

**CITY OF NEW BEDFORD, MASSACHUSETTS**

**ANNUAL FINANCIAL REPORT**

**JUNE 30, 2008**

# CITY OF NEW BEDFORD, MASSACHUSETTS

June 30, 2008

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**CITY OF NEW BEDFORD, MASSACHUSETTS**

June 30, 2008

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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 aggregate 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, 2008 (except for the New Bedford Contributory Retirement System which is as of and for the year ended December 31, 2007), 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 did not audit the financial statements of the Greater New Bedford Workforce Investment Board, which is presented as a blended component unit. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Greater New Bedford Workforce Investment Board, is based on the report of the other auditors.

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 consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City of New Bedford's internal control over financial reporting. Accordingly, we express no opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, 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.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of New Bedford, Massachusetts, as of June 30, 2008 (except for the New Bedford Contributory Retirement System which is as of and for the year ended December 31, 2007), 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.

**CITY OF NEW BEDFORD, MASSACHUSETTS**

In accordance with *Government Auditing Standards*, we have also issued a separate report dated May 7, 2009 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.

The management's discussion and analysis on pages 3 through 13 and the schedule of revenues, expenditures and changes in fund balances - budgetary basis on pages 73 through 81 and 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 85 through 109 are presented for purposes of additional analysis and are not a required part of the basic financial statements. The supplementary statements and schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The schedule of funding progress and employers' contributions on pages 82 through 84 have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

*Hague, Sabady & Co. PC*

May 7, 2009

## CITY OF NEW BEDFORD, MASSACHUSETTS

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

Year Ended June 30, 2008

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, 2008 and 2007. 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, 2008 and 2007, respectively, by \$136,076,949 and \$160,992,232. Of this amount, \$66,279,784 represents unrestricted net assets at June 30, 2008 and \$91,632,441 at June 30, 2007.
- The City's total net assets decreased by \$24,915,283 for the fiscal year ended June 30, 2008.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$24,961,833. As of June 30, 2007 ending fund balances for governmental funds were \$18,311,585.
- At the end of the current fiscal year, unreserved fund balance for the general fund was \$17,980,974 (6.4 percent) of total general fund expenditures.
- The City's total long term debt increased by \$15,036,482 from \$236,105,398 to \$251,141,880 during the current fiscal year. The key factor in this increase is that the City is incurred new debt totaling \$26,855,872, pay downs were made totaling \$8,832,284 and the state subsidized principal payments totaled \$2,987,106 through the Massachusetts Water Pollution Trust.
- The City considered its water and airport activities to be business-type in nature beginning in 2007. The business-type activities decreased the City's net assets by \$2,193,334.

#### **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, 2008

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, Department of Workforce Development Administration (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, 2008

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 73 through 75 and 78 of this report.

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

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide information for the enterprise fund consisting of the water and airport operations as well as the internal service fund which 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 76 through 77 of this report.

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

The fiduciary funds financial statements can be found on pages 26 through 27 of this report.

## CITY OF NEW BEDFORD, MASSACHUSETTS

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

Year Ended June 30, 2008

**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 72 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 73 through 81.

#### 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 \$136,076,947 as of June 30, 2008 and \$160,992,232 as of June 30, 2007.

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, 2008 and June 30, 2007 (Government-wide level)

	<u>Governmental Activities</u>		<u>Business-Type Activities **</u>		<u>Total **</u>	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
<b>Assets:</b>						
Current and other assets	\$ 132,962,099	\$ 132,879,008	\$ 2,887,805	\$ 2,691,103	\$ 135,849,904	\$ 135,570,111
Capital assets	<u>294,697,649</u>	<u>291,404,608</u>	<u>56,185,186</u>	<u>52,775,276</u>	<u>350,882,835</u>	<u>344,179,884</u>
Total Assets	<u>\$ 427,659,748</u>	<u>\$ 424,283,616</u>	<u>\$ 59,072,991</u>	<u>\$ 55,466,379</u>	<u>\$ 486,732,739</u>	<u>\$ 479,749,995</u>
<b>Liabilities:</b>						
Current liabilities	\$115,774,995	\$ 97,829,031	\$ 2,149,261	\$ 1,443,170	\$117,924,256	\$ 99,272,201
Long-term liabilities	<u>215,469,812</u>	<u>207,317,695</u>	<u>17,261,722</u>	<u>12,167,867</u>	<u>232,731,534</u>	<u>219,485,562</u>
Total Liabilities	<u>\$ 331,244,807</u>	<u>\$ 305,146,726</u>	<u>\$ 19,410,983</u>	<u>\$ 13,611,037</u>	<u>\$ 350,655,790</u>	<u>\$ 318,757,763</u>
<b>Net Assets:</b>						
Investment in capital assets (net of debt)	\$ 30,330,625	\$ 33,307,416	\$ 37,848,404	\$ 39,901,603	\$ 68,179,029	\$ 73,209,019
Restricted	1,624,204	( 4,121,180)	( 6,068)	271,952	1,618,136	( 3,849,228)
Unreserved	<u>64,460,112</u>	<u>89,950,654</u>	<u>1,819,672</u>	<u>1,681,787</u>	<u>66,279,784</u>	<u>91,632,441</u>
Total Net Assets	<u>\$ 96,414,941</u>	<u>\$ 119,136,890</u>	<u>\$ 39,662,008</u>	<u>\$ 41,855,342</u>	<u>\$ 136,076,949</u>	<u>\$ 160,992,232</u>

\*\* Total net assets for fiscal year ended June 30, 2007 have been restated - refer to restatement note (pages 70-71) in the financial statements for the explanation.

**CITY OF NEW BEDFORD, MASSACHUSETTS**

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

Year Ended June 30, 2008

An additional portion of the City's net assets \$1,618,136 represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets \$66,279,784 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, 2008 and June 30, 2007 cash and investments consisted of \$65,535,187 and \$66,569,695 respectively.

At the end of fiscal year 2008, the City is able to report positive balances in all three categories of net assets for its governmental activities. For year ended 2008 the City is not able to report positive balances in all three categories of net assets for its business-type activities.

The City's net assets for its governmental funds increased during the current fiscal year, due primarily to earning revenues in excess of expenditures and the receipt of \$23.5 million in bond proceeds. Net income before transfers for business-type activities increased due to revenue earned in excess of expenditures in the amount of \$153,853.

**Governmental activities.** Governmental activities decreased the City's net assets by \$22,721,949 for fiscal year ended June 30, 2008.

**Business-type activities.** Business-type activities decreased the City's net assets by \$2,193,334 for 2008.

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

**Changes in Net Assets for the period ending June 30, 2008 and June 30, 2007 (Government-wide level)**

	<u>Governmental Activities</u>		<u>Business-Type Activities **</u>		<u>Total **</u>	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
Revenues:						
Program revenues:						
Charges for service	\$ 37,056,400	\$ 36,929,132	\$ 8,965,661	\$ 8,283,560	\$ 46,022,061	\$ 45,212,692
Operating grants & contributions	68,858,343	68,278,767		200,076	68,858,343	68,478,843
Capital grants & contributions	5,066,545	39,030,586	190,796	395,000	5,257,341	39,425,586
General revenues:						
Property taxes	79,443,107	79,127,415			79,443,107	79,127,415
Motor vehicle excise	5,497,886	5,753,488			5,497,886	5,753,488
Tax liens fines & other	4,403,140	3,984,212	90		4,403,230	3,984,212
Intergovernmental	136,617,059	136,047,415			136,617,059	136,047,415
Contributions & Donations	8,238,230				8,238,230	
Earnings on investments	1,239,349	2,878,895			1,239,349	2,878,895
Other	<u>3,764,590</u>	<u>2,470,505</u>	<u>117,909</u>	<u>84,635</u>	<u>3,882,499</u>	<u>2,555,140</u>
Total revenues	<u>350,184,650</u>	<u>374,500,415</u>	<u>9,274,456</u>	<u>8,963,271</u>	<u>359,459,105</u>	<u>383,463,686</u>

**CITY OF NEW BEDFORD, MASSACHUSETTS**

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

Year Ended June 30, 2008

**Changes in Net Assets for the period ending June 30, 2008 and June 30, 2007 (Government-wide level)**

	<u>Governmental Activities</u>		<u>Business-Type Activities **</u>		<u>Total **</u>	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
Expenses:						
General government	12,122,081	8,848,135			12,122,081	8,848,135
Public safety	60,435,155	53,333,976			60,435,155	53,333,976
Public Infrastructure	2,150,506				2,150,506	
Public works	41,303,251	34,457,791			41,303,251	34,457,791
Education	225,128,996	202,173,624			225,128,996	202,173,624
Community and economic development	6,937,788	9,840,987			6,937,788	9,840,987
Health & human services	8,057,348	6,198,907			8,057,348	6,198,907
Municipal airport	175,815	887,892			175,815	887,892
Culture and recreation	7,178,535	5,686,208			7,178,535	5,686,208
Debt service (interest)	5,017,073	11,809,820			5,017,073	11,809,820
Debt administrative fees		242,237				242,237
Miscellaneous	199,310	15,146			199,310	15,146
State and county charges	5,790,318	1,618,112			5,790,318	1,618,112
Water			8,524,060	7,185,761	8,819,228	7,185,761
Airport			1,011,437	579,742	1,058,984	579,742
Total expenses	<u>374,496,176</u>	<u>335,112,835</u>	<u>9,535,497</u>	<u>7,765,503</u>	<u>384,374,388</u>	<u>342,878,338</u>
Increase (decrease) in net assets before transfers	( 24,311,527)	39,387,580	( 241,041)	1,197,768	( 24,915,283)	40,585,348
Funds deficits raised		( 109,361)				( 109,361)
Transfers from other Funds	1,589,578	( 5,737,895)	( 1,589,578)	5,212,595		( 425,300)
Transfers out prior year Bills		( 159,343)				( 159,343)
Increase (decrease) in net assets	( 22,721,949)	33,380,981	( 1,850,619)	6,510,363	( 24,915,283)	39,891,344
Net assets - beginning **	<u>119,136,890</u>	<u>85,755,909</u>	<u>41,855,342</u>	<u>35,344,979</u>	<u>160,992,232</u>	<u>121,100,888</u>
Net assets - ending	<u>\$ 96,414,941</u>	<u>\$ 119,136,890</u>	<u>\$ 40,04,723</u>	<u>\$ 41,855,342</u>	<u>\$ 136,076,949</u>	<u>\$ 160,992,232</u>

\*\* This category was restated - Refer to restatement note (page 70-71) for explanation.

The majority of general revenues are tax collections from the City's taxpayers. This amount represented 33% of the total general revenues of \$239 million. The operating grants are also a significant source of revenue for the City. The total operating grants for fiscal year ended June 30, 2008 amounted to \$68,858,343 of which \$52,754,118 were received for education.

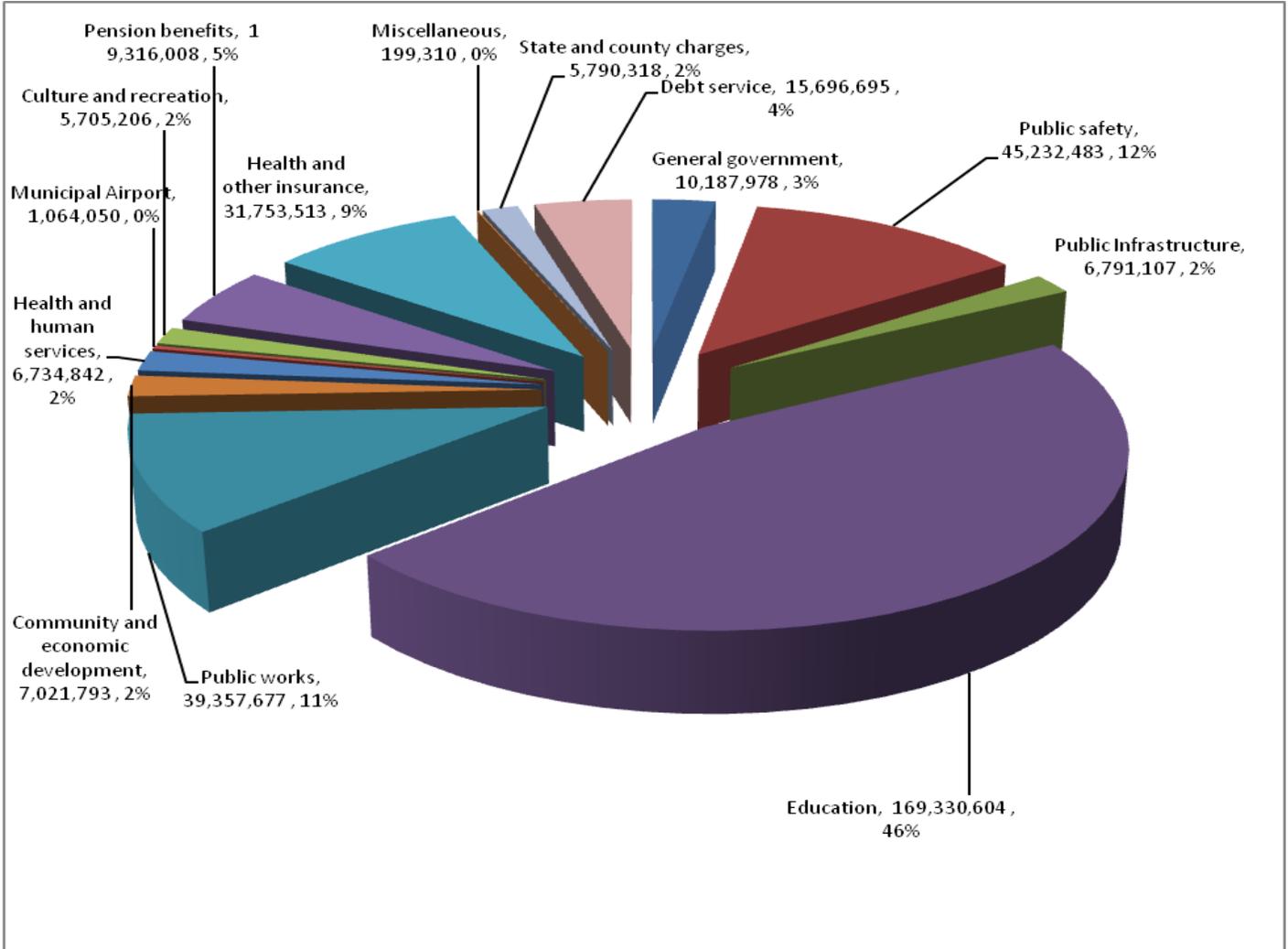
The most significant expense of the City is education which represented 49% of total expenses, followed by public safety at 16%.

**CITY OF NEW BEDFORD, MASSACHUSETTS**

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

Year Ended June 30, 2008

**Governmental Funds – Expenditures by Function**

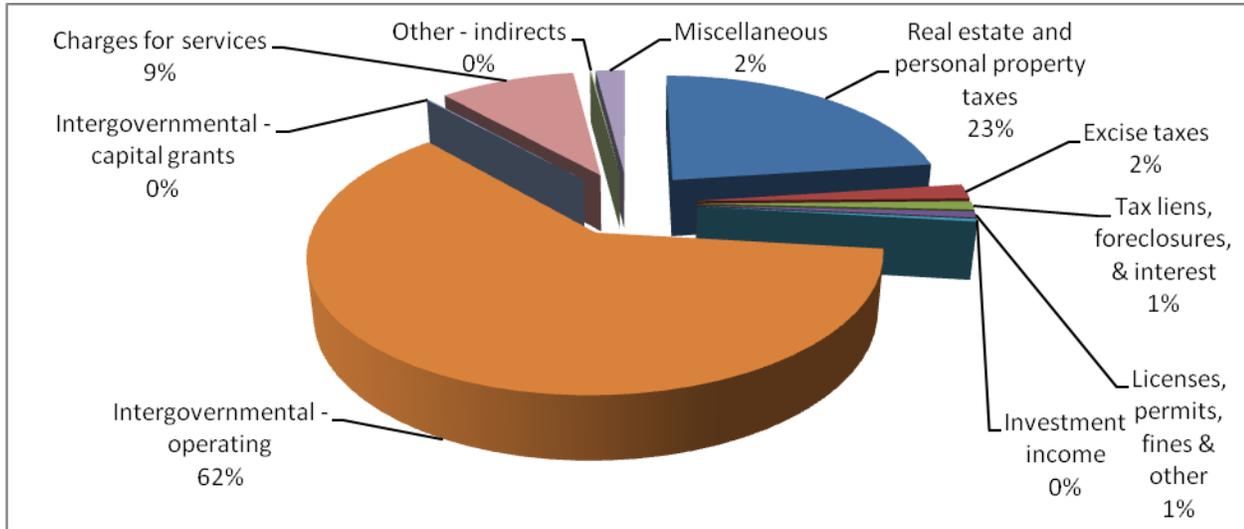


## CITY OF NEW BEDFORD, MASSACHUSETTS

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

Year Ended June 30, 2008

### Governmental Funds – Revenue Sources



#### 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 \$24,961,833 for fiscal year ended June 30, 2008 and \$18,311,585 for fiscal year ended June 30, 2007. This increase in fiscal year ended June 30, 2008, totaling \$6,650,248 is primarily due to a revenue deficit of \$17,138,754 netted with \$23.5 million in bond proceeds.

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 \$18,557,276 of which \$17,980,974 was unreserved. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balances and total fund balances to total fund expenditures. Total fund balance and unreserved fund balance represent approximately 6.60% and 6.40% of total general fund expenditures, respectively.

The stabilization fund had a fund balance of \$9,350,417 at the end of fiscal year 2008 and a balance of \$5,220,340 at the end of fiscal year 2007. During the year the transfers in were \$4,130,084 and investment income of \$303,992 was earned.

## CITY OF NEW BEDFORD, MASSACHUSETTS

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

Year Ended June 30, 2008

**Proprietary funds.** The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. The Internal Service Fund is categorized as a governmental activity because it services primarily governmental-type funds. The water and airport funds had net assets of \$33,043,803 and \$6,618,205 as of June 30, 2008 and \$36,022,497 and \$5,832,845 as of June 30, 2007, respectively.

#### **Budgetary Highlights**

**General Fund.** The major difference between the original budget and the final budget was the appropriation of free cash in the amount of \$8,509,776. The major revenue and expenditures categories which changed are briefly summarized as follows:

##### Revenues and Other Sources:

Total budgeted revenues were decreased by \$5,176,372, over the original budget.

- Property tax revenue were decreased by \$4,533,781.
- Other departmental revenue - other was decreased by \$614,591.

##### Expenditures and Other Uses:

Total budgeted appropriations were increased by \$3,333,404 over the original budget

- General government unclassified was decreased by \$2,509,952.
- Public safety - policy was increased by \$1,520,134.
- Health and human service was increased by \$2,402,873.

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

- Total revenues were \$1,901,168 higher than budgeted due to the following.
  - \$267,890 more collected than anticipated for motor vehicle excise.
  - \$260,743 less collected than anticipated for penalties and interest.
  - Departmental other revenues were \$1,269,125 more than budgeted.
  - Miscellaneous non-recurring was \$357,049 more than budgeted.
  - \$225,882 more collected than anticipated for state revenues.
- Total expenditures were lower than anticipated by \$992,615 due to the following:
  - \$111,840 less spent then planned for general government.
  - Police spent \$191,441 less than budgeted
  - Public facilities spent \$118,647 less than budgeted.
  - Culture and recreation spent \$123,962 less than budgeted
  - \$227,359 less spent than anticipated for intergovernmental expenditures.

#### **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, 2008 amounted to \$350,882,835 (net of accumulated depreciation). This investment in capital assets includes land, buildings and system, improvements, machinery and equipment, construction in progress and animals, etc. The total increase in the City's investment in capital assets for the current year was 1.95 percent.

**CITY OF NEW BEDFORD, MASSACHUSETTS**

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

Year Ended June 30, 2008

Major capital asset events during the current fiscal year included the Keith Middle School.

**Net of Accumulated Depreciation  
June 30, 2008**

	2008			2007		
	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>	<u>Governmental Activities**</u>	<u>Business-Type Activities**</u>	<u>Total</u>
Land	\$ 1,488,808	\$ 735,522	\$ 2,224,330	\$ 879,894	\$ 735,522	\$ 1,615,416
Easements		962,500	962,500		962,500	962,500
Construction in progress	26,119,614		26,119,614	25,633,155		25,633,155
Infrastructure in progress	3,827,712	4,388,161	8,215,873	4,936,859	1,641,197	6,578,056
Infrastructure	41,558,229	46,857,906	88,416,135	39,096,473	46,902,407	85,998,880
Land Improvements	345,644	333,483	679,127	21,902	1,223	23,125
Buildings and Improvements	203,576,822	1,751,938	205,328,760	202,347,259	1,792,775	204,140,034
Machinery and Equipment	10,362,784	811,461	11,174,245	10,346,160	568,968	10,915,128
Office Equipment and Furniture	1,505,063	7,795	1,512,858	1,819,811	10,218	1,830,029
Computer Equipment	2,231,656	21,716	2,253,372	3,455,151	3,723	3,458,874
Library Books and Textbooks	1,454,040		1,454,040	2,046,166		2,046,166
Automobiles	2,195,743	314,704	2,510,447	787,925	156,743	944,668
Animals	31,534		31,534	33,853		33,853
	<u>\$ 294,697,649</u>	<u>\$ 56,185,186</u>	<u>\$ 350,882,835</u>	<u>\$ 291,404,608</u>	<u>\$ 52,775,276</u>	<u>\$ 344,179,884</u>

\*\* This category was restated – Refer to restatement note (pages 70 – 71) for explanation.

Additional information on the City's capital assets can be found on note 5 on pages 49 through 51 of this report.

**Long-term debt.** The City had total bonded debt outstanding of \$234,020,928 as of June 30, 2008 and \$220,769,080 as of June 30, 2007. The full faith and credit of the City backs this entire amount. Of this amount \$18,065,394 relates to the business type activities.

During the current year the City's total debt increased by \$13,251,848. This resulted because the City incurred new debt totaling \$24,896,347 and pay downs totaled \$11,644,499 during the fiscal year ended June 30, 2008.

Additional information on the City's long-term debt can be found in note 12 on pages 61 through 67 of this report.

## CITY OF NEW BEDFORD, MASSACHUSETTS

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

Year Ended June 30, 2008

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

The unemployment rate of the City of New Bedford is averaged 7.7 %, in 2008, up from 6.4 % in 2007. These are annual averages from the Bureau of Labor Statistics Data.

After a professional market study concluded that there is sufficient demand to support an 80-100 room hotel downtown, a 106 room Fairfield Inn & Suites in the downtown/waterfront area is in the works with ground breaking occurred in June 2009. The construction is estimated at 10 million and is expected to create 74 construction jobs. The anticipated value of the land and building will be approximately 6.8 million, with expected growth of more than 146,000 in real property taxes.

In 2008, New Bedford was once again ranked the top-grossing fishing port in the nation in terms of catch, with a total of \$ 241.3 million in landings in 2008 with a yield of an estimated \$ 1 billion in benefit to the local economy.

Visits to tourism-related destinations increased 4% in 2007, while the Buttonwood Park Zoo had 223,748 visits (up from 206,395 in 2007) 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 5.25 percent, from 134,963,991 to 142,058,942 from 2007 to 2008. 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. In 2009, this revenue increased by only 2.05 percent due to economic downturns at the State level and was then further reduced by 2,789,923 resulting in no increase at all. The City responded with workforce reductions, which along with Free Cash reserves of 7.5 million in the Stabilization Trust Fund has kept finances stable in the face of the reductions in revenue.

To work towards growing out of such heavy reliance on aid, the City is continuing to engage in significant economic development planning initiatives that include;

- An update of the City's Harbor Master Plan
- Upper harbor development Planning
- Hicks Logan Urban Renewal master Plan
- Historic Mill inventory and Assessment
- Strategic Investment Plan for the City of New Bedford
- Establishing priority Development Sites
- Streamlining Municipal Permitting

The development of the Fairhaven Mills site began in the Summer of 2009. The site is planning 70,000 square feet of retail and restaurant development in 3 buildings, 31,100 square feet of commercial development and 24,000 square feet of medical office space. The State has awarded a grant of 1.3 million to fix the traffic interchange at the site which has been completed as of June 2009. The site has been cleared and the major tenant has been secured. In the Fall of 2008, Konarka purchased one third of the vacant Polaroid Site. The Coalition for Buzzards Bay acquired a building in the historic park downtown for 865,000 and received a loan of 4.9 million to totally reconstruct the building into an energy efficient operation, representing a 5.8 million investment in the historic downtown area and is currently under construction.

#### **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 City Auditor, 133 Williams Street, New Bedford, Massachusetts.

**CITY OF NEW BEDFORD, MASSACHUSETTS**

Statement Of Net Assets

June 30, 2008

	<u>Primary Government</u>			<u>Component Units</u>		
	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>	<u>Greater New Bedford Regional Refuse Management District</u>	<u>Non Major Component Units</u>	<u>Total Component Units</u>
<b>ASSETS</b>						
Unrestricted cash and investments	\$ 63,516,113	\$ 2,020,074	\$ 65,536,187	\$ 4,026,980	\$ 626,639	\$ 4,653,619
Restricted cash and investments	5,974,054		5,974,054	8,919,639		8,919,639
Accounts receivable, net of allowance	18,352,592	566,346	18,918,938	750,183	1,887,179	2,637,362
Taxes receivable, net	17,151,831		17,151,831			
Loan receivable, net	15,823,215		15,823,215			
Health plan contributions receivable, net	1,168,841		1,168,841			
Accrued interest receivable	58,393		58,393			
Due from other funds	7,094,549		7,094,549			
Investments in property					1,057,494	1,057,494
Due from other governments				2,925	710,195	713,120
Intra-entity receivable	2,222,102		2,222,102			
Receivable from external parties						
Inventories and prepaid expenses	290,468	301,385	591,853	60,146	234,118	294,264
Other assets - current	290,343		290,343		1,833	1,833
Bond premium discount	39,165		39,165			
Deferred advance refunding, net of amortization	980,433		980,433			
Other assets - noncurrent				84,135		84,135
Capital assets						
Land	1,488,808	735,522	2,224,330	5,735,219	312,583	6,047,802
Construction in progress	26,119,614		26,119,614		8,396,811	8,396,811
Infrastructure in progress	3,827,712	4,388,161	8,215,873	9,529,421		9,529,421
Easements		962,500	962,500			
Land improvements, net	345,644	333,483	679,127	136,772	77,054	213,826
Leasehold improvements, net					403,441	403,441
Infrastructure, net	41,558,229	46,857,906	88,416,135			
Building and improvements, net	203,576,822	1,751,938	205,328,760	193,640	6,528,563	6,722,203
Office equipment and furniture, net	1,505,063	7,795	1,512,858	930	14,478	15,408
Computer equipment, net	2,231,656	21,716	2,253,372	3,528		3,528
Library books and textbooks, net	1,454,040		1,454,040			
Automobiles, net	2,195,743	314,704	2,510,447	868,444	15,142	883,586
Machinery and equipment, net	10,362,784	811,461	11,174,245		30,767	30,767
Animals, net	31,534		31,534			
Total capital assets	<u>294,697,649</u>	<u>56,185,186</u>	<u>350,882,835</u>	<u>16,467,954</u>	<u>15,778,839</u>	<u>32,246,793</u>
Total assets	<u>\$ 427,659,748</u>	<u>\$ 59,072,991</u>	<u>\$ 486,732,739</u>	<u>\$ 30,311,962</u>	<u>\$ 20,296,297</u>	<u>\$ 50,608,259</u>

The accompanying notes are an integral part of this statement

**CITY OF NEW BEDFORD, MASSACHUSETTS**

Statement Of Net Assets (continued)

June 30, 2008

	<u>Primary Government</u>			<u>Component Units</u>		<u>Total Component Units</u>
	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>	<u>Greater New Bedford Regional Refuse Management District</u>	<u>Non Major Component Units</u>	
<b>LIABILITIES</b>						
Accounts payable and accrued expenses	\$ 24,147,114	\$ 297,921	\$ 24,445,035	\$ 236,627	\$ 1,240,376	\$ 1,477,003
Retainage payable	299,596		299,596		5,482	5,482
Due to other governments	4,647		4,647	2,925	134,724	137,649
Intra-entity payable					2,272,101	2,272,101
Due to other funds	5,972,251		5,972,251			
Payable to external parties	221,174		221,174			
Accrued interest	3,538,454	226,671	3,765,125		28,396	28,396
Deposits held				128,768	12,250	141,018
Deferred revenues	110,420		110,420		1,426,992	1,426,992
Other liabilities	376,064	112	376,176			
Long-term liabilities:						
Portion due or payable within one year:						
Claims incurred but not reported	1,751,137		1,751,137			
Bonds and notes payable	55,871,298	1,040,329	56,911,627	415,000	28,437	443,437
Other post employment benefit liability	17,504,178	342,715	17,846,893			
Capital leases	77,982	22,075	100,057			
Compensated absences	5,900,680	219,438	6,120,118		18,384	18,384
Portion due or payable in more than one year:						
Accrued closure/post closure costs				6,555,177		6,555,177
Bonds and notes payable	204,805,692	17,025,065	221,830,757	1,822,344		1,822,344
Capital leases	73,598	22,642	96,240			
Compensated absences	10,590,522	214,015	10,804,537		165,460	165,640
Total liabilities	<u>\$ 331,244,807</u>	<u>\$ 19,410,983</u>	<u>\$ 350,655,790</u>	<u>\$ 9,160,841</u>	<u>\$ 5,332,602</u>	<u>\$ 14,493,443</u>
<b>NET ASSETS</b>						
Invested in capital assets, net of related debt	\$ 30,330,625	\$ 37,848,404	\$ 68,179,029	\$ 14,314,745	\$ 15,511,650	\$ 29,826,395
Restricted for:						
Debt service	3,377,165		3,377,165			
Capital projects	( 25,601,957)		( 25,601,957)			
Special revenue	18,209,002		18,209,002			
Non-expendable bequests	5,102,411		5,102,411			
Appropriation deficits	( 1,037,605)	( 6,068)	( 1,043,673)			
Other purposes	1,575,188		1,575,188	5,010,877	( 1,663,218)	3,347,659
Unrestricted	<u>64,460,112</u>	<u>1,819,672</u>	<u>66,279,784</u>	<u>1,825,499</u>	<u>1,115,263</u>	<u>2,940,762</u>
Total net assets	<u>\$ 96,414,941</u>	<u>\$ 39,662,008</u>	<u>\$ 136,076,949</u>	<u>\$ 21,151,121</u>	<u>\$ 14,963,695</u>	<u>\$ 36,114,816</u>

The accompanying notes are an integral part of this statement

**CITY OF NEW BEDFORD, MASSACHUSETTS**

Statement of Activities

For the Year Ended June 30, 2008

	<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</u>	<u>Nonmajor Component Units</u>	<u>Total Component Units</u>
<b>Governmental Activities:</b>											
General government	\$ 10,162,232	\$ 1,959,849	\$ 6,633,704	\$ 285,787	\$ 159,228	\$( 5,043,362)		\$( 5,043,362)	\$	\$	
Public safety	48,788,871	11,646,284	2,807,078	3,239,920	208,708	( 54,179,449)		( 54,179,449)			
Public Infrastructure	1,863,529	286,977				( 2,150,506)		( 2,150,506)			
Public works	39,677,051	1,626,200	16,934,612	8,399,230	491,924	( 15,477,485)		( 15,477,485)			
Health and human services	5,144,534	2,912,814	4,063,176	1,631,680	3,484	( 2,359,008)		( 2,359,008)			
Education	183,502,295	41,626,701	4,433,911	52,754,118	2,632,773	( 165,308,194)		( 165,308,194)			
Community and economic development	6,937,788		1,444,203	1,712,365	170,832	( 3,610,384)		( 3,610,384)			
Culture and recreation	6,076,763	1,101,772	727,199	763,434	486,543	( 5,201,359)		( 5,201,359)			
Municipal airport	175,815		12,517	71,805	913,053	821,560		821,560			
Pension benefits	19,316,008	( 19,316,008)									
Health and other insurance	41,844,589	( 41,844,589)									
Miscellaneous	199,310					( 199,310)		( 199,310)			
State and county charges	5,790,318					( 5,790,318)		( 5,790,318)			
Debt service:											
Interest and fiscal charges	5,017,073					( 5,017,073)		( 5,017,073)			
Total governmental activities	<u>374,496,176</u>		<u>37,056,400</u>	<u>68,858,343</u>	<u>5,066,545</u>	<u>( 263,514,888)</u>		<u>( 263,514,888)</u>			
<b>Business-Type Activities:</b>											
Water	8,819,228		8,350,938		190,796	( 277,494)		( 277,494)			
Airport	1,058,984		614,723			( 444,261)		( 444,261)			
Total business-type activities	<u>9,878,212</u>		<u>8,965,661</u>		<u>190,796</u>	<u>( 721,755)</u>		<u>( 721,755)</u>			
Total primary government	<u>384,374,388</u>		<u>46,022,061</u>	<u>68,858,343</u>	<u>5,257,341</u>	<u>( 263,514,888)</u>		<u>( 264,236,643)</u>			
<b>Component Units:</b>											
Greater New Bedford Regional Refuse Management District	4,378,880		5,362,698					983,818		983,818	
Non-major component units	7,402,130		1,806,456	5,798,314	1,186,108				1,388,748	1,388,748	
Total component units	<u>11,781,010</u>		<u>7,169,154</u>	<u>5,798,314</u>	<u>1,186,108</u>			<u>983,818</u>	<u>1,388,748</u>	<u>2,372,566</u>	
Total City of New Bedford	<u>\$ 396,155,398</u>	<u>\$</u>	<u>\$ 53,191,215</u>	<u>\$ 74,656,657</u>	<u>\$ 6,443,449</u>	<u>\$( 263,514,888)</u>	<u>\$( 721,755)</u>	<u>\$( 264,236,643)</u>	<u>\$ 983,818</u>	<u>\$ 1,388,748</u>	<u>\$ 2,372,566</u>

The accompanying notes are an integral part of the statement

**CITY OF NEW BEDFORD, MASSACHUSETTS**

Statement of Activities

For the Year Ended June 30, 2008

<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>	<i>Primary Government</i>			<i>Component Units</i>		
					<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>	<u>Greater New Bedford Regional District</u>	<u>Nonmajor Component Units</u>	<u>Total Component Units</u>
General revenues:										
Real estate and personal property, net of reserve for abatements					\$ 79,443,107		\$ 79,443,107	\$	\$	\$
Motor vehicle and other excise taxes					5,497,886		5,497,886			
Distribution - School Aid					107,414,207		107,414,207			
Distribution - Lottery					27,914,157		27,914,157			
Distribution - Additional aid					716,255		716,255			
Exemptions - Veteran's blind, surviving spouse & elderly					559,902		559,902			
State owned land					12,538		12,538			
Tax foreclosures					1,938,434		1,938,434			
Penalties and interest on taxes					1,923,700		1,923,700			
Fines and forfeitures					300,073	90	300,163			
Earnings on investments					1,239,349		1,239,349	483,902	27,691	511,593
Payments in lieu of taxes					240,933		240,933			
Contributions and donations					8,238,230		8,238,230			
Miscellaneous					3,764,590	117,909	3,882,499		1,501	1,501
Transfers:										
Transfers from other funds					<u>1,589,578</u>	<u>( 1,589,578)</u>				
Total general revenues					<u>240,792,939</u>	<u>( 1,471,579)</u>	<u>239,321,360</u>	<u>483,902</u>	<u>29,192</u>	<u>513,094</u>
Special Item:										
Gain on Sale of Lots									221,807	221,807
Change in net assets					( 22,721,949)	( 2,193,334)	( 24,915,283)	1,467,720	1,639,747	3,107,467
Net assets-beginning, restated					<u>119,136,890</u>	<u>41,855,342</u>	<u>160,992,232</u>	<u>19,683,401</u>	<u>13,323,948</u>	<u>33,007,649</u>
Net assets-ending					<u>\$ 96,414,941</u>	<u>\$ 39,662,008</u>	<u>\$ 136,076,949</u>	<u>\$ 21,151,121</u>	<u>\$ 14,963,695</u>	<u>\$ 36,114,816</u>

The accompanying notes are an integral part of the statement

**CITY OF NEW BEDFORD, MASSACHUSETTS**

Balance Sheet

Governmental Funds

June 30, 2008

	<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	\$ 19,171,751	\$ 4,255,555	\$ 9,380,417	\$ 29,025,477	\$ 61,833,200
Cash, restricted		5,974,054			5,974,054
Receivables, net:					
Real estate and personal property taxes	3,240,676				3,240,676
Tax liens	12,235,719				12,235,719
Motor vehicle and boat excise	1,709,796				1,709,796
User fees		1,664,488			1,664,488
Accrued interest		3,286		55,107	58,393
Departmental and other	3,766,926	149,482			3,916,408
Loans receivable				18,870,099	18,870,099
Other receivables	508,227			661,398	1,169,625
Special assessments	2,858	287,485			290,343
Due from federal or state government	695,574			11,707,950	12,403,524
Due from other funds	2,562,954	5,579		183,066	2,751,599
Due from external parties	2,222,102				2,222,102
Other assets	39,165				39,165
Inventories		32,706		257,762	290,468
Total assets	<u>\$ 46,155,748</u>	<u>\$ 12,372,635</u>	<u>\$ 9,380,417</u>	<u>\$ 60,760,859</u>	<u>\$ 128,669,659</u>
<b>LIABILITIES AND FUND BALANCES (DEFICITS)</b>					
Liabilities:					
Warrants payable	\$ 2,430,427	\$ 438,070	\$	\$ 1,398,302	\$ 4,266,799
Accounts payable and accrued expenses	9,422,886	649,381		3,926,404	13,998,671
Retainage payable				299,596	299,596
Bonds and notes payable				36,077,374	36,077,374
Interim loan payable				8,644,082	8,644,082
Due to other funds	3,614,343	2,482,018	30,000	67,064	6,193,425
Due to other governments				4,647	4,647
Other liabilities	362,390			13,674	376,064
Deferred revenue	11,768,426	2,097,080		19,981,662	33,847,168
Total liabilities	<u>27,598,472</u>	<u>5,666,549</u>	<u>30,000</u>	<u>70,412,805</u>	<u>103,707,826</u>
Fund balances (deficits):					
Reserved for:					
Encumbrances	134,334				134,334
Debt Service	472,648	2,904,517			3,377,165
Non expendable bequests				5,102,411	5,102,411
Other specific purposes	( 30,680)	1,573,938			1,543,258
Unreserved	17,980,974	2,227,631			20,208,605
Undesignated, reported in nonmajor:					
Special revenue funds			9,350,417	8,858,585	18,209,002
Capital project funds				( 25,601,957)	( 25,601,957)
Permanent funds				1,989,015	1,989,015
Total fund balances (deficits)	<u>18,557,276</u>	<u>6,706,086</u>	<u>9,350,417</u>	<u>( 9,651,946)</u>	<u>24,961,833</u>
Total liabilities and fund balances (deficits)	<u>\$ 46,155,748</u>	<u>\$ 12,372,635</u>	<u>\$ 9,380,417</u>	<u>\$ 60,760,859</u>	<u>\$ 128,669,659</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, 2008

	<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	\$ 79,396,213	\$	\$	\$	\$ 79,396,213
Motor vehicle and other excise taxes	6,246,878				6,246,878
Tax liens and foreclosures	1,704,636				1,704,636
Penalties and interest on taxes	1,923,700				1,923,700
Licenses and permits	2,029,754				2,029,754
Fines and forfeitures	299,881				299,881
Investment income	1,020,684	435,512	303,992	( 523,470)	1,236,718
Intergovernmental - operating grants	167,507,805	6,518,206		39,237,877	213,263,888
Intergovernmental - capital grants				459,266	459,266
Charges for services	16,022,287	16,732,985		4,403	32,759,675
Other - indirect	392,966				392,966
Special assessments and betterments	512				512
Payments in lieu of taxes	309,257				309,257
Miscellaneous	<u>620,276</u>	<u>819,172</u>		<u>5,580,038</u>	<u>7,019,486</u>
Total revenues	<u>277,474,849</u>	<u>24,505,875</u>	<u>303,992</u>	<u>44,758,114</u>	<u>347,042,830</u>
<b>EXPENDITURES</b>					
General government	6,664,045			3,523,933	10,187,978
Public safety	42,830,660			2,401,823	45,232,483
Public Infrastructure				6,791,107	6,791,107
Education	136,398,296		65	32,932,243	168,330,604
Public works	18,374,088	18,444,580		2,539,009	39,357,677
Community and economic development				7,021,793	7,021,793
Health and human services	5,299,804			1,435,038	6,734,842
Culture and recreation	4,279,795			1,425,411	5,705,206
Pension benefits	19,316,008				19,316,008
Health and other insurance	31,753,513				31,753,513
Municipal airport				1,064,050	1,064,050
Miscellaneous	199,310				199,310
State and county charges	5,790,318				5,790,318
Debt service:					0
Principal payments	5,150,375	5,387,411		100,000	10,637,786
Interest and fiscal charges	<u>5,057,847</u>			<u>1,062</u>	<u>5,058,909</u>
Total expenditures	<u>281,114,059</u>	<u>23,831,991</u>	<u>65</u>	<u>59,235,469</u>	<u>341,204,127</u>
Excess (deficiency) of revenues over expenditures	<u>( 3,639,210)</u>	<u>673,884</u>	<u>303,927</u>	<u>( 14,477,355)</u>	<u>( 17,138,754)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Bond proceeds				23,527,347	23,527,347
Transfers in	3,254,809	403,915	4,130,084	578,814	8,367,622
Transfers out	<u>( 5,484,329)</u>		<u>( 303,934)</u>	<u>( 2,317,704)</u>	<u>( 8,105,967)</u>
Total other financing sources and (uses)	<u>( 2,229,520)</u>	<u>403,915</u>	<u>3,826,150</u>	<u>21,788,457</u>	<u>23,789,002</u>
Net change in fund balances	<u>( 5,868,730)</u>	<u>1,077,799</u>	<u>4,130,077</u>	<u>7,311,102</u>	<u>6,650,248</u>
Fund balances-beginning, restated	<u>24,426,006</u>	<u>5,628,287</u>	<u>5,220,340</u>	<u>( 16,963,048)</u>	<u>18,311,585</u>
Fund balances-ending	<u>\$ 18,557,276</u>	<u>\$ 6,706,086</u>	<u>\$ 9,350,417</u>	<u>\$( 9,651,946)</u>	<u>\$ 24,961,833</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, 2008

Total governmental fund balances	\$ 24,961,833
Record allowance for doubtful accounts that are financial resources, for the governmental funds.	( 3,882,697)
Record advance refunding and related amortization that is not reported in the Governmental funds	980,433
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	294,697,648
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	33,736,748
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.	( 438,077)
In the statement of activities, interest is accrued on outstanding long-term debt, whereas in governmental funds interest is not reported until due.	( 3,538,454)
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	( 215,955,533)
Compensated absences	( 16,491,202)
Capital leases	<u>( 151,580)</u>
Net assets of governmental activities	<u>\$ 113,919,119</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, 2008

Net change in fund balances - total governmental funds	\$ 6,650,248
To record allowance for doubtful accounts that are resources for governmental funds	1,529,447
To record advance refunding and related amortization that is not recorded in the Governmental funds	980,433
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets are 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.	3,293,041
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.	( 6,628,488)
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.	( 7,803,694)
In the Statement of Activities, interest is accrued on outstanding long-term debt, whereas in governmental funds interest is not reported until due.	430,403
Some expenses reported in the Statement of Activities, such as compensated absences, do not require current financial resources and, therefore, are not reported as expenditures in the governmental funds.	( 1,818,945)
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>( 1,850,215)</u>
Change in net assets of governmental activities	<u>\$ ( 5,217,770)</u>

The accompanying notes are an integral part of this statement

**CITY OF NEW BEDFORD, MASSACHUSETTS**

Statement of Net Assets

Proprietary Funds

June 30, 2008

	<b>Business-Type Activities</b>			<b>Governmental Activities- Internal Service Funds</b>
	<b>Water</b>	<b>Airport</b>	<b>Total</b>	
<b>ASSETS</b>				
Current assets:				
Cash and short-term investments	\$ 2,017,576	\$ 2,498	\$ 2,020,074	\$ 1,682,913
User charges receivables, net	493,755		493,755	
Other receivables, net	50,210	22,381	72,591	
Due from other funds				4,342,950
Deposits with others				1,168,841
Inventory	301,385		301,385	
Other assets				
<b>Total current assets</b>	<b>2,862,926</b>	<b>24,879</b>	<b>2,887,805</b>	<b>7,194,704</b>
Non-current assets:				
Land	600,000	135,522	735,522	
Easements	962,500		962,500	
Infrastructure in progress	4,013,992	374,169	4,388,161	
Infrastructure	43,170,742	3,687,164	46,857,906	
Land improvements, net		333,483	333,483	
Building and improvements, net	46,057	1,705,881	1,751,938	
Machinery and equipment, net	392,721	418,740	811,461	
Office equipment and furniture, net	6,855	940	7,795	
Computer equipment, net	21,716		21,716	
Automobiles, net	247,465	67,239	314,704	
<b>Total non-current assets</b>	<b>49,462,048</b>	<b>6,723,138</b>	<b>56,185,186</b>	
<b>Total assets</b>	<b>\$ 52,324,974</b>	<b>\$ 6,748,017</b>	<b>\$ 59,072,991</b>	<b>\$ 7,194,704</b>
<b>LIABILITIES</b>				
Current liabilities:				
Warrants payable	\$ 126,262	\$ 23,695	\$ 126,262	\$ 5,881,644
Accounts payable and accrued expenses	147,964		171,659	
Accrued interest	226,671		226,671	
Bonds payable	1,040,329		1,040,329	
Other post employment benefit liability	295,168	47,547	342,715	
Capital leases	21,505	570	22,075	
Compensated absences	193,832	25,606	219,438	
Due to other funds				
Other liabilities	112		112	
Claims incurred but not reported				1,751,137
<b>Total current liabilities</b>	<b>2,051,843</b>	<b>97,418</b>	<b>2,149,261</b>	<b>7,632,781</b>
Non-current liabilities:				
Bonds payable	17,025,065		17,025,065	
Capital leases	22,642		22,642	
Compensated absences	181,621	32,394	214,015	
<b>Total non-current liabilities</b>	<b>17,229,328</b>	<b>32,394</b>	<b>17,261,722</b>	
<b>Total liabilities</b>	<b>\$ 19,281,171</b>	<b>\$ 129,812</b>	<b>\$ 19,410,983</b>	<b>\$ 7,632,781</b>
<b>NET ASSETS</b>				
Investment in capital assets, net of related debt	\$ 31,125,836	\$ 6,722,568	\$ 37,848,404	\$
Restricted				
Reserved for revenue deficit		( 6,068)	( 6,068)	
Unrestricted	1,917,967	( 98,295)	1,819,672	( 438,077)
<b>Total net assets</b>	<b>\$ 33,043,803</b>	<b>\$ 6,618,205</b>	<b>\$ 39,662,008</b>	<b>\$ ( 438,077)</b>

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, 2008

	<b>Business-Type Activities</b>			<b>Governmental Activities- Internal Service Funds</b>
	<b>Water</b>	<b>Airport</b>	<b>Total</b>	
<b>OPERATING REVENUES</b>				
Charges for services	\$ 8,292,288	\$ 614,723	\$ 8,907,011	\$
Utility liens and penalties	58,650		58,650	
Fines and forfeitures		90	90	
Capital grants and contributions	190,796		190,796	
Interfund services provided				38,511,457
Contributions (employee & employer)				
Miscellaneous	<u>117,909</u>		<u>117,909</u>	
Total operating revenues	<u>8,659,643</u>	<u>614,813</u>	<u>9,274,456</u>	<u>38,511,457</u>
<b>OPERATING EXPENSES</b>				
Salaries and benefits	2,509,268	422,291	2,931,559	29,467
Services and supplies	3,756,255	381,859	4,138,114	49,935
Depreciation expense	1,714,583	254,834	1,969,417	
Health & other insurance				<u>40,284,901</u>
Total operating expenses	<u>7,980,106</u>	<u>1,058,984</u>	<u>9,039,090</u>	<u>40,364,303</u>
Operating income (loss)	<u>679,537</u>	<u>( 444,171)</u>	<u>235,366</u>	<u>( 1,852,846)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Debt service - interest payments	( 839,122)		( 839,122)	
Investment income				<u>2,631</u>
Total nonoperating revenue (expenses)	<u>( 839,122)</u>		<u>( 839,122)</u>	<u>2,631</u>
Income (loss) before transfers	<u>( 159,585)</u>	<u>( 444,171)</u>	<u>( 603,756)</u>	<u>( 1,850,215)</u>
<b>TRANSFERS</b>				
Transfers In / (Out)	<u>( 2,819,109)</u>	<u>1,229,531</u>	<u>( 1,589,578)</u>	
Total Transfers	<u>( 2,819,109)</u>	<u>1,229,531</u>	<u>( 1,589,578)</u>	
Change in net assets	( 2,978,694)	785,360	( 2,193,334)	( 1,850,215)
Total net assets-beginning, restated	<u>36,022,497</u>	<u>5,832,845</u>	<u>41,855,342</u>	<u>1,412,138</u>
Total net assets-ending	<u>\$ 33,043,803</u>	<u>\$ 6,618,205</u>	<u>\$ 39,662,008</u>	<u>\$ ( 438,077)</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, 2008

	<b>Business-Type Activities</b>			<b>Governmental Activities- Internal Service Funds</b>
	<b>Water</b>	<b>Airport</b>	<b>Total</b>	
<b>Cash flows from operating activities:</b>				
Cash received from employee and employer contributions and governmental units	\$	\$	\$	\$ 38,511,457
Cash received from customers	8,533,026	596,604	9,129,630	
Payments from/(to) suppliers and employees	( 6,004,227)	( 757,699)	( 6,761,926)	( 40,795,964)
Payments to participants and employees				3,852,859
Internal activity-payments from (to) other funds				3,852,859
Other receipts	<u>117,909</u>	<u>90</u>	<u>117,999</u>	
Net cash provided (used) by operating activities	<u>2,646,708</u>	<u>( 161,005)</u>	<u>2,485,703</u>	<u>5,901,686</u>
<b>Cash flows from noncapital financing activities:</b>				
Transfers in (out)	<u>3,663,849</u>	<u>1,229,531</u>	<u>4,893,380</u>	<u>( 4,333,334)</u>
Net cash provided (used) by noncapital financing activities	<u>3,663,849</u>	<u>1,229,531</u>	<u>4,893,380</u>	<u>( 4,333,334)</u>
<b>Cash flows from capital and related financing activities:</b>				
Purchases and construction of capital assets	( 4,490,954)	( 888,373)	( 5,379,327)	
Principal paid on capital leases	( 60,342)	( 2,146)	( 62,488)	
Principal paid on capital debt	( 1,006,713)		( 1,006,713)	
Interest paid on capital debt	<u>( 792,486)</u>		<u>( 792,486)</u>	
Net cash provided (used) by capital and related financing activities	<u>( 6,350,495)</u>	<u>( 890,519)</u>	<u>( 7,241,014)</u>	
<b>Cash flows from investing activities:</b>				
Interest paid on long-term debt				<u>2,631</u>
Net cash provided by investing activities				<u>2,631</u>
Net increase in cash and cash equivalents	( 39,938)	178,007	138,069	1,570,983
Balances-beginning of the year	<u>2,057,514</u>	<u>( 175,509)</u>	<u>1,882,005</u>	<u>111,930</u>
Balances-end of the year	<u>\$ 2,017,576</u>	<u>\$ 2,498</u>	<u>\$ 2,020,074</u>	<u>\$ 1,682,913</u>
Displayed as:				
Cash and short-term investments	<u>\$ 2,017,576</u>	<u>\$ 2,498</u>	<u>\$ 2,020,074</u>	<u>\$ 1,682,913</u>
Total cash and short-term investments	<u>\$ 2,017,576</u>	<u>\$ 2,498</u>	<u>\$ 2,020,074</u>	<u>\$ 1,682,913</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, 2008

	Business-Type Activities			<b>Governmental Activities- Internal Service Funds</b>
	Water	Airport	Total	
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>				
Operating income (loss)	\$ 679,537	\$ ( 444,171)	\$ 235,366	\$ ( 1,852,846)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:				
Depreciation expense	1,714,583	254,834	1,969,417	
Change in assets and liabilities:				
(Increase) decrease receivables, net	( 11,428)	( 18,119)	( 29,547)	
(Increase) decrease inventory	( 31,806)		( 31,806)	
(Increase) decrease other assets	2,720		2,720	
(Increase) decrease escrow funds held				3,852,859
Increase (decrease) warrants & accounts payable	( 10,532)	7,284	( 3,248)	5,843,168
Increase (decrease) in other post employment benefit liability	295,168	47,547	342,175	
Increase (decrease) compensated absences	8,466	( 8,390)	86	
Increase (decrease) in incurred but not reported				<u>( 1,941,495)</u>
Net cash provided (used) by operating activities	<u>\$ 2,646,708</u>	<u>\$ ( 161,005)</u>	<u>\$ 2,485,703</u>	<u>\$ 5,901,686</u>

The accompanying notes are an integral part of this statement

**CITY OF NEW BEDFORD, MASSACHUSETTS**

Statement of Fiduciary Net Assets

Fiduciary Funds and Similar Component Units

June 30, 2008

	<u>Pension Trust Fund (As of December 31, 2007)</u>	<u>Private Purpose Trust Funds</u>	<u>Agency</u>	<u>Total</u>
<b>Assets</b>				
Cash and short-term investments	\$ 6,902,527	\$ 845	\$ 7,103,726	\$ 14,007,098
Investments	238,738,217	11,806		238,750,023
Receivables, net of allowance or uncollectable:				
Employee	77			77
Interest and dividends	653,661			653,661
Other	879,880		45,848	925,728
Due from external parties - component unit				
Due from external parties - primary government			191,985	191,985
Due from other governments	<u>41,385</u>			<u>41,385</u>
Total assets	<u>\$ 247,215,747</u>	<u>\$ 12,651</u>	<u>\$ 7,341,559</u>	<u>\$ 254,569,957</u>
<b>Liabilities</b>				
Warrants payable	\$ 202,305	\$	\$ 255,884	\$ 255,884
Accounts payable and accrued expenses			394,222	596,527
Due to other governments				
Payable to external parties – component unit				
Payable to external parties - primary government			1,093,109	1,093,109
Deposits held	843,852		5,598,344	6,442,196
Other Liabilities				
Total liabilities	<u>1,046,157</u>		<u>7,341,559</u>	<u>8,387,716</u>
<b>Net Assets</b>				
Held in trust for pension benefits and other purposes	<u>\$ 246,169,590</u>	<u>\$ 12,651</u>	<u>\$</u>	<u>\$ 246,182,241</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, 2008

	<u>Pension Trust Fund (As of December 31, 2007)</u>	<u>Private Purpose Trust Funds</u>	<u>Total</u>
<b>Additions:</b>			
Contributions:			
Employer	\$ 22,882,132	\$	\$ 22,882,132
Employee	8,836,586		8,836,586
Miscellaneous Income	<u>136</u>		<u>136</u>
Total contributions	<u>31,718,854</u>		<u>31,718,854</u>
Net investment income:			
Dividends and interest	5,978,410	857	5,979,267
Net appreciation in fair value of investments	<u>17,350,623</u>	<u>( 2,808)</u>	<u>17,347,815</u>
Total investment income	23,329,033	( 2,808)	23,327,082
Less: investment expense	<u>2,187,495</u>		<u>2,187,495</u>
Net investment income	21,141,538	( 1,951)	21,139,587
Intergovernmental	<u>1,618,031</u>		<u>1,618,031</u>
Total Additions	<u>54,478,423</u>	<u>( 1,951)</u>	<u>54,476,472</u>
<b>Deductions:</b>			
Retirement benefits	30,339,220		30,339,220
Administration	387,843	225	388,068
Transfers, reimbursements and refunds	<u>2,447,995</u>		<u>2,447,995</u>
Total Deductions	<u>33,175,058</u>	<u>225</u>	<u>33,175,283</u>
<b>Other Financing Sources (Uses):</b>			
Transfers from other funds	<u>                    </u>		
Total Other Financing Sources (Uses)	<u>                    </u>		
Change in Net Assets	21,303,365	( 2,176)	21,301,189
Net Assets at Beginning of Year	<u>224,866,225</u>	<u>14,827</u>	<u>224,881,052</u>
Net Assets at End of Year	<u>\$ 246,169,590</u>	<u>\$ 12,651</u>	<u>\$ 246,182,241</u>

The accompanying notes are an integral part of this statement

# CITY OF NEW BEDFORD, MASSACHUSETTS

## Notes to Financial Statements

June 30, 2008

### **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 statements 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.

Department of Workforce Development Administration (DWDA)/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, Department of Workforce Development Administration (DWDA) is reported on the government-wide financial statements as a non-major component unit. Separate financial statements for Department of Workforce Development Administration (DWDA) 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, 2008

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

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

The Redevelopment Authority was organized under the provisions of Massachusetts General Laws 121B. 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

##### **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, 2008

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

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

The government-wide focus is more on the sustainability of the City as an entity and the change in the City's net 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 are at least 5 percent of the corresponding element for all governmental and enterprise combined.

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

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

# CITY OF NEW BEDFORD, MASSACHUSETTS

## Notes to Financial Statements (Continued)

June 30, 2008

### 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, 2008

#### **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, 2008

### 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 the national securities exchange. Purchases and sales of investments are recorded on the trade date. Transactions unsettled as of year-end are recorded as prepaid for securities purchased and as receivables for securities sold.

##### 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, c50). 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 uncollectible is estimated based on historical trends and specific account analysis.

##### Departmental and Other

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

##### Usage Receivables

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

##### Special Assessments

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

**CITY OF NEW BEDFORD, MASSACHUSETTS**

Notes to Financial Statements (Continued)

June 30, 2008

**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 uncollectible.

**Loans**

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

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

**4. Inventory**

The cost of supplies and other inventory items as recorded is an expenditure at the time of purchase (purchase method). Inventory balances were on hand at June 30, 2008 and are included in the highway, water and wastewater funds.

**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 2008. 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, 2008

### 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 had historically been reported in the financial statements. The retroactive reporting of infrastructure was subject to an extended implementation period and was first effective for fiscal year ending 2007.

#### *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, 2008

**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 loan 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, 2008

**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 Balance/Net Assets** - The unreserved fund balances for governmental funds represent the amount available for budgeting future operations. Unreserved net assets 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, 2008

### 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, 2008 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, 2008. This over-appropriation will be funded through available funds during the fiscal year 2009.

**CITY OF NEW BEDFORD, MASSACHUSETTS**

Notes to Financial Statements (Continued)

June 30, 2008

**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 appropriation ordinance to City Council. This ordinance builds upon the tax budget of the previous July and is updated for any estimated revisions as well as year-end encumbrances and may include any additional information requested by Council. Council may subsequently amend such ordinance. Amendments to the appropriation ordinance during 2008 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 expenditures.

**CITY OF NEW BEDFORD, MASSACHUSETTS**

Notes to Financial Statements (Continued)

June 30, 2008

**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	\$ 4,785,056	\$ 3,614,343	\$	\$ 2,229,518
Wastewater Funds	5,579	2,482,018	403,915	
Stabilization Funds		30,000	3,826,150	
<b><u>Non-Major Governmental Funds</u></b>				
Capital Projects	32,358	1,080	117,876	
Special Revenue Funds	150,708	64,621	420,862	
Permanent Funds		1,363		2,277,628
<b><u>Proprietary Funds</u></b>				
Internal Service Funds	4,342,950			
Water				602,953
Airport			474,799	133,503
<b><u>Fiduciary Funds</u></b>				
Agency	191,985	1,093,109		
Private Purpose Trust Funds				
<b><u>Component Units</u></b>				
Redevelopment Authority		947,217		
Harbor Development	_____	<u>1,274,885</u>	_____	_____
Totals	<u>\$ 9,508,636</u>	<u>\$ 9,508,636</u>	<u>\$ 5,243,602</u>	<u>\$ 5,243,602</u>

In addition to the sources and uses above, \$4,198,815 was recorded as a source for water enterprise and \$888,235 was recorded as a source for airport enterprise for capital assets purchased from governmental funds. In addition, bond proceeds of \$6,414,971 were recorded in governmental activities. However, the water fund carries the debt as a result other financing uses were recorded in the water fund.

**CITY OF NEW BEDFORD, MASSACHUSETTS**

Notes to Financial Statements (Continued)

June 30, 2008

**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>Permanent Trust Fund</u>	<u>Airport</u>
Reserved:				
Encumbrances	\$ 134,334	\$	\$	\$
Nonexpendable bequests			5,102,411	
Petty cash	1,250			
Debt premiums	472,648			
Inventory		32,706		
Renewal and replacement		1,541,232		
Debt service		2,904,517		
	<u>608,232</u>	<u>4,478,455</u>	<u>5,102,411</u>	
Designated:				
Designated for appropriation deficits	( 31,930)			
Designated for revenue deficits				( 6,068)
	<u>( 31,930)</u>			<u>( 6,068)</u>
	<u>\$ 576,302</u>	<u>\$ 4,478,455</u>	<u>\$ 5,102,411</u>	<u>\$ ( 6,068)</u>

## CITY OF NEW BEDFORD, MASSACHUSETTS

### Notes to Financial Statements (Continued)

June 30, 2008

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

Cash and investments as of June 30, 2008 are classified in the accompanying financial statements as follows:

Cash and investments - Governmental Activities	\$ 69,490,167
Cash and investments - Business Type Activities	2,020,073
Cash and investments - Pension Trust Fund	245,640,744
Cash and investments - City Private Purpose Trust Funds	12,651
Cash and investments - Agency Funds	<u>7,103,726</u>
Total cash and investments	<u>\$ 324,267,361</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 \$1,300 on June 30, 2008.

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 \$67,255,071, including \$1,300 of petty cash and the bank balance was \$76,793,341. Of the bank balance \$1,100,000 was covered by Federal Depository Insurance, \$1,180,469 was covered by Depositors Insurance Fund and \$44,618,889 was held in collateralized accounts. The remaining balance of \$29,893,983 was held in uncollateralized accounts.

At year end the City's carrying amount of deposits for the pension trust fund was \$6,902,527 and the bank balance was \$7,731,378. Of the bank balance \$275,355 was covered by Federal Depository Insurance. The remaining balance of \$7,456,023 was held in uncollateralized accounts.

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

#### ***Investments***

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

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. See below for ratings of the investments held by the City of New Bedford as of June 30, 2008.

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, 2008.

**CITY OF NEW BEDFORD, MASSACHUSETTS**

Notes to Financial Statements (Continued)

June 30, 2008

**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>	<u>* Maximum Investment in One Issuer</u>	<u>Rating</u>
<i>Primary Government, Private Purpose and Agency Funds</i>				
Corporate income	\$ 1,678,500	54 years	N/A	A1
Fixed income securities	50,496	2 years	N/A	A2
Corporate income	174,900	4 years	N/A	A2
Fixed income securities	52,250	3 years	N/A	AA1
Fixed income securities	50,231	5 years	N/A	AA2
Corporate fixed income	87,600	47 years	N/A	AA2
Fixed income securities	2,446,925	10 years	N/A	AAA
Corporate fixed income	866,660	38 years	N/A	AAA
Fixed income securities	958,170	26 years	N/A	N/A
Government securities	8,069	14 years	N/A	N/A
Common stock	2,982,470	N/A	N/A	N/A
Common stock – foreign	17,869	N/A	N/A	N/A
Mutual funds – fixed	42,098	N/A	N/A	N/A
Mutual funds – equity	38,399	N/A	N/A	N/A
Fixed income - bond mutual funds	1,665,915	N/A	N/A	N/A
Certificate of deposit	<u>250,994</u>	1 year	N/A	Unrated
Subtotal	<u>11,371,546</u>			

**CITY OF NEW BEDFORD, MASSACHUSETTS**

Notes to Financial Statements (Continued)

June 30, 2008

**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>Rating</u>
<i>Pension Trust Fund</i>				
Bond Paying Periodic Income	\$ 532,498	41 years	N/A	A1
Bond Paying Periodic Income	1,273,208	41 years	N/A	A2
Bond Paying Periodic Income	836,124	59 years	N/A	A3
Bond Paying Periodic Income	248,190	9 years	N/A	AA1
Bond Paying Periodic Income	1,608,766	10 years	N/A	AA2
Bond Paying Periodic Income	93,374	41 years	N/A	AA3
Bond Paying Periodic Income	2,166,101	41 years	N/A	AAA
Bond Paying Periodic Income	2,217,036	23 years	N/A	B1
Bond Paying Periodic Income	365,175	21 years	N/A	B2
Bond Paying Periodic Income	790,063	27 years	N/A	BA1
Bond Paying Periodic Income	641,100	27 years	N/A	BA2
Bond Paying Periodic Income	1,150,557	21 years	N/A	BA3
Bond Paying Periodic Income	1,648,795	59 years	N/A	BAA1
Bond Paying Periodic Income	2,311,176	59 years	N/A	BAA2
Bond Paying Periodic Income	3,501,202	59 years	N/A	BAA3
Bond Paying Periodic Income	655,914	25 years	N/A	CAA1
Bond Paying Periodic Income	263,361	41 years	N/A	NA
Bond Paying Periodic Income	1,203,596	26 years	N/A	NR
CMO	5,000,777	41 years	N/A	AAA
CMO	50,350	41 years	N/A	BAA1
CMO	4,708,125	43 years	N/A	N/A
CMO	438,879	39 years	N/A	NR
Convertible Bonds	87,938	26 years	N/A	BA1
Convertible Bonds	72,380	4 years	N/A	BA2
Convertible Bonds	348,750	0-1 year	N/A	BAA1
Convertible Bonds	18,875	0-1 year	N/A	CAA2
Convertible Bonds	40,050	2 years	N/A	CAA3
Convertible Bonds	123,937	5 years	N/A	N/A
Common Stock	67,312,070	N/A	28.20%	N/A
Government Issues	1,362,389	0-1 year	N/A	AA1
Government Issues	10,507,760	28 years	N/A	AAA
Government Issues	955,462	4 years	N/A	BAA1
Municipals	303,919	38 years	N/A	BAA3
Municipals	575,048	18 years	N/A	NR
Mortgage Passthrough Pool	4,550,301	36 years	N/A	AAA
Other Assets	740,944	38 years	N/A	AAA
Other Assets	477	24 years	N/A	NR
Other Assets	106,121	27 years	N/A	N/A
Other Assets	35,196,258	N/A	14.57%	N/A
Pooled Equities – Capital	22,228,351	N/A	N/A	N/A
Pooled Real Estate	24,725,228	N/A	7.02%	N/A
Preferred Stock	462,929	N/A	N/A	N/A
Pooled Equities – Diversified Growth	<u>37,314,663</u>	N/A	16.53%	N/A
Subtotal	<u>\$ 238,738,217</u>			
Total City of New Bedford	<u>\$ 250,109,763</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, 2008

**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>				
Corporate fixed income	\$ 622,700	54 years	N/A	A
Fixed income securities	50,496	2 years	N/A	A
Corporate fixed income	573,700	54 years	N/A	A-
Corporate fixed income	744,600	47 years	N/A	A+
Fixed income securities	50,231	5 years	N/A	AA
Fixed income securities	52,250	3 years	N/A	AA+
Fixed income securities	2,446,925	10 years	N/A	AAA
Corporate fixed income	866,660	38 years	N/A	N/A
Fixed income securities	958,170	26 years	N/A	N/A
Government securities	8,069	14 years	N/A	N/A
Common stock	2,982,470	N/A	N/A	N/A
Common stock – foreign	17,869	N/A	N/A	N/A
Mutual funds – fixed	42,098	N/A	N/A	N/A
Mutual funds – equity	38,399	N/A	N/A	N/A
Fixed income - bond mutual funds	1,665,915	N/A	N/A	N/A
Certificate of deposit	<u>250,994</u>	1 year	N/A	Unrated
Subtotal	<u>\$ 11,371,546</u>			

*Pension Trust Fund*

Bond Paying Periodic Income	\$ 1,078,351	41 years	N/A	A
Bond Paying Periodic Income	692,485	41 years	N/A	A-
Bond Paying Periodic Income	600,203	41 years	N/A	A+
Bond Paying Periodic Income	336,021	10 years	N/A	AA
Bond Paying Periodic Income	40,665	4 years	N/A	AA+
Bond Paying Periodic Income	1,932,114	9 years	N/A	AAA
Bond Paying Periodic Income	1,114,836	23 years	N/A	B
Bond Paying Periodic Income	279,951	25 years	N/A	B-
Bond Paying Periodic Income	1,178,299	23 years	N/A	B+
Bond Paying Periodic Income	310,150	18 years	N/A	BB
Bond Paying Periodic Income	1,076,151	20 years	N/A	BB-
Bond Paying Periodic Income	1,592,615	59 years	N/A	BB+
Bond Paying Periodic Income	1,675,951	59 years	N/A	BBB
Bond Paying Periodic Income	2,821,607	59 years	N/A	BBB-
Bond Paying Periodic Income	3,040,132	59 years	N/A	BBB+
Bond Paying Periodic Income	63,375	16 years	N/A	CCC
Bond Paying Periodic Income	334,013	23 years	N/A	CCC+
Bond Paying Periodic Income	2,199,526	59 years	N/A	N/A
Bond Paying Periodic Income	1,139,790	26 years	N/A	NR

**CITY OF NEW BEDFORD, MASSACHUSETTS**

Notes to Financial Statements (Continued)

June 30, 2008

**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>	<sup>*</sup> <u>Maximum Investment in One Issuer</u>	<u>S&amp;P Rating</u>
<i>Primary Government, Private Purpose and Agency Funds</i>				
Convertible Bonds	82,550	5 years	N/A	B-
Convertible Bonds	436,688	26 years	N/A	BBB
Convertible Bonds	40,050	2 years	N/A	CCC
Convertible Bonds	132,642	4 years	N/A	N/A
CMO	119,547	27 years	N/A	AA
CMO	8,521,895	43 years	N/A	AAA
CMO	118,471	41 years	N/A	BBB+
CMO	1,335,385	32 years	N/A	N/A
CMO	102,833	29 years	N/A	NR
Common Stock	67,312,070	N/A	28.20%	N/A
Government Issues	955,462	4 years	N/A	A+
Government Issues	1,362,389	0-1 year	N/A	AA
Government Issues	10,507,761	28 years	N/A	AAA
Municipals	575,048	13 years	N/A	AAA
Municipals	303,919	38 years	N/A	BBB
Mortgage Passthrough Pool	4,550,301	26 years	N/A	AAA
Other Assets	477	27 years	N/A	A-
Other Assets	740,944	38 years	N/A	AAA
Other Assets	106,121	24 years	N/A	N/A
Other Assets	35,196,258	N/A	14.57%	N/A
Pooled Equities - Capital	22,228,351	N/A	N/A	N/A
Pooled Real Estate	24,725,228	N/A	7.02%	N/A
Preferred Stock	462,929	N/A	N/A	N/A
Pooled Alt – Diversified Growth	<u>37,314,663</u>	N/A	15.63%	N/A
Subtotal	<u>\$ 238,738,217</u>			
Total City of New Bedford	<u>\$ 250,109,763</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, 2008

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

<u>Investment Type</u>	<u>Currency</u>	<u>Total Amount</u>	<u>Maturity</u>	<u>Description</u>
<i>Foreign Currency Risk</i>				
<i>Primary Government, Private Purpose and Agency Funds</i>				
Common stock - foreign	British Pounds	\$ 6,957	N/A	BP PLC
Common stock - foreign	British Pounds	4,422	N/A	Glaxosmithkline PLC
Common stock - foreign	Finland, EURO	3,675	N/A	Nokia Corp Sponsored ADR Finland
Common stock - foreign	Taiwan, New Dollars	<u>2,815</u>	N/A	Taiwan Semiconductor Mfg LTD
Total		<u>\$ 17,869</u>		
<i>Foreign Currency Risk</i>				
<i>Pension Trust Fund</i>				
Bond Paying Periodic Income	Thailand Baht	373,782	2/22/2010	ASIF global Financing XXVII
Bond Paying Periodic Income	Canadian Dollar	233,988	9/1/2011	Alberta Mun Financing Corp.
Bond Paying Periodic Income	Canadian Dollar	44	6/15/2010	Alberta Province Mtn Cds
Bond Paying Periodic Income	Canadian Dollar	1,214,036	12/1/2009	British Columbia Prov CDA
Government Issue	Canadian Dollar	1,189,547	9/1/2009	Canada Government
Government Issue	Canadian Dollar	1,231,915	12/15/2008	Canada HSG TR No 1
Government Issue	Canadian Dollar	1,362,389	12/1/2008	Ontario Orivince CDA
Bond Paying Periodic Income	New Zealand Dollar	1,122,794	9/26/2016	General Electric Capital Corp
Bond Paying Periodic Income	Singapore Dollar	1,442,838	2/26/2009	ASIF Gobal Financing XXVII
Bond Paying Periodic Income	Iceland Kronur	357,357	9/12/2008	Nordic Investment Bank
Government Issue	Mexican Pesco	955,462	12/20/2012	Mexico (United States)
Bond Paying Periodic Income	Brazilian Real	382,345	7/2/2010	Citibank NA
Common stock	Brazilian Real	227,950	N/A	EMBRAER Aircraft Corp., ADR
Common stock	Euro	<u>760,508</u>	N/A	ELAN Corp Plc, Sponsored ADR
Total		<u>\$ 10,854,955</u>		

**CITY OF NEW BEDFORD, MASSACHUSETTS**

Notes to Financial Statements (Continued)

June 30, 2008

**Note 4: Receivables**

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

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

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

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

	<b>Governmental Activities</b>				<b>Business-Type Activities</b>	
	<u>General</u>	<u>Wastewater</u>	<u>Other Non-Major Governmental</u>	<u>Total Governmental</u>	<u>Water</u>	<u>Airport</u>
Receivables:						
Property taxes	\$ 3,240,676	\$	\$	\$ 3,240,676	\$	\$
Tax liens	12,235,719			12,235,719		
Motor vehicle & other excise	1,709,796			1,709,796		
User fees		1,664,488		1,664,488	633,755	
Departmental and other	3,766,926	149,482		3,916,408		
Loan receivables			18,870,099	18,870,099		
Special assessment	2,858	287,485		290,343		
Intergovernmental	695,574		11,707,950	12,403,524		
Other receivables	<u>508,227</u>	<u>                    </u>	<u>661,398</u>	<u>1,169,625</u>	<u>50,210</u>	<u>22,381</u>
Gross receivables	22,159,776	2,101,455	31,239,447	55,500,678	683,965	22,381
Less: allowance for uncollectible	<u>( 433,549)</u>	<u>( 402,264)</u>	<u>(3,046,884)</u>	<u>( 3,882,697)</u>	<u>( 140,000)</u>	<u>                    </u>
Net total receivables	<u>\$ 21,726,227</u>	<u>\$ 1,699,191</u>	<u>\$ 28,192,563</u>	<u>\$ 51,617,981</u>	<u>\$ 543,965</u>	<u>\$ 22,381</u>

**CITY OF NEW BEDFORD, MASSACHUSETTS**

Notes to Financial Statements (Continued)

June 30, 2008

**Note 5: Capital Assets and Depreciation**

Capital asset activity for the year ended June 30, 2008 was as follows:

	<u>Beginning Balance, restated</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b><u>Governmental Activities:</u></b>				
Not Being Depreciated:				
Land	\$ 879,894	\$ 608,914	\$	\$ 1,488,808
Construction in progress	25,633,155	486,459		26,119,614
Infrastructure in progress	<u>4,936,859</u>	<u>1,548,052</u>	<u>2,657,199</u>	<u>3,827,712</u>
Subtotal	<u>31,449,908</u>	<u>2,643,425</u>	<u>2,657,199</u>	<u>31,436,134</u>
Other Capital Assets:				
Infrastructure	137,919,788	4,556,131		142,475,919
Land improvements	22,421	333,107		355,528
Buildings and improvements	271,347,257	6,753,715		278,100,972
Machinery and equipment	39,456,789	1,861,583		41,318,372
Office equipment and furniture	12,336,820	299,626		12,636,446
Computer equipment	7,181,780	639,073		7,820,853
Library books and textbooks	8,896,197	239,245		9,135,442
Automobiles	6,311,948	1,982,004		8,293,952
Animals	<u>53,759</u>	<u>1,100</u>		<u>54,859</u>
Subtotal	<u>483,526,759</u>	<u>16,665,584</u>		<u>500,192,343</u>
Accumulated Depreciation:				
Infrastructure	98,823,315	2,094,375		100,917,690
Land improvements	519	9,365		9,884
Buildings and improvements	68,999,998	5,524,152		74,524,150
Machinery and equipment	29,110,629	1,844,959		30,955,588
Office equipment and furniture	10,517,009	614,374		11,131,383
Computer equipment	3,726,629	1,862,568		5,589,197
Library books and textbooks	6,850,031	831,371		7,681,402
Automobiles	5,524,023	574,186		6,098,209
Animals	<u>19,906</u>	<u>3,419</u>		<u>23,325</u>
Subtotal	<u>223,572,059</u>	<u>13,358,769</u>		<u>236,930,828</u>
Net other capital assets	<u>259,954,700</u>	<u>3,306,815</u>		<u>263,261,515</u>
Net capital assets	<u>\$ 291,404,608</u>	<u>\$ 5,950,240</u>	<u>\$ 2,657,199</u>	<u>\$ 294,697,649</u>

**CITY OF NEW BEDFORD, MASSACHUSETTS**

Notes to Financial Statements (Continued)

June 30, 2008

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

Capital asset activity for the year ended June 30, 2008 was as follows:

	<u>Beginning Balance, restated</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b><u>Business-Type Activities - Water:</u></b>				
Not Being Depreciated:				
Land	\$ 600,000			\$ 600,000
Infrastructure in progress	1,439,612	\$ 4,013,993	\$ 1,439,613	4,013,992
Easements	<u>962,500</u>			<u>962,500</u>
Subtotal	<u>3,002,112</u>	<u>4,013,993</u>	<u>1,439,613</u>	<u>5,576,492</u>
Other Capital Assets:				
Infrastructure	78,071,497	1,578,777		79,650,274
Buildings and improvements	48,811			48,811
Machinery and equipment	1,035,292	156,897		1,192,189
Office equipment and furniture	71,255	2,054		73,309
Computer equipment	10,648	24,890		35,538
Automobiles	<u>465,411</u>	<u>153,956</u>		<u>619,367</u>
Subtotal	<u>79,702,914</u>	<u>1,916,574</u>		<u>81,619,488</u>
Accumulated Depreciation:				
Infrastructure	34,889,840	1,589,692		36,479,532
Buildings and improvements	1,778	976		2,754
Machinery and equipment	749,879	49,589		799,468
Office equipment and furniture	62,259	4,195		66,454
Computer equipment	6,925	6,897		13,822
Automobiles	<u>308,668</u>	<u>63,234</u>		<u>371,902</u>
Subtotal	<u>36,019,349</u>	<u>1,714,583</u>		<u>37,733,932</u>
Net other capital assets	<u>43,683,565</u>	<u>201,991</u>		<u>43,885,556</u>
Net capital assets	<u>\$ 46,685,677</u>	<u>\$ 4,215,984</u>	<u>\$ 1,439,613</u>	<u>\$ 49,462,048</u>

**CITY OF NEW BEDFORD, MASSACHUSETTS**

Notes to Financial Statements (Continued)

June 30, 2008

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

Capital asset activity for the year ended June 30, 2008 was as follows:

<u>Business-Type Activities - Airport:</u>	<u>Beginning Balance, restated</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Not Being Depreciated:				
Infrastructure in progress	\$ 201,585	\$ 172,584	\$	374,169
Land	<u>135,522</u>	<u>                    </u>	<u>                    </u>	<u>135,522</u>
Subtotal	<u>337,107</u>	<u>172,584</u>	<u>                    </u>	<u>509,691</u>
Other Capital Assets:				
Infrastructure	4,780,559	108,677		4,889,236
Land improvements	2,312	340,889		343,201
Buildings and improvements	2,238,551			2,238,551
Machinery and equipment	676,064	191,375		867,439
Automobiles		74,710		74,710
Office equipment and furniture	<u>5,156</u>	<u>138</u>	<u>                    </u>	<u>5,294</u>
Subtotal	<u>7,702,642</u>	<u>715,789</u>	<u>                    </u>	<u>8,418,431</u>
Accumulated Depreciation:				
Infrastructure	1,059,809	142,263		1,202,072
Land improvements	1,089	8,629		9,718
Buildings and improvements	492,809	39,861		532,670
Machinery and equipment	392,509	56,190		448,699
Automobiles		7,471		7,471
Office equipment and furniture	<u>3,934</u>	<u>420</u>	<u>                    </u>	<u>4,354</u>
Subtotal	<u>1,950,150</u>	<u>254,834</u>	<u>                    </u>	<u>2,204,984</u>
Net other capital assets	<u>5,752,492</u>	<u>460,955</u>	<u>                    </u>	<u>6,213,447</u>
Net capital assets	<u>\$ 6,089,599</u>	<u>\$ 633,539</u>	<u>\$</u>	<u>\$ 6,723,138</u>

Depreciation was charged to functions as follows:

Governmental activities:	
General Government	\$ 436,832
Public Safety	609,758
Public Infrastructure	747,324
Public Works	2,836,313
Education	7,695,340
Community and Economic Development	73,595
Health and Human Services	263,910
Culture and Recreation	695,697
Business-Type activities:	
Water	1,714,583
Airport	<u>254,834</u>
Total Governmental Activities Depreciation Expense	<u>\$ 15,328,186</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, 2008

### **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, 2008

**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, 2008, was \$22,466,545.

As of December 31, 2007, 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	1,899	483	2,382
Inactive members	274	14	288
Retired members	<u>1,146</u>	<u>584</u>	<u>1,730</u>
	<u>3,319</u>	<u>1,081</u>	<u>4,400</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, 2008

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

**Retirement Groups**

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

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

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

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

**Funding Policy**

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

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

Actuarial accrued liability:

	<b>January 1, 2007</b> <b>(unaudited)</b>
Active members	\$ 208,649,221
Retirees, beneficiaries, disabilities and inactives currently receiving benefits	260,412,530
Cost of living adjustment	<hr/>
Total actuarial accrued liability	469,061,751
Net assets available for benefits, at market	<hr/> 210,446,468
Unfunded actuarial accrued liability	<u>\$ 258,615,283</u>

**CITY OF NEW BEDFORD, MASSACHUSETTS**

Notes to Financial Statements (Continued)

June 30, 2008

**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 2007 amounted to \$29,439,717 of which \$22,466,545 and \$6,973,172 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 year 2007 the contribution amount of \$22,466,545 was based on an actuarial valuation as of January 1, 2007. 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 76% and 24% respectively, of covered payroll for the year.

The covered payroll for the Contributory Retirement System for the year ending December 31, 2007 was approximately \$86,659,224. The City's total payroll for all employees was approximately \$173,977,677 for the same period. Covered payroll refers to all compensation paid by the City to active employees covered by the City of New Bedford PERS on which contributions to the pension are based.

In addition, teachers, certain administrators, and other professional of the School Department participate in a contributory defined benefit plan administered by the Massachusetts Teachers' Retirement System. The City has no obligation to contribute to this plan. The Commonwealth funds plan benefits to the extent that funding is not provided through employee contributions. The Commonwealth's contributed \$22,977,380 for benefits "on-behalf" of the school department for the year ended June 30, 2008. 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 2007 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**

	Net assets available for benefits as a percentage of the actuarial accrued liability applicable to the City's employees	Unfunded actuarial accrued liability as a percentage of the City's annual covered payroll	City's contribution to the pension plan as a percentage of annual covered payroll
<b>2007</b>	44.9%	298.4%	25.9%
<b>2006</b>	44.9%	335.8%	24.5%
<b>2005</b>	46.1%	225.4%	20.8%
<b>2004</b>	46.1%	247.9%	18.7%
<b>2003</b>	51.4%	179.2%	17.6%
<b>2002</b>	51.4%	204.1%	19.1%
<b>2001</b>	51.4%	198.0%	26.5%

**CITY OF NEW BEDFORD, MASSACHUSETTS**

Notes to Financial Statements (Continued)

June 30, 2008

**NOTE 7: Other Employee Benefits**

**Other Postemployment Benefits**

*Plan Description*

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

*Funding Policy*

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

*Annual OPEB and Net OPEB Obligation*

The District's annual OPEB cost (expense) is calculated based on the annual required contribution (ARC) of the employer, an actuarially determined amount that is calculated in accordance with the parameters set forth in GASB Statement 45. The amount that was actuarially determined by using the Projected Unit Credit Cost Method. Under this method the annual contribution consists of two pieces: Normal Cost plus a payment towards the unfunded accrued liability. The normal cost is similarly determined as the present value of the portion of the projected benefit attributable to the current year. The unfunded accrued liability is the accrued liability less the value of any plan assets. The level percent amortization method was utilized to determine the current year ARC. The following table shows the elements of the City's annual OPEB cost for the year, the amount actually paid on behalf of the Plan, and changes in the City's net OPEB obligation to the Plan for the year ended June 30, 2008.

	<u>Amount</u>
Annual required contribution	\$ 17,846,893
Interest on net OPEB obligation	
Adjustment to annual required contribution	_____
Annual OPEB cost (expense)	17,846,893
Contributions made	_____
Increase in net OPEB obligations	17,846,893
Net OPEB obligation at beginning of year	_____
Net OPEB obligation at end of year	<u>\$ 17,846,893</u>

**CITY OF NEW BEDFORD, MASSACHUSETTS**

Notes to Financial Statements (Continued)

June 30, 2008

**NOTE 7: Other Employee Benefits (continued)**

**Other Postemployment Benefits (continued)**

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

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

Trend information regarding annual OPEB cost, the percentage of the annual OPEB cost contributed and the net OPEB obligation is as follows:

<u>Fiscal Year Ending</u>	<u>Annual OPEB Costs (AOPENC)</u>	<u>Percentage Of AOPEBC Contributed</u>	<u>Net OPEB Obligation</u>
June 30, 2008*	\$ 17,846,893	0.00%	\$ 17,846,893

\*Transition year

*Funded Status and Funding Progress*

As of July 1, 2008, the most recent (initial) actuarial valuation date, the Plan was 0% funded. The actuarial accrued liability for benefits was \$17,846,893. Amounts determined regarding the funded status of the Plan and the annual required contributions of the City are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, shows as required supplementary information disclosures required by GASB-43 for the OPEB Plan. This schedule presents the results of OPEB valuations as of June 30, 2008 and go-forward basis. The schedule will eventually provide additional multi-year trend information about whether the actuarial values of Plan assets are increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

The required schedule of funding progress (presented in the required supplementary information section) presents multi-year trend information about whether the actuarial value of Plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

The funded status of the Plan at June 30, 2008, to most recent actuarial valuation, was as follow

<u>Actuarial Valuation Date</u>	<u>Reporting Year</u>	(A) <u>Actuarial Value of Assets</u>	(B) <u>Actuarial Accrued Liability (AAL) Individual Entry Age</u>	(B-A) <u>Unfunded (Overfunded) AAL (UAAL)</u>	(A/B) <u>Funded Ratio</u>	(C) <u>Covered Payroll</u>	((B-A)/C) <u>UAAL as a Percentage of Covered Payroll</u>
07/01/07	2008	\$ 0	\$ 237,504,541	\$ 237,504,541	0.0%	\$ 159,905,000	148.5%

**CITY OF NEW BEDFORD, MASSACHUSETTS**

Notes to Financial Statements (Continued)

June 30, 2008

**NOTE 7: Other Employee Benefits (continued)**

**Other Postemployment Benefits (continued)**

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the health cost trend. Amounts determined regarding the funded status of the plan and the annual required contribution of the employer are subjected to continual revision as actual results are compared with past expectations and new estimates are made about the future.

*Methods and Assumptions*

Projections of benefits for financial reporting purposes are based on the substantive Plan (the Plan as understood by the employer and plan member) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and Plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The significant methods and assumptions as of the latest actuarial valuation are as follows:

Valuation date:	July 1, 2007
Actuarial cost method:	Projected Unit Credit
Amortization period:	30-year level percent of pay assuming 4.5% increase, closed basis.
Remaining amortization period:	30 years as of July 1, 2008
Interest discount rate	Funded: 8.00% per year, net of investment expenses Unfunded: 3.5% per year, net of investment expenses
Participation:	85% of future retirees are assumed to participate in the retiree medical plan. 70% of future retirees are expected to elect life insurance.

*Allocation of AOEBC*

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

<b>Governmental Activities:</b>	
General government	\$ 506,971
Public Safety	4,580,523
Public Infrastructure	927,850
Public Works	56,944
Education	10,312,364
Health and human services	650,524
Culture and recreation	<u>469,002</u>
Total AOEBC – governmental activities	<u>\$ 17,504,178</u>
<b>Business-Type Activities:</b>	
Water	\$ 295,168
Airport	<u>47,547</u>
Total AOEBC – business-type activities	<u>\$ 342,715</u>
Total AOEBC – government –wide	<u>\$ 17,846,893</u>

## CITY OF NEW BEDFORD, MASSACHUSETTS

### Notes to Financial Statements (Continued)

June 30, 2008

#### **NOTE 8: Other Commitments**

The City of New Bedford and DWDA/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, 2008, future minimum rental payments under operating leases that have initial or remaining noncancellable lease terms are immaterial.

#### **NOTE 9: Contingencies**

##### **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 \$131 million, which loans were secured by the issuance of City Revenue Bonds pursuant to the General Resolution. In addition to the Trust loans, the City also has issued general obligation bond anticipation notes to finance those projects in the Wastewater Capital Improvement Program that are not eligible for financing from the Trust under Federal and Massachusetts law. Such bond anticipation notes will be repaid through general obligation bonds of the City or additional city revenue bonds.

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

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

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

**CITY OF NEW BEDFORD, MASSACHUSETTS**

Notes to Financial Statements (Continued)

June 30, 2008

**NOTE 9: Contingencies (Continued)**

**Sullivan's Ledge Escrow Fund**

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

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

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

**City Commitment to Private Parties**

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

**NOTE 10: Lease Revenues**

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

The land was leased for the operation of an 18 hole public golf course. As stated in the lease agreement, the Whaling City Golf course is required to submit to the City of New Bedford, a certified annual audit of the financial records. An audit was not performed during 2008, however, the Golf course anticipates submitting a complete set of audited financial statements to the City for 2009.

**CITY OF NEW BEDFORD, MASSACHUSETTS**

Notes to Financial Statements (Continued)

June 30, 2008

**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).

The City issued a \$11,242,874 Bond Anticipation Note, dated June 27, 2008, maturing February 13, 2009. This note was issued for the following:

\$ 4,615,000	Keith Middle School	\$ 6,000,000	Auto Meter Reading System
\$ 627,874	Equipment		

The City issued a \$17,364,500 Bond Anticipation Note, dated February 15, 2008, maturing February 13, 2009. This note was issued for the following:

\$ 8,397,500	Sea Lab	\$ 4,650,000	Water System
\$ 1,000,000	Keith Middle School	\$ 3,317,000	Equipment

The City issued a \$7,470,000 Bond Anticipation Note, dated February 15, 2008, maturing February 13, 2009. This note was issued for the Railroad Depot.

The City issued a \$7,026,843 Interim Loan Note, dated March 3, 2008, maturing July 15, 2008. This note was issued for Water Mains Rehab Construction. *This note was increased to \$8,039,458 subsequent to the balance sheet date.*

**CITY OF NEW BEDFORD, MASSACHUSETTS**

Notes to Financial Statements (Continued)

June 30, 2008

**NOTE 12: Debt (Continued)**

**Long-Term Debt**

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

The advance refunding resulted in a difference between the acquisition price and the net carrying amount of the old debt of \$1,369,000. This difference was reported in the accompanying financial statements as an addition to bonds payable and is being charged to operations through the year 2021 using the effective-interest method. The City completed the advance refunding to reduce its total debt service payments over the next 11 years and to obtain an economic gain (difference between the present values of the old and new debt service payments) of \$756,523.

**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. On June 30, 2008, \$11.4 million of bonds outstanding are considered defeased.

**Assumptions**

In 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>205,445</u>

**CITY OF NEW BEDFORD, MASSACHUSETTS**

Notes to Financial Statements (Continued)

June 30, 2008

**NOTE 12: Debt (Continued)**

**Long-Term Debt (Continued)**

**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>
Total sources	<u>\$ 11,707,797</u>

**Uses**

Purchase price of the SLGS	\$ 11,451,173
Beginning cash deposit to the escrow account	1
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>
Total uses	<u>\$ 11,707,797</u>

**CITY OF NEW BEDFORD, MASSACHUSETTS**

Notes to Financial Statements (Continued)

June 30, 2008

**NOTE 12: Debt (Continued)**

The City has the following bond anticipation notes payable outstanding at June 30, 2008:

**Capital Projects**

	<u>Balance 6/30/07</u>	<u>Additions Renewals</u>	<u>Retirements</u>	<u>Balance 6/30/08</u>	<u>Issuance Date</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Interest Paid</u>
Bond Anticipation Note	\$ 7,470,000	\$	\$ 7,470,000	\$	06/07/07	02/15/08	5.75%	\$ 286,350
Bond Anticipation Note	3,031,944		3,031,944		06/07/07	02/15/08	4.25%	85,905
Bond Anticipation Note	10,000,000		10,000,000		02/16/07	02/15/08	4.00%	398,889
Bond Anticipation Note	9,258,000		9,258,000		02/16/07	02/15/08	4.25%	392,372
Bond Anticipation Note	5,000,000		5,000,000		02/16/07	02/15/08	5.50%	274,236
Bond Anticipation Note		7,470,000		7,470,000	02/15/08	02/13/09	3.25%	
Bond Anticipation Note		11,242,874		11,242,874	06/27/08	02/13/09	2.25%	
Bond Anticipation Note		17,364,500		17,364,500	02/15/08	02/13/09	2.50%	
Interim Loan	<u>6,414,971</u>	<u>8,644,082</u>	<u>6,414,971</u>	<u>8,644,082</u>	03/03/08	07/15/08	2.00%	
Total Capital Projects	<u>\$ 41,174,915</u>	<u>\$ 44,721,456</u>	<u>\$ 41,174,915</u>	<u>\$ 44,721,456</u>				<u>1,437,752</u>

**General Fund:**

Revenue Anticipation Note		<u>10,000,000</u>	<u>10,000,000</u>		12/14/07	06/30/08	3.75%	<u>204,167</u>
Total General Fund		<u>10,000,000</u>	<u>10,000,000</u>					<u>204,167</u>

**Water Fund (Business-Type Activity):**

Bond Anticipation Note	<u>4,650,000</u>		<u>4,650,000</u>		06/29/07	02/15/08	4.00%	<u>116,766</u>
Total General Fund	<u>4,650,000</u>		<u>4,650,000</u>					<u>116,766</u>
Total Primary Government	<u>\$ 45,824,915</u>	<u>\$ 54,721,456</u>	<u>\$ 55,824,915</u>	<u>\$ 44,721,456</u>				<u>\$ 1,758,685</u>

**CITY OF NEW BEDFORD, MASSACHUSETTS**

Notes to Financial Statements (Continued)

June 30, 2008

**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, 2007</u>	<u>Additions</u>	<u>City (Retirements)</u>	<u>State (Subsidies)</u>	<u>Balance June 30, 2008</u>	<u>Balance Due in 2009</u>
<b>Governmental Activities</b>							
4.00-6.00% G.O. Bond	04/15/96-13	\$ 1,931,400	\$	\$ 316,000	\$	\$ 1,615,400	\$ 315,400
4.60-5.80% Note	10/01/97-16	5,920,000		585,000		5,335,000	595,000
4.25-5.00% G.O. Bond	10/14/98-10/01/18	7,870,000	124,000	920,000		7,074,000	927,000
4.25-5.50% G.O. Bond	05/01/02-05/01/21	38,105,000	1,245,000	2,035,000		37,315,000	2,115,000
4.25-6.00% Revenue Refunding Bond	02/01/97-16	8,770,000			1,490,000	7,280,000	1,390,000
4.00-5.25% Revenue Bond	02/01/98-99	104,980,000		1,674,145	1,460,855	101,845,000	3,345,000
4.00-6.00% Revenue Bond	08/01/01-08/01/31	4,942,482		121,618	13,511	4,807,353	139,495
HUD 108-2003-A	02/01/04-08/01/22	1,640,000		90,000		1,550,000	90,000
3.125-5.00% State Qualified G.O. Bond	03/15/06-09/15/25	10,630,000		800,000		9,830,000	790,000
.85% Revenue Bond	07/15/06-07/15/25	577,729		25,246		552,483	25,756
.85% Revenue Bond	02/15/07-02/15/27	5,811,333	( 604,624)	142,411		5,064,298	130,191
General Obligation State Qualified Bond	02/15/07-02/15/27	16,934,000		964,000		15,970,000	965,000
General Obligations Series A Bonds	02/14/08-10/01/27		13,917,000			13,917,000	317,000
General Obligations Series A Bonds	02/14/08-10/01/22		3,800,000			3,800,000	5,000
Compensated absences, restated		14,672,257	1,818,945			16,491,202	5,900,680
Capital leases, restated		191,476	72,507	112,403		151,580	77,982
Total governmental activities		<u>222,975,677</u>	<u>20,372,828</u>	<u>7,785,823</u>	<u>2,964,366</u>	<u>232,598,316</u>	<u>17,128,504</u>
<b>Business-Type Activities</b>							
4.00-6.00% G.O. Bonds	04/15/96-04/15/13	2,953,600		289,000		2,664,600	294,600
4.25-5.50% G.O. Bonds	05/01/02-05/01/21	1,470,000		105,000		1,365,000	105,000
.85% Revenue Bonds	08/01/03-08/01/24	2,000,882		79,743	22,740	1,898,399	104,067
.85% Revenue Bonds	02/01/05-08/01/24	1,955,666		80,781		1,874,885	83,834
.85% Revenue Bonds	02/01/05-08/01/24	3,853,688		159,756		3,693,932	165,790
2% MWPAT Bond	12/04/06-07/15/26	423,300		16,694		406,606	17,768
2% MWPAT Bond	12/15/06-07-15-26		6,414,971	252,999		6,161,972	269,270
Compensated Absences		433,367	86			433,453	219,438
Capital Leases, restated		39,218	67,987	62,488		44,717	22,075
Total business-type activities		<u>13,129,721</u>	<u>6,483,044</u>	<u>1,046,461</u>	<u>22,740</u>	<u>18,543,564</u>	<u>1,281,842</u>
Total governmental plus business-type activities		<u>\$ 236,105,398</u>	<u>\$ 26,855,872</u>	<u>\$ 8,832,284</u>	<u>\$ 2,987,106</u>	<u>\$ 251,141,880</u>	<u>\$ 18,410,346</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, 2008

**NOTE 12: Debt (Continued)**

Debt service requirements to maturity for long-term debt:

	<u>Principal</u>	<u>Total Interest</u>	<u>Total Debt</u>	<u>Less: Total Subsidized Payments (MWPAT)</u>	<u>Total City Debt Service</u>
2009	\$ 12,190,171	\$ 10,608,172	\$ 22,798,343	\$ 6,592,569	\$ 16,205,774
2010	12,470,436	9,943,081	22,413,517	6,470,162	15,943,355
2011	12,750,770	9,430,661	22,181,431	6,346,118	15,835,313
2012	13,222,070	8,866,264	22,088,334	6,213,561	15,874,773
2013	13,517,500	8,269,492	21,786,992	6,080,015	15,706,977
2014	13,933,097	7,641,986	21,575,083	5,942,740	15,632,343
2015	13,985,738	6,998,072	20,983,810	5,802,712	15,181,098
2016	14,315,110	6,329,928	20,645,038	5,654,051	14,990,987
2017	14,252,640	5,652,992	19,905,632	5,497,938	14,407,694
2018	13,983,708	5,016,712	19,000,420	5,367,636	13,632,784
2019	14,341,705	4,378,889	18,720,594	5,229,204	13,491,390
2020	14,109,940	3,733,922	17,843,862	5,091,288	12,752,574
2021	13,908,423	3,084,090	16,992,513	4,946,428	12,046,085
2022	10,367,156	2,431,111	12,798,267	4,801,024	7,997,243
2023	10,626,145	1,971,949	12,598,094	4,647,900	7,950,194
2024	10,551,106	1,501,683	12,052,789	4,443,821	7,608,968
2025	10,798,929	982,441	11,781,370	4,306,472	7,474,898
2026	9,802,178	578,666	10,380,844	4,113,026	6,267,818
2027	1,658,638	146,578	1,805,216	121,471	1,683,745
2028	576,815	100,873	677,688	115,849	561,839
2029	486,525	78,872	565,397	110,068	455,329
2030	501,346	58,379	559,725	104,072	455,653
2031	511,278	37,358	548,636	93,138	455,498
2032	221,326	24,197	245,523		245,523
2033	226,491	19,031	245,522		245,522
2034	231,777	13,745	245,522		245,522
2035	237,187	8,336	245,523		245,523
2036	242,723	2,800	245,523		245,523
	<u>\$ 234,020,928</u>	<u>\$ 97,910,280</u>	<u>\$ 331,931,208</u>	<u>\$ 98,091,263</u>	<u>\$ 233,839,945</u>

Authorized and unissued debt at June 30, 2008, is as follows:

<u>Purpose</u>	<u>Date Authorized</u>	<u>Original Amount Authorized</u>	<u>FY07 Authorized/ Unissued</u>	<u>FY08 Authorized</u>	<u>Issued/ Retired Rescinded</u>	<u>FY08 Payments</u>	<u>Net Unissued</u>
Landfill Closure	02/01/99	\$ 400,000	\$	\$	\$	\$	\$
Normandin Middle School	05/01/00	39,200,000	558,004				558,004
Keith Middle School	05/01/00	42,000,000	53,784,000				53,784,000
Acquisition of Land	12/01/00	1,150,000					
Land Development	03/01/01	500,000	215,000				215,000
Normandin Middle School	08/01/01	11,659,600					
Keith Middle School	08/01/01	11,784,000	11,659,600		( 2,031,944)		9,627,656
Parking Garage	01/02/02	1,000,000					
Brooks Elementary School	05/01/02	17,000,000	20,766,800				20,766,800
Campbell Elementary/ Middle School	05/01/02	47,200,000	45,700,000				45,700,000
Winslow Elementary School	05/01/02	17,000,000	16,000,000				16,000,000
Lincoln Elementary School	05/01/02	20,600,000	25,105,200				25,105,200
Harbor Dredging	05/01/02	3,000,000					
Water Projects	07/01/02	8,455,000	1,755,448				1,755,448
Landfill Closure	02/01/03	1,800,000	1,800,000		( 1,790,504)	( 9,496)	
Railroad Depot	03/01/03	3,000,000	3,000,000		( 3,000,000)		

**CITY OF NEW BEDFORD, MASSACHUSETTS**

Notes to Financial Statements (Continued)

June 30, 2008

**NOTE 12: Debt (Continued)**

<u>Purpose</u>	<u>Date Authorized</u>	<u>Original Amount Authorized</u>	<u>FY07 Authorized/ Unissued</u>	<u>FY08 Authorized</u>	<u>Issued/ Retired Rescinded</u>	<u>FY08 Payments</u>	<u>Net Unissued</u>
DeValles Elementary School	06/01/03	11,000,000	10,680,000				10,680,000
Sewer Separation	06/01/03	6,197,000	274,644		604,624		879,268
Building Acquisition - Zeiterion	06/25/04	400,000					
Building Renovations	06/25/04	1,150,000					
Harbor Development Phase II Dredging	06/25/04	1,170,000	200,000				200,000
Incubator/Building Renovatons	06/25/04	2,000,000	2,000,000				2,000,000
Railroad Depot	06/25/04	2,000,000	2,000,000		( 2,000,000)		
Equipment Purchases	06/25/04	2,800,000					
Sea Lab	06/25/04	4,000,000	4,000,000				4,000,000
West End Sewer Separation	06/25/04	21,608,000	21,282,644				21,282,644
Reconstructing & Paving Roads	06/25/04	1,000,000					
Water Lining	06/25/04	4,205,000	4,205,000		( 4,205,000)		
West End Sewer Project	06/25/04	8,958,000	8,958,000		( 8,894,552)	( 63,448)	
Sea Lab	01/18/05	4,500,000	4,500,000			( 102,500)	4,397,500
Street Paving	06/23/05	6,000,000	6,000,000				6,000,000
West End Sewer Separation Phase V	07/27/05	2,500,000	2,500,000		( 2,209,971)		290,029
Mount Pleasant Street/Sawyer Street Area Project	08/23/05	2,500,000	2,500,000				2,500,000
Railroad Depot	06/22/06	7,470,000	7,470,000				7,470,000
Hannigan School	08/03/06	5,000,000	3,000,000				3,000,000
Water Mains Bonds	10/16/06	9,600,000	9,600,000				9,600,000
Water System Imp & Planning	10/16/06	4,650,000	4,650,000				4,650,000
School Bonds	12/01/06	3,000,000	3,000,000				3,000,000
Keith Middle School - Contamination Cleanup	12/01/06	34,564,165	34,564,165				34,564,165
Airport Hanger & Leasehold	12/13/06	1,100,000	1,100,000				1,100,000
Departmental Equipment-BAN	05/13/08	627,874	627,874				627,874
Departmental Equipment-BAN	01/14/08	3,317,000	3,317,000				3,317,000
Water AMR System-BAN	01/02/08	6,000,000	6,000,000				6,000,000
		<u>\$ 383,065,639</u>	<u>\$322,773,379</u>	<u>\$ _____</u>	<u>\$( 23,527,347)</u>	<u>\$( 175,444)</u>	<u>\$ 299,070,588</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>
2009	<u>\$ 44,721,456</u>	<u>\$ 270,933</u>	<u>\$ 44,992,389</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>	<u>Primary Government</u>
2009	\$ 85,404	\$ 24,420	\$ 109,824
2010	<u>76,834</u>	<u>23,840</u>	<u>100,674</u>
Minimum lease payments for all capital leases	162,238	48,260	210,498
Less: amount representing interest	<u>( 10,658)</u>	<u>( 3,543)</u>	<u>( 14,201)</u>
	<u>\$ 151,580</u>	<u>\$ 44,717</u>	<u>\$ 196,297</u>

**CITY OF NEW BEDFORD, MASSACHUSETTS**

Notes to Financial Statements (Continued)

June 30, 2008

**NOTE 13: Fund Deficit**

The following individual funds had deficit fund equity balances as of June 30, 2008:

<b>Capital Project Funds:</b>	<u><b>Fund Deficit</b></u>	<u><b>Less MWPAT Interim Loan O/S &amp; BAN's O/S</b></u>	<u><b>Net Deficit</b></u>
\$3 MIL Equipment Bond	\$ 2,375,107	\$ 3,317,000	\$
\$627k Equipment Bond	116,930	627,874	
Auto Meter Reader Bond	45,658	6,000,000	
Keith Middle School	5,829,084	5,615,000	214,084 ***
Water Mains	9,870		9,870 ***
Railroad Depot	6,471,171	7,470,000	
Water Mains Rehab	3,242,069	8,039,458	
Incubator Project	23,167		23,167 ***
Sea Lab	8,355,381	8,397,500	
Wastewater Secondary Treatment Plant	530,664	604,624	
North End Pressure	<u>2,280,066</u>	<u>4,650,000</u>	
 Total Capital Projects Funds	 <u>\$ 29,279,167</u>	 <u>\$ 44,721,456</u>	 <u>\$ 247,121</u>
 <b>Special Revenue:</b>			
<b>Federal &amp; State Grants:</b>			
ATF Operations Overtime	\$ 431	\$	\$ 431 *
Juvenile Assistance Grant	243		243 *
VAWA Grant	5,113		5,113 *
GHSB Traffic	2,389		2,389 *
Weed & Seed Grant	37,808		37,808*
FBI Gang Task Force	200		200 *
GREAT Grant	654		654 *
Healthy Bodies & Mind	4,347		4,347 *
SETB Training	71		71 *
Girls Rule Shannon Grant	608		608 *
Drug Court Grant	7		7 *
Mass Development Brownfield	10,506		10,506 *
Hicks-Logan-Sawyer Grant	55,653		55,653 *
Interceptor grit Removal	<u>8,146</u>		<u>8,146 *</u>
 Total Federal & State Grants	 <u>126,176</u>		 <u>126,176</u>

**CITY OF NEW BEDFORD, MASSACHUSETTS**

Notes to Financial Statements (Continued)

June 30, 2008

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

	<u>Fund Deficit</u>	<u>Less MWPAT Interim Loan O/S &amp; BAN's O/S</u>	<u>Net Deficit</u>
<b>School Grants:</b>			
Adult Education Learning Project Keith	\$ 1 <u>3,214</u>	\$	\$ 1 * <u>3,214 *</u>
Total School Grants	<u>3,215</u>	<u>                    </u>	<u>3,215</u>
<b>Revolving:</b>			
Rail Yard and Rail Crossing	\$ <u>1,163</u>	\$	\$ <u>1,163*</u>
Total Revolving	<u>1,163</u>	<u>                    </u>	<u>1,163</u>
Total Special Revenue	<u>130,554</u>	<u>                    </u>	<u>130,554</u>
<b>Internal Service Fund:</b>			
Medical Claims	\$ <u>438,077</u>	\$	\$ <u>438,077*</u>
Total Internal Service Fund	<u>438,077</u>	<u>                    </u>	<u>438,077</u>
<b>Agency Funds:</b>			
TSA federal withholding Retirement salaries	\$ 923 <u>1,255</u>	\$	\$ 923 * <u>1,255 *</u>
Total School Grants	<u>2,178</u>	<u>                    </u>	<u>2,178</u>
Total Fund Deficits	<u>\$ 29,849,976</u>	<u>\$ 44,721,456</u>	<u>\$ 817,930</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, 2008

**NOTE 14: Restatement**

In some instances beginning fund balance/net assets have 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>Governmental Funds</u>	
	<u>General Fund</u>	<u>Community Development</u>
Beginning balance, July 1, 2007	\$ 25,656,944	\$ 1,087,852
To correct cash balance	( 1,160,372)	( 17,524)
To correct accounts payable balance	( 70,566)	
	<hr/>	<hr/>
Beginning balance, July 1, 2007, restated	<u>\$ 24,426,006</u>	<u>\$ 1,070,328</u>

**Proprietary Funds**

	<u>Water</u>	<u>Airport</u>
Beginning balance, July 1, 2007	\$ 35,823,106	\$ 1,913,226
To reclassify bond payable to the water fund	( 423,300)	
To correct capital leases	22,691	( 2,716)
To correct land/watershed rights	600,000	
To correct infrastructure in progress		201,585
To correct infrastructure		4,780,559
To correct infrastructure accumulated depreciation		( 1,059,809)
	<hr/>	<hr/>
Beginning balance, July 1, 2007, restated	<u>\$ 36,022,497</u>	<u>\$ 5,832,845</u>

**CITY OF NEW BEDFORD, MASSACHUSETTS**

Notes to Financial Statements (Continued)

June 30, 2008

**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>Governmental Activities</u>	<u>Business-Type Activities</u>
Beginning balance, July 1, 2007	\$ 107,311,150	\$ 37,736,332
Restatements, per above	( 1,248,462)	4,119,010
To correct reversal of deferred revenue for Community Development and Tax Lien Receivables	11,887,828	
To correct capital leases	( 167,668)	
To reclassify bond payable to the water fund	423,300	
To correct capital asset cost basis	3,839,988	
To correct accumulated depreciation	( 112,658)	
To correct Community Development allowance account	( 2,796,588)	
	<hr/>	<hr/>
Beginning balance, July 1, 2007, restated	<u>\$ 119,136,890</u>	<u>\$ 41,855,342</u>

**CITY OF NEW BEDFORD, MASSACHUSETTS**

Notes to Financial Statements (Continued)

June 30, 2008

**NOTE 15: Risk Management**

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

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

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

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

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

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

Changes in the self insurance liability for the year ended June 30, 2008 is as follows:

Health Claims, Beginning of Year	\$ 3,692,632
Incurred Claims	40,284,901
Payments of claims attributable to events of the fiscal year:	
Health	( 42,226,396)
Health Claims, End of Year	<u>\$ 1,751,137</u>

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

**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, 2008

	<u>Original Budget</u>						
	<u>Encumbrances Carried Forward</u>	<u>Budget as Adopted</u>	<u>Additional Appropriations and Transfers</u>	<u>Total Budgeted</u>	<u>Actual</u>	<u>Encumbrances Carried Forward</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:							
Tax collections net of refunds:							
Real estate and personal property taxes	\$	\$ 85,964,162	\$( 4,533,781)	\$ 81,430,381	\$ 81,430,381	\$	\$
Local receipts:							
Motor vehicle excise		6,270,000	( 170,000)	6,100,000	6,467,890		367,890
Other excise collections		45,000	( 5,000)	40,000	68,295		28,295
Penalties and interest		1,900,000	( 150,000)	1,750,000	1,923,700		173,700
Payments in lieu of taxes		645,000	( 75,000)	570,000	309,257		( 260,743)
Charges for services:							
Parking		1,127,000	150,000	1,277,000	1,233,987		( 43,013)
Trash		6,746	( 746)	6,000	5,980		( 20)
Departmental:							
School		3,090,606	( 190,606)	2,900,000	2,822,649		( 77,351)
Library		14,000		14,000	15,451		1,451
Cemeteries		240,300	359,700	600,000	627,807		27,807
Other		10,914,208	( 614,591)	10,299,617	11,568,742		1,269,125
Fines and forfeitures		200,000	100,000	300,000	299,881		( 119)
Licenses and permits		2,074,879	45,121	2,120,000	2,029,754		( 90,246)
Indirects:							
Water		197,413		197,413	111,087		( 86,326)
Sewer		314,893		314,893	281,879		( 33,014)
Earnings on investments		1,100,000	( 100,000)	1,000,000	1,020,684		20,684
Miscellaneous on recurring			65,000	65,000	58,702		( 6,298)
Miscellaneous on non-recurring					357,049		357,049
Special assessments & betterments					512		512
Governmental revenue:							
Federal					25,903		25,903
State		144,314,060	( 56,469)	144,257,591	144,483,473		225,882
Total revenues		<u>258,418,267</u>	<u>( 5,176,372)</u>	<u>253,241,895</u>	<u>255,143,063</u>		<u>1,901,168</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, 2008

	<u>Original Budget</u>						
	<u>Encumbrances Carried Forward</u>	<u>Budget as Adopted</u>	<u>Additional Appropriations and Transfers</u>	<u>Total Budgeted</u>	<u>Actual</u>	<u>Encumbrances Carried Forward</u>	<u>Variance Favorable (Unfavorable)</u>
Expenditures:							
General government	49,035	6,740,335	( 142,682)	6,646,688	6,446,514	88,334	111,840
General government-unclassified		58,127,861	( 2,509,952)	55,617,909	55,563,714	46,000	8,195
Public safety:							
Police		22,249,648	1,520,134	23,769,782	23,578,341		191,441
Fire		15,656,566	( 37,655)	15,618,911	15,596,612		22,299
EMS		2,548,529	( 86,281)	2,462,248	2,458,023		4,225
Inspector of buildings		1,233,571	( 85,705)	1,147,866	1,133,984		13,882
Other		77,600	3,000	80,600	80,300		300
Public works and facilities							
Health and sanitation operations		685,232		685,232	685,232		
Highways and streets		2,254,900	( 238,160)	2,016,740	1,976,954		39,786
Public Facilities		11,806,332	( 44,182)	11,762,150	11,643,503		118,647
Education:							
School Department		110,348,542		110,348,542	110,348,542		
Other		3,288,665	( 216,291)	3,072,374	3,072,374		
Human services	2,000	2,931,231	2,402,873	5,336,104	5,299,804		36,300
Culture and recreation	54,984	3,656,777	( 356,395)	3,355,366	3,231,404		123,962
Zoo		1,051,005	42,515	1,093,520	1,083,571		9,949
Debt service		9,914,552	308,101	10,222,653	10,208,222		14,431
Intergovernmental expenditures		<u>5,683,722</u>	<u>333,953</u>	<u>6,017,675</u>	<u>5,790,316</u>		<u>227,359</u>
Total expenditures	<u>106,019</u>	<u>258,255,068</u>	<u>893,273</u>	<u>259,254,360</u>	<u>258,197,410</u>	<u>134,334</u>	<u>922,616</u>
Excess (deficiency) of revenues over expenditures	<u>( 106,019)</u>	<u>163,199</u>	<u>( 6,069,645)</u>	<u>( 6,012,465)</u>	<u>( 3,054,347)</u>	<u>( 134,334)</u>	<u>2,823,784</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, 2008

	<u>Original Budget</u>					
	<u>Encumbrances Carried Forward</u>	<u>Budget as Adopted</u>	<u>Additional 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			2,904,809	2,904,809	2,904,809	
Operating transfers out		( 163,199)	( 37,655)	( 200,854)	( 200,854)	
Free cash			( 4,759,776)	( 4,759,776)	( 4,759,776)	
Appropriation deficit			( 79,875)	( 79,875)		79,875
Fund deficit			( 441,919)	( 441,919)	( 441,919)	
Bill of prior years			( 25,715)	( 25,715)		25,715
Overlay deficit						
 Total other financing sources (uses)		<u>( 163,199)</u>	<u>( 2,440,131)</u>	<u>( 2,603,330)</u>	<u>( 2,497,740)</u>	<u>105,590</u>
 Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	<u>\$( 106,019)</u>	<u>\$</u>	<u>\$( 8,509,776)</u>	<u>\$( 8,615,795)</u>	<u>\$( 5,552,087)</u>	<u>\$( 134,334)</u>
 Beginning Budgetary Fund Balance					<u>20,424,787</u>	
 Ending Budgetary Fund Balance					<u>\$ 14,872,700</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, 2008

	<u>Original Budget</u>						
	<u>Encumbrances Carried Forward</u>	<u>Budget as Adopted</u>	<u>Additional Appropriations and Transfers</u>	<u>Available for Current Year Expenditures</u>	<u>Actual</u>	<u>Encumbrances Carried Forward</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:							
Charges for services	\$	\$ 8,006,510	\$	\$ 8,006,510	\$ 8,320,476	\$	\$ 313,966
Utility liens and penalties		39,300		39,300	19,035		( 20,265)
Other		<u>50,000</u>		<u>50,000</u>	<u>117,909</u>		<u>67,909</u>
Total revenues		<u>8,095,810</u>		<u>8,095,810</u>	<u>8,457,420</u>		<u>361,610</u>
Expenses:							
Salaries and wages		2,380,783		2,380,783	2,205,634		175,149
Charges and services	250,000	2,999,500		3,249,500	3,132,728		116,772
Materials and supplies		676,500	200,000	876,500	775,860		100,640
Capital outlay	21,952	1,227,000	( 200,000)	1,048,952	761,249		287,703
Debt service		<u>1,818,191</u>		<u>1,818,191</u>	<u>1,608,403</u>		<u>209,788</u>
Total expenses	<u>271,952</u>	<u>9,101,974</u>		<u>9,373,926</u>	<u>8,483,874</u>		<u>890,052</u>
Excess (deficiency) of revenues over expenses	<u>( 271,952)</u>	<u>( 1,006,164)</u>		<u>( 1,278,116)</u>	<u>( 26,454)</u>		<u>1,251,662</u>
Other financing sources and (uses):							
Operating transfers in							
Operating transfers out					<u>( 2,953)</u>		<u>( 2,953)</u>
Total other financing sources and (uses)					<u>( 2,953)</u>		<u>( 2,953)</u>
Excess (deficiency) of revenue and other sources over expenses and other uses	<u><u>\$ ( 271,952)</u></u>	<u><u>\$( 1,006,164)</u></u>	<u><u>\$</u></u>	<u><u>\$( 1,278,116)</u></u>	<u>( 29,407)</u>	<u><u>\$</u></u>	<u><u>1,248,709</u></u>
Budgetary fund balance at the beginning of the year					<u>1,782,653</u>		
Budgetary fund balance at the end of the year					<u><u>\$ 1,753,246</u></u>		

\*\* Transfer from retained earnings

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, 2008

	<u>Original Budget</u>						
	<u>Encumbrances Carried Forward</u>	<u>Budget as Adopted</u>	<u>Additional Appropriations and Transfers</u>	<u>Available for Current Year Expenditures</u>	<u>Actual</u>	<u>Encumbrances Carried Forward</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:							
Charges for services	\$	\$ 600,000	\$	\$ 600,000	\$ 596,604	\$	\$( 3,396)
Fines and forfeitures					90		90
Other							
Total revenues		<u>600,000</u>		<u>600,000</u>	<u>596,694</u>		<u>( 3,306)</u>
Expenditures:							
Salaries and wages		353,846	29,661	383,507	383,125		382
Charges and services		303,280	29,040	332,320	338,398		( 6,078)
Materials and supplies		31,073	20,000	51,073	45,745		5,328
Capital outlay							
Total expenditures		<u>688,199</u>	<u>78,701</u>	<u>766,900</u>	<u>767,268</u>		<u>( 368)</u>
Excess (deficiency) of revenues over expenditures		<u>( 88,199)</u>	<u>( 78,701)</u>	<u>( 166,900)</u>	<u>( 170,574)</u>		<u>( 3,674)</u>
Other financing sources and (uses):							
Operating transfers in		163,199	145,395	308,594	308,594		
Operating transfers out		( 75,000)	( 66,694)	( 141,694)	( 133,503)		8,191
Fund deficit raised on tax recap					166,205		166,205
Total other financing sources and (uses)		<u>88,199</u>	<u>78,701</u>	<u>166,900</u>	<u>341,296</u>		<u>174,396</u>
Excess (deficiency) of revenue and other sources over expenses and other uses	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	170,722	<u>\$</u>	<u>\$ 170,722</u>
Budgetary fund balance at the beginning of the year					<u>( 191,919)</u>		
Budgetary fund balance at the end of the year					<u>\$ ( 21,197)</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, 2008

	<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	\$	\$ 16,837,704	\$ 151,295	\$ 16,988,999	\$ 16,732,985	\$	\$ ( 256,014)
Earnings on investments		337,172		337,172	279,612		( 57,560)
Other		<u>407,337</u>		<u>407,337</u>	<u>819,172</u>		<u>411,835</u>
Total revenues		<u>17,582,213</u>	<u>151,295</u>	<u>17,733,508</u>	<u>17,831,769</u>		<u>98,261</u>
Expenditures:							
Salaries and wages		1,558,237	( 200,000)	1,358,237	1,308,371		49,866
Charges and services		10,187,220		10,187,220	9,780,700		406,520
Materials and supplies		412,000	200,000	612,000	566,289		45,711
Capital outlay		160,000		160,000	146,005		13,995
Debt service		<u>897,907</u>		<u>897,907</u>	<u>830,055</u>		<u>67,852</u>
Total expenditures		<u>13,215,364</u>		<u>13,215,364</u>	<u>12,631,420</u>		<u>583,944</u>
Excess (deficiency) of revenues over expenditures		<u>4,366,849</u>	<u>151,295</u>	<u>4,518,144</u>	<u>5,200,349</u>		<u>682,205</u>
Other financing sources and (uses):							
Operating transfers in							
Operating transfers out		( 4,366,849)		( 4,366,849)	( 4,366,849)		
Appropriation deficit			( 151,295)	( 151,295)			151,295
Total other financing sources and (uses)		<u>( 4,366,849)</u>	<u>( 151,295)</u>	<u>( 4,518,144)</u>	<u>( 4,366,849)</u>		<u>151,295</u>
Excess (deficiency) of revenue and other sources over expenses and other uses	\$	\$	\$	\$	833,500	\$	\$ 833,500
Budgetary fund balance at the beginning of the year					<u>2,093,102</u>		
Budgetary fund balance at the end of the year					<u>\$ 2,926,602</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, 2008

**Budgetary - GAAP Reporting Reconciliation**

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

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

Therefore, timing, perspective, and entity differences in the excess (deficiency) of revenues and other sources of financial resources and expenditures and other uses for the year ended June 30, 2008 are as follows:

	<u>Government Funds</u>		<u>Enterprise Funds</u>	
	<u>General Fund</u>	<u>Special Revenue Wastewater-Operating</u>	<u>Water</u>	<u>Airport</u>
Revenues and other financing sources: GAAP Basis	\$ 280,729,658	\$ 17,910,973	\$ 12,858,459	\$ 1,977,847
Adjustments:				
Increase in real estate and personal property taxes to full accrual	( 76,048)			
(Increase) decrease in 60 day accrual	392,689			
Revenue used to reimburse expenditures	( 21,049)			
Unrealized gains unbudgeted		( 79,205)		
Unbudgeted MTRB on-behalf payments	( 22,977,380)			
Change in deferred revenue			( 45,228)	
Unbudgeted MWPAT subsidy payments			( 190,796)	
Change in allowance for receivables			33,801	( 18,119)
Unbudgeted transfer of Capital assets from other funds			( 4,130,829)	( 888,235)
Unbudgeted proceeds from capital leases			( 67,987)	
Rounding	<u>2</u>	<u>1</u>		
Budgetary Basis	<u>\$ 258,047,872</u>	<u>\$ 17,831,769</u>	<u>\$ 8,457,420</u>	<u>\$ 1,071,493</u>

**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, 2008

**Budgetary - GAAP Reporting Reconciliation (continued)**

	<u>Government Funds</u>		<u>Enterprise Funds</u>	
	<u>General Fund</u>	<u>Special Revenue Wastewater-Operating</u>	<u>Water</u>	<u>Airport</u>
Expenditures and other financing uses:	\$ 286,598,388	\$ 17,022,001	\$ 15,541,985	\$ 1,144,940
Adjustments:				
Principal paid on capital leases			60,342	2,146
Unbudgeted MTRB on-behalf payments	( 22,977,380)			
Change in compensated absences			( 8,466)	8,380
Unbudgeted change in inventory		( 23,731)	31,806	
Unbudgeted change in prepaid payroll			( 2,720)	
Additions to capital assets			224,153	138
Depreciation expense			( 1,714,583)	( 254,834)
Change in accrued interest			( 46,636)	
Expenditures decreased with revenue reimbursement	( 21,049)			
Unbudgeted MWPAT subsidy payments			( 190,796)	
Principal paid on long term debt			1,006,713	
Proceeds from debt- capital projects			( 6,414,971)	
Rounding		( 1)		1
Budgetary basis	<u>\$ 263,599,959</u>	<u>\$ 16,998,269</u>	<u>\$ 8,486,827</u>	<u>\$ 900,771</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, 2008

**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, 2008, expenditures exceeded the budget in the following fund:

<u>Category</u>	<u>Excess</u>
General Fund:	
Solicitor – Salaries	\$ 2,370
Solicitor – Charges & Services	186
Election – Salaries	8,293
Election – Charges & Services	171
Environmental Stewardship - Salaries	32468
Emergency Medical – Salaries	1,737
DPI – Highway – Salaries	15,311
DPI – Highway – Charges & Services	100
Cemetery	<u>3,294</u>
	<u>31,930</u>
Enterprise - Airport - Revenue deficit	<u>6,068</u>
Total Appropriation Deficits	<u>\$ 37,998</u>

See accompanying independent auditors' report

**CITY OF NEW BEDFORD, MASSACHUSETTS**

Required Supplementary Information

Contributory Retirement System

Schedule of Funding Progress

December 31, 2007

**(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%	72,843,21	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%
01/01/04	2006	192,032,773	416,761,645	224,728,872	46%	87,993,734	255%
01/01/07	2007	210,446,468	469,061,751	258,615,283	45%	77,004,701	336%
01/01/07	2008	210,446,468	469,061,751	258,615,283	45%	86,659,224	298%

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, 2007

**(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%
2007	18,848,697	2006	18,848,697	100%
2008	22,466,545	2007	22,484,125	100%

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

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

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

See accompanying independent auditors' report

## CITY OF NEW BEDFORD, MASSACHUSETTS

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

December 31, 2007

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 8.25% 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 the lesser of the pension amount and \$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 1% 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, 2008.

No changes in actuarial assumptions or benefit provisions that would significantly affect the valuation of the actuarial accrued liability occurred during 2008.

See accompanying independent auditors' report

**CITY OF NEW BEDFORD, MASSACHUSETTS**

Supplementary Information

Major Governmental Funds - Wastewater

Combining Balance Sheet

June 30, 2008

	<u>Operating</u>	<u>Special Projects</u>	<u>Debt Service</u>	<u>Total</u>
<b>ASSETS</b>				
Cash and investments, unrestricted	\$ 4,255,555	\$	\$	\$ 4,255,555
Cash, and investments restricted	1,541,232	1,531,591	2,901,231	5,974,054
User charges receivable	1,664,488			1,664,488
Special assessments receivable	188,850			188,850
Accrued interest			3,286	3,286
Other receivables	149,482			149,482
Inventory	32,706			32,706
Due from other funds	5,559	20		5,579
Special assessments receivable - non-current	<u>98,635</u>			<u>98,635</u>
Total assets	<u>\$ 7,936,507</u>	<u>\$ 1,531,611</u>	<u>\$ 2,904,517</u>	<u>\$ 12,372,635</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Warrants payable	\$ 438,070	\$	\$	\$ 438,070
Accounts payable and accrued expenses	618,824	30,557		649,381
Deferred revenue	2,097,080			2,097,080
Due to other funds	<u>2,482,018</u>			<u>2,482,018</u>
Total liabilities	<u>5,635,992</u>	<u>30,557</u>		<u>5,666,549</u>
Fund balances:				
Reserved/designated	1,541,232		2,904,517	4,445,749
Reserved for inventory	32,706			32,706
Unreserved	<u>726,577</u>	<u>1,501,054</u>		<u>2,227,631</u>
Total fund balance	<u>2,300,515</u>	<u>1,501,054</u>	<u>2,904,517</u>	<u>6,706,086</u>
Total liabilities and fund balances	<u>\$ 7,936,507</u>	<u>\$ 1,531,611</u>	<u>\$ 2,904,517</u>	<u>\$ 12,372,635</u>

See accompanying independent auditors' report

**CITY OF NEW BEDFORD, MASSACHUSETTS**

Supplementary Information

Major Governmental Funds - Wastewater

Combining Statement of Revenues and Changes in Fund Balance

For the Year Ended June 30, 2008

	<u>Operating</u>	<u>Special Projects</u>	<u>Debt Service</u>	<u>Total</u>
Revenues:				
Utility usage charges	\$ 16,732,985	\$	\$	\$ 16,732,985
Intergovernmental revenues			6,518,206	6,518,206
Investment income	316,188	73,410	45,914	435,512
Other	<u>819,172</u>	<u></u>	<u></u>	<u>819,172</u>
Total revenues	<u>17,868,345</u>	<u>73,410</u>	<u>6,564,120</u>	<u>24,505,875</u>
Expenditures:				
Salaries	1,308,371			1,308,371
Charges and services	9,780,700			9,780,700
Supplies and materials	590,021			590,021
Capital outlay	146,005	292,753		438,758
Debt service	<u>830,055</u>	<u></u>	<u>10,884,086</u>	<u>11,714,141</u>
Total expenditures	<u>12,655,152</u>	<u>292,753</u>	<u>10,884,086</u>	<u>23,831,991</u>
Excess (deficiency) of revenues over expenditures	5,213,193	( 219,343)	( 4,319,966)	673,884
Other financing sources and (uses)	<u>( 4,324,221)</u>	<u>403,915</u>	<u>4,324,221</u>	<u>403,915</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	888,972	184,572	4,255	1,077,799
Fund balance - July 1, 2007, restated	<u>1,411,543</u>	<u>1,316,482</u>	<u>2,900,262</u>	<u>5,628,287</u>
Fund balance - June 30, 2008	<u>\$ 2,300,515</u>	<u>\$ 1,501,054</u>	<u>\$ 2,904,517</u>	<u>\$ 6,706,086</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, 2008

	<u>Highway Improvements</u>	<u>Revolving</u>	<u>Reserve Appropriation</u>	<u>Donations</u>	<u>Federal/ Grants</u>	<u>School Grants</u>	<u>Community Development</u>	<u>Subtotal</u>
<b>ASSETS</b>								
Cash and investments	\$ ( 882,613)	\$ 2,861,621	\$ 1,285,987	\$ 181,584	\$ 1,881,534	\$ 884,693	\$ 1,006,170	\$ 7,218,976
Federal and state grants receivable	1,299,654				1,640,827	1,167,351	183,317	4,291,149
Loans receivable		1,817,234					17,052,865	18,870,099
Receivable, other		11,688			275,906	373,804		661,398
Due from other funds		38,182	60,000	553	34,955		17,018	150,708
Inventory	<u>10,844</u>						<u>246,918</u>	<u>257,762</u>
Total assets	<u>\$ 427,885</u>	<u>\$ 4,728,725</u>	<u>\$ 1,345,987</u>	<u>\$ 182,137</u>	<u>\$ 3,833,222</u>	<u>\$ 2,425,848</u>	<u>\$ 18,506,288</u>	<u>\$ 31,450,092</u>
<b>LIABILITIES AND FUND BALANCES (DEFICITS)</b>								
Liabilities:								
Warrants payable	\$ 120,795	\$ 39,287		\$ 366	\$ 504,488	\$ 203,352	\$ 168,345	\$ 1,036,633
Accounts payable and accrued expenses	294,876	60,423			1,040,367	76,305	18,299	1,490,270
Due to the federal or state government						4,647		4,647
Deferred revenue					856,052	1,962,325	17,163,285	19,981,662
Due to other funds		35,054		553	8,344	1	20,669	64,621
Other liabilities							<u>13,674</u>	<u>13,674</u>
Total liabilities	<u>415,671</u>	<u>134,764</u>		<u>919</u>	<u>2,409,251</u>	<u>2,246,630</u>	<u>17,384,272</u>	<u>22,591,507</u>
Fund balances (deficits):								
Restricted								
Unrestricted, undesignated	<u>12,214</u>	<u>4,593,961</u>	<u>1,345,987</u>	<u>181,218</u>	<u>1,423,971</u>	<u>179,218</u>	<u>1,122,016</u>	<u>8,858,585</u>
Total fund balances	<u>12,214</u>	<u>4,593,961</u>	<u>1,345,987</u>	<u>181,218</u>	<u>1,423,971</u>	<u>179,218</u>	<u>1,122,016</u>	<u>8,858,585</u>
Total liabilities and fund balances	<u>\$ 427,885</u>	<u>\$ 4,728,725</u>	<u>\$ 1,345,987</u>	<u>\$ 182,137</u>	<u>\$ 3,833,222</u>	<u>\$ 2,425,848</u>	<u>\$ 18,506,288</u>	<u>\$ 31,450,092</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, 2008

	<u>Street Repaving \$1M</u>	<u>CSO Relocate</u>	<u>Equipment Purchase Bond Issue</u>	<u>\$1 Mil Building Imp &amp; \$150K Costs Bond Issue</u>	<u>\$3 Mil Equipment Bond Issue</u>	<u>\$627K Equipment Bond Issue</u>
<b>ASSETS</b>						
Cash and cash equivalents	\$	\$	\$ 807	\$ 36,605	\$ 1,306,529	\$ 560,000
Federal and state grants receivable						
Receivable, other						
Due from other funds	_____	_____	_____	_____	_____	_____
Due from component unit						
<b>Total assets</b>	<u>\$</u>	<u>\$</u>	<u>\$ 807</u>	<u>\$ 36,605</u>	<u>\$ 1,306,529</u>	<u>\$ 560,000</u>
Warrants payable	\$	\$	\$	\$ 18,775	\$ 21,117	\$
Accounts payable and accrued expenses				12,411	343,519	49,056
Bond anticipation notes payable					3,317,000	627,874
Interim loan payable						
Deferred revenue – misc						
Retainage payable						
Due to component units						
Due from other funds	_____	_____	_____	_____	_____	_____
<b>Total liabilities</b>				31,186	3,681,636	676,930
Fund balances (deficits), unreserved	_____	_____	807	5,419	( 2,375,107)	( 116,930)
<b>Total fund balances</b>			807	5,419	( 2,375,107)	( 116,930)
<b>Total liabilities and fund balances</b>	<u>\$</u>	<u>\$</u>	<u>\$ 807</u>	<u>\$ 36,605</u>	<u>\$ 1,306,529</u>	<u>\$ 560,000</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, 2008

	<b>\$6 Mil Auto Meter Reader Bond Issue</b>	<b>Chlorine Disinfectant Station</b>	<b>\$ 2 Mil Building Purchas Bond Issue</b>	<b>Normandin Middle School</b>	<b>Keith Middle School</b>	<b>Landfill Closure</b>	<b>Land Acquisition</b>
<b>ASSETS</b>							
Cash and cash equivalents	\$ 5,999,864	\$	\$	\$	\$ 289,809	\$ 1,019,047	\$
Federal and state grants receivable							
Receivable, other							
Due from other funds							
Due from component unit	_____	_____	_____	_____	_____	_____	_____
Total assets	<u>\$ 5,999,864</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$ 289,809</u>	<u>\$ 1,019,047</u>	<u>\$</u>
<b>LIABILITIES AND FUND BALANCES (DEFICITS)</b>							
Warrants payable	\$	\$	\$	\$	\$ 188,691	\$	\$
Accounts payable and accrued expenses	45,522				202,033		
Bond anticipation notes payable	6,000,000				5,615,000		
Interim loan payable							
Deferred revenue – misc							
Retainage payable					113,169		
Due to component unit							
Due to other funds	_____	_____	_____	_____	_____	_____	_____
Total liabilities	<u>6,045,522</u>	_____	_____	_____	<u>6,118,893</u>	_____	_____
Fund balances (deficits), unreserved	<u>( 45,658)</u>	_____	_____	_____	<u>( 5,829,084)</u>	<u>1,019,047</u>	_____
Total fund balances	<u>( 45,658)</u>	_____	_____	_____	<u>( 5,829,084)</u>	<u>1,019,047</u>	_____
Total liabilities and fund balances	<u>\$ 5,999,864</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$ 289,809</u>	<u>\$ 1,019,047</u>	<u>\$</u>

See accompanying independent auditors' report

**CITY OF NEW BEDFORD, MASSACHUSETTS**  
 Supplementary Information  
 Non Major Governmental Funds  
 Capital Projects Funds  
 Combining Balance Sheet (Continued)  
 June 30, 2008

	<u>Harbor Dev Phase Dredge</u>	<u>River Road Bond</u>	<u>Wastewater Sewer Separation</u>	<u>DPI Sewer Separation</u>	<u>Street Paving</u>	<u>Winslow Elementary</u>	<u>Elizabeth Brooks</u>
<b>ASSETS</b>							
Cash and cash equivalents	\$	\$ 11,690	\$( 604,624)	\$ 2,220,910	\$ 76	\$	\$
Federal and state grants receivable			604,624				
Receivable, other							
Due from other funds							
Due from component unit	_____	_____	_____	_____	_____	_____	_____
Total assets	<u>\$</u>	<u>\$ 11,690</u>	<u>\$</u>	<u>\$ 2,220,910</u>	<u>\$ 76</u>	<u>\$</u>	<u>\$</u>
<b>LIABILITIES AND FUND BALANCES (DEFICITS)</b>							
Warrants payable	\$	\$	\$	\$	\$	\$	\$
Accounts payable and accrued expenses				430,120			
Bond anticipation notes payable							
Interim loan payable							
Retainage payable				38,879			
Due to component unit							
Due to other funds	_____	_____	_____	_____	_____	_____	_____
Total liabilities				468,999			
Fund balances (deficits), unreserved	_____	11,690	_____	1,751,911	76	_____	_____
Total fund balances	_____	11,690	_____	1,751,911	76	_____	_____
Total liabilities and fund balances	<u>\$</u>	<u>\$ 11,690</u>	<u>\$</u>	<u>\$ 2,220,910</u>	<u>\$ 76</u>	<u>\$</u>	<u>\$</u>

See accompanying independent auditors' report

**CITY OF NEW BEDFORD, MASSACHUSETTS**

Supplementary Information

Non Major Governmental Funds

Capital Projects Funds

Combining Balance Sheet (Continued)

June 30, 2008

<b>ASSETS</b>	<u>Lincoln Elementary</u>	<u>Campbell Elementary</u>	<u>Mt. Pleasant Water Mains</u>	<u>Railroad Depot</u>	<u>Devalles Elementary</u>	<u>Riverside Park</u>	<u>Water Transmission Mains</u>
Cash and cash equivalents	\$	\$	\$( 9,870)	\$ 1,019,507	\$	\$	\$
Federal and state grants receivable			787,413				13,850
Receivable, other							
Due from other funds							
Due from other component unit							
<b>Total assets</b>	<u>\$</u>	<u>\$</u>	<u>\$ 777,543</u>	<u>\$ 1,019,507</u>	<u>\$</u>	<u>\$</u>	<u>\$ 13,850</u>
<b>LIABILITIES AND FUND BALANCES (DEFICITS)</b>							
Warrants payable	\$	\$	\$	\$ 20,389	\$	\$	\$
Accounts payable and accrued expenses				289			
Bond anticipation notes payable				7,470,000			
Interim loan payable							
Retainage payable							
Due to component unit							
Due to other funds							
<b>Total liabilities</b>				<u>7,490,678</u>			
Fund balances (deficits), unreserved			<u>777,543</u>	<u>( 6,471,171)</u>			<u>13,850</u>
<b>Total fund balances</b>			<u>777,543</u>	<u>( 6,471,171)</u>			<u>13,850</u>
<b>Total liabilities and fund balances</b>	<u>\$</u>	<u>\$</u>	<u>\$ 777,543</u>	<u>\$ 1,019,507</u>	<u>\$</u>	<u>\$</u>	<u>\$ 13,850</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, 2008

<b>ASSETS</b>	<u>West End Cement Lining Ph2</u>	<u>Incubator Project</u>	<u>Water Mains Rehab Construction</u>	<u>Sea Lab</u>	<u>Route 18</u>	<u>Phase 2 Regional-Airspace Study</u>	<u>AIP 27 Taxiway Construction</u>
Cash and cash equivalents	\$ 12,565	\$( 23,167)	\$ 17,000	\$ 42,119	\$	\$	\$( 23,732)
Federal and state grants receivable	2,238		6,008,676				
Receivable, other							
Due from other funds							
Due from other component unit							32,358
<b>Total assets</b>	<u>\$ 14,803</u>	<u>\$( 23,167)</u>	<u>\$ 6,025,676</u>	<u>\$ 42,119</u>	<u>\$</u>	<u>\$</u>	<u>\$ 8,626</u>
<b>LIABILITIES AND FUND BALANCES (DEFICITS)</b>							
Warrants payable	\$	\$	\$ 17,130	\$	\$	\$	\$
Accounts payable and accrued expenses			1,063,609				
Bond anticipation notes payable				8,397,500			
Interim loan payable			8,039,458				
Retainage payable			147,548				
Due to component unit							
Due from other funds							
<b>Total liabilities</b>			<u>9,267,745</u>	<u>8,397,500</u>			
Fund balances (deficits), unreserved	<u>14,803</u>	<u>( 23,167)</u>	<u>( 3,242,069)</u>	<u>( 8,355,381)</u>			<u>8,626</u>
<b>Total fund balances</b>	<u>14,803</u>	<u>( 23,167)</u>	<u>( 3,242,069)</u>	<u>( 8,355,381)</u>			<u>8,626</u>
<b>Total liabilities and fund balances</b>	<u>\$ 14,803</u>	<u>\$( 23,167)</u>	<u>\$ 6,025,676</u>	<u>\$ 42,119</u>	<u>\$</u>	<u>\$</u>	<u>\$ 8,626</u>

See accompanying independent auditors' report

**CITY OF NEW BEDFORD, MASSACHUSETTS**

Supplementary Information

Non Major Governmental Funds

Capital Projects Funds

Combining Balance Sheet

June 30, 2008

	<u>Parking Garage</u>	<u>Wastewater 2D Treatment</u>	<u>North End Pressure</u>	<u>Totals</u>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 63,568	\$ 75,040	\$ 2,725,865	\$ 14,739,608
Federal and state grants receivable				7,416,801
Receivable, other				
Due from other funds				
Due from component unit	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>32,358</u>
Total assets	<u>\$ 63,568</u>	<u>\$ 75,040</u>	<u>\$ 2,725,865</u>	<u>\$ 22,188,767</u>
<b>LIABILITIES AND FUND BALANCES (DEFICITS)</b>				
Warrants payable	\$	\$	\$ 66,374	\$ 332,476
Accounts payable and accrued expenses			289,557	2,436,116
Bond anticipation notes payable			4,650,000	36,077,374
Interim loan payable		604,624		8,644,082
Retainage payable				299,596
Due to component unit				
Due to other funds	<u>                    </u>	<u>1,080</u>	<u>                    </u>	<u>1,080</u>
Total liabilities	<u>                    </u>	<u>605,704</u>	<u>5,005,931</u>	<u>47,790,724</u>
Fund balances (deficits), unreserved	<u>63,568</u>	<u>( 530,664)</u>	<u>( 2,280,066)</u>	<u>( 25,601,957)</u>
Total fund balances	<u>63,568</u>	<u>( 530,664)</u>	<u>( 2,280,066)</u>	<u>( 25,601,957)</u>
Total liabilities and fund balances	<u>\$ 63,568</u>	<u>\$ 75,040</u>	<u>\$ 2,725,865</u>	<u>\$ 22,188,767</u>

See accompanying independent auditors' report

**CITY OF NEW BEDFORD, MASSACHUSETTS**

Supplementary Information

Non Major Governmental Funds

Permanent Funds

Combining Balance Sheet (Continued)

Year Ended June 30, 2008

	<u>Permanent Trusts</u>			<u>Total Non Major Governmental Funds</u>
	<u>Nonexpendable Trusts</u>	<u>Expendable Trusts</u>	<u>Subtotal</u>	
<b>ASSETS</b>				
Cash and investments	\$ 7,053,225	\$ 13,668	\$ 7,066,893	\$ 29,025,477
Federal and state receivable				11,707,950
Loans receivable				18,870,099
Receivable, other				661,398
Accrued interest	55,107		55,107	55,107
Land inventory				257,762
Due from other funds				183,066
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total assets	<u>\$ 7,108,332</u>	<u>\$ 13,668</u>	<u>\$ 7,122,000</u>	<u>\$ 60,760,859</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Warrants payable	\$ 29,178	\$ 15	\$ 29,193	\$ 1,398,302
Accounts payable and accrued expenses	18		18	3,926,404
Retainage payable				299,596
Due to other funds	1,363		1,363	67,064
Due to federal & state governments				4,647
Deferred revenue				19,981,662
Other liabilities				13,674
Interim loan payable				8,644,082
Bonds anticipation notes payable				36,077,374
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total liabilities	<u>\$ 30,559</u>	<u>\$ 15</u>	<u>\$ 30,574</u>	<u>\$ 70,412,805</u>
Fund balances:				
Restricted	5,102,411		5,102,411	5,102,411
Unrestricted/undesignated	<u>1,975,362</u>	<u>13,653</u>	<u>1,989,015</u>	<u>( 14,754,357)</u>
	<u>                    </u>	<u>                    </u>	<u>                    </u>	
Total fund balance	<u>7,077,773</u>	<u>13,653</u>	<u>7,091,426</u>	<u>( 9,651,946)</u>
	<u>                    </u>	<u>                    </u>	<u>                    </u>	
Total liabilities and fund balances	<u>\$ 7,108,332</u>	<u>\$ 13,668</u>	<u>\$ 7,122,000</u>	<u>\$ 60,760,859</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, 2008

	<u>Highway Improvements</u>	<u>Revolving</u>	<u>Reserve for Appropriation</u>	<u>Donations</u>
Revenues:				
Federal and state grants	\$ 1,740,746	\$ 8,209,497	\$	\$
Utility usage charges				
Investment income		2,592	( 10,739)	6,913
Other		2,478,441	124,915	62,055
Total revenues	<u>1,740,746</u>	<u>10,690,530</u>	<u>114,176</u>	<u>68,968</u>
Expenditures:				
General government		444,759		19,295
Public safety		80,359	272	
Public works	1,728,532	41,243		
Education		9,682,968		720
Community and economic development				
Health and human services		82,973		510
Culture and recreation		318,290		21,141
Municipal airport				
Debt service:				
Principal				
Interest				
Total expenditures	<u>1,728,532</u>	<u>10,650,592</u>	<u>272</u>	<u>41,666</u>
Excess (deficiency) of revenue over expenditures	12,214	39,938	113,904	27,302
Other financing sources (uses):				
Transfers between funds		( 20,076)		
Total other financing sources (uses)		( 20,076)		
Excess (deficiency) of revenues and other sources over expenditures and other uses	12,214	19,862	113,904	27,302
Fund balance (deficit), July 1, 2007, as restated		4,574,099	1,232,083	153,916
Fund balance (deficit), June 30, 2008	\$ <u>12,214</u>	\$ <u>4,593,961</u>	\$ <u>1,345,987</u>	\$ <u>181,218</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, 2008

	<u>Federal/State Grants</u>	<u>School Grants</u>	<u>Community Development</u>	<u>Subtotals</u>
Revenues:				
Federal and state grants	\$ 5,500,912	\$ 17,540,727	\$ 6,245,995	\$ 39,237,877
Utility usage charges				
Investment income	537		108,744	108,047
Other	<u>943,394</u>	<u>1,194,608</u>	<u>347,599</u>	<u>5,151,012</u>
Total revenues	<u>6,444,843</u>	<u>18,735,335</u>	<u>6,702,338</u>	<u>44,496,936</u>
Expenditures:				
General government	653,525			1,117,579
Public safety	2,321,192			2,401,823
Public works	769,234			2,539,009
Education		19,080,668		28,764,356
Community and economic development	229,852		6,650,650	6,880,502
Health and human services	941,257			1,024,740
Culture and recreation	950,984			1,290,415
Municipal airport	1,064,050			1,064,050
Debt service:				
Principal	100,000			100,000
Interest	<u>1,062</u>			<u>1,062</u>
Total expenditures	<u>7,031,156</u>	<u>19,080,668</u>	<u>6,650,650</u>	<u>45,183,536</u>
Excess (deficiency) of revenue over expenditures	( 586,313)	( 345,333)	51,688	( 686,600)
Other financing sources (uses):				
Transfers between funds	<u>440,938</u>			<u>420,862</u>
Total other financing sources (uses)	<u>440,938</u>			<u>420,862</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	( 145,375)	( 345,333)	51,688	( 265,738)
Fund balance (deficit), July 1, 2007, as restated	<u>1,569,346</u>	<u>524,551</u>	<u>1,070,328</u>	<u>9,124,323</u>
Fund balance (deficit), June 30, 2008	<u>\$ 1,423,971</u>	<u>\$ 179,218</u>	<u>\$ 1,122,016</u>	<u>\$ 8,858,585</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, 2008

	<u>Street Repaving \$1M</u>	<u>CSO Relocate</u>	<u>Equipment Purchase Bond Issue</u>	<u>\$1 Mil Building Imp &amp; \$150K Costs Bond Issue</u>	<u>\$3 Mil Equipment Bond Issue</u>	<u>\$627K Equipment Bond Issue</u>
Revenues:						
Federal grant:	\$	\$	\$	\$	\$	\$
Operating						
Capital						
State grant:						
Operating						
Capital						
Investment income						
Other	_____	_____	_____	_____	_____	_____
Total revenues	_____	_____	_____	_____	_____	_____
Expenditures:						
General government				31,186	2,375,107	
Public safety						
Public infrastructure	3,051					116,930
Education						
Community and economic development						
Municipal Airport						
Culture and recreation	_____	_____	_____	_____	_____	_____
Total expenditures	3,051	_____	_____	31,186	2,375,107	116,930
Excess (deficiency) of revenue over expenditures	( 3,051)	_____	_____	( 31,186)	( 2,375,107)	( 116,930)
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	( 3,051)	_____	_____	( 31,186)	( 2,375,107)	( 116,930)
Fund balances (deficit), July 1, 2007, as restated	3,051	_____	807	36,605	_____	_____
Fund balances (deficit), June 30, 2008	<u>\$</u>	<u>\$</u>	<u>\$ 807</u>	<u>\$ 5,419</u>	<u>\$( 2,375,107)</u>	<u>\$( 116,930)</u>

See accompanying independent auditors' report

**CITY OF NEW BEDFORD, MASSACHUSETTS**  
 Supplementary Information  
 Non Major Governmental Funds  
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 Combining Statement of Revenues, Expenditures and Changes in Fund Balances (Continued)  
 For the Year Ended June 30, 2008

	<u>\$6 Mil Auto Meter Reader Bond Issue</u>	<u>Chlorine Disinfectant Station</u>	<u>\$ 2 Mil Building Purchase Bond Issue</u>	<u>Normandin Middle School</u>	<u>Keith Middle School</u>	<u>Landfill Closure</u>	<u>Land Aquisition</u>
Revenues:							
Federal grant:	\$	\$	\$	\$	\$	\$	\$
Operating							
Capital							
State grant:							
Capital					171,248		
Investment income							
Other							
<b>Total revenues</b>					<u>171,248</u>		
Expenditures:							
General government							
Public safety							
Public infrastructure	45,658					9,500	
Education				77	4,166,809		
Community and economic development							
Municipal airport							
Culture and recreation							
<b>Total expenditures</b>	<u>45,658</u>			<u>77</u>	<u>4,166,809</u>	<u>9,500</u>	
Excess (deficiency) of revenue over expenditures	<u>( 45,658)</u>			<u>( 77)</u>	<u>(3,995,561)</u>	<u>( 9,500)</u>	
Other financing sources (uses):							
Transfers between funds							
Bond proceeds					2,031,944	1,790,504	
<b>Total other financing sources (uses)</b>					<u>2,031,944</u>	<u>1,790,504</u>	
Excess (deficiency) of revenues and other sources over expenditures and other uses	<u>( 45,658)</u>			<u>( 77)</u>	<u>( 1,963,617)</u>	<u>1,781,004</u>	
Fund balances (deficit), July 1, 2007, as restated				77	( 3,865,467)	( 761,957)	
Fund balances (deficit), June 30, 2008	<u>\$( 45,658)</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$( 5,829,084)</u>	<u>\$ 1,019,047</u>	<u>\$</u>

See accompanying independent auditors' report

**CITY OF NEW BEDFORD, MASSACHUSETTS**

Supplementary Information  
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 Combining Statement of Revenues, Expenditures and Changes in Fund Balances (Continued)  
 For the Year Ended June 30, 2008

	<u>Harbor Dev Phase Dredge</u>	<u>River Road Bond</u>	<u>Wastewater Sewer Separation</u>	<u>DPI Sewer Separation</u>	<u>Street Paving</u>	<u>Winslow Elementary</u>	<u>Elizabeth Brooks</u>
Revenues:							
Federal grant:	\$	\$	\$	\$	\$	\$	\$
Operating							
Capital							
State grant:							
Operating							
Capital							
Investment income							
Other							
<b>Total revenues</b>							
Expenditures:							
General government							
Public safety							
Public infrastructure			610,221	1,307,257	62,444		
Education							
Community and economic development							
Municipal Airport							
Culture and recreation							
<b>Total expenditures</b>			<u>610,221</u>	<u>1,307,257</u>	<u>62,444</u>		
Excess (deficiency) of revenue over expenditures			<u>( 610,221)</u>	<u>( 1,307,257)</u>	<u>( 62,444)</u>		
Other financing sources (uses):							
Transfers between funds	111,383	( 20,000)					
Bond proceeds				8,894,552			
<b>Total other financing sources (uses)</b>	<u>111,383</u>	<u>( 20,000)</u>		<u>8,894,552</u>			
Excess (deficiency) of revenues and other sources over expenditures and other uses	111,383	( 20,000)	( 610,221)	7,587,295	( 62,444)		
Fund balances (deficit), July 1, 2007, as restated	<u>( 111,383)</u>	<u>31,690</u>	<u>610,221</u>	<u>( 5,835,384)</u>	<u>62,520</u>		
Fund balances (deficit), June 30, 2008	<u>\$</u>	<u>\$ 11,690</u>	<u>\$</u>	<u>\$ 1,751,911</u>	<u>\$ 76</u>	<u>\$</u>	<u>\$</u>

See accompanying independent auditors' report

**CITY OF NEW BEDFORD, MASSACHUSETTS**  
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 Combining Statement of Revenues, Expenditures and Changes in Fund Balances (Continued)  
 For the Year Ended June 30, 2008

	<u>Lincoln Elementary</u>	<u>Campbell Elementary</u>	<u>Mt. Pleasant Water Mains</u>	<u>Railroad Depot</u>	<u>Devalles Elementary</u>	<u>Riverside Park</u>	<u>Water Transmissior Mains</u>
Revenues:							
Federal grant:	\$	\$	\$	\$	\$	\$	\$
Operating							
Capital							
State grant:							
Operating							
Capital							
Investment income							
Other							
<b>Total revenues</b>							
Expenditures:							
General government							
Public safety							
Public infrastructure			134,549	369,274			
Education							
Community and economic development							
Municipal Airport							
Culture and recreation							
<b>Total expenditures</b>			<u>134,549</u>	<u>369,274</u>			
Excess (deficiency) of revenue over expenditures			( 134,549)	( 369,274)			
Other financing sources (uses):							
Transfers between funds		465					6,028
Bond proceeds			<u>6,414,971</u>	<u>5,000,000</u>			
<b>Total other financing sources (uses)</b>		<u>465</u>	<u>6,414,971</u>	<u>5,000,000</u>			<u>6,028</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses		465	6,280,422	4,630,726			6,028
Fund balances (deficit), July 1, 2007, as restated		( 465)	( 5,502,879)	( 11,101,897)			7,822
Fund balances (deficit), June 30, 2008	<u>\$</u>	<u>\$</u>	<u>\$ 777,543</u>	<u>\$ ( 6,471,171)</u>	<u>\$</u>	<u>\$</u>	<u>\$ 13,850</u>

See accompanying independent auditors' report

**CITY OF NEW BEDFORD, MASSACHUSETTS**  
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 Combining Statement of Revenues, Expenditures and Changes in Fund Balances (Continued)  
 For the Year Ended June 30, 2008

	<u>West End Cement Lining Ph2</u>	<u>Incubator Project</u>	<u>Water Mains Rehab Construction</u>	<u>Sea Lab</u>	<u>Route 18</u>	<u>Phase 2 Regional-Airspace Study</u>	<u>AIP 27 Taxiway Construction</u>
Revenues:							
Federal grant:	\$	\$	\$	\$	\$	\$	\$
Operating							
Capital				170,832			
State grant:							
Operating							
Capital					117,186		
Investment income							
Other		257,131					
Total revenues		<u>257,131</u>		<u>170,832</u>	<u>117,186</u>		
Expenditures:							
General government							
Public safety							
Public infrastructure			3,242,069		117,186		
Education							
Community and economic development				141,291			
Municipal Airport							
Culture and recreation							
Total expenditures			<u>3,242,069</u>	<u>141,291</u>	<u>117,186</u>		
Excess (deficiency) of revenue over expenditures		<u>257,131</u>	<u>( 3,242,069)</u>	<u>29,541</u>			
Other financing sources (uses):							
Transfers between funds		20,000					
Bond proceeds							
Total other financing sources (uses)		<u>20,000</u>					
Excess (deficiency) of revenues and other sources over expenditures and other uses		277,131	( 3,242,069)	29,541			
Fund balances (deficit), July 1, 2007, as restated	14,803	( 300,298)		( 8,384,922)			8,626
Fund balances (deficit), June 30, 2008	<u>\$ 14,803</u>	<u>\$( 23,167)</u>	<u>\$( 3,242,069)</u>	<u>\$( 8,355,381)</u>	<u>\$</u>	<u>\$</u>	<u>\$ 8,626</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, 2008

	<u>Parking Garage</u>	<u>Wastewater 2D Treatment</u>	<u>North End Pressure</u>	<u>Totals</u>
Revenues:				
Federal and state grants	\$	\$	\$	\$
Operating				
Capital				170,832
State grants:				
Operating				
Capital				288,434
Investment income		2,798		2,798
Other				<u>257,131</u>
 Total revenues		<u>2,798</u>		<u>719,195</u>
Expenditures:				
General government				2,406,293
Public safety				
Public infrastructure		1,042	771,926	6,791,107
Education				4,166,886
Community and economic development				141,291
Municipal Airport				
Culture and recreation				
 Total expenditures		<u>1,042</u>	<u>771,926</u>	<u>13,505,577</u>
Excess (deficiency) of revenue over expenditures		<u>1,756</u>	<u>( 771,926)</u>	<u>( 12,786,382)</u>
Other financing sources (uses):				
Transfers between funds				117,876
Bond proceeds		<u>( 604,624)</u>		<u>23,527,347</u>
 Total other financing sources (uses)		<u>( 604,624)</u>		<u>23,645,223</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses		(602,868)	( 771,926)	10,858,841
Fund balances (deficit), July 1, 2007, as restated	<u>63,568</u>	<u>72,204</u>	<u>( 1,508,140)</u>	<u>( 36,460,798)</u>
Fund balances (deficit), June 30, 2008 <sub>2</sub>	<u>\$ 63,568</u>	<u>\$ (530,664)</u>	<u>\$( 2,280,066)</u>	<u>\$( 25,601,957)</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, 2008

	<u>Permanent Trusts</u>			<u>Total Non Major Governmental Funds</u>
	<u>Nonexpendable Trusts</u>	<u>Expendable Trusts</u>	<u>Subtotal</u>	
Revenues:				
Intergovernmental - operating	\$	\$	\$	\$ 39,237,877
Intergovernmental - capital				459,266
Investment income	( 595,574)	( 38,741)	( 634,315)	( 523,470)
Other excise				
Fines and forfeitures		4,403	4,403	4,403
Charges for services				
Other	<u>171,895</u>	<u>                    </u>	<u>171,895</u>	<u>5,580,038</u>
Total revenues	<u>( 423,679)</u>	<u>( 34,338)</u>	<u>( 458,017)</u>	<u>44,758,114</u>
Expenditures:				
General government	61		61	3,523,933
Public safety				2,401,823
Public works				9,330,116
Health and human services	59,215	351,083	410,298	1,435,038
Education	1,001		1,001	32,932,243
Community and economic development				7,021,793
Municipal airport				1,064,050
Culture and recreation	134,955	41	134,996	1,425,411
Debt service:				
Principal				100,000
Interest				<u>1,062</u>
Total expenditures	<u>195,232</u>	<u>351,124</u>	<u>546,356</u>	<u>59,235,469</u>
Excess (deficiency) of revenue over expenditures	<u>( 618,911)</u>	<u>( 385,462)</u>	<u>( 1,004,373)</u>	<u>( 14,477,355)</u>
Other financing sources (uses):				
Bond proceeds				23,527,347
Bond premiums				
Transfers between funds	<u>( 2,248,628)</u>	<u>( 29,000)</u>	<u>( 2,277,628)</u>	<u>( 1,738,890)</u>
Total other financing sources (uses)	<u>( 2,248,628)</u>	<u>( 29,000)</u>	<u>( 2,277,628)</u>	<u>21,788,457</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	( 2,867,539)	( 414,462)	( 3,282,001)	7,311,102
Fund balance (deficit), July 1, 2007, restated	<u>9,945,312</u>	<u>428,115</u>	<u>10,373,427</u>	<u>( 16,963,048)</u>
Fund balance (deficit), June 30, 2008	<u>\$ 7,077,773</u>	<u>\$ 13,653</u>	<u>\$ 7,091,426</u>	<u>\$( 9,651,946)</u>

See accompanying independent auditors' report

**CITY OF NEW BEDFORD, MASSACHUSETTS**

Supplementary Information

Private Purpose Trust Funds

Combining Balance Sheet

June 30, 2008

	<u>Taylor Scholarship</u>	<u>EG Campbell Scholarship</u>	<u>Total</u>
<b>Assets</b>			
Cash and short term investments	\$ 30	\$ 815	\$ 845
Investments	<u>          </u>	<u>11,806</u>	<u>11,806</u>
Total assets	<u>\$ 30</u>	<u>\$ 12,621</u>	<u>\$ 12,651</u>
<b>Liabilities</b>			
Accounts payable and accrued expenses	<u>\$          </u>	<u>\$          </u>	<u>\$          </u>
Total liabilities	<u>          </u>	<u>          </u>	<u>          </u>
<b>Net Assets</b>			
Fund balance:			
Unrestricted/undesignated	<u>\$ 30</u>	<u>\$ 12,621</u>	<u>\$ 12,651</u>
Total net assets	<u>\$ 30</u>	<u>\$ 12,621</u>	<u>\$ 12,651</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, 2008

	<u>Taylor Scholarship</u>	<u>EG Campbell Scholarship</u>	<u>Total</u>
<b>Revenues:</b>			
Investment income:			
Dividends and interest	\$ 15	\$ 842	\$ 857
Net appreciation in fair value of investments	<u>                    </u>	<u>( 2,808)</u>	<u>( 2,808)</u>
Total revenue	<u>15</u>	<u>( 1,966)</u>	<u>( 1,951)</u>
<b>Expenditures:</b>			
Education	<u>                    </u>	<u>225</u>	<u>225</u>
Total expenditures	<u>                    </u>	<u>225</u>	<u>225</u>
Excess (deficiency) of revenue over expenditures	15	( 2,191)	( 2,176)
<b>Other financing sources (uses):</b>			
Transfers from other 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>15</u>	<u>( 2,191)</u>	<u>( 2,176)</u>
Beginning fund balances	<u>15</u>	<u>14,812</u>	<u>14,826</u>
Ending fund balances	<u>\$ 30</u>	<u>\$ 12,621</u>	<u>\$ 12,651</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, 2008

	<b>Beginning Balance 07/01/07</b>	<b>Commitments</b>	<b>Collections</b>	<b>Adjustments</b>	<b>Exemptions &amp; Abatements</b>	<b>Transfer to Tax File</b>	<b>Refunds</b>	<b>Ending Balance 06/30/08</b>
<b>Real Estate:</b>								
2008	\$	\$ 79,477,379	\$( 75,131,409)	\$( 11,692)	\$( 927,605)	\$	\$ 22,567	\$ 3,429,240
2007	3,285,139		( 1,795,425)	( 18,252)	( 222,127)	( 1,607,664)	184,246	( 174,083)
2006	( 88,866)		( 948)	14,894	( 70,200)		57,514	( 87,606)
2005	( 82,468)			17,853	( 3,069)		1,839	( 65,845)
2004	( 124,571)			34,606	( 873)		856	( 89,982)
2003	( 85,702)			14,859				( 70,843)
2002	342,746			( 367,507)				( 24,761)
2001	( 51,448)			77,832				26,384
2000	( 32,506)			32,506				
1999	( 32,335)			32,335				
1998	( 8,477)			8,477				
1997								
1989/PY	( 8,336)		( 10,142)	18,478				
<b>Total Real Estate</b>	<b>3,113,176</b>	<b>79,477,379</b>	<b>( 76,937,924)</b>	<b>( 145,611)</b>	<b>( 1,223,874)</b>	<b>( 1,607,664)</b>	<b>267,022</b>	<b>2,942,504</b>
<b>Personal Property:</b>								
2008		3,218,398	( 3,145,855)	( 138)	( 546)			71,859
2007	48,374		( 14,195)	286	( 3,243)			31,222
2006	45,078		( 3,772)	( 74)	( 23)			41,209
2005	47,366		( 2,737)	3	( 105)			44,527
2004	17,467		( 1,367)	137				16,237
2003	17,757		( 808)	281				17,230
2002	19,745		( 1,011)	( 4,151)				14,583
2001	11,915		( 903)	1,292				12,304
2000	12,684		( 677)	181				12,188
1999	10,846		( 658)	( 181)				10,007
1998	8,525		( 272)	313				8,566
1997	3,264		( 278)	( 2)				2,984
1996	4,178		( 17)	( 835)				3,326
1995	2,742			228				2,970
1994	587			375				962
1993	1,581			1				1,582
1992	1,126			60				1,186
1991	2,573			153				2,726
1990	1,341			130				1,471
1989	842			191				1,033
<b>Total Personal Property</b>	<b>257,991</b>	<b>3,218,398</b>	<b>( 3,172,550)</b>	<b>( 1,750)</b>	<b>( 3,917)</b>			<b>298,172</b>
<b>Total Property Taxes</b>	<b>3,371,167</b>	<b>82,695,777</b>	<b>( 80,110,474)</b>	<b>( 147,361)</b>	<b>( 1,227,791)</b>	<b>( 1,607,664)</b>	<b>267,022</b>	<b>3,240,676</b>

See accompanying independent auditors' report

**CITY OF NEW BEDFORD, MASSACHUSETTS**

Supplementary Information

General Fund

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

Year Ended June 30, 2008

	<b>Beginning Balance 07/01/07</b>	<b>Commitments</b>	<b>Collections</b>	<b>Adjustments</b>	<b>Exemptions &amp; Abatements</b>	<b>Transfer to Tax File</b>	<b>Refunds</b>	<b>Ending Balance 06/30/08</b>
<u>Motor Vehicle</u>								
2008		5,277,826	( 4,416,431)	70	( 108,832)		11,561	764,194
2007	880,183	1,050,602	( 1,508,907)	1,241	( 78,418)		37,534	382,235
2006	427,197	266,302	( 462,885)	1,025	( 17,344)		9,047	223,342
2005	220,492	32,054	( 90,245)	4,603	( 7,371)		4,472	164,005
2004	138,567		( 24,989)	1,770	( 902)		954	115,400
2003	77,427		( 13,715)	27,194	( 93,483)		618	( 1,959)
2002	78,189		( 5,004)	801	( 75,639)		23	( 1,630)
2001	56,512		( 2,269)	261	( 54,999)		13	( 482)
2000	42,640		( 1,261)	2,104	( 43,560)			( 77)
1999	39,901		( 1,651)	( 39)	( 38,215)			( 4)
1998	33,359		( 862)	29	( 32,612)		32	( 54)
1997	33,408		( 354)	( 7)	( 33,187)		35	( 105)
1996	32,434		( 486)	( 518)	( 31,505)		29	( 46)
1995	33,502		( 240)	( 281)	( 33,156)		57	( 118)
1994	36,228		( 91)	( 47)	( 36,097)			( 7)
1993	50,448		( 328)	( 116)	( 50,063)		59	
1992	61,457		( 452)	( 200)	( 60,879)		68	( 6)
1991	82,483		( 354)	( 390)	( 81,782)		43	
1990	104,367		( 808)	31	( 103,854)		18	( 246)
1989	63,611		( 426)	343	( 63,880)			( 352)
1988	156,133		( 707)	( 17)	( 155,576)		12	( 155)
<b>Total Motor Vehicle</b>	<u>2,648,538</u>	<u>6,626,784</u>	<u>( 6,532,465)</u>	<u>37,857</u>	<u>( 1,201,354)</u>		<u>64,575</u>	<u>1,643,935</u>
<b>Total Property and Motor Vehicle</b>	<u>\$ 6,019,705</u>	<u>\$ 89,322,561</u>	<u>\$( 86,642,939)</u>	<u>\$( 109,504)</u>	<u>\$( 2,429,145)</u>	<u>\$( 1,607,664)</u>	<u>\$ 331,597</u>	<u>\$ 4,884,611</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, 2008

	<b>Outstanding Balance 6/30/08</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>
GOB 2004 - Refund 1996	\$ 5,335,000	\$ 595,000	\$ 595,000	\$ 605,000	\$ 610,000
GOB 2004 - Refund 1995	4,280,000	610,000	580,000	580,000	585,000
Sewer Bonds	2,326,000	162,000	183,000	185,000	194,000
General Public Improvement	4,748,000	765,000	420,000	414,000	410,000
Federal Loan 1996 Series A	7,280,000	1,390,000	1,285,000	1,165,000	1,035,000
Federal Loan 1998 Series A	101,845,000	3,345,000	3,565,000	3,805,000	4,085,000
Federal Loan 2000 Series 6	4,807,353	139,495	144,008	148,850	155,000
Middle School, Public Imp	38,680,000	2,220,000	2,454,000	2,555,000	2,656,000
Federal Loan 2003 Series 8	636,146	34,103	35,006	35,940	36,948
Federal Loan 2003 Pool 9	1,262,253	69,964	70,651	71,594	72,795
HUD 108 -2003 -A	1,550,000	90,000	90,000	105,000	105,000
Federal Loan DW-02-13	1,874,885	83,834	86,122	88,495	90,910
Federal Loan DW-02-20	3,693,932	165,790	170,306	174,993	179,759
\$11.434M GOB 2006	9,830,000	790,000	780,000	760,000	590,000
Federal Loan CW-04-28	552,483	25,756	26,276	26,807	27,349
Federal Loan CW-03-36	5,064,298	130,191	133,230	136,339	139,521
GOSQ Bond 2007	15,970,000	965,000	975,000	995,000	1,005,000
Federal Loan DW-01-13A	406,606	17,768	18,127	18,493	18,867
Federal Loan DW - 04-13	6,161,972	269,270	274,710	280,259	285,921
GOB 2008 Series A	13,917,000	317,000	580,000	595,000	605,000
General Obligation SQ Bond - Series B	<u>3,800,000</u>	<u>5,000</u>	<u>5,000</u>	<u>5,000</u>	<u>335,000</u>
	<u>\$ 234,020,928</u>	<u>\$ 12,190,171</u>	<u>\$ 12,470,436</u>	<u>\$ 12,750,770</u>	<u>\$ 13,222,070</u>

See accompanying independent auditors' report



**CITY OF NEW BEDFORD, MASSACHUSETTS**

Supplementary Information

General Long-Term Debt Account Group

Schedule of Long-Term Debt Maturities (Continued)

Ten Years Ended June 30

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
GOB 2004 - Refund 1996	\$ 565,000	\$ 580,000	\$ 585,000	\$ 595,000	\$ 605,000	\$
GOB 2004 - Refund 1995	595,000	600,000	360,000	370,000		
Sewer Bonds	203,000	212,000	216,000	226,000	238,000	249,000
General Public Improvement	405,000	397,000	393,000	390,000	387,000	385,000
Federal Loan 1996 Series A	890,000	730,000	515,000	270,000		
Federal Loan 1998 Series A	4,390,000	4,710,000	5,085,000	5,490,000	5,920,000	6,090,000
Federal Loan 2000 Series 6	160,000	165,000	170,000	180,000	185,000	185,000
Middle School, Public Imp	2,767,000	2,937,000	3,006,000	3,079,000	3,160,000	3,266,000
Federal Loan 2003 Series 8	37,798	39,019	40,715	42,412	44,108	44,108
Federal Loan 2003 Pool 9	74,959	77,290	80,000	80,000	85,000	90,000
HUD 108 -2003 -A	105,000	105,000	105,000	105,000	105,000	105,000
Federal Loan DW-02-13	93,415	97,068	100,041	105,000	110,000	110,000
Federal Loan DW-02-20	184,705	191,918	197,786	204,888	214,883	219,880
\$11.434M GOB 2006	590,000	590,000	585,000	585,000	555,000	550,000
Federal Loan CW-04-28	27,901	28,465	29,040	29,627	30,225	30,836
Federal Loan CW-03-36	142,777	146,110	149,520	153,009	156,581	160,235
GOSQ Bond 2007	1,025,000	1,045,000	1,060,000	1,080,000	1,105,000	1,125,000
Federal Loan DW-01-13A	19,248	19,637	20,034	20,438	20,851	21,272
Federal Loan DW - 04-13	291,697	297,590	303,602	309,736	315,992	322,377
GOB 2008 Series A	615,000	630,000	650,000	665,000	680,000	695,000
General Obligation SQ Bond - Series B	<u>335,000</u>	<u>335,000</u>	<u>335,000</u>	<u>335,000</u>	<u>335,000</u>	<u>335,000</u>
	<u>\$ 13,517,500</u>	<u>\$ 13,933,097</u>	<u>\$ 13,985,738</u>	<u>\$ 14,315,110</u>	<u>\$ 14,252,640</u>	<u>\$ 13,983,708</u>

See accompanying independent auditors' report