</b>	<b>Expendable Trusts</b>	<b>Subtotal</b>	
<b>ASSETS</b>				
Cash and investments	\$ 10,046,355	\$ 372,022	\$ 10,418,377	\$ 21,521,201
Federal and state receivable				22,790,184
Loans receivable				17,062,452
Receivable, other				308,958
Due from component unit				592,520
Land inventory				246,918
Due from other funds	<u>473</u>	<u>          </u>	<u>473</u>	<u>576,450</u>
 Total assets	 <u>\$ 10,046,828</u>	 <u>\$ 372,022</u>	 <u>\$ 10,418,850</u>	 <u>\$ 63,098,683</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Warrants payable	\$ 3,010	\$ 1,910	\$ 4,920	\$ 664,887
Accounts payable and accrued expenses	36,363		36,363	5,216,924
Retainage payable				2,393,854
Bonds anticipation notes payable				70,066,856
Interim loan payable				6,414,971
Due to other funds	661,885		661,885	1,700,453
Due to component unit				760
Due to federal and state governments				550,869
Deferred revenue				26,189,795
Other liabilities				<u>6,908</u>
 Total liabilities	 <u>\$ 701,258</u>	 <u>\$ 1,910</u>	 <u>\$ 703,168</u>	 <u>\$ 113,206,277</u>
Fund balance:				
Restricted	4,971,916		4,971,916	4,971,916
Unrestricted/undesignated	<u>4,373,654</u>	<u>370,112</u>	<u>4,743,766</u>	<u>( 55,079,510)</u>
 Total fund balance	 <u>9,345,570</u>	 <u>370,112</u>	 <u>9,715,682</u>	 <u>( 50,107,594)</u>
 Total liabilities and fund balances	 <u>\$ 10,046,828</u>	 <u>\$ 372,022</u>	 <u>\$10,418,850</u>	 <u>\$ 63,098,683</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, 2006

	<u>Highway Improvements</u>	<u>Revolving</u>	<u>Reserve For Appropriation</u>	<u>Donations</u>
Revenues:				
Intergovernmental - operating	\$ 1,907,573	\$ 8,144,703	\$	\$ 66,246
Intergovernmental - capital				3,000
Investment income		423	67,443	4,523
Other excise		15,140		
Fines and penalties			17,095	
Charges for services		1,579,740	41,205	
Other income				
	<u>1,907,573</u>	<u>9,740,006</u>	<u>125,743</u>	<u>73,769</u>
Expenditures:				
General government		41,451	78,358	
Public safety		102,618		
Public works	1,907,846	68,434		
Health and human services		17,091		4,835
Education		8,837,543		
Community and economic development				
Municipal airport				
Culture and recreation		238,599		23,348
Debt service:				
Principal				
Interest				
	<u>1,907,846</u>	<u>9,305,736</u>	<u>78,358</u>	<u>28,183</u>
Excess (deficiency) of revenue over expenditures	( 273)	434,270	47,385	45,586
Other financing sources (uses):				
Transfers between funds	<u>                    </u>	<u>( 66,335)</u>	<u>( 88,984)</u>	<u>( 1,491)</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	( 273)	367,935	( 41,599)	44,095
Fund balance (deficit), July 1, 2005, as restated	<u>273</u>	<u>4,226,365</u>	<u>1,213,985</u>	<u>90,515</u>
Fund balance (deficit), June 30, 2006	<u>\$</u>	<u>\$ 4,594,300</u>	<u>\$ 1,172,386</u>	<u>\$ 134,610</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, 2006

	<u>Federal/State Grants</u>	<u>School Grants</u>	<u>Community Development</u>	<u>Subtotals</u>
Revenues:				
Intergovernmental - operating	\$ 1,393,414	\$ 17,958,040	\$ 7,433,243	\$ 36,903,219
Intergovernmental - capital	1,862,808	1,859,288		3,725,096
Investment income			4,410	76,799
Other excise				15,140
Fines and penalties				17,095
Charges for services	632,321		652,218	2,905,484
Other income		<u>867,617</u>		<u>867,617</u>
 Total revenues	 <u>3,888,543</u>	 <u>20,684,945</u>	 <u>8,089,871</u>	 <u>44,510,450</u>
Expenditures:				
General government	467,942			587,751
Public safety	1,688,954			1,791,572
Public works	365,698			2,341,978
Health and human services	383,624			405,550
Education		20,977,233		29,814,776
Community and economic development	2,409		7,911,669	7,914,078
Municipal airport	1,026,905			1,026,905
Culture and recreation	168,257			430,204
Debt service:				
Principal	100,000			100,000
Interest	<u>18,056</u>			<u>18,056</u>
 Total expenditures	 <u>4,221,845</u>	 <u>20,977,233</u>	 <u>7,911,669</u>	 <u>44,430,870</u>
Excess (deficiency) of revenue over expenditures	( 333,302)	( 292,288)	178,202	79,581
Other financing sources (uses):				
Transfers between funds	<u>347,365</u>			<u>190,555</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	14,063	( 292,288)	178,202	270,136
Fund balance (deficit), July 1, 2005, as restated	<u>1,410,530</u>	<u>875,146</u>	<u>693,185</u>	<u>8,509,999</u>
Fund balance (deficit), June 30, 2006	<u>\$ 1,424,593</u>	<u>\$ 582,858</u>	<u>\$ 871,387</u>	<u>\$ 8,780,134</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, 2006

	<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- Capital	\$	\$	\$	\$	\$	\$	\$
Investment income							
Other	_____	_____	_____	_____	_____	_____	_____
Total revenues	_____	_____	_____	_____	_____	_____	_____
Expenditures:							
General government							
Public safety				158,203			
Public infrastructure		13,746		24,200	923,890		
Education							
Community and economic development							
Culture and recreation	_____	_____	_____	169,129	_____	113,682	_____
Total expenditures	_____	13,746	_____	351,532	923,890	113,682	_____
Excess (deficiency) of revenue over expenditures	_____	( 13,746)	_____	( 351,532)	( 923,890)	( 113,682)	_____
Other financing sources (uses):							
Transfers between funds							( 3,680,095)
Bond proceeds	400,000	1,000,000	_____	2,800,000	1,150,000	_____	_____
Total other financing sources (uses)	400,000	1,000,000	_____	2,800,000	1,150,000	_____	( 3,680,095)
Excess (deficiency) of revenues and other sources over expenditures and other uses	400,000	986,254	_____	2,448,468	226,110	( 113,682)	( 3,680,095)
Fund balances (deficit), July 1, 2005, as restated	( 417,907)	( 983,203)	_____	( 2,341,423)	( 94,608)	113,682	3,680,095
Fund balances (deficit), June 30, 2006	<u>\$( 17,907)</u>	<u>\$ 3,051</u>	<u>\$ _____</u>	<u>\$ 107,045</u>	<u>\$ 131,502</u>	<u>\$ _____</u>	<u>\$ _____</u>

See accompanying independent auditors' report

**CITY OF NEW BEDFORD, MASSACHUSETTS**

Supplementary Information

Non Major Governmental Funds

Capital Project Funds

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

For the Year Ended June 30, 2006

	<b>Building Purchase Bond Issue</b>	<b>Normandin MS</b>	<b>Keith MS</b>	<b>Landfill Closure</b>	<b>Land Acquisition</b>	<b>Harbor Phase 2 Dredging</b>	<b>River Road Bond</b>
Revenues:							
Intergovernmental- Capital	\$	\$	\$ 28,686,326	\$	\$	\$	\$ 205,000
Investment income							
Other	_____	_____	_____	_____	_____	_____	_____
Total revenues	_____	_____	<u>28,686,326</u>	_____	_____	_____	<u>205,000</u>
Expenditures:							
General government	( 208,749)						
Public safety							
Public infrastructure				33,940			
Education		82,222	34,150,245				
Community and economic development							
Culture and recreation	_____	_____	_____	_____	_____	_____	_____
Total expenditures	<u>( 208,749)</u>	<u>82,222</u>	<u>34,150,245</u>	<u>33,940</u>	_____	_____	_____
Excess (deficiency) of revenue over expenditures	<u>208,749</u>	<u>( 82,222)</u>	<u>( 5,463,919)</u>	<u>( 33,940)</u>	_____	_____	_____
Other financing sources (uses):							
Transfers between funds			3,680,095	20,000	60,500	104,500	20,000
Bon d proceeds	_____	_____	_____	<u>340,000</u>	<u>1,024,500</u>	<u>3,755,500</u>	_____
Total other financial sources (uses)			3,680,095	360,000	1,085,000	3,860,000	20,000
Excess (deficiency) of revenues and other sources over expenditures and other uses	208,749	( 82,222)	( 1,783,824)	326,060	1,085,000	3,860,000	225,000
Fund balances (deficit), July 1, 2005, as restated	<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>	<u>( 4,366,587)</u>	<u>( 438,310)</u>
Fund balances (deficit), June 30, 2006	<u><u>\$( 2,000,000)</u></u>	<u><u>\$(11,951,488)</u></u>	<u><u>\$( 23,313,763)</u></u>	<u><u>\$( 1,206,389)</u></u>	<u><u>\$</u></u>	<u><u>\$( 506,587)</u></u>	<u><u>\$( 213,310)</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, 2006

	<u>Wastewater Sewer Separation</u>	<u>DPI Sewer Separation</u>	<u>Street Paving</u>	<u>Winslow Elementary</u>	<u>Elizabeth Brooks Elementary</u>	<u>Lincoln Elementary</u>	<u>Campbell Elementary</u>
Revenues:							
Intergovernmental- Capital	\$	\$ 602,772	\$	\$	\$	\$	\$
Investment income							
Other	_____	_____	_____	_____	_____	_____	_____
Total revenues	_____	<u>602,772</u>	_____	_____	_____	_____	_____
Expenditures:							
General government							
Public safety							
Public infrastructure	3,973,514	2,342,205	4,086,839				
Education				383	383	387	670
Community and economic development							
Culture and recreation	_____	_____	_____	_____	_____	_____	_____
Total expenditures	<u>3,973,514</u>	<u>2,342,205</u>	<u>4,086,839</u>	<u>383</u>	<u>383</u>	<u>387</u>	<u>670</u>
Excess (deficiency) of revenue over expenditures	<u>( 3,973,514)</u>	<u>( 1,739,433)</u>	<u>( 4,086,839)</u>	<u>( 383)</u>	<u>( 383)</u>	<u>( 387)</u>	<u>( 670)</u>
Other financing sources (uses):							
Transfers between funds							
Bond proceeds	<u>5,922,356</u>	_____	_____	_____	_____	_____	_____
Total other financing sources (uses)	5,922,356						
Excess (deficiency) of revenues and other sources over expenditures and other uses	1,948,842	( 1,739,433)	( 4,086,839)	( 383)	( 383)	( 387)	( 670)
Fund balances (deficit), July 1, 2005, as restated	<u>( 813,692)</u>	<u>(1,073,773)</u>	_____	<u>( 790,867)</u>	<u>( 786,070)</u>	<u>( 797,127)</u>	<u>( 1,378,465)</u>
Fund balances (deficit), June 30, 2006	<u><u>\$( 1,135,150)</u></u>	<u><u>\$(2,813,206)</u></u>	<u><u>\$( 4,086,839)</u></u>	<u><u>\$( 791,250)</u></u>	<u><u>\$( 786,453)</u></u>	<u><u>\$( 797,514)</u></u>	<u><u>\$( 1,379,135)</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, 2006

	<u>Water Mains</u>	<u>Railroad Depot</u>	<u>Devalles Elementary</u>	<u>Riverside Park</u>	<u>Water Transmission Mains</u>	<u>West End Cement Lining Ph2</u>	<u>Incubator Project</u>
Revenues:							
Intergovernmental- Capital	\$	\$	\$	\$ 2,500,000	\$	\$	\$ 514,107
Investment income							
Other							<u>352,775</u>
Total revenues				<u>2,500,000</u>			<u>866,882</u>
Expenditures:							
General government							427,047
Public safety							
Public infrastructure	1,349,833	731,089		2,677,586	1,111,378	981,376	
Education			317				
Community and economic development							
Culture and recreation							
Total expenditures	<u>1,349,833</u>	<u>731,089</u>	<u>317</u>	<u>2,677,586</u>	<u>1,111,378</u>	<u>981,376</u>	<u>427,047</u>
Excess (deficiency) of revenue over expenditures	<u>( 1,349,833)</u>	<u>( 731,089)</u>	<u>( 317)</u>	<u>( 177,586)</u>	<u>( 1,111,378)</u>	<u>( 981,376)</u>	<u>439,835</u>
Other financing sources (uses):							
Transfers between funds							
Bond proceeds							
Total other financing sources (uses)							
Excess (deficiency) of revenues and other sources over expenditures and other uses	<u>( 1,349,833)</u>	<u>( 731,089)</u>	<u>( 317)</u>	<u>( 177,586)</u>	<u>( 1,111,378)</u>	<u>( 981,376)</u>	<u>439,835</u>
Fund balances (deficit), July 1, 2005, as restated		<u>( 9,174,930)</u>	<u>( 321,747)</u>	<u>126,291</u>	<u>843,699</u>	<u>1,154,803</u>	<u>( 758,934)</u>
Fund balances (deficit), June 30, 2006	<u><u>\$ ( 1,349,833)</u></u>	<u><u>\$ (9,906,019)</u></u>	<u><u>\$ ( 322,064)</u></u>	<u><u>\$ ( 51,295)</u></u>	<u><u>\$ ( 267,679)</u></u>	<u><u>\$ 173,427</u></u>	<u><u>\$ ( 319,099)</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, 2006

	<u>HDC Oak Bluff Ferry Terminal</u>	<u>Sea Lab</u>	<u>Route 18</u>	<u>Phase 2 Regional-Airspace Study</u>	<u>AIP 27 Taxiway B Construction</u>	<u>Parking Garage</u>	<u>Wastewater 2D Treatment</u>	<u>Subtotal</u>
Revenues:								
Intergovernmental- Capital	\$	\$ 581,967	\$	\$	\$	\$	\$	\$ 33,090,172
Investment income							7,130	7,130
Other								352,775
Total revenues		<u>581,967</u>					<u>7,130</u>	<u>33,450,077</u>
Expenditures:								
General government								218,298
Public safety								158,203
Public infrastructure							434,030	18,683,626
Education								34,234,607
Community and economic development		229,731						229,731
Culture and recreation								<u>282,811</u>
Total expenditures		<u>229,731</u>					<u>434,030</u>	<u>53,807,276</u>
Excess (deficiency) of revenue over expenditures		<u>352,236</u>					<u>( 426,900)</u>	<u>( 20,357,199)</u>
Other financing sources (uses):								
Transfers between funds						36,000		241,000
Bond proceeds						964,000	600,000	17,956,356
Total other financing sources (uses)						1,000,000	600,000	18,197,356
Excess (deficiency) of revenues and other sources over expenditures and other uses		352,236				1,000,000	173,100	( 2,159,843)
Fund balances (deficit), July 1, 2005, as restated		<u>( 8,715,142)</u>	<u>( 22,575)</u>	<u>9,920</u>	<u>9,115</u>	<u>( 936,432)</u>	<u>56,023</u>	<u>( 66,443,567)</u>
Fund balances (deficit), June 30, 2006	\$	<u><u>\$( 8,362,906)</u></u>	<u><u>\$( 22,575)</u></u>	<u><u>\$ 9,920</u></u>	<u><u>\$ 9,115</u></u>	<u><u>\$ 63,568</u></u>	<u><u>\$ 229,123</u></u>	<u><u>\$( 68,603,410)</u></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, 2006

	<b>Permanent Funds</b>			<b>Total Non Major Governmental Funds</b>
	<b>Nonexpendable</b>	<b>Expendable</b>	<b>Subtotal</b>	
	<b>Trusts</b>	<b>Trusts</b>		
Revenues:				
Intergovernmental - operating	\$	\$	\$	\$ 36,903,219
Intergovernmental - capital				36,815,268
Investment income	1,025,841	1,860	1,027,701	1,111,630
Other excise				15,140
Fines and penalties				17,095
Charges for services				2,905,484
Other	<u>100,872</u>	<u>3,455</u>	<u>104,327</u>	<u>1,324,719</u>
 Total revenues	 <u>1,126,713</u>	 <u>5,315</u>	 <u>1,132,028</u>	 <u>79,092,555</u>
Expenditures:				
General government	105		105	806,154
Public safety				1,949,775
Public works				21,025,604
Health and human services	94,517	3,249	97,766	503,316
Education	3,705		3,705	64,053,088
Community and economic development				8,143,809
Municipal airport				1,026,905
Culture and recreation	112,250	7,836	120,086	833,101
Zoo		1,910	1,910	1,910
Debt service:				
Principal				100,000
Interest				<u>18,056</u>
 Total expenditures	 <u>210,577</u>	 <u>12,995</u>	 <u>223,572</u>	 <u>98,461,718</u>
Excess (deficiency) of revenue over expenditures	<u>916,136</u>	<u>( 7,680)</u>	<u>908,456</u>	<u>( 19,369,163)</u>
Other financing sources (uses):				
Transfers between funds	( 568,920)	( 962)	( 569,882)	( 138,327)
Bond premiums				
Bond proceeds				<u>17,956,356</u>
 Total other financing sources (uses)	 <u>( 568,920)</u>	 <u>( 962)</u>	 <u>( 569,882)</u>	 <u>17,818,029</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	347,216	( 8,642)	338,574	( 1,551,134)
Fund balance (deficit), July 1, 2005, restated	<u>8,998,354</u>	<u>378,754</u>	<u>9,377,108</u>	<u>( 48,556,460)</u>
Fund balance (deficit), June 30, 2005	<u>\$ 9,345,570</u>	<u>\$ 370,112</u>	<u>\$ 9,715,682</u>	<u>\$ ( 50,107,594)</u>

See accompanying independent auditors' report

**CITY OF NEW BEDFORD, MASSACHUSETTS**

Supplementary Information

Private Purpose Trust Funds

Combining Balance Sheet

June 30, 2006

	<u>Elwyn G. Campbell</u>	<u>Taylor School</u>	<u>Total</u>
<b>Assets</b>			
Cash and cash investments	\$ 7,601	\$ 4,758	\$ 12,359
Investments	<u>5,967</u>	<u>          </u>	<u>5,967</u>
Total assets	<u>\$ 13,568</u>	<u>\$ 4,758</u>	<u>\$ 18,326</u>
<b>Liabilities</b>			
Accounts payable	<u>\$          </u>	<u>\$          </u>	<u>\$          </u>
Total liabilities	<u>          </u>	<u>          </u>	<u>          </u>
<b>Net Assets</b>			
Held in trust for pension benefits and other purposes	<u>\$ 13,568</u>	<u>\$ 4,758</u>	<u>\$ 18,326</u>

See accompanying independent auditors' report

**CITY OF NEW BEDFORD, MASSACHUSETTS**

Supplementary Information

Private Purpose Trust Funds

Statement of Revenue, Expenditures and Changes in Fund Balance

June 30, 2006

	<u>Elwyn G. Campbell</u>	<u>Taylor School</u>	<u>Total</u>
<b>Revenues:</b>			
Investment income:			
Dividends and interest	\$ 540	\$ 207	\$ 747
Net appreciation in fair value of investments	<u>1,386</u>	<u></u>	<u>1,386</u>
Total revenue	<u>1,926</u>	<u>207</u>	<u>2,133</u>
<b>Expenditures:</b>			
Education	<u>319</u>	<u></u>	<u>319</u>
Total expenditures	<u>319</u>	<u></u>	<u>319</u>
Excess (deficiency) of revenue over expenditures	1,607	207	1,814
<b>Other financing sources (uses):</b>			
Transfers between funds	<u></u>	<u></u>	<u></u>
Total other financing sources (uses)	<u></u>	<u></u>	<u></u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	<u>1,607</u>	<u>207</u>	<u>1,814</u>
Beginning fund balances	<u>11,961</u>	<u>4,551</u>	<u>16,512</u>
Ending fund balances	<u>\$ 13,568</u>	<u>\$ 4,758</u>	<u>\$ 18,326</u>

See accompanying independent auditors' report

**CITY OF NEW BEDFORD, MASSACHUSETTS**

Supplementary Information

Special Revenue Funds - Community Development

Combining Balance Sheet

June 30, 2006

	<b>Community Development Block Grant</b>	<b>HILP</b>	<b>National Park</b>	<b>HOME Program</b>	<b>Housing Seventy Inc.</b>	<b>UDAG Saving Account Housing 70</b>	<b>Total</b>
<b>ASSETS</b>							
Cash	\$ 148,516	\$ 40,335	\$	\$ 472,801	\$	\$ ( 225)	\$ 661,427
Federal and state receivables	3,780,140			2,450,792			6,230,932
Mortgage & notes receivable				15,386,716		1,675,736	17,062,452
Due from other funds	17,525			140,981		3,913	162,419
Land inventory					246,918		246,918
Total assets	<u>\$ 3,946,181</u>	<u>\$ 40,335</u>	<u>\$</u>	<u>\$ 18,451,290</u>	<u>\$ 246,918</u>	<u>\$ 1,679,424</u>	<u>\$ 24,364,148</u>
<b>LIABILITIES AND FUND EQUITIES (DEFICITS)</b>							
Liabilities:							
Warrants payable	\$	\$	\$	\$	\$	\$	\$
Accounts payable and accrued expenses	664,199	2,000		34,130			700,329
Deferred revenue - other	3,115,941			2,450,792			5,566,733
Deferred revenue - loans				15,386,714		1,675,736	17,062,450
Other liabilities		6,856					6,856
Debt liabilities				52			52
Due to other funds	156,341						156,341
Total liabilities	<u>3,936,481</u>	<u>8,856</u>		<u>17,871,688</u>		<u>1,675,736</u>	<u>23,492,761</u>
Fund Balance:							
Unreserved, undesignated	9,700	31,479		579,602	246,918	3,688	871,387
Total liabilities and fund balance	<u>\$ 3,946,181</u>	<u>\$ 40,335</u>	<u>\$</u>	<u>\$ 18,451,290</u>	<u>\$ 246,918</u>	<u>\$ 1,679,424</u>	<u>\$ 24,364,148</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, 2006

	<b>Community Development Block Grant</b>	<b>HILP</b>	<b>National Park</b>	<b>HOME Program</b>	<b>Housing Seventy Inc.</b>	<b>UDAG Savings Account Housing 70</b>	<b>Total</b>
Revenues:							
Federal and state grant income	\$ 5,862,986	\$	\$	\$ 1,570,257	\$	\$	\$ 7,433,243
Interest income		115		4,245		50	4,410
Charges for services	<u>276</u>	<u>22,793</u>		<u>612,194</u>		<u>16,955</u>	<u>652,218</u>
Total revenue	<u>5,863,262</u>	<u>22,908</u>		<u>2,186,696</u>		<u>17,005</u>	<u>8,089,871</u>
Expenditures:							
Community and economic development	<u>5,650,803</u>	<u>17,782</u>		<u>2,219,343</u>		<u>23,741</u>	<u>7,911,669</u>
Total expenditures	<u>5,650,803</u>	<u>17,782</u>		<u>2,219,343</u>		<u>23,741</u>	<u>7,911,669</u>
Excess (deficiency) of revenues over expenditures	<u>212,459</u>	<u>5,126</u>		<u>( 32,647)</u>		<u>( 6,736)</u>	<u>178,202</u>
Other financing sources (uses):							
Transfers between funds	<u>( 199,518)</u>			<u>199,518</u>			
Excess (deficiency) of revenues and other sources over expenditures and other uses	12,941	5,126		166,871		( 6,736)	178,202
Fund balance (deficit), July 1, 2005, restated	<u>( 3,241)</u>	<u>26,353</u>		<u>412,731</u>	<u>246,918</u>	<u>10,424</u>	<u>693,185</u>
Fund balance (deficit), June 30, 2006	<u>\$ 9,700</u>	<u>\$ 31,479</u>	<u>\$</u>	<u>\$ 579,602</u>	<u>\$ 246,918</u>	<u>\$ 3,688</u>	<u>\$ 871,387</u>

See accompanying independent auditors' report

**CITY OF NEW BEDFORD, MASSACHUSETTS**

Supplementary Information

Proprietary Funds - Internal Service Funds

Combining Balance Sheet

June 30, 2006

	<u>Group Insurance Claims</u>	<u>Purchasing Department</u>	<u>Totals</u>
<b>ASSETS</b>			
Cash and investments	\$ 115,173	\$ 56,318	\$ 171,491
Insurance premium deposit	4,730,000		4,730,000
Due from other funds	<u>3,184,367</u>	<u>17</u>	<u>3,184,384</u>
Total assets	<u>\$ 8,029,540</u>	<u>\$ 56,335</u>	<u>\$ 8,085,875</u>
<b>LIABILITIES AND RETAINED EARNINGS/ FUND BALANCES</b>			
Liabilities:			
Warrants payable	\$ 3,182,527	\$ 20,667	\$ 3,203,194
Accounts payable and accrued expenses	413		413
Claims IBNR	<u>3,735,421</u>		<u>3,735,421</u>
Total liabilities	6,918,361	20,667	6,939,028
Retained earnings	<u>1,111,179</u>	<u>35,668</u>	<u>1,146,847</u>
Total liabilities and retained earnings	<u>\$ 8,029,540</u>	<u>\$ 56,335</u>	<u>\$ 8,085,875</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, 2006

	<u>Group Insurance Claims</u>	<u>Purchasing Department</u>	<u>Totals</u>
Revenues:			
Other miscellaneous revenue	\$	\$	\$
Other restricted revenue	37,402,080		37,402,080
Charges for services	<u>                    </u>	<u>245,596</u>	<u>245,596</u>
Total operating revenue	<u>37,402,080</u>	<u>245,596</u>	<u>37,647,676</u>
Expenses:			
Claims paid	37,843,944		37,843,944
Salaries and wages	24,836		24,836
Supplies		152,876	152,876
Other expenses	<u>                    </u>	<u>110,456</u>	<u>110,456</u>
Total operating expenses	<u>37,868,780</u>	<u>263,332</u>	<u>38,132,112</u>
Operating income (loss)	( 466,700)	( 17,736)	( 484,436)
Non operating income/expenses:			
Investment income	1,974		1,974
Transfers between funds	<u>                    </u>	<u>( 70,000)</u>	<u>( 70,000)</u>
Net income	( 464,726)	( 87,736)	( 552,462)
Fund balance, restated July 1, 2005	<u>1,575,905</u>	<u>123,404</u>	<u>1,699,309</u>
Ending fund balance, June 30, 2006	<u>\$ 1,111,179</u>	<u>\$ 35,668</u>	<u>\$ 1,146,847</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, 2006

	<u>Beginning Balance 06/30/05</u>	<u>Commitments</u>	<u>Treasurer's Collections</u>	<u>Treasurer's Adjustments</u>	<u>Exemptions Abatements</u>	<u>Transfer to Tax Title</u>	<u>Refunds &amp; Refund Pay</u>	<u>Ending Balance 06/30/06</u>
<b>Real Estate:</b>								
2006	\$	\$ 74,019,884	\$( 70,376,695)	\$( 33,247)	\$( 752,345)	\$	\$ 122,449	\$ 2,980,046
2005	3,313,017		( 1,563,350)	( 20,055)	( 21,579)	( 1,895,751)	80,872	( 106,846)
2004	( 157,966)		266	1,347			3,329	( 153,024)
2003	( 68,789)			( 14,797)				( 83,586)
2002	371,998			( 29,253)				342,745
2001	( 36,462)			( 14,986)				( 51,448)
2000	( 13,709)			( 18,797)				( 32,506)
1999	( 24,893)			( 7,442)				( 32,335)
1998	( 111)			( 8,365)				( 8,476)
<b>Total Real Estate</b>	<u>3,383,085</u>	<u>74,019,884</u>	<u>( 71,939,779)</u>	<u>( 145,595)</u>	<u>( 773,924)</u>	<u>( 1,895,751)</u>	<u>206,650</u>	<u>2,854,570</u>
<b>Personal Property:</b>								
2006		3,160,049	( 3,103,498)	( 37)	( 482)			56,032
2005	41,817		( 14,763)				40,947	68,001
2004	30,983		( 6,920)				290	24,353
2003	35,001		( 2,560)				992	33,433
2002	45,710		( 260)					45,450
2001	36,064		( 1,186)					34,878
2000	27,676		( 1,507)					26,169
1999	8,049		( 1,316)					6,733
1998	18,536		( 812)					17,724
1997	5,017		( 848)					4,169
1996	6,191		( 1,302)					4,889
1995	3,558		( 867)					2,691
1994	1,299		( 558)					741
1993	2,537		( 296)					2,241
1992	1,186		( 310)					876
1991	3,977		( 628)					3,349
1990	2,372		( 427)					1,945
1989	1,172		( 200)					972
<b>Total Personal Property</b>	<u>271,145</u>	<u>3,160,049</u>	<u>( 3,138,258)</u>	<u>( 37)</u>	<u>( 482)</u>		<u>42,229</u>	<u>334,646</u>
<b>Total Property Taxes</b>	<u>3,654,230</u>	<u>77,179,933</u>	<u>( 75,078,037)</u>	<u>( 145,632)</u>	<u>( 774,406)</u>	<u>( 1,895,751)</u>	<u>248,879</u>	<u>3,189,216</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, 2006

	<u>Beginning Balance 06/30/05</u>	<u>Commitments</u>	<u>Treasurer's Collections</u>	<u>Treasurer's Adjustments</u>	<u>Exemptions Abatements</u>	<u>Transfer to Tax Title</u>	<u>Refunds &amp; Refund Pay</u>	<u>Ending Balance 06/30/06</u>
<u>Motor Vehicle:</u>								
2006		5,418,497	( 4,383,550)	( 390)	( 116,601)		22,361	940,317
2005	870,273	1,063,263	( 1,467,219)	( 2,057)	( 85,643)		43,651	422,268
2004	332,833	162,541	( 299,027)	( 492)	( 25,635)		16,868	187,088
2003	134,018	51	( 36,699)	( 433)	( 3,086)		1,841	95,692
2002	110,728		( 19,050)	( 107)	( 740)		355	91,186
2001	72,940		( 10,244)		( 584)		11	62,123
2000	48,310		( 3,886)		( 82)		34	44,376
1999	42,126		( 1,228)		( 34)			40,864
1998	35,414		( 1,041)		( 61)		7	34,319
1997	34,997		( 522)					34,475
1996	33,184		( 613)	500				33,071
1995	34,570		( 371)	268				34,467
1994	37,567		( 588)	33				37,012
1993	51,456		( 519)					50,937
1992	62,583		( 737)	98			5	61,949
1991	84,459		( 1,216)	246				83,489
1990	106,999		( 1,242)					105,757
1989	141,188		( 1,013)		( 14)			140,161
1988	158,050		( 798)		( 14)			157,238
<b>Total Motor Vehicle</b>	<u>2,391,695</u>	<u>6,644,352</u>	<u>( 6,229,563)</u>	<u>( 2,334)</u>	<u>( 232,494)</u>		<u>85,133</u>	<u>2,656,789</u>
<b>Total Property and Motor Vehicle</b>	<u>\$ 6,045,925</u>	<u>\$ 83,824,285</u>	<u>\$( 81,307,600)</u>	<u>\$( 147,966)</u>	<u>\$( 1,006,900)</u>	<u>\$( 1,895,751)</u>	<u>\$ 334,012</u>	<u>\$ 5,846,005</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

	<b>Outstanding Balance 6/30/06</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>
GOB 2004 - Refund 1996	\$ 6,411,000	\$ 491,000	\$ 585,000	\$ 595,000	\$ 595,000	\$ 605,000
GOB 2004 - Refund 1996	5,479,000	594,000	605,000	610,000	580,000	580,000
Sewer Bonds	2,580,000	145,000	150,000	160,000	170,000	175,000
General Public Improvement	6,205,000	770,000	770,000	775,000	390,000	390,000
Federal Loan 1996 Series A	10,340,000	1,570,000	1,490,000	1,390,000	1,285,000	1,165,000
Federal Loan 1998 Series A	107,920,000	2,940,000	3,135,000	3,345,000	3,565,000	3,805,000
Federal Loan 2000 Series 6	5,073,376	130,894	135,129	139,495	144,008	148,850
Middle School, Public Imp	41,630,000	2,055,000	2,140,000	2,220,000	2,310,000	2,405,000
Federal Loan 2003 Series 8	700,946	31,845	32,955	34,103	35,006	35,940
Federal Loan 2003 Pool 9	1,399,957	68,176	69,528	69,964	70,651	71,594
HUD 108 -2003 -A	1,680,000	40,000	90,000	90,000	90,000	105,000
Federal Loan DW-02-13	2,034,278	78,612	80,781	83,834	86,122	88,495
Federal Loan DE-02-20	4,011,356	155,566	159,843	165,880	170,399	175,088
\$11.434M GOB 2006	11,434,000	804,000	800,000	790,000	780,000	760,000
Federal Loan CW-04-28	600,000	22,271	25,246	25,756	26,276	26,807
Federal Loan CW-03-36	<u>5,922,356</u>	<u>111,023</u>	<u>142,411</u>	<u>145,734</u>	<u>149,136</u>	<u>152,616</u>
	<u>\$ 213,421,269</u>	<u>\$10,007,387</u>	<u>\$ 10,410,893</u>	<u>\$ 10,639,766</u>	<u>\$ 10,446,598</u>	<u>\$ 10,689,390</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>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
GOB 2005 - Refund 1996	\$ 610,000	\$ 565,000	\$ 580,000	\$ 585,000	\$ 595,000
GOB 2005 - Refund 1996	585,000	595,000	600,000	360,000	370,000
Sewer Bonds	185,000	195,000	205,000	215,000	225,000
General Public Improvement	390,000	390,000	390,000	390,000	390,000
Federal Loan 1996 Series A	1,035,000	890,000	730,000	515,000	270,000
Federal Loan 1998 Series A	4,085,000	4,390,000	4,710,000	5,085,000	5,490,000
Federal Loan 2000 Series 6	155,000	160,000	165,000	170,000	180,000
Middle School, Public Imp	2,500,000	2,605,000	2,715,000	2,835,000	2,955,000
Federal Loan 2003 Series 8	36,948	37,798	39,019	40,715	42,412
Federal Loan 2003 Pool 9	72,795	74,959	77,290	80,000	80,000
HUD 108 -2003 -A	105,000	105,000	105,000	105,000	105,000
Federal Loan DW-02-13	90,910	93,415	97,068	100,041	105,000
Federal Loan DE-02-20	179,857	184,806	192,023	197,894	205,000
\$11.434M GOB 2006	590,000	590,000	590,000	585,000	585,000
Federal Loan CW-04-28	27,349	27,901	28,465	29,040	29,627
Federal Loan CW-03-36	<u>156,178</u>	<u>159,823</u>	<u>163,554</u>	<u>167,371</u>	<u>171,277</u>
	<u>\$10,804,037</u>	<u>\$ 11,063,702</u>	<u>\$11,387,419</u>	<u>\$ 11,460,061</u>	<u>\$ 11,798,316</u>

See accompanying independent auditors' report

