

**COMMITTEE ON FINANCE - February 8, 2021**  
**MEETING AT 7:00 PM, THIS MEETING IS BEING HELD REMOTELY**  
**IN ACCORDANCE WITH THE GOVERNOR OF MASSACHUSETTS'**  
**MARCH 12, 2020 ORDER SUSPENDING CERTAIN PROVISIONS OF**  
**THE OPEN MEETING LAW G.L.C. 30A, SECTION 20 AND THE CITY**  
**COUNCIL'S VOTE TO WAIVE RULE 21A**  
**AGENDA**

THIS MEETING WILL BE LIVE STREAMED ON  
NB CABLE ACCESS FACEBOOK PAGE

1. COMMUNICATION, R. Renee Fernandes, Treasurer/Collector to Councillor Linda M. Morad, Chairperson, Committee on Finance, requesting a Finance Committee meeting to settle the balance of outstanding debt from the City's private sale with Webster Bank and to secure some new money to advance projects. This issue is short-term borrowing and entering the financial market again is not anticipated until spring of 2022. (Ref'd 01/19/2021)

***INVITEES: R. Renee Fernandes, Treasurer/Collector; Ari J. Sky, Chief Financial Officer***

2. COMMUNICATION, Derek Santos, Executive Director, New Bedford Economic Development Council, to Council President Lopes and Members of the City Council, submitting two proposed STA applications approved by the Tax Increment Financing Board for a five (5) year Agreement for The Atlantic Red Crab Company LLC and Eastern Fisheries, Inc. and one proposed TIE/HDIP application for 2135 and 319 Commercial Street and 10 Front Street – National Downtown Club LLC. (Copies provided and distributed to all Councillors on December 02, 2020.) (Ref'd 12/09/2020)

2a. RESOLUTION, approving Certified Project Application and Special Tax Assessment Agreement with Atlantic Red Crab Company LLC. (Ref'd 12/09/2020)

2b. RESOLUTION, approving Certified Project Application and Special Tax Assessment Agreement with Eastern Fisheries, Inc. (Ref'd 12/09/2020)

2c. TAX INCREMENT EXEMPTION/HOUSING DEVELOPMENT INCENTIVE PROGRAM, National Downtown Club 2135 & 319 Commercial Street and 10 Front Street. (Ref'd 12/09/2020)

***INVITEES: Benjamin Alego, CFO, Eastern Fisheries; Sean LaFrance, Director of Facilities, LaFrance Hospitality; Atty. Mike Livingstone, Eastern Fisheries; Derek Santos, Executive Director, New Bedford Economic Development; Jonathan Williams, Owner, Atlantic Red Crab Company***

***In accordance with the Americans with Disabilities Act (ADA), if any accommodations are needed, please contact the Clerk of Committees Office at 508-979-1482. Requests should be made as soon as possible but at least 48 hours prior to the scheduled meeting.***



Item Title:  
STREAMING STATEMENT

Item Detail:

THIS MEETING WILL BE LIVE STREAMED ON  
NB CABLE ACCESS FACEBOOK PAGE

Additional Information:



Item Title:

COMM re Debt Settlements

Item Detail:

1. COMMUNICATION, R. Renee Fernandes, Treasurer/Collector to Councillor Linda M. Morad, Chairperson, Committee on Finance, requesting a Finance Committee meeting to settle the balance of outstanding debt from the City's private sale with Webster Bank and to secure some new money to advance projects. This issue is short-term borrowing and entering the financial market again is not anticipated until spring of 2022. (Ref'd 01/19/2021)

Additional Information:

ATTACHMENTS:

Description	Type
❑ S&P Rating 2021 - New Bedford	Cover Memo
❑ N-21-02-16 New Bedford BAN POS	Cover Memo
❑ Results of BAN sale and Fin Comm Vote	Cover Memo

# RatingsDirect®

---

## Summary:

## New Bedford, Massachusetts; Note

### Primary Credit Analyst:

Charlene P Butterfield, New York + 1 (212) 438 2741; [charlene.butterfield@spglobal.com](mailto:charlene.butterfield@spglobal.com)

### Secondary Contact:

Christian Richards, Boston + 1 (617) 530 8325; [christian.richards@spglobal.com](mailto:christian.richards@spglobal.com)

## Table Of Contents

---

Rating Action

Related Research

## Summary:

# New Bedford, Massachusetts; Note

### Credit Profile

US\$18.246 mil GO BANs ser 2021 dtd 02/16/2021 due 04/15/2022

*Short Term Rating*

SP-1+

New

New Bedford GO BANs ser 2021 dtd 02/16/2021 due 04/15/2022

*Short Term Rating*

SP-1+

Affirmed

## Rating Action

S&P Global Ratings assigned its 'SP-1+' rating to the \$18.3 million general obligation bond anticipation notes (BANs) for the city of New Bedford, Mass.

The short-term rating reflects our opinion of New Bedford's general creditworthiness and market-risk profile, which we consider low. The low market-risk profile reflects our view of the city's strong legal authority to issue long-term debt to take out the notes and its ongoing disclosure to market participants.

The notes are a full faith and credit obligation of the city of New Bedford. On Sept. 28, 2020, we affirmed the city's underlying rating on its general obligation (GO) bonds at 'AA-' with a stable outlook.

Management plans to use the note proceeds to fund various capital projects, including public safety, communications, infrastructure and school renovation projects in the city.

### Credit overview

While historically a fishing port and home to the largest fishing fleet on the East Coast, New Bedford continues to see economic development in other maritime industries, such as offshore wind and maritime-related tourism. The very strong management environment has led to consistent and predictable financial results, which we expect will continue. As a result of the recent recession and ongoing slow recovery, the city expects its operating results for fiscal 2020 will remain positive, though at more modest levels compared with previous years. Although the city faces challenges from long-term retirement liabilities, and remains vulnerable to potential decreases in state aid, we expect continued stability, given management's ongoing efforts to cultivate economic development and recently implemented austerity measures in the fiscal 2021 budget cycle.

The long-term rating reflects our assessment of the following factors for the city:

- Adequate economy, with projected per capita effective buying income at 74.0% and market value per capita of \$69,129, that is gaining advantage from access to a broad and diverse metropolitan statistical area (MSA);
- Very strong management, with strong financial policies and practices under our Financial Management Assessment (FMA) methodology;
- Adequate budgetary performance, with balanced operating results in the general fund and a slight operating surplus

at the total governmental fund level in fiscal 2019;

- Adequate budgetary flexibility, with an available fund balance in fiscal 2019 of 6.0% of operating expenditures;
- Strong liquidity, with total government available cash at 7.6% of total governmental fund expenditures and 1.5x governmental debt service, and access to external liquidity we consider strong;
- Weak debt and contingent liability profile, with debt service carrying charges at 5% of expenditures and net direct debt that is 48% of total governmental fund revenue, as well as a large pension and other postemployment benefit obligation and the lack of a plan to sufficiently address the obligation; and
- Strong institutional framework score.

### **Environmental, social, and governance factors**

We analyzed the district's social risks relative to its economy, management, financial measures, and debt and liability profile, and determined that all are in line with our view of the sector standard. As it is a port city on the Atlantic coast, New Bedford is exposed to elevated environmental risks, notably hurricanes and sea-level rise. City administrators have taken several steps to diminish the elevated environmental risks by building a hurricane barrier in the city's harbor to mitigate potential damage from flooding risk.

For more information on New Bedford, please see our report published Sept. 28, 2020.

## **Related Research**

Through The ESG Lens 2.0: A Deeper Dive Into U.S. Public Finance Credit Factors, April 28, 2020

Certain terms used in this report, particularly certain adjectives used to express our view on rating relevant factors, have specific meanings ascribed to them in our criteria, and should therefore be read in conjunction with such criteria. Please see Ratings Criteria at [www.standardandpoors.com](http://www.standardandpoors.com) for further information. Complete ratings information is available to subscribers of RatingsDirect at [www.capitaliq.com](http://www.capitaliq.com). All ratings affected by this rating action can be found on S&P Global Ratings' public website at [www.standardandpoors.com](http://www.standardandpoors.com). Use the Ratings search box located in the left column.

Copyright © 2021 by Standard & Poor's Financial Services LLC. All rights reserved.

No content (including ratings, credit-related analyses and data, valuations, model, software or other application or output therefrom) or any part thereof (Content) may be modified, reverse engineered, reproduced or distributed in any form by any means, or stored in a database or retrieval system, without the prior written permission of Standard & Poor's Financial Services LLC or its affiliates (collectively, S&P). The Content shall not be used for any unlawful or unauthorized purposes. S&P and any third-party providers, as well as their directors, officers, shareholders, employees or agents (collectively S&P Parties) do not guarantee the accuracy, completeness, timeliness or availability of the Content. S&P Parties are not responsible for any errors or omissions (negligent or otherwise), regardless of the cause, for the results obtained from the use of the Content, or for the security or maintenance of any data input by the user. The Content is provided on an "as is" basis. S&P PARTIES DISCLAIM ANY AND ALL EXPRESS OR IMPLIED WARRANTIES, INCLUDING, BUT NOT LIMITED TO, ANY WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE, FREEDOM FROM BUGS, SOFTWARE ERRORS OR DEFECTS, THAT THE CONTENT'S FUNCTIONING WILL BE UNINTERRUPTED OR THAT THE CONTENT WILL OPERATE WITH ANY SOFTWARE OR HARDWARE CONFIGURATION. In no event shall S&P Parties be liable to any party for any direct, indirect, incidental, exemplary, compensatory, punitive, special or consequential damages, costs, expenses, legal fees, or losses (including, without limitation, lost income or lost profits and opportunity costs or losses caused by negligence) in connection with any use of the Content even if advised of the possibility of such damages.

Credit-related and other analyses, including ratings, and statements in the Content are statements of opinion as of the date they are expressed and not statements of fact. S&P's opinions, analyses and rating acknowledgment decisions (described below) are not recommendations to purchase, hold, or sell any securities or to make any investment decisions, and do not address the suitability of any security. S&P assumes no obligation to update the Content following publication in any form or format. The Content should not be relied on and is not a substitute for the skill, judgment and experience of the user, its management, employees, advisors and/or clients when making investment and other business decisions. S&P does not act as a fiduciary or an investment advisor except where registered as such. While S&P has obtained information from sources it believes to be reliable, S&P does not perform an audit and undertakes no duty of due diligence or independent verification of any information it receives. Rating-related publications may be published for a variety of reasons that are not necessarily dependent on action by rating committees, including, but not limited to, the publication of a periodic update on a credit rating and related analyses.

To the extent that regulatory authorities allow a rating agency to acknowledge in one jurisdiction a rating issued in another jurisdiction for certain regulatory purposes, S&P reserves the right to assign, withdraw or suspend such acknowledgment at any time and in its sole discretion. S&P Parties disclaim any duty whatsoever arising out of the assignment, withdrawal or suspension of an acknowledgment as well as any liability for any damage alleged to have been suffered on account thereof.

S&P keeps certain activities of its business units separate from each other in order to preserve the independence and objectivity of their respective activities. As a result, certain business units of S&P may have information that is not available to other S&P business units. S&P has established policies and procedures to maintain the confidentiality of certain non-public information received in connection with each analytical process.

S&P may receive compensation for its ratings and certain analyses, normally from issuers or underwriters of securities or from obligors. S&P reserves the right to disseminate its opinions and analyses. S&P's public ratings and analyses are made available on its Web sites, [www.standardandpoors.com](http://www.standardandpoors.com) (free of charge), and [www.ratingsdirect.com](http://www.ratingsdirect.com) (subscription), and may be distributed through other means, including via S&P publications and third-party redistributors. Additional information about our ratings fees is available at [www.standardandpoors.com/usratingsfees](http://www.standardandpoors.com/usratingsfees).

STANDARD & POOR'S, S&P and RATINGSDIRECT are registered trademarks of Standard & Poor's Financial Services LLC.



**PRELIMINARY OFFICIAL STATEMENT AND NOTICE OF SALE DATED JANUARY 29, 2021**

**S&P Global Ratings: SP-1+**

In the opinion of Locke Lord LLP, Bond Counsel, based upon an analysis of existing law and assuming, among other matters, compliance with certain covenants, interest on the Notes is excluded from gross income for federal income tax purposes under the Internal Revenue Code of 1986, as amended (the "Code"). Interest on the Notes will not be included in computing the alternative minimum taxable income of individuals. Under existing law, interest on the Notes is exempt from Massachusetts personal income taxes, and the Notes are exempt from Massachusetts personal property taxes. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the accrual or receipt of interest on, the Notes. See "Tax Exemption" herein. The Notes are not designated as "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Code.

**CITY OF NEW BEDFORD, MASSACHUSETTS  
\$18,245,364 GENERAL OBLIGATION BOND ANTICIPATION NOTES**

The City of New Bedford, Massachusetts (the "City") will receive telephone and electronic bids at Hilltop Securities Inc., (617-619-4400) in the case of telephone bids and via **PARITY** in the case of electronic bids until 11:00 a.m., Eastern Time, Thursday, February 4, 2021, for the purchase of the following described General Obligation Bond Anticipation Notes of the City:

**\$18,245,364** General Obligation Bond Anticipation Notes (the "Notes") (new and renewal) dated February 16, 2021 and payable on April 15, 2022. Interest on the Notes will be calculated on a 30 day-month/360 day-year basis (419/360). The Notes will not be subject to redemption prior to their stated maturity date.

Bids may be submitted electronically via **PARITY** pursuant to this Notice of Sale until 11:00 a.m., Eastern Time, on Thursday, February 4, 2021 but no bid will be received after the time for receiving bids specified above. To the extent any instructions or directions set forth in **PARITY** conflict with this Notice of Sale, the terms of this Notice of Sale shall control. For further information about **PARITY**, potential bidders may contact the Hilltop Securities Inc. or **PARITY** at (212) 404-8102.

**Bids may be submitted for all or part of the Notes at a single or various rates of interest in multiples of one-hundredth (1/100) of one percent (1%). No bid for less than par and accrued interest to the date of delivery will be considered. A premium of at least \$1.55 must be included for each \$1,000 bid. Any bid for less than all of the Notes must include the \$364 amount shown above, and if split bids are submitted, the most competitive bid must include the \$364. No coupon greater than 2.00% will be accepted. The Notes will be awarded on the basis of lowest net interest cost to the City.**

An electronic bid made in accordance with this Notice of Sale for the Notes shall be deemed an offer to purchase such Notes in accordance with the terms provided in this Notice of Sale and shall be binding upon the bidder as if made by a signed and sealed written bid delivered to the City.

Any bidder who submits a winning bid by telephone in accordance with this Notice of Sale shall be required to provide written confirmation of the terms of the bid by e-mailing a completed, signed bid form to Hilltop Securities Inc. by not later than 12 noon, Eastern Time, on the date of sale.

The award of the Notes to the winning bidder(s) will not be effective until the respective bid has been approved by the Treasurer, Mayor, and the Committee on Finance.

The Notes will be awarded on the basis of lowest net interest cost to the City. Such cost will be determined by computing the total amount of interest payable on the Notes, at the rate or rates stated, from February 16, 2021 until the maturity of such Notes and deducting therefrom the sum, if any, by which the amount bid for the Notes exceeds the aggregate principal amount of the Notes. In the event a bidder offering a premium for the Notes is awarded a lesser amount of Notes than bid, the premium shall be reduced proportionately. The right is reserved to reject any and all bids not complying with this Notice of Sale and, so far as permitted by law, to waive any irregularity with respect to any bid.

A successful bidder for all or a portion of the Notes may request that the Notes be issued in the form of one fully registered physical certificate, rather than in book-entry form through the facilities of The Depository Trust Company. The successful bidder seeking the issuance of any Notes in this manner shall bear any and all costs of any re-registration or transfer of Notes from time to time. Any bidder seeking to have all or a portion of the Notes issued in the form of fully registered physical certificates, rather than in book-entry form, shall indicate this preference to the City at the time of the submission of the winning bid. The City reserves the right to decline any request to issue all or a portion of the Notes in non-book entry form if it should determine, in its sole discretion, that issuing all or a portion of the Notes in this manner is not in its best interests.

Establishment of Issue Price. The following applies to each successful bidder with respect to the portion of the Notes awarded to such successful bidder.

Any successful bidder shall assist the City in establishing the issue price of the Notes and shall execute and deliver to the City on the Closing Date an “issue price” or similar certificate, substantially in the applicable form set forth in Exhibit 1 to this Notice of Sale, setting forth the reasonably expected initial offering price to the public or the actual sale price of the Notes, together with the supporting pricing wires or equivalent communications, or, if applicable, the amount bid, with such modifications as may be appropriate or necessary, in the reasonable judgment of the successful bidder, the City and Bond Counsel. All actions to be taken by the City under this Notice of Sale to establish the issue price of the Notes may be taken on behalf of the City by Hilltop Securities, Inc. (“Financial Advisor”) and any notice or report to be provided to the City may be provided to the Financial Advisor.

Competitive Sale Requirements. If the competitive sale requirements (“competitive sale requirements”) set forth in Treasury Regulation § 1.148-1(f)(3)(i) (defining “competitive sale” for purposes of establishing the issue price of the Notes) have been satisfied, the City will furnish to the successful bidder on the Closing Date a certificate of the Financial Advisor, which will certify each of the following conditions to be true:

1. the City has disseminated this Notice of Sale to potential underwriters in a manner that is reasonably designed to reach potential underwriters;
2. all bidders had an equal opportunity to bid;
3. the City received bids from at least three underwriters of municipal bonds who have established industry reputations for underwriting new issuances of municipal bonds; and
4. the City awarded the sale of the Notes to the bidder who submitted a firm offer to purchase the Notes at the highest price (or lowest interest cost), as set forth in this Notice of Sale.

**Any bid submitted pursuant to this Notice of Sale shall be considered a firm offer for the purchase of the Notes, as specified in the bid. Unless a bidder notifies the City prior to submitting its bid by email to the Financial Advisor, telephone (617) 619-4400, or in its bid submitted via Parity, that it will not be an “underwriter” (as defined below) of the Notes, by submitting its bid, each bidder shall be deemed to confirm that it has an established industry reputation for underwriting new issuances of municipal bonds. Unless the bidder has notified the City that it will not be an “underwriter” (as defined below) of the Notes, in submitting a bid, each bidder is deemed to acknowledge that it is an “underwriter” that intends to reoffer the Notes to the public.**

In the event that the competitive sale requirements are not satisfied, the City shall so advise the successful bidder.

Failure to Meet the Competitive Sale Requirements – Option A – The Successful Bidder Intends to Reoffer the Notes to the Public and the 10% Test to Apply. If the competitive sale requirements are not satisfied and the successful bidder intends to reoffer the Notes to the public, the successful bidder may, at its option, use the first price at which 10% of the Notes (the “10% test”) is sold to the public as the issue price of the Notes. The successful bidder shall advise the Financial Advisor if the 10% test is satisfied as of the date and time of the award of the Notes. The City will not require bidders to comply with the “hold-the-offering-price rule” set forth in the applicable Treasury Regulations.

If the competitive sale requirements are not satisfied, then until the 10% test has been satisfied as to Notes or all of the Notes are sold to the public, the successful bidder agrees to promptly report to the Financial Advisor the prices at which the unsold Notes have been sold to the public, which reporting obligation shall continue, whether or not the Closing Date has occurred, until the 10% test has been satisfied for the Notes or until all the Notes have been sold. The successful bidder shall be obligated to report each sale of Notes to the Financial Advisor until notified in writing by the City or the Financial Advisor that it no longer needs to do so.

By submitting a bid and if the competitive sale requirements are not met, each bidder confirms that: (i) any agreement among underwriters, any selling group agreement and each retail distribution agreement (to which the bidder is a party) relating to the initial sale of the Notes to the public, together with the related pricing wires, contains or will contain language obligating each underwriter, each dealer who is a member of the selling group, and each broker-dealer that is a party to such retail distribution agreement, as applicable, to report the prices at which it sells to the public the unsold Notes allotted to it until it is notified by the successful bidder that either the 10% test has been satisfied as to the Notes or all of the Notes have been sold to the public, if and for so long as directed by the successful bidder and as set forth in the related pricing wires and (ii) any agreement among underwriters relating to the initial sale of the Notes to the public, together with the related pricing wires, contains or will contain language obligating each underwriter that is a party to a retail distribution

agreement to be employed in connection with the initial sale of the Notes to the public to require each broker-dealer that is a party to such retail distribution agreement to report the prices at which it sells to the public the unsold Notes allotted to it until it is notified by the successful bidder or such underwriter that either the 10% test has been satisfied as to the Notes or that all of the Notes have been sold to the public if and for so long as directed by the successful bidder or such underwriter and as set forth in the related pricing wires.

Sales of any Notes to any person that is a related party to an underwriter shall not constitute sales to the public for purposes of this Notice of Sale. Further, for purposes of this Notice of Sale:

1. “public” means any person other than an underwriter or a related party,
2. “underwriter” means (A) any person that agrees pursuant to a written contract with the City (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Notes to the public and (B) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (A) to participate in the initial sale of the Notes to the public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Notes to the public), and
3. a purchaser of any of the Notes is a “related party” to an underwriter if the underwriter and the purchaser are subject, directly or indirectly, to (i) at least 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (ii) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (iii) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other).

Failure to Meet the Competitive Sale Requirements – Option B – The Successful Bidder Intends to Reoffer the Notes to the Public and Agrees to Hold the Price of Maturities of Notes for Which the 10% Test in Option A Is Not Met as of the Sale Date. The successful bidder may, at its option, notify the Financial Advisor in writing, which may be by email (the “Hold the Price Notice”), not later than 4:00 p.m. on the Sale Date, that it has not sold 10% of the maturities of the Notes listed in the Hold the Price Notice (the “Unsold Maturities”) and that the successful bidder will not offer the Unsold Maturities to any person at a price that is higher than the initial offering price to the public during the period starting on the Sale Date and ending on the earlier of (i) the close of the fifth business day after the Sale Date or (ii) the date on which the successful bidder has sold at least 10% of the applicable Unsold Maturity to the public at a price that is no higher than the initial offering price to the public. If the successful bidder delivers a Hold the Price Notice to the Financial Advisor, the successful bidder must provide to the City on or before the Closing Date, in addition to the certification described in Option A above, evidence that each underwriter of the Notes, including underwriters in an underwriting syndicate or selling group, had agreed in writing to hold the price of the Unsold Maturities in the manner described in the preceding sentence.

Failure to Meet the Competitive Sale Requirements and/or the Successful Bidder Does Not Intend to Reoffer the Notes to the Public – Option C. If the successful bidder has purchased the Notes for its own account and will not distribute or resell the Notes to the public, then, whether or not the competitive sale requirements were met, the reoffering price certificate will recite such facts and identify the price or prices at which the purchase of the Notes was made.

Principal of and interest on the Notes will be payable upon maturity in Federal Reserve funds at the U.S. Bank National Association, Boston, Massachusetts. The Notes will not be subject to redemption prior to maturity. The Notes will be issued by means of a book-entry system evidencing ownership, in principal amounts of \$1,000, or integral multiples thereof, with the exception of one \$1,781 amount, and transfer of the Notes on the records of The Depository Trust Company and its Participants pursuant to the rule and procedures adopted by The Depository Trust Company, unless the issuance of a fully registered note certificate is requested by the winning bidder and the issuance of such certificate is approved by the City (See Preliminary Official Statement, “Book-Entry Transfer System”).

The purchaser(s) will be furnished, without cost, an opinion of Locke Lord LLP, Boston, Massachusetts approving the legality of the Notes purchased by such purchaser (see “Tax Exemption” and “Opinion of Bond Counsel” herein) and stating that they are valid and binding general obligations of the City of New Bedford, Massachusetts, and unless paid from the bond proceeds in anticipation of which such Notes are issued or from other available moneys, the principal of and interest on such Notes are payable from taxes which may be levied upon all taxable property subject to the limit imposed by Chapter 59, Section 21C of the General Laws.

In order to assist bidders in complying with the requirements of paragraph (b)(5)(i)(C) of Rule 15c2-12 promulgated by the Securities and Exchange Commission, the City will undertake to provide notices of certain significant events. A description of this undertaking is set forth in the Preliminary Official Statement.

Payment of the principal of and interest on the Notes is not limited to a particular fund or source of revenue nor is any lien or pledge for such payment created with respect to any such fund or source.

It shall be a condition of a successful bidder's obligation to accept delivery of and pay for the Notes that, contemporaneously with or before accepting the Notes and paying therefor, it shall be furnished, without cost, with (a) the approving opinion of the firm of Locke Lord LLP, Boston, Massachusetts, with respect to the Notes, (b) a certificate in form satisfactory to said firm, dated as of the date of delivery such Notes and receipt of payment therefor, to the effect that there is no litigation pending, or to the knowledge of the signer or signers thereof, threatened affecting the validity of such Notes or the power of the City to levy and collect taxes to pay them, and (c) a certificate of the City Treasurer to the effect that, to the best of her knowledge and belief, both the Preliminary Official Statement as of its date and the date of sale and the Final Official Statement as of its date and the date of delivery of such Notes referred to below, do not contain any untrue statement of a material fact and do not omit to state a material fact necessary to make the statements made therein, in light of the circumstances under which they were made, not misleading, and (d) a Significant Events Disclosure Certificate in the form described in the Official Statement.

It is anticipated that CUSIP identification numbers will be printed on the Notes. The City assumes no responsibility for any CUSIP Service Bureau or other charge that may be imposed for the assignment of such number.

**THE NOTES WILL NOT BE DESIGNATED AS "QUALIFIED TAX-EXEMPT OBLIGATIONS" FOR PURPOSES OF SECTION 265(b)(3) OF THE INTERNAL REVENUE CODE OF 1986, AS AMENDED.**

The Notes in definitive form, will be delivered to The Depository Trust Company or to the office of its custodial agent, or to the registered owner if a fully registered certificate is requested by the winning bidder and approved by the City, on or about February 16, 2021, against payment to the City in federal reserve funds.

Additional information concerning the City of New Bedford and the Notes is contained in the Preliminary Official Statement dated January 29, 2021 to which prospective bidders are directed. The Preliminary Official Statement is provided for informational purposes, and is not a part of this Notice of Sale. The Preliminary Official Statement has been deemed final by the City except for the omission of the reoffering prices, interest rates, and other terms of the Notes depending on such matters, and the identity of the underwriters, but is subject to change without notice and to completion or amendment in a Final Official Statement. Copies of the Preliminary Official Statement may be obtained from the Hilltop Securities Inc., 54 Canal Street, Suite 320, Boston, Massachusetts 02114 (Telephone: 617-619-4400). Within seven business days following the award of the Notes and receipt of necessary information from the successful bidder(s), 5 copies of the Final Official Statement will be made available to the successful bidders. Upon request, additional copies will be provided at the expense of the successful bidder(s).

CITY OF NEW BEDFORD, MASSACHUSETTS  
/s/ R. Renee Fernandes, City Treasurer

January 29, 2021

**[Issue Price Certificate for Use If the Competitive Sale Requirements Are Met]**

**City of New Bedford, Massachusetts**  
**\$18,245,364 General Obligation Bond Anticipation Notes dated February 16, 2021**

**ISSUE PRICE CERTIFICATE AND RECEIPT**

The undersigned, on behalf of \_\_\_\_\_ (the "Successful Bidder"), hereby certifies as set forth below with respect to the sale of the above-captioned obligations (the "Notes") of the City of New Bedford, Massachusetts (the "Issuer").

**1. Reasonably Expected Initial Offering Prices.**

(a) As of the Sale Date, the reasonably expected initial offering prices of the Notes to the Public by the Successful Bidder are the prices listed in Schedule A (the "Expected Offering Prices"). The Expected Offering Prices are the prices for the Maturities of the Notes used by the Successful Bidder in formulating its bid to purchase the Notes. Attached as Schedule B is a true and correct copy of the bid provided by the Successful Bidder to purchase the Notes.

(b) The Successful Bidder was not given the opportunity to review other bids prior to submitting its bid.

(c) The bid submitted by the Successful Bidder constituted a firm offer to purchase the Notes.

**2. Defined Terms.**

(a) *Maturity* means Notes with the same credit and payment terms. Notes with different maturity dates, or Notes with the same maturity date but different stated interest rates, are treated as separate Maturities.

(b) *Public* means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter. The term "related party" for purposes of this certificate generally means any two or more persons who have greater than 50 percent common ownership, directly or indirectly.

(c) *Sale Date* means the first day on which there is a binding contract in writing for the sale of a Maturity of the Notes. The Sale Date of the Notes is February 4, 2021.

(d) *Underwriter* means (i) any person, including the Successful Bidder, that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Notes to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Notes to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Notes to the Public).

**3. Receipt.** The Successful Bidder hereby acknowledges receipt of the Notes and further acknowledges receipt of all certificates, opinions, and other documents required to be delivered to the Successful Bidder, before or simultaneously with the Notes, which certificates, opinions, and other documents are satisfactory to the Successful Bidder.

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents the Successful Bidders interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the Issuer with respect to certain of the representations set forth in the Tax Certificate and with respect to compliance with the federal income tax rules affecting the Notes, and by Locke Lord LLP in connection with rendering its opinion that the interest on the Notes is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the Issuer from time to time relating to the Notes.

Dated: \_\_\_\_\_, 2021

[NAME OF SUCCESSFUL BIDDER]

By: \_\_\_\_\_  
 Name:  
 Title:

**SCHEDULE A**  
**EXPECTED OFFERING PRICES**  
**(To Be Attached)**

---

**SCHEDULE B**  
**COPY OF SUCCESSFUL BIDDER'S BID**  
**(To Be Attached)**

**[Issue Price Certificate for Use If the Competitive Sale Requirements Are  
Not Met and the Hold the Price Rule Is Not Used]**

**City of New Bedford, Massachusetts**

**\$18,245,364 General Obligation Bond Anticipation Notes dated February 16, 2021**

**ISSUE PRICE CERTIFICATE AND RECEIPT**

The undersigned, on behalf of \_\_\_\_\_, (the “[Successful Bidder]”[Representative]), on behalf of itself [and [NAMES OF OTHER UNDERWRITERS]] hereby certifies as set forth below with respect to the sale and issuance of the above-captioned obligations (the “Notes”) of the City of New Bedford, Massachusetts (the “Issuer”).

**1. Sale of the Notes.** As of the date of this certificate, [except as set forth in the following paragraph,] for each Maturity of the Notes, the first price at which at least 10% of such Maturity of the Notes was sold to the Public is the respective price listed in Schedule A.

[Only use the next paragraph if the 10% test has not been met or all of the Notes have not been sold for one or more Maturities of Notes as of the Closing Date.]

For each Maturity of the Notes as to which no price is listed in Schedule A, as set forth in the Notice of Sale for the Notes, until at least 10% of each such Maturity of the Notes is sold to the Public (the “10% test”) or all of the Notes are sold to the Public, the [Successful Bidder] [Representative] agrees to promptly report to the Issuer’s financial advisor, Hilltop Securities Inc. (the “Financial Advisor”) the prices at which the unsold Notes of each Maturity have been sold to the Public, which reporting obligation shall continue after the date hereof until the 10% test has been satisfied for each Maturity of the Notes or until all the Notes of a Maturity have been sold. The [Successful Bidder] [Representative] shall continue to report each sale of Notes to the Financial Advisor until notified by email or in writing by the State or the Financial Advisor that it no longer needs to do so.

**2. Defined Terms.**

(a) *Maturity* means Notes with the same credit and payment terms. Notes with different maturity dates, or Notes with the same maturity date but different stated interest rates, are treated as separate Maturities.

(b) *Public* means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter. The term “related party” for purposes of this certificate generally means any two or more persons who have greater than 50 percent common ownership, directly or indirectly.

(c) *Underwriter* means (i) any person, including the [Successful Bidder] [Representative], that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Notes to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Notes to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Notes to the Public).

**3. Receipt.** The [Successful Bidder] [Representative] hereby acknowledges receipt of the Notes and further acknowledges receipt of all certificates, opinions, and other documents required to be delivered to the [Successful Bidder] [Representative], before or simultaneously with the Notes, which certificates, opinions, and other documents are satisfactory to the [Successful Bidder] [Representative].

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents the [Successful Bidder] [Representative]’s interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the Issuer with respect to certain of the representations set forth in the Tax Certificate and with respect to compliance with the federal income tax rules affecting the Notes, and by Locke Lord LLP in connection with rendering its opinion that the interest on the Notes is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the Issuer from time to time relating to the Notes.

Dated: \_\_\_\_\_, 2021

[SUCCESSFUL BIDDER] [REPRESENTATIVE]

By: \_\_\_\_\_

Name:

Title:

**SALE PRICES  
(To be Attached)**



**[Issue Price Certificate for Use If the Competitive Sale Requirements Are  
Not Met and the Hold the Price Rule Is Used]**

**City of New Bedford, Massachusetts  
\$18,245,364 General Obligation Bond Anticipation Notes dated February 16, 2021**

**ISSUE PRICE CERTIFICATE AND RECEIPT**

The undersigned, on behalf of \_\_\_\_\_ (the (“[Successful Bidder]”[Representative]”), on behalf of itself [and [NAMES OF OTHER UNDERWRITERS] ]hereby certifies as set forth below with respect to the sale and issuance of the above-captioned obligations (the “Notes”) of the City of New Bedford, Massachusetts (the “Issuer”).

- 1. Sale of the Notes.** As of the date of this certificate, [except as set forth in following paragraph,] for each Maturity of the Notes, the first price at which at least 10% of such Maturity of the Notes was sold to the Public is the respective price listed in Schedule A.

[Only use the next paragraph if the 10% test has not been met as of the Sale Date.]

For each Maturity of the Notes as to which no price is listed in Schedule A (the “Unsold Maturities”), as set forth in the Notice of Sale for the Notes, the [Successful Bidder] [Representative] and any other Underwriter did not [and will not] reoffer the Unsold Maturities at a price higher than the initial offering price to the public until the earlier of (i) \_\_\_\_\_, 2021 or (ii) the date on which the [Successful Bidder] [Representative] or any other Underwriter sold at least 10% of each Unsold Maturity at a price that is no higher than the initial offering price to the Public.

- 2. Defined Terms.**

(a) *Maturity* means Notes with the same credit and payment terms. Notes with different maturity dates, or Notes with the same maturity date but different stated interest rates, are treated as separate Maturities.

(b) *Public* means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter. The term “related party” for purposes of this certificate generally means any two or more persons who have greater than 50 percent common ownership, directly or indirectly.

(c) *Underwriter* means (i) any person, including the [Successful Bidder] [Representative], that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Notes to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Notes to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Notes to the Public).

- 3. Receipt.** The [Successful Bidder] [Representative] hereby acknowledges receipt of the Notes and further acknowledges receipt of all certificates, opinion and other documents required to be delivered to the [Successful Bidder] [Representative], before or simultaneously with the delivery of the Notes, which certificates, opinions and other documents are satisfactory to the [Successful Bidder] [Representative].

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents the [Successful Bidder’s] [Representative’s] interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the Issuer with respect to certain of the representations set forth in the Tax Certificate and with respect to compliance with the federal income tax rules affecting the Notes, and by Locke Lord LLP in connection with rendering its opinion that the interest on the Notes is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the Issuer from time to time relating to the Notes.

Dated: \_\_\_\_\_, 2021

[SUCCESSFUL BIDDER] [REPRESENTATIVE]

By: \_\_\_\_\_

Name:

Title:

**SCHEDULE A**  
**SALE PRICES**  
**(To be Attached)**

**OFFICIAL STATEMENT**  
**CITY OF NEW BEDFORD, MASSACHUSETTS**  
**\$18,245,364 GENERAL OBLIGATION BOND ANTICIPATION NOTES**

The purpose of this Official Statement is to furnish certain information regarding the City of New Bedford, Massachusetts (hereafter referred to as the "City") and the \$18,245,364 principal amount of the City's General Obligation Bond Anticipation Notes (the "Notes"). The information contained herein has been furnished by the City, except information attributed to another source.

**The Notes**

The Notes will be dated February 16, 2021 and will mature on April 15, 2022 without the option of prior redemption. The Notes will bear interest payable at maturity at the rate(s) determined in accordance with the Notice of Sale and Official Statement dated January 29, 2021. The Notes will be issued by means of a book-entry-transfer system, evidencing ownership of the Notes in principal amounts of \$1,000 or integral multiples thereof, with the exception of one \$1,364 amount, with transfers of ownership effected on the records of The Depository Trust Company (DTC) and its participants pursuant to the rules and procedures adopted by DTC, unless the delivery of a fully registered note certificate is requested by the winning bidder and the issuance of such certificate is approved by the City. (See "Book-Entry-Transfer System" herein.)

**Authorization of the Notes and Use of Proceeds**

The following table sets forth the purposes, principal amounts, total original authorizations, notes outstanding, statutory references, and dates of approval for the current issues of Notes.

Purpose	Principal Amount	Total Original Authorization	Notes Outstanding (1)	Statutory Reference	Date of Mayoral Approval
Taxiway A Airport Reconstruction & Improvements	\$ 226,228	\$ 4,641,000	\$ 232,050 (2)	Ch. 44 s. 8(13)	9/11/2015
Airport Runway 14-32	356,414	8,538,654	356,414	Ch. 44 s. 8(13)	12/4/2017
Radio Communications	4,862,000	7,662,000	3,262,000	C. 44 s. 7(1)	4/22/2019
South Public Safety Center	4,500,000	17,000,000	-	C. 44 s. 7(1)	5/7/2019
Additional Carter Brooks Elementary School Repairs	360,722	360,722	360,722	C. 70B	5/7/2019
Road Improvements	1,600,000	1,600,000	1,600,000	C. 44 s. 7(1)	6/18/2019
Buttonwood Park Zoo Improvements	700,000	700,000	700,000	C. 44 s. 7(1)	6/18/2019
Hillman Complex Improvements	500,000	500,000	500,000	C. 44 s. 7(1)	6/18/2019
Police Headquarters Renovations 1	375,000	375,000	375,000	C. 44 s. 7(1)	6/18/2019
City Hall Repairs	350,000	350,000	350,000	C. 44 s. 7(1)	6/18/2019
High School Renovation	250,000	250,000	250,000	C. 44 s. 7(1)	6/18/2019
Merchant Mariners' Memorial Walkway Repairs	200,000	200,000	200,000	C. 44 s. 7(1)	6/18/2019
Police Headquarters Renovations 2	1,300,000	1,300,000	-	C. 44 s. 7(1)	6/30/2020
Fire Headquarters Interior Renovations	665,000	665,000	-	C. 44 s. 7(1)	6/30/2020
Road and Infrastructure	2,000,000	2,000,000	-	C. 44 s. 7(1)	6/30/2020
	<b>\$ 18,245,364</b>		<b>\$ 8,186,186</b>		

(1) Payable February 16, 2021. To be retired with the Note proceeds, except as noted below.

(2) To be retired with the Notes proceeds and \$5,822 revenue funds of the City.

The City anticipates that the Notes will be retired at maturity from proceeds from the sale of the long-term bonds in anticipation of which the Notes are issued, proceeds from the sale of renewal bond anticipation notes and other available funds of the City, or a combination of such sources. The ability of the City to retire the Notes from the proceeds of the sale of either renewal notes or long-term bonds will be dependent on the marketability of such notes or long-term bonds under market conditions prevailing at the time they are offered for sale, which are subject to change due to factors beyond the control of the Town, such as the current COVID-19 pandemic.

## Tax Exemption

In the opinion of Locke Lord LLP, Bond Counsel to the City ("Bond Counsel"), based upon an analysis of existing laws, regulations, rulings, and court decisions, and assuming, among other matters, compliance with certain covenants, interest on the Notes is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"). Bond Counsel is of the further opinion that interest on the Notes will not be included in computing the alternative minimum taxable income of Noteholders who are individuals. Bond Counsel expresses no opinion regarding any other federal tax consequences arising with respect to the ownership or disposition of, or the accrual or receipt of interest on the Notes. The Notes will not be designated as "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Code.

The Code imposes various requirements relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as the Notes. Failure to comply with these requirements may result in interest on the Notes being included in gross income for federal income tax purposes, possibly from the date of original issuance of the Notes. The City has covenanted to comply with such requirements to ensure that interest on the Notes will not be included in federal gross income. The opinion of Bond Counsel assumes compliance with these requirements.

Bond Counsel is also of the opinion that, under existing law, interest on the Notes is exempt from Massachusetts personal income taxes, and the Notes are exempt from Massachusetts personal property taxes. Bond Counsel has not opined as to other Massachusetts tax consequences arising with respect to the Notes. Prospective Noteholders should be aware, however, that the Notes are included in the measure of Massachusetts estate and inheritance taxes, and the Notes and the interest thereon are included in the measure of certain Massachusetts corporate excise and franchise taxes. Bond Counsel expresses no opinion as to the taxability of the Notes or the income therefrom or any other tax consequences arising with respect to the Notes under the laws of any state other than Massachusetts.

The difference between the issue price of each Note and the sum of all amounts to be paid with respect to such Note (including all of the amounts stated to be interest) constitutes "original issue discount," the accrual of which, to the extent properly allocable to each owner thereof, is treated as interest on the Notes which is excluded from gross income for federal income tax purposes and is exempt from Massachusetts personal income taxes. For this purpose, the issue price of a particular maturity of the Notes is either the reasonably expected initial offering price to the public or the first price at which a substantial amount of such maturity of the Notes is sold to the public, as applicable. The original issue discount with respect to the Notes (including the stated interest amounts paid thereon) accrues daily over the term to maturity of such Notes on the basis of a constant interest rate compounded semiannually (with straight-line interpolations between compounding dates). The accruing original issue discount is added to the adjusted basis of such Notes to determine taxable gain or loss upon disposition (including sale, redemption, or payment on maturity) of such Notes. In addition, because all of the interest on the Notes is determined under the original issue discount rules described in this paragraph, a subsequent purchaser of any Notes will be subject to the market discount rules established under the Code if such purchaser's acquisition price for such Notes is less than the adjusted issue price therefor, even if that purchase price is at or above the stated par amount of such Notes. Noteholders should consult their own tax advisors with respect to the tax consequences of ownership of Notes with original issue discount and/or accrued market discount, including the treatment of purchasers who do not purchase such Notes in the original offering to the public at the reasonably expected initial offering price or, if applicable, the first price at which a substantial amount of such Notes is sold to the public.

Notes purchased, whether at original issuance or otherwise, for an amount greater than the stated principal amount to be paid at maturity of such Notes, or, in some cases, at the earlier redemption date of such Notes ("Premium Notes"), will be treated as having amortizable note premium for federal income tax purposes and Massachusetts personal income tax purposes. No deduction is allowable for the amortizable note premium in the case of obligations, such as the Premium Notes, the interest on which is excluded from gross income for federal income tax purposes. However, a Noteholder's basis in a Premium Note will be reduced by the amount of amortizable note premium properly allocable to such Noteholder. Holders of Premium Notes should consult their own tax advisors with respect to the proper treatment of amortizable note premium in their particular circumstances.

Bond Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken) or events occurring (or not occurring) after the date of issuance of the Notes may adversely affect the value of, or the tax status of interest on, the Notes.

Although Bond Counsel is of the opinion that interest on the Notes is excluded from gross income for federal income tax purposes and is exempt from Massachusetts personal income taxes, the ownership or disposition of, or the accrual or receipt of interest on, the Notes may otherwise affect the federal or state tax liability of a Noteholder. Among other possible consequences of ownership or disposition of, or the accrual or receipt of interest on, the Notes, the Code requires recipients of certain social security and certain railroad retirement benefits to take into account receipts or accruals of interest on the Notes in determining the portion of such benefits that are included in gross income. The nature and extent of all such other

tax consequences will depend upon the particular tax status of the Noteholder or the Noteholder's other items of income, deduction, or exclusion. Bond Counsel expresses no opinion regarding any such other tax consequences, and Noteholders should consult with their own tax advisors with respect to such consequences.

### **Risk of Future Legislative Changes and/or Court Decisions**

Legislation affecting tax-exempt obligations is regularly considered by the United States Congress and may also be considered by the Massachusetts legislature. Court proceedings may also be filed, the outcome of which could modify the tax treatment of obligations such as the Notes. There can be no assurance that legislation enacted or proposed, or actions by a court, after the date of issuance of the Notes will not have an adverse effect on the tax status of interest on the Notes or the market value or marketability of the Notes. These adverse effects could result, for example, from changes to federal or state income tax rates, changes in the structure of federal or state income taxes (including replacement with another type of tax), or repeal (or reduction in the benefit) of the exclusion of interest on the Notes from gross income for federal or state income tax purposes for all or certain taxpayers.

Additionally, Noteholders should be aware that future legislative actions (including federal income tax reform) may retroactively change the treatment of all or a portion of the interest on the Notes for federal income tax purposes for all or certain taxpayers. In all such events, the market value of the Notes may be affected and the ability of Noteholders to sell their Notes in the secondary market may be reduced. The Notes are not subject to special mandatory redemption, and the interest rate on the Notes is not subject to adjustment, in the event of any such change in the tax treatment of interest on the Notes.

Investors should consult their own financial and tax advisors to analyze the importance of these risks.

### **Book-Entry Transfer System**

The following section shall apply to the Notes unless the successful bidder requests and the City approves the delivery of a fully registered physical certificate to such bidder.

The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the Notes. The Notes will be issued in fully-registered form registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One-fully registered Note certificate will be issued for each interest rate, each in the aggregate principal amount bearing such interest rate, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's AA+ rating. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com).

Purchases of securities deposited with DTC must be made by or through Direct Participants, which will receive a credit for such securities on DTC's records. The ownership interest of each actual purchaser of each security deposited with DTC ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the securities deposited with DTC are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the securities deposited with DTC, except in the event that use of the book-entry system for such securities is discontinued.

To facilitate subsequent transfers, all securities deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of securities with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the securities deposited with DTC; DTC's records reflect only the identity of the Direct Participants to whose accounts such securities are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Neither DTC nor Cede & Co. (nor such other DTC nominee) will consent or vote with respect to securities deposited with DTC unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the issuer of such securities or its paying agent as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts such securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on securities held by DTC will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the issuer of such securities or its paying agent, on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC (nor its nominee), the issuer of such securities or its paying agent, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the issuer of such securities or its paying agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to securities held by it at any time by giving reasonable notice to the issuer of such securities or its paying agent. Under such circumstances, in the event that a successor depository is not obtained, physical certificates are required to be printed and delivered to Beneficial Owners.

The issuer of securities may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, physical certificates will be printed and delivered to Beneficial Owners.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the City believes to be reliable, but the City takes no responsibility for the accuracy thereof.

## **Security and Remedies**

**Full Faith and Credit.** General obligation bonds and notes of a Massachusetts city or town constitute a pledge of its full faith and credit. Payment is not limited to a particular fund or revenue source. Except for "qualified bonds" as described (see "*Serial Bonds and Notes*" under "TYPES OF OBLIGATIONS" below) and setoffs of state distributions as described below (see "*State Distributions*" below), no provision is made by the Massachusetts statutes for priorities among bonds and notes and other general obligations, although the use of certain moneys may be restricted.

**Tax Levy.** The Massachusetts statutes direct the municipal assessors to include annually in the tax levy for the next fiscal year "all debt and interest charges matured and maturing during the next fiscal year and not otherwise provided for and all amounts necessary to satisfy final judgments". Specific provision is also made for including in the next tax levy payments of rebate amounts not otherwise provided for and payment of notes in anticipation of federal or state aid, if the aid is no longer forthcoming.

The total amount of a tax levy is limited by statute. However, the voters in each municipality may vote to exclude from the limitation any amounts required to pay debt service on indebtedness incurred before November 4, 1980. Local voters may also vote to exempt specific subsequent bond issues from the limitation. (See "*Tax Limitations*" Under "PROPERTY TAXATION" below.) In addition, obligations incurred before November 4, 1980 may be constitutionally entitled to payment from taxes in excess of the statutory limit.

**No Lien.** Except for taxes on the increased value of certain property in designated development districts which may be pledged for the payment of debt service on bonds issued to finance economic development projects within such districts, no provision is made for a lien on any portion of the tax levy or any other moneys to secure particular bonds or notes or bonds and notes generally (or judgments on bonds or notes) in priority to other claims. Provision is made, however, for borrowing to pay judgments, subject to the General Debt Limit. (See “DEBT LIMITS” below.) Subject to the approval of the State Director of Accounts for judgments above \$10,000, judgments may also be paid from available funds without appropriation and included in the next tax levy unless other provision is made.

**Court Proceedings.** Cities and towns are subject to suit on their general obligation bonds and notes and courts of competent jurisdiction have power in appropriate proceedings to order payment of a judgment on the bonds or notes from lawfully available funds or, if necessary, to order the city or town to take lawful action to obtain the required money, including the raising of it in the next annual tax levy, within the limits prescribed by law. (See “*Tax Limitations*” under “PROPERTY TAXATION” below.) In exercising their discretion as to whether to enter such an order, the courts could take into account all relevant factors including the current operating needs of the city or town and the availability and adequacy of other remedies. The Massachusetts Supreme Judicial Court has stated in the past that a judgment against a municipality can be enforced by the taking and sale of the property of any inhabitant. However, there has been no judicial determination as to whether this remedy is constitutional under current due process and equal protection standards.

**Restricted Funds.** Massachusetts statutes also provide that certain water, gas and electric, community antenna television system, telecommunications, sewer, parking meter and passenger ferry fee, community preservation and affordable housing receipts may be used only for water, gas and electric, community antenna television system, telecommunications, sewer, parking, mitigation of ferry service impacts, community preservation and affordable housing purposes, respectively; accordingly, moneys derived from these sources may be unavailable to pay general obligation bonds and notes issued for other purposes. A city or town that accepts certain other statutory provisions may establish an enterprise fund for a utility, health care, solid waste, recreational or transportation facility and for police or fire services; under those provisions any surplus in the fund is restricted to use for capital expenditures or reduction of user charges. In addition, subject to certain limits, a city or town may annually authorize the establishment of one or more revolving funds in connection with use of certain revenues for programs that produce those revenues; interest earned on a revolving fund is treated as general fund revenue. A city or town may also establish an energy revolving loan fund to provide loans to owners of privately-held property in the city or town for certain energy conservation and renewable energy projects, and may borrow to establish such a fund. The loan repayments and interest earned on the investment of amounts in the fund shall be credited to the fund. Also, the annual allowance for depreciation of a gas and electric plant or a community antenna television and telecommunications system is restricted to use for plant or system renewals and improvements, for nuclear decommissioning costs, and costs of contractual commitments, or, with the approval of the State Department of Telecommunications and Energy, to pay debt incurred for plant or system reconstruction or renewals. Revenue bonds and notes issued in anticipation of them may be secured by a prior lien on specific revenues. Receipts from industrial users in connection with industrial revenue financings are also not available for general municipal purposes.

**State Distributions.** State grants and distributions may in some circumstances be unavailable to pay general obligation bonds and notes of a city or town in that the State Treasurer is empowered to deduct from such grants and distributions the amount of any debt service paid on “qualified bonds” (See “*Serial Bonds and Notes*” under “TYPES OF OBLIGATIONS” below) and any other sums due and payable by the city or town to the Commonwealth or certain other public entities, including any unpaid assessments for costs of any public transportation authority (such as the Massachusetts Bay Transportation Authority or a regional transit authority) of which it is a member, for costs of the Massachusetts Water Resources Authority if the city or town is within the territory served by the Authority, for any debt service due on obligations issued to the Massachusetts School Building Authority, or for charges necessary to meet obligations under the Commonwealth’s Clean Water and Drinking Water Revolving Loan Programs, including such charges imposed by another local governmental unit that provides wastewater collection or treatment services or drinking water services to the city or town.

If a city or town is (or is likely to be) unable to pay principal or interest on its bonds or notes when due, it is required to notify the State Commissioner of Revenue. The Commissioner shall in turn, after verifying the inability, certify the inability to the State Treasurer. The State Treasurer shall pay the due or overdue amount to the paying agent for the bonds or notes, in trust, within three days after the certification or one business day prior to the due date (whichever is later). This payment is limited, however, to the estimated amount otherwise distributable by the Commonwealth to the city or town during the remainder of the fiscal year (after the deductions mentioned in the foregoing paragraph). If for any reason any portion of the certified sum has not been paid at the end of the fiscal year, the State Treasurer shall pay it as soon as practicable in the next fiscal year to the extent of the estimated distributions for that fiscal year. The sums so paid shall be charged (with interest and administrative costs) against the distributions to the city or town.

The foregoing does not constitute a pledge of the faith and credit of the Commonwealth. The Commonwealth has not agreed to maintain existing levels of state distributions, and the direction to use estimated distributions to pay debt service may be subject to repeal by future legislation. Moreover, adoption of the annual appropriation act has sometimes been delayed beyond

the beginning of the fiscal year and estimated distributions which are subject to appropriation may be unavailable to pay local debt service until they are appropriated.

**Bankruptcy.** Enforcement of a claim for payment of principal or interest on general obligation bonds or notes would be subject to the applicable provisions of federal bankruptcy laws and to the provisions of other statutes, if any, hereafter enacted by the Congress or the State legislature extending the time for payment or imposing other constraints upon enforcement insofar as the same may be constitutionally applied. Massachusetts municipalities are not generally authorized by the Massachusetts General Laws to file a petition for bankruptcy under Federal Bankruptcy laws. In cases involving significant financial difficulties faced by a single city, town or regional school district, however, the Commonwealth has enacted special legislation to permit the appointment of a fiscal overseer, finance control board or, in the most extreme cases, a state receiver. In a limited number of these situations, however, such special legislation has also authorized the filing of federal bankruptcy proceedings, with the prior approval of the Commonwealth. In each case where such authority was granted, it expired at the termination of the Commonwealth's oversight of the financially distressed city, town or regional school district. To date, no such filings have been approved or made.

### **Opinion of Bond Counsel**

The unqualified approving opinion as to the validity of the Notes will be rendered by Locke Lord LLP, Boston, Massachusetts, Bond Counsel. The opinion will be dated the date of original delivery of the Notes and will speak only as of such date.

Except as to matters expressly set forth in their opinion, the scope of engagement of Bond Counsel does not extend to passing upon or assuming responsibility for the accuracy or adequacy of any statement made in this Official Statement, and they make no representation that they have independently verified the same other than matters expressly set forth as their opinion.

### **Financial Advisory Services of Hilltop Securities Inc.**

Hilltop Securities Inc., Boston, Massachusetts, serves as financial advisor to the City.

### **Disclosure of Significant Events**

In order to assist underwriters in complying with the requirements of paragraph (b)(5)(i)(C) of Rule 15c2-12 promulgated by the Securities and Exchange Commission (the "Rule") applicable to municipal securities having a stated maturity of 18 months or less, the City will covenant for the benefit of the owners of the Notes to file with the Municipal Securities Rulemaking Board (the "MSRB"), notices of the occurrence of any of the following events with respect to the Notes within ten business days of such occurrence: (a) principal and interest payment delinquencies; (b) non-payment related defaults, if material; (c) unscheduled draws on debt service reserves reflecting financial difficulties; (d) unscheduled draws on credit enhancements reflecting financial difficulties; (e) substitution of credit or liquidity providers, or their failure to perform; (f) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determination of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Notes, or other material events affecting the tax status of the Notes; (g) modifications to rights of owners of the Notes, if material; (h) bond calls, if material, and tender offers; (i) defeasances; (j) release, substitution or sale of property securing the repayment of the Notes, if material; (k) ratings changes on the Notes; (l) bankruptcy, insolvency, receivership or similar event of the City; (m) the consummation of a merger, consolidation, or acquisition involving the City or the sale of all or substantially all of the assets of the City, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; (n) appointment of a successor or additional trustee or the change of name of a trustee, if material; (o) incurrence of a financial obligation of the City, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the City, any of which affect Owners of the Notes, if material; and (p) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the City, any of which reflect financial difficulties.

The covenant will be included in a Significant Events Disclosure Certificate to be executed by the signers of the Notes and incorporated by reference in the Notes. The sole remedy available to the owners of the Notes for the failure of the City to comply with any provision of the certificate shall be an action for specific performance of the City's obligations under the certificate and not for money damages; no other person shall have any right to enforce any provision of the certificate.

**The City believes that, in the past five years, it has complied in all material respects with all previous undertakings to provide annual reports or notices of significant events in accordance with the Rule.**



## CITY OF NEW BEDFORD, MASSACHUSETTS

### General

The City of New Bedford is located in Southern Massachusetts, approximately 56 miles from Boston. It is bordered by Dartmouth on the west, Freetown on the north, Acushnet and Fairhaven on the east and Buzzard's Bay on the south. The City has a population of 95,072 (2010 U.S. Bureau Census estimate) and occupies a land area of 30.1 square miles. Established in 1787, New Bedford was incorporated as a City in 1847. The City is governed by an elected Mayor and an eleven member City Council.

The following table sets forth the principal executive officers of the City.

#### Principal Executive Officers

<u>Title</u>	<u>Name</u>	<u>First Took Office</u>	<u>Term Expires</u>
Mayor	Jonathan F. Mitchell	January 2012	January 2024
Chief Financial Officer	Ari J. Sky	March 2013	March 2022
Treasurer/Tax Collector	R. Renee Fernandes	April 2007	---
City Clerk	Dennis Farias	August 2014	---
City Auditor	Robert Ekstrom	September 2016	---

### Municipal Services

The City provides general governmental services for the territory within its boundaries including police and fire protection, disposal of garbage and rubbish, public education in grades K-12, including vocational-technical education at the high school level, water and sewer services, parking, street maintenance, parks, recreational and historical and cultural facilities.

The principal services provided by the county are a jail and house of correction, a registry of deeds, and an agricultural extension service.

### Corona Virus (COVID-19) Disclosure

COVID-19 is a new respiratory disease caused by a novel coronavirus that has not previously been seen in humans. On March 10, 2020, the Governor of The Commonwealth of Massachusetts declared a state of emergency to support the Commonwealth's response to the outbreak of the virus. On March 11, 2020 the World Health Organization declared COVID-19 a pandemic. On March 13, 2020, the President declared a national emergency due to the outbreak, which has enabled disaster funds to be made available to states to fight the pandemic. On March 15, 2020, the Governor announced emergency actions to help address the spread of the virus, and as a result the City closed City Hall and all other municipal buildings to the public until at least April 5, 2020. This closure order was later extended to May 18, while the state's schools remained closed through the end of the 2019/2020 school year. The City is adhering to these actions by strictly following the public health recommendations of social distancing guidelines and limiting public gatherings to 10 people or less. City employees are encouraged to work remotely, and the City continues to follow the Governor's order of 25% capacity in the workplace, if conditions don't allow for adequate social distancing. City Hall opened to the public on a limited basis on August 10, 2020, with accessibility limited to certain offices and strictly monitored. The City continues to provide, and fully expects to maintain all essential functions and services.

Pursuant to M.G.L. Chapter 4, Section 31, and under a directive issued to Massachusetts communities by the State's Department of Revenue, the City has established two separate funds specifically related to COVID-19 expenses. One fund aggregates all costs eligible for 75% reimbursement from FEMA administered through MEMA. The second fund aggregates all costs eligible for reimbursement under the Federal Coronavirus Aid, Relief, and Economic Security Act. Aggregated costs related to the COVID-19 pandemic include, but are not limited to, overtime, cleaning and medical supplies, and IT equipment. New legislation has also given the City the ability to amortize any additional costs not funded through these grants over a period of up to three years.

The virus and the resulting actions by national, state and local governments is altering the behavior of businesses and people in a manner that will have negative impacts on global and local economies. The City is currently monitoring year over year trends in revenue on an ongoing basis to assess the effects of COVID-19, and the resultant economic shutdown, on revenues. Negative effects will include reduced collections of property taxes and other revenues, including local meals and rooms tax revenue, motor vehicle excise taxes and other fees and charges collected by the City. The City's budget relies substantially on the receipt of state aid. Consequently, the City could be significantly affected by any reductions in such aid resulting from reduced revenues at the State level.

The City has managed the economic situation without cash flow concerns. At the onset of the pandemic, the City implemented significant cost containment measures that restricted expenditures to ensure a positive cash flow. The FY 2021 budget incorporates conservative assumptions by eliminating 40 vacant positions, including 36 supported by the General Fund, and incorporates a significant reduction in local receipts. The impact of projected revenue reductions is carried forward through the long-range planning period.

In addition, stock markets in the United States and globally have seen significant recent volatility largely attributable to coronavirus concerns and that may adversely affect the funding status of the City's pension funds and resulting funding schedules. The City cannot quantify these effects at this time.

## Education

The City's school facilities include 19 elementary schools, 3 middle schools, 1 high school, and 2 alternate high schools (grades 11-12), one of which is located at the administration building.

All three middle schools were originally junior high schools (grades 7 and 8), and were replaced as middle schools (grades 6-8). In September 2001, Roosevelt Junior High School was replaced by Roosevelt Middle School. In September 2003, Normandin Junior High School was replaced by Normandin Middle School. In December 2006, Keith Junior High School was replaced by Keith Middle School. The Massachusetts School Building Authority (MSBA) increased the 90% funding for the Keith Middle School to include the additional costs associated with the environmental remediation of the contamination at the Keith Middle School site and surrounding area.

The MSBA also supported the John Hannigan elementary school construction project, which is currently 100% in use, and partially funded the construction project for William H. Taylor School at Sea Lab, which was completed in December 2016. Additionally, the City expects to receive MSBA partial funding for accelerated repairs to several elementary schools.

The City also has 3 charter schools: Alma del Mar Charter School, City on a Hill Charter Public School, and Global Learning Charter Public School. Charter school enrollment for the school year beginning October 1, 2017 was 1,008 students.

## Public School Enrollments – October 1

	Actual				
	2016	2017	2018	2019	2020
Pre-School	475	565	551	481	286
Elementary	7,176	6,969	6,879	6,670	6,334
Middle School (6-8)	2,802	2,951	3,104	3,166	3,073
High School (9-12)	2,187	2,141	2,311	2,563	2,872
Total	<u>12,640</u>	<u>12,626</u>	<u>12,845</u>	<u>12,880</u>	<u>12,565</u>

## Economic Overview

New Bedford's beautiful coastal setting has been gradually shaped over 200 years by land use patterns tied to the whaling, fishing, and textile industries. In the mid-1850s, New Bedford's whaling fleet launched more whaling voyages than all other American ports combined and was the wealthiest city per-capita in the United States. At the same time investment in the textile industry had already begun. When the whale fishery declined, the looms in the mills continued to drive the City's economy. However, by the mid-20th century, New Bedford, like many mid-size American cities, struggled to meet daunting challenges in adapting its largely textile based economy in a post-industrial and post-war era.

While the past 50 years have witnessed a steady contraction in the traditional manufacturing base in mid-sized industrial cities across the county, New Bedford has proven resilient. Today, the City remains the number one commercial fishing port in America and is home to 3,600 businesses. Prior to the COVID-19 driven economic shut down, those businesses supported more than 46,000 jobs with an unemployment rate that ranged between 4.1% and 5.5%. While New Bedford's unemployment rate spiked to 24.2% in June 2020, it declined to 8.2% in November 2020. Overall, the City's local economy has gained 6,288 jobs back since April 2020, although we still need to gain back 3,468 to bring us back to whole before the COVID-19 pandemic began.

For a time, COVID-19 brought everything to a standstill, and a pipeline of 56 business and real estate development projects at all phases were suddenly cast into doubt. In total, this pipeline represents more than \$226 million in development value, as many as 995 jobs being created or retained, and as many as 340 new residential units to be constructed. While many of these projects suffered setbacks, by the close of FY20 these projects had largely stabilized, reset their schedules and remain poised for ground breakings and new openings.

The past decade has seen a continuation of positive trends, and highlights include:

- 1,222 new jobs created, bringing the total jobs in the New Bedford labor market to 46,258. This is an increase of nearly 5,878 jobs since 2010. It is also important to note that from November of 2015 to November of 2016 the unemployment rate in New Bedford saw a decline of 2.8 percentage points to 3.7%, the greatest decrease in the nation. At 2019 year-end, the unemployment rate in New Bedford was 5.1%.
- The Port of New Bedford generates \$3.8 billion in direct business revenues annually—only a portion of the \$11.1 billion in total economic value generated to the Commonwealth by maritime activities that support more than 6,800 direct jobs.
- An \$8.4 million expansion project by Northern Wind was approved for a TIF agreement at their MacArthur Drive facility. This expansion enabled the retention of 100 jobs and the creation of 15 new full-time jobs with an average annual wage of \$38,000 plus insurance and benefits.
- The New Bedford Business Park covers 1,300 acres and has 39 companies employing more than 3,200 people. All manners of goods are manufactured in the park, from the world's #1 golf ball, to medical devices and textile products. In 2019 the ribbon was cut on a new \$20 million headquarters and distribution center for Plumbers Supply, while several other company expansions were in the works.
- Nearly 450 new loft style residential units are part of the proposed re-use plans for three historic mills in New Bedford. The proposed projects have a total value of more than \$100 million and are under construction, fully permitted, or in pre-development. In 2019 construction activities began on the original cloth and harness building in the historic Wamsutta mills complex. The \$7.5 million investment by Acorn Inc. is their fifth project in New Bedford. Seven such mill projects have been completed in the past ten years and these new projects will continue to transform the classic red-brick mill structures into market rate housing with breathtaking views of the cove and riverfront.
- Construction began at St. Luke's Hospital on a new \$14 million intensive care unit that will more than double the size of the current ICU.
- The \$15 million project proposed for the corner of Union and North Second Street by the New Bedford Development Corporation received all necessary permits and would create 42 new residential units, a café, and co-working space. A second \$10 million downtown housing project on Commercial Street also received all local permits in 2019 and would bring another 30 units of housing with views overlooking the working waterfront.
- The city's first-ever Arts + Culture Plan was published and the New Bedford Creative Consortium was established to oversee its execution. Also, the city's first-ever arts and culture website [NewBedfordCreative.org](http://NewBedfordCreative.org) was launched.

The City has accomplished this by employing a balanced and aggressive strategy that builds on assets that include a diverse waterfront industry, a vibrant downtown, significant infrastructure capacity, wonderful historic buildings and neighborhoods, and a hard-working and culturally diverse citizenry. The City's strategic approach is to support existing business, attract emerging industries, communicate a positive message, develop strategic sites, prepare a ready workforce, and capture long-term catalytic opportunities for growth.

New Bedford has also developed a successful business assistance program through its economic development council that offers a variety of loan programs and incentives to aid businesses in their decisions to relocate, maintain or expand their operations. Funded with a combination of Community Development Block Grants, U.S. Department of Commerce Economic Development Administration funds and participation agreements with local and regional banks, these programs provide more than \$1 million annually in loans to new and existing businesses for working capital, inventory, equipment, façade and building improvements, vessel rehabilitation and general economic development needs for those enterprises not able to gain traditional financing.

New Bedford receives in excess of \$5 million in U.S. Department of Housing and Urban Development Community Development Block Grants and Federal HOME Investment Partnership Program funds. These programs are used, in part, to support a master development plan of the City to revitalize its infrastructure, housing stock and public facilities.

## Tourism

The City of New Bedford tracks visitation data at the City's major attractions consisting of museums, ferries, theatres, arts & culture, visitor centers including venues within and adjacent to the New Bedford Whaling National Historical Park. The data below is indicative of the growing popularity of New Bedford as a tourism destination:

<u>Fiscal Year</u>	<u>Number of Visits (1)</u>
2020	420,779
2019	593,326
2018	586,563
2017	576,384
2016	567,862

Source: City Director of Tourism and Marketing.

(1) Visitation data is an aggregate of visitor numbers at all City attractions, subject to change as data become available.

## Population, Income and Wealth Levels

According to the 2010 federal census, median family income for the City of New Bedford was \$45,347 compared with \$81,165 for the state as a whole. The median age for the City was 36.6 years as compared to 39.1 for the state as a whole. The following table compares the 2010, 2000, 1990, and 1980 averages for New Bedford, the state and the country.

	<u>City of New Bedford</u>	<u>Massachusetts</u>	<u>U.S.</u>
Median Age			
2010	36.6	39.1	36.8
2000	35.9	36.5	35.3
1990	35.3	35.1	33.3
1980	33.2	31.2	30.0
Median Family Income			
2010	\$45,347	\$81,165	\$63,331
2000	35,708	61,664	50,046
1990	28,373	44,367	35,225
1980	14,930	21,166	19,908
Per Capita Income			
2010	\$20,447	\$33,966	\$27,270
2000	15,602	25,952	21,587
1990	10,923	17,224	14,420
1980	5,431	7,457	7,313

SOURCE: Federal Census.

## Population Trends

<u>2010</u>	<u>2000</u>	<u>1990</u>	<u>1980</u>	<u>1970</u>
95,072	93,768	99,922	98,478	101,770

SOURCE: Federal Census.

## Industry and Commerce

Due to the reclassification of economic data by industry, the U.S. Department of Labor now uses the North American Industry Classification System (NAICS) as the basis for the assignment and tabulation of economic data by industry.

Industry	Calendar Year Average				
	2015	2016	2017	2018	2019
Natural Resources and Mining	812	822	992	1,005	887
Construction	1,081	1,170	1,261	1,189	1,213
Manufacturing	5,907	6,026	5,639	5,441	5,059
Trade, Transportation and Utilities	6,000	6,034	6,050	5,964	6,094
Information	249	210	186	181	180
Financial Activities	1,115	1,035	1,056	1,044	1,049
Professional and Business Services	4,195	3,766	3,285	3,259	3,618
Education and Health Services	13,099	13,351	13,283	12,674	12,904
Leisure and Hospitality	2,843	2,885	3,074	3,076	3,140
Other Services	1,193	1,191	1,179	1,160	1,198
Public Administration	1,788	1,837	1,891	1,972	1,992
Total Employment	38,283	38,325	37,896	36,965	37,334
Number of Establishments	3,443	3,617	3,600	3,698	3,654
Average Weekly Wages	\$ 869	\$ 899	\$ 914	\$ 955	\$ 937
Total Wages	\$ 1,729,699,840	\$ 1,791,858,154	\$ 1,800,229,801	\$ 1,834,840,253	\$ 1,819,165,816

SOURCE: Massachusetts Department of Labor and Workforce Development. Data based upon place of employment, not place of residence.

The following table lists the largest employers in New Bedford, exclusive of federal, state and City employers.

### Largest Employers

Name	Product/Function	Number of Employees
South Coast Health System	Hospital	1,500 - 2,500
Acushnet Company	Manufacturing	500 - 999
Joseph Abboud (1)	Manufacturing	250 - 499
Ahead Inc.	Apparel	250 - 499
Bristol County Savings Bank	Bank	250 - 499
Brittany Dyeing & Printing Co.	Printing	250 - 499
Community Health Center	Hospital	250 - 499
Sacred Heart Home	Nursing Home	250 - 499
Sid Wainer & Son Specialty	Specialty Foods	250 - 499
Symmetry Medical	Medical	250 - 499
Tremblay Bus Co. LLC	Busing	250 - 499
Precix Inc.	Manufacturing	250 - 499
Market Basket	Supermarket	250 - 499

SOURCE: Massachusetts Department of Labor and Workforce Development, August 2020.

- (1) In August 2020 the parent company of Joseph Abboud filed for Chapter 11 bankruptcy. The New Bedford plant remains in operation with a significantly reduced workforce.

## Labor Force, Employment and Unemployment Rate

The Massachusetts Executive Office of Labor and Workforce Development reported that, in November 2020, the City had a total labor force of 45,398, of which 41,676 were employed and 3,722, or 8.2% were unemployed, as compared with 6.2% for the Commonwealth (unadjusted). According to the U.S. Bureau of Labor Statistics, New Bedford had the largest decline in unemployment of any metropolitan area in the country from November 2015 to 2016.

<u>Year</u>	<u>City of New Bedford</u>		<u>Massachusetts</u>	<u>U.S.</u>
	<u>Labor Force</u>	<u>Unemployment Rate</u>	<u>Unemployment Rate</u>	<u>Unemployment Rate</u>
2019	47,944	5.1%	2.9%	3.5%
2018	45,036	6.1	3.3	3.9
2017	46,916	6.5	3.7	4.4
2016	46,697	6.6	3.9	4.8
2015	46,974	8.8	4.9	5.0

SOURCE: Massachusetts Executive Office of Labor and Workforce Development. Data based upon place of residence, not place of employment. All data is unadjusted.

## Building Permits

The following table sets forth the trend in total number and value of building permits issued for new construction as well as additions and alterations for residential and non-residential public and private projects in the City.

<b>Building Permits Issued</b>		
<u>Fiscal Year</u>	<u>No.</u>	<u>Value</u>
2020	3,068	\$72,100,844
2019	3,353	134,528,719
2018	3,261	61,506,446
2017	3,180	79,167,598
2016	3,035	69,321,238

## Transportation

New Bedford is located 56 miles south of Boston and 33 miles east of Providence, Rhode Island. Major roadways serving the City are State Route 140 and Interstate Route I-195 connecting with State Route 24 and Interstate 95. Rail freight service is provided by the CSX Railroad. Commuter bus service is available to Boston. Regional bus service is provided by the South Eastern Regional Transit Authority ("SRTA"). Commuter flights to Martha's Vineyard and Nantucket are available from the New Bedford Municipal Airport and full scheduled commercial flights are available 40 miles from New Bedford in Warwick, Rhode Island at T. F. Green Airport. New Bedford Harbor is an international deep water port and home to a fishing fleet of over 250 vessels. Ferry service is available from New Bedford to Martha's Vineyard and Cuttyhunk year round. Service from New Bedford to Martha's Vineyard began in May 2000 from a new \$4.7 million ferry terminal.

## Economic Development Initiatives

### Industry and Developer Recruitment

In 2020 the City had 15 active pipeline projects in the recruitment and pre-development phase with a total investment value of \$97 million, an estimated 290 new jobs, and 32 new housing units. This recruitment pipeline represents a wide variety of project type, investment value, and location. Several notable examples of the City's efforts to bring in future development include:

- *Glaser Glass Purchase Street Parcels* - With the sale of the business to Safelite AutoGlass and operations now consolidated to the east side of Purchase Street, new development opportunities for a mixed-use project for the historic building and adjoining parcels as TOD planning attracted early developer interest during the year given the site's prime location. A P&S is currently being negotiated that would allow for a 100-unit residential building to be constructed on the site, valued at \$30 million.
- *Former Building 19 Site* - With the full remediation of the 13-acre site complete and plans for infrastructure improvements on Hathaway Road advanced by the City's Department of Public Infrastructure, recruitment of large-scale new retail development began to yield interest in 2020 with conceptual planning in the works.
- *Former Lydia's Bakery Site* - In 2020 new owners began to explore a reimagined site with new retail and housing above in a brand-new building.
- *North End Mill Buildings* - Three smaller mill buildings had new owners looking at new possibilities for riverside development and creative uses for old spaces. Stabilization, emergency repairs, and the creation of new design concepts were in full swing in mid-2020, and preliminary development concepts were presented to City staff for anticipated permitting in spring of 2021.

### Existing Business Expansion Support

As in most years, the majority of the City's potential new growth in 2020 could be attributed to the expansion of existing businesses that already call New Bedford home. In the past year the City has been actively working with 25 such businesses or developers on projects with a total value of \$128 million. These projects would create more than 660 new jobs and add as many as 308 new housing units. A few illustrative examples include:

*Eastern Fisheries Relocation and Expansion* - A planned relocation of the largest scallop company in the world to a new home in the New Bedford Business Park began to take shape in FY20. This \$10 million investment will allow for an expansion of existing operations, retain all 250 employees, and would add an additional 60 new jobs within five years. The new tax agreement for this project is awaiting final approval from the City Council.

- *Wamsutta Place Phase 3 Mill Redevelopment* - Construction activities are coming to a close for the original cloth and harness building in the historic Wamsutta mills complex. The \$7.5 million investment by Acorn Inc. is their fifth project in New Bedford and will result in 33 premier market-rate units coming on-line to help meet the demand for quality housing close to the downtown.
- *Cisco Kitchen + Bar* - The \$5M investment at the former Davy's Locker location reimagines the entire site with new outdoor seating, entertainment, parking—all with better connection to the water's edge. The project is proposed by Stephen Silverstein, the founder of Not Your Average Joe's and owner of the Black Whale and his partner Jay Harmann of Cisco Brewers in Nantucket. While put on hold due to COVID-19, the project is expected to open in 2021 with 45 full time employees and as many as 100 seasonal workers.
- *East Coast Fabrication at Revere Copper* - In 2019 Shoreline Resources, owned by Charlie and Michael Quinn, purchased the long vacant 14-acre Revere Copper site in the upper harbor for the purpose of redeveloping the site as a commercial shipyard. This type of maritime industrial use was envisioned in the 2017 waterfront planning work conducted by the New Bedford Economic Development Council ('NBEDC'), New Bedford Port Authority, and City Planning Office. The project received a \$735,000 Site Readiness grant from MassDevelopment at the close of the fiscal year for bulkhead improvements.

### Start-up Cultivation and Assistance

In FY20 the City counted 16 new ventures ready to bring ideas to reality in New Bedford. With a combined investment value of \$1.8 million, these start-ups will also bring more than 40 new jobs into the City. Two examples of the entrepreneurial efforts the City has been working with include:

- *The DoCo at Kilburn Mills* - In January of 2020 the Dough Company Café and Eatery opened its doors at the Kilburn Mill in the south end. This new business and its inspiring space was brought to life by three young entrepreneurs; Jillian Cotter and Jason Cotter and chef Alia Asher. DoCo uses local ingredients and supports local farmers.
- *Union Flats* - In 2020 renovations were underway at the vacant 37 Union Street. Co-owners of DNB Burgers, Amelia Ruvich and Josh Lemaire, have partnered with Chris Cronin, formerly the chef at Seacoast Market and Little Moss in Padanaram to bring lower Union Street New Bedford its first seafood and raw bar restaurant. The opening is planned for early 2021.

### The Advanced Manufacturing Campus at the Golf Course

In FY20 extensive planning and analysis was underway to forward the concept of a new 100-acre advanced manufacturing campus on a portion of the municipal golf course located at the strategic intersection of I-195 and Route 140. This new campus would support 1,000 new jobs that would yield more than \$33 million in total wages. During the year work amongst NBEDC, City Departments, MassDevelopment, and a range of consultants included:

- Finalizing conceptual site planning to yield a 100-acre site that allows for one million square feet of new buildings while maximizing the acreage for golf.
- Completing market studies to determine levels of demand and value ranges for the parcel and future development.
- Conducting a new tax revenue impact review to determine full-build valuations, new commercial taxes, and permitting income.
- Design and construction cost estimates for new entry, parking and club house as well as a variety of course layout options for both 18- and nine-hole play.
- A resolution to meet all compliance requirements for Article 97 pending legislative approvals in FY21.
- Zoning and design guidelines have been drafted and will be presented to City Council at their first session in calendar 2021.

### SouthCoast Rail Transit Oriented Development

Gateway cities such as New Bedford, Fall River, and Taunton offer great and cost-effective investment opportunities for new growth and entrepreneurship from which the whole Commonwealth can benefit. Rail service is critical to enhancing two-way commerce and tourism, addressing a portion of the state's housing shortage and improving the quality of life for residents from the South Coast to Boston. For those reasons the NBEDC has had a seat at the table as the City Planning Office leads the effort with MassDOT and many others to begin planning for the long-term development of those areas (known as TOD districts) around the platform locations—one at Church Street and the second in the Hicks Logan area.

In 2019 and early 2020 the community-based planning and economic analysis of both areas was in full swing as construction activities in the Church Street area also began. Commuter rail service to Boston is scheduled to begin in 2023.

### Tax Increment Financing Program

Since the inception of the Tax Increment Financing (TIF) Program in New Bedford in 1996 a total of 126 projects have been certified. These projects ensure a certain level of investment and job creation by the private sector while the Commonwealth and the City have provided a measure of incentive on new short-term taxes.

- In FY20, 19 such agreements remained active and compliant with the program's reporting requirements. These projects have added more than \$127 million in new private sector investment, have created more than 352 new jobs, and have ensured that more than 872 jobs have been retained in New Bedford.
- Four projects submitted letters of intent to participate in the program for approvals in the second half of 2020. Combined these projects represent nearly \$17 million in new investment, and would create more than 100 new jobs, and retain 285 jobs. Two of these projects have been recently approved by the TIF board and have been sent to City Council for final approval.



### City of New Bedford COVID-19 Small Business Grant & Loan Program

In the fall of 2020 the City began offering grants of up to \$10,000 in conjunction with matching financing through the NBEDC COVID-19 Business Loan program. This unique financing tool offers grants and loans to small businesses operating in the City of New Bedford that have been negatively affected by the outbreak of the COVID-19 virus. At present, 24 small businesses have either been approved or are in the application/review process.

- The Program is designed to provide working capital for existing businesses to assist in surviving the unknown duration of and recovering from the COVID-19 crisis.
- Businesses may apply for up to \$10,000 in grant funds under this loan program. Grant funds must be matched dollar for dollar with a new NBEDC Loan with deferred payments.
- Funding is provided by \$650,000 COVID-19 Community Development Block Grant ('CDBG') Program and \$40,000 by the Office of Attorney General Maura Healey.

### Small Business Lending Program

The City's Lending Program is managed by the NBEDC and is the best way to have a tangible and quantifiable effect in the continued growth of small business and new development in all neighborhoods of New Bedford. During COVID-19, the City's lending team spent countless hours working to ensure small businesses had accurate information and access to all of the federal, state, and local tools available to help them get through a near full shut-down of the economy.

- The Lending Program helped small business create and retain 27 jobs in FY20 through 20 new loans for a total of \$654,000.
- An additional \$1.2 million in private sector investment was leveraged through the lending program.
- At the close of FY20 the Lending Program portfolio consisted of 68 loans totaling \$2,687,822.

### Quest Center Collaborative Workspace

The New Bedford Quest Center for Innovation is an initiative by the City of New Bedford to provide a focus for entrepreneurial training and a supportive environment for startup activity.

- Throughout most of FY20, the incubator spaces at Quest Center were brimming with activity and at functional full capacity with six start-ups with 16 private sector employees, 34 public sector employees from various agencies, and 83 entrepreneurs that associated with Groundwork. COVID-19 required a temporary shut-down of these activities, but before the close of the fiscal year the Quest Center did open again under state and city guidelines.
- There are three workforce/economic development agencies with a presence at the Quest Center that hosted dozens of workshops, training sessions, and partnership meetings throughout the year.
- FY20 activity generated \$36,459 in income to the City and a \$125,000 build-out grant was awarded by MassDevelopment for the expansion of the Groundwork program in unfinished space in the rear of the second floor. Construction work on the new space by City forces began in June, is ongoing, and is on pace to be completed in March of 2021.

### Entrepreneurial Ecosystem

The City's ecosystem began to take shape about six years ago while recruiting a coworking or makerspace operator for vacant space in a City owned building. Since then the City has added program partners such as Groundwork, EforAll, the Co-Creative Center, the New Bedford Ocean Cluster, and UMass Dartmouth. New Bedford has the beginnings of a community of hundreds of entrepreneurs centered on maritime innovation, arts+culture, and main street businesses.

- *Kauffman Foundation Mayors Conference for Entrepreneurship and the National League of Cities City Innovation Ecosystems* - To help better understand the range of assets and how they interrelate, in FY20 the City formally engaged the University of Missouri KC Innovation Center, whom City leaders first meet at the Kauffman Mayors Conference for Entrepreneurship in Kansas City in the late spring of 2019. At the urging of Mayor Mitchell, the City committed to developing a "game plan" for New Bedford entrepreneurship that would begin with an inclusive asset mapping exercise. In January 2020 the City was successful in its grant application to the National League of Cities to help fund this work through their Cities Innovation Ecosystem program.

- *New Bedford SourceLink* – The City’s work with the SourceLink team in Kansas City to build a supportive entrepreneur ecosystem began in the spring of 2020. The founding partners of this project included the NBEDC, New Bedford Port Authority, University of Massachusetts Dartmouth, New Bedford Creative Consortium, Co-Creative Center, E for All, and Groundwork. By the end of FY20 the City had completed all of the preliminary planning, conducted its first resource partner workshop, and began to develop the website and prepare for the launch of this new program. A full launch of the program is planned for mid-December 2020.

#### Arts + Culture Plan Advancement

*New Bedford Creative: Our Art, Our Culture, Our Future* is the City’s first ever arts and culture strategic plan and the New Bedford Creative Consortium, is the leadership group with the mission of overseeing the execution of the 10-year plan.

In FY20, the implementation of these priorities in the plan included:

- Submitting recommendations to the City to create a city-wide Special Events Policy, and revise the current Special Events Permit Application, and create Special Events Guidelines. This included meeting with City partners and working closely with the City Planning Department.
- Updating the New Bedford Creative website to include a COVID-19 tools and resources page, an expanded Creative Directory, and three self-guided public art tours.
- In partnership with the City Planning Department, researching the beginning stages of creating a city-wide Public Art Policy and Public Art Program.
- Facilitating the first citywide pilot of the arts-based economic development grant program Art Is Everywhere, in partnership with MassDevelopment, The Barr Foundation, SouthCoast Community Foundation, and the Co-Creative Center, where \$50,000 was awarded to 3rd Eye Youth Empowerment to implement “Your New Bedford.”
- The completion of the first official round of the creative placemaking grant program Wicked Cool Places, investing \$82,000 in 13 projects citywide. In partnership with the grantees, quickly pivoting during the COVID-19 pandemic to what was most appropriate required nimble thinking by all.

#### Activities of the Seaport Cultural District

Since 2014 the downtown Seaport Cultural District (SCD), an official designation by the Massachusetts Cultural Council, has served as a center of cultural, artistic and economic activity. The goals of the statewide cultural districts are to attract artists and cultural enterprises, encourage business and job development, establish a tourist destination, preserve and reuse historic buildings, and foster local cultural development.

In FY20, the activities of the SCD included:

- Renewing the official designation from Mass Cultural Council, which included an approval in the expansion of the district and creation of an asset map for New Bedford Creative’s website.
- District partners hosted Americans for the Arts’s Nina Ozlu Tunceli and MassCreative’s Emily Ruddock at the June quarterly meeting to discuss federal and state funding opportunities.
- Seaport Art Walk, the district’s annual temporary public art installation, partnered with New Bedford Whaling Museum’s project “Lighting the Way: Historic Women of the SouthCoast.”
- The district maintained a strong 160+ partnership, held four successful partner meetings with (in-person and then virtually), and continued the enthusiasm of partners in planning and executing district and city-wide themes.
- Press for the partnership organizations included features in The Boston Globe, The Boston Herald, Boston Public Radio, Art New England, The Public’s Radio, Boston Magazine, SouthCoast Today, The South Coast Insider, The South Coast Almanac, and more.

## PROPERTY TAXATION

### Tax Levy Computation

After state aid, the principal revenue source of the City is the tax on real and personal property. The amount to be levied in each year is the amount appropriated or required by law to be raised for municipal expenditures less estimated receipts from other sources and less appropriations voted from funds on hand. The total amount levied is subject to certain limits prescribed by law; for a description of those limits, see "Tax Limitations" below. As to the inclusion of debt service and final judgments, see "Security and Remedies" above.

The estimated receipts for a fiscal year from sources other than the property tax may not exceed the actual receipts during the preceding fiscal year from the same sources unless approved by the State Commissioner of Revenue. Excepting special funds the use of which is otherwise provided for by law, the deduction for appropriations voted from funds on hand for a fiscal year cannot exceed the "free cash" as of the beginning of the prior fiscal year as certified by the State Director of Accounts plus up to nine months' collections and receipts on account of earlier years' taxes after that date. Subject to certain adjustments, free cash is surplus revenue less uncollected overdue property taxes from earlier years.

Although an allowance is made in the tax levy for abatements (see "Abatements and Overlay," below), no reserve is generally provided for uncollectible real property taxes. Since some of the levy is inevitably not collected, this creates a cash deficiency which may or may not be offset by other items (see "Taxation to Meet Deficits," below).

The following table illustrates the manner in which the tax levy is determined.

	Fiscal 2017	Fiscal 2018	Fiscal 2019	Fiscal 2020	Fiscal 2021
Total Appropriations (1)	\$ 326,879,579	\$ 345,160,569	\$ 356,862,641	\$ 379,473,123	\$ 391,443,063
Other Local Expenses	1,039,004	260,138	237,067	288,935	402,963
State & County Assessments	15,937,501	17,622,274	19,439,487	23,579,011	22,288,574
Overlay for Current Year	1,191,316	1,184,701	1,186,867	1,162,176	988,110
Gross Amount to be Raised	<u>345,047,400</u>	<u>364,227,682</u>	<u>377,726,062</u>	<u>404,503,245</u>	<u>415,122,710</u>
Offsets:					
Estimated Receipts from State (2)	162,699,225	168,625,403	176,207,545	193,194,759	198,203,283
Local Estimated Receipts	67,349,449	71,774,961	73,943,358	77,076,748	77,840,128
Free Cash	700,000	3,872,174	2,289,000	4,534,264	1,322,511
Other	241,708	-	-	144,244	3,503,036
Total Offsets	<u>230,990,382</u>	<u>244,272,538</u>	<u>252,439,903</u>	<u>274,950,015</u>	<u>280,868,958</u>
Tax Levy	<u>\$ 114,057,018</u>	<u>\$ 119,955,144</u>	<u>\$ 125,286,159</u>	<u>\$ 129,553,230</u>	<u>\$ 134,253,752</u>

(1) Includes water and sewer department budgets, each of which is self-supporting.

(2) Estimated by the State Department of Revenue and required by law to be used in setting the tax rate. Actual state aid payments may vary upward or downward from said estimates, and the State deducts from semi-annual distributions the State assessments, which are appropriated automatically as a component of the gross amount to be raised.

### Assessed Valuations and Tax Levies

Property is classified for the purpose of taxation according to its use. The legislature has in substance created three classes of taxable property: (1) residential real property, (2) open space land, and (3) all other (commercial, industrial and personal property). Within limits, cities and towns are given the option of determining the share of the annual levy to be borne by each of the three categories. The share required to be borne by residential real property is at least 50 percent of its share of the total taxable valuation; the effective rate for open space must be at least 75 percent of the effective rate for residential real property; and the share of commercial, industrial and personal property must not exceed 175 percent of their share of the total valuation. A city or town may also exempt up to 20 percent of the valuation of residential real property (where used as the taxpayer's principal residence) and up to 10 percent of the valuation of commercial real property (where occupied by certain small businesses). Property may not be classified in a city or town until the State Commissioner of Revenue certifies that all property in the city or town has been assessed at its fair cash value. Such certification must take place every three years or pursuant to a revised schedule as may be issued by the Commissioner.

Related statutes provide that certain forest land, agricultural or horticultural land (assessed at the value it has for these purposes) and recreational land (assessed on the basis of its use at a maximum of 25 percent of its fair cash value) are all to be taxed at the rate applicable to commercial property. Land classified as forest land is valued for this purpose at five percent of fair cash value but not less than ten dollars per acre.

The City has used multiple tax rates under classifications since fiscal 1986 when it revalued all real and personal property in the City to full value. Professional updates of the valuation were completed for use most recently in fiscal years 2004, 2007, 2010 and 2014. The next professional update of the valuation is scheduled to take place in fiscal year 2020.

The following table sets forth the trend in the City's assessed valuations, tax levies and tax rates.

Fiscal Year		Real Estate Valuation	Personal Property Valuation	Total Assessed Valuation	Tax Levy	Tax Rates	
						Residential	Other (1)
2021	(2)	\$ 6,729,007,701	\$ 361,481,590	\$ 7,090,489,291	\$ 134,253,752	\$ 15.59	\$ 32.76
2020		6,421,543,400	251,194,130	6,672,737,530	129,553,230	16.16	33.59
2019		6,014,074,500	242,332,960	6,256,407,460	125,286,159	16.47	34.84
2018		5,658,944,850	229,731,170	5,888,676,020	119,955,144	16.63	35.65
2017	(2)	5,333,885,300	206,010,660	5,539,895,960	114,057,018	16.69	36.03

(1) Commercial, industrial and personal property.

(2) Revaluation years.

### Classification of Property

The following is a breakdown of the City's total assessed valuation in fiscal years 2021, 2020, and 2019.

Classification	Assessed Valuation (1)		Assessed Valuation		Assessed Valuation	
	Fiscal 2021	%	Fiscal 2020	%	Fiscal 2019	%
Real Estate:						
Residential	\$ 5,709,416,255	80.5 %	\$ 5,426,507,386	81.3 %	\$ 5,045,567,632	80.6 %
Commercial	685,825,596	9.7	669,040,014	10.0	652,471,668	10.4
Industrial	333,765,850	4.7	325,996,000	4.9	316,035,200	5.1
Total Real Estate	6,729,007,701	94.9	6,421,543,400	96.2	6,014,074,500	96.1
Personal Property	361,481,590	5.1	251,194,130	3.8	242,332,960	3.9
Valuation	\$ 7,090,489,291	100.0 %	\$ 6,672,737,530	100.0 %	\$ 6,256,407,460	100.0 %

(1) Revaluation year.

## Largest Taxpayers

The following table sets forth the ten largest taxpayers in the City of New Bedford based on assessed valuations for fiscal 2021. All of the taxpayers listed are current with their payments.

Name	Nature of Business	Fiscal 2021 Assessed Valuation	% of Total Assessed Value
NSTAR Electric Company	Utility	\$ 1,633,018,750	23.0 %
NSTAR Gas Company	Utility	124,451,060	1.8
Wamsutta LLC	Retail Properties	22,365,500	0.3
Cedar-Fieldstone, LLC	Retail Properties	21,674,800	0.3
Comcast of Southern N.E. Inc.	Utility	17,898,940	0.3
Melville HSG Asso-Lessee	Housing Development	16,599,600	0.2
AFC Cable Systems Inc.	Manufacturing	15,524,000	0.2
Verizon New England, Inc.	Utility	14,994,900	0.2
Rockdale West LLC	Housing Development	14,030,200	0.2
Acushnet Company	Manufacturing	12,031,300	0.2
Total		<u>\$ 1,892,589,050</u>	<u>26.7 %</u>

## State Equalized Valuation

In order to determine appropriate relative values for the purposes of certain distributions to and assessments upon cities and towns, the Commissioner of Revenue biennially makes a redetermination of the fair cash value of the taxable property in each municipality as of January 1 of even numbered years. This is known as the "equalized value". The following table sets forth the trend in equalized valuations of the City of New Bedford.

<u>January 1,</u>	<u>State Equalized Valuation</u>
2020	\$6,947,603,100
2018	6,079,471,600
2016	5,618,295,200
2014	5,366,953,500
2012	5,818,718,300
2010	6,474,455,300

Local assessed valuations are determined annually as of January 1 and used for the fiscal year beginning on the next July 1. The City's most recent revaluation was completed for use in setting the 2021 fiscal year's tax rate and levy. The most recent prior reevaluations were completed for use in setting the fiscal 2001, 2004, 2007, 2010, 2014, and 2017 tax rates and levies. On the basis of said revaluations, the City's local tax rates for fiscal years 2001, 2004, 2007, 2010, 2014, 2017, and 2021 are believed to have approximated "full value" tax rates.

## Abatements and Overlay

A city or town is authorized to increase each tax levy by an amount approved by the State Commissioner of Revenue as an “overlay” to provide for tax abatements. If abatements are granted in excess of the applicable overlay, the excess is either required to be either added to the next tax levy or to be transferred from available overlay reserves from other years.

Abatements are granted where exempt real or personal property has been assessed or where taxable real or personal property has been overvalued or disproportionately valued. The assessors may also abate uncollectible personal property taxes. They may abate real and personal property taxes on broad grounds (including inability to pay) with the approval of the State Commissioner of Revenue. But uncollected real property taxes are ordinarily not written off until they become municipal “tax titles” by purchase at the public sale or by taking, at which time the tax is written off in full by reserving the amount of the tax and charging surplus.

The following table sets forth the trend in the overlay reserve and exemption and abatement activity.

Fiscal Year	Overlay Reserve		As a % of Net Levy	Exemptions and Abatements Granted Through June 30, 2020
	Net Tax Levy (1)	Dollar Amount		
2020	\$ 128,391,054	\$ 1,162,176	0.91 %	\$ 694,978
2019	124,099,292	1,186,867	0.96	785,571
2018	118,770,443	1,184,701	1.00	1,007,010
2017	112,865,702	1,191,316	1.06	963,164
2016	108,032,112	1,207,507	1.12	924,286

(1) Tax levy prior to addition of overlay reserve.

(2) Revaluation year.

## Tax Collections

The City adopted quarterly tax billing beginning in fiscal 1992. Property taxes are payable in four installments on August 1, November 1, February 1 and May 1. Interest accrues on delinquent taxes currently at the rate of 14 percent per annum the day after the due date. Real property (land and buildings) is subject to a lien for the taxes assessed upon it (subject to any paramount federal lien and subject to bankruptcy and insolvency laws). If the property has been transferred, an unenforced lien expires on the fourth December 31 after the end of the fiscal year to which the tax relates. If the property has not been transferred by the fourth December 31, an unenforced lien expires upon a later transfer of the property. Provision is made, however, for continuation of the lien where it could not be enforced because of a legal impediment. The persons against whom real or personal property taxes are assessed are personally liable for the tax (subject to bankruptcy and insolvency laws). In the case of real property, this personal liability is effectively extinguished by sale or taking of the property as described below. The following table compares the City’s net tax collections with its net (gross tax levy less overlay reserve for abatements) tax levies.

### TAX LEVIES AND COLLECTIONS

Fiscal Year	Gross Tax Levy	Overlay Reserve for Abatements	Net Tax Levy (1)	Collections During Fiscal Year Payable(2)		Collections as of June 30, 2020 (2)	
				\$ Amount	% of Net	\$ Amount	% of Net
2020	\$ 129,553,230	\$ 1,162,176	\$ 128,391,054	\$ 122,619,312	95.5 %	\$ 122,619,312	95.5 %
2019	125,286,159	1,186,867	124,099,292	120,533,421	97.1	120,537,983	97.1
2018	119,955,144	1,184,701	118,770,443	115,662,256	97.4	115,669,532	97.4
2017	114,057,018	1,191,316	112,865,702	109,059,004	96.6	109,557,846	97.1
2016	109,239,619	1,207,507	108,032,112	104,699,832	96.9	104,889,350	97.1

(1) Net after deductions of overlay for abatements.

(2) Actual dollar collections less refunds.

## Tax Titles and Possessions

Massachusetts law permits a municipality either to sell by public sale (at which the municipality may become the purchaser) or to take real property for nonpayment of taxes. In either case the property owner can redeem the property by paying the unpaid taxes, with interest and other charges, but if the right of redemption is not exercised within six months (which may be extended an additional year in the case of certain installment payments), it can be foreclosed by petition to the Land Court. Upon foreclosure, a tax title purchased or taken by the municipality becomes a “tax possession” and may be held and disposed of in the same manner as other land held for municipal purposes.

The following table sets forth the trend in tax titles and possessions as of the end of the fiscal year.

<u>Fiscal Year End</u>	<u>Total Tax Titles and Possessions</u>
2020	\$19,402,597
2019	18,718,181
2018	18,862,758
2017	21,213,470
2016	26,329,421

## Sale of Tax Receivables

Cities and towns are authorized to sell delinquent property tax receivables by public sale or auction either individually or in bulk. The City’s most recent tax lien auction was in May, 2019.

## Taxation to Meet Deficits

As noted elsewhere (see “Abatements and Overlay,” above) overlay deficits, i.e., tax abatements in excess of the overlay included in the tax levy to cover abatements, are required to be added to the next tax levy. It is generally understood that revenue deficits; i.e., those resulting from non-property tax revenues being less than anticipated, are also required to be added to the tax levy (at least to the extent not covered by surplus revenue).

Amounts lawfully expended since the prior tax levy and not included therein are also required to be included in the annual tax levy. The circumstances under which this can arise are limited since municipal departments are generally prohibited from incurring liabilities in excess of appropriations except for major disasters, mandated items, contracts in aid of housing and renewal projects and other long-term contracts. In addition, utilities must be paid at established rates; and certain established salaries, e.g., civil service, must legally be paid for work actually performed, whether or not covered by appropriations.

Cities and towns are authorized to appropriate sums, and thus to levy taxes, to cover deficits arising from other causes, such as “free cash” deficits arising from a failure to collect taxes. This is not generally understood, however, and it has not been the practice to levy taxes to cover free cash deficits. Except to the extent that such deficits have been reduced or eliminated by subsequent collections of uncollected taxes (including sales of tax titles and tax possessions), lapsed appropriations, non-property tax revenues in excess of estimates, other miscellaneous items or funding loans authorized by special act, they remain in existence.

## Tax Limitations

Chapter 59, Section 21C of the General Laws, also known as Proposition 2½, imposes two separate limits on the annual tax levy of a city or town.

The primary limitation is that the tax levy cannot exceed 2 ½ percent of the full and fair cash value. If a town or city exceeds the primary limitation, it must reduce its tax levy by at least 15 per cent annually until it is in compliance, provided that the reduction can be reduced in any year to not less than 7 ½ percent by majority vote of the voters, or to less than 7 ½ percent by two-thirds vote of the voters.

For cities and towns at or below the primary limit, a secondary limitation is that the tax levy cannot exceed the maximum levy limit for the preceding fiscal year as determined by the State Commissioner of Revenue by more than 2 ½ percent, subject to an exception for property added to the tax rolls or property which has had an increase, other than as part of a general revaluation, in its assessed valuation over the prior year’s valuation. This “growth” limit on the tax levy may be exceeded in any year by a majority vote of the voters, but an increase in the secondary or growth limit under this procedure does not permit a tax levy in excess of the primary limitation, since the two limitations apply independently. In addition, if

the voters vote to approve taxes in excess of the “growth” limit for the purpose of funding a stabilization fund, such increased amount may only be taken into account for purposes of calculating the maximum levy limit in each subsequent year if the board of selectmen of a town or the city council of the city votes by a two-thirds vote to appropriate such increased amount in such subsequent year to the stabilization fund.

The applicable tax limits may also be reduced in any year by a majority vote of the voters.

The State Commissioner of Revenue may adjust any tax limit “to counterbalance the effects of extraordinary, non-recurring events which occurred during the base year”.

Proposition 2 ½ further provides that the voters may exclude from the taxes subject to the tax limits and from the calculation of the maximum tax levy (a) the amount required to pay debt service on bonds and notes issued before November 4, 1980, if the exclusion is approved by a majority vote of the voters, and (b) the amount required to pay debt service on any specific subsequent issue for which similar approval is obtained. Even with voter approval, the holders of the obligations for which unlimited taxes may be assessed do not have a statutory priority or security interest in the portion of the tax levy attributable to such obligations. It should be noted that Massachusetts General Laws Chapter 44, Section 20 requires that the taxes excluded from the levy limit to pay debt service on any such bonds and notes be calculated based on the true interest cost of the issue. Accordingly, the Department of Revenue limits the amount of taxes which may be levied in each year to pay debt service on any such bonds and notes to the amount of such debt service, less a pro rata portion of any original issue premium received by the city or town that was not applied to pay costs of issuance.

Voters may also exclude from the Proposition 2 ½ limits the amount required to pay specified capital outlay expenditures as for the city or town’s apportioned share for certain capital outlay expenditures by a regional governmental unit. In addition, the city council of a city, with the approval of the mayor may vote to exclude from the Proposition 2 ½ limits taxes raised in lieu of sewer or water charges to pay debt service on bonds or notes issued by the municipality (or by an independent authority, commission or district) for water and sewer purposes, provided that the municipality’s sewer or water charges are reduced accordingly.

The City has been in full compliance with Proposition 2 ½ since fiscal 1983 following the completion of a professional revaluation of all real and personal property in the City to full value.

Proposition 2 ½ limits the annual increase in the total assessments on cities and towns by any county, district, authority, the Commonwealth or any other governmental entity (except regional school districts, the MWRA, and certain districts for which special legislation provides otherwise) to the sum of (a) 2 ½ per cent of the prior year’s assessments and (b) “any increases in costs, charges or fees for services customarily provided locally or for services subscribed to at local option”. Regional water districts, regional sewerage districts and regional veterans districts may exceed these limitations under statutory procedures requiring a two-thirds vote of the district’s governing body and either approval of the local appropriating authorities (by two-thirds vote in districts with more than two members or by majority vote in two-member districts) or approval of the registered voters in a local election (in the case of two-member districts). Under the statute any State law to take effect on or after January 1, 1981 imposing a direct debt service of cost obligation on a city or town will become effective only if accepted or voluntarily funded by the city or town or if the State funding is provided. Similarly, State rules or regulations imposing additional costs on a city or town or laws granting or increasing local tax exemptions are to take effect only if adequate State appropriations are provided. These statutory provisions do not apply to costs resulting from judicial decisions.

The following table sets forth the trend in the City’s tax levies and levy limits under Proposition 2 ½.

Fiscal Year	Estimated Full Valuation (1)	Primary Levy Limit	Maximum Levy Limit	Actual Levy	Under (Over) Primary Levy Limit	Under (Over) Maximum Levy Limit
2020	\$ 6,256,407,460	\$ 166,818,438	\$ 134,165,825	\$ 129,553,230	\$ 37,265,208	\$ 4,612,595
2019	6,256,407,460	156,410,187	129,211,894	125,286,159	31,124,028	3,925,735
2018	5,888,676,020	147,216,901	123,961,220	119,955,144	27,261,757	4,006,076
2017	5,539,895,960	138,497,399	118,972,217	114,057,018	24,440,381	4,915,199
2016	5,334,989,630	133,374,741	114,137,930	109,239,619	24,135,122	4,898,311

(1) Reflects local assessed valuations.



## **Pledged Taxes**

Taxes on the increased value of certain property in designated development districts may be pledged for the payment of costs of economic development projects within such districts and may therefore be unavailable for other municipal purposes.

## **Community Preservation Act**

The Massachusetts Community Preservation Act (the "CPA") permits cities and towns that accept its provisions to levy a surcharge on its real property tax levy, dedicate revenue (other than state or federal funds), and to receive state matching funds for (i) the acquisition, creation, preservation, rehabilitation and restoration of land for recreational use, open space, and affordable housing and (ii) the acquisition, preservation, rehabilitation and restoration of historic resources. The provisions of the CPA must be accepted by the voters of the city or town at an election after such provisions have first been accepted by either a vote of the legislative body of the city or town or an initiative petition signed by 5% of its registered voters.

A city or town may approve a surcharge of up to 3% (but not less than 1% under certain circumstances) and may make an additional commitment of funds by dedicating revenue other than state or federal funds, provided that the total funds collected do not exceed 3% of the real property tax levy, less any exemptions adopted (such as an exemption for low-income individuals and families and for low and moderate-income senior citizens, an exemption for \$100,000 of the value of each taxable parcel of residential real property or \$100,000 of the value of each taxable parcel of class three, commercial property, and class four, industrial property as defined in Chapter 59, Section 2A of the General Laws, and an exemption for commercial and industrial properties in cities and towns with classified tax rates). In the event that the municipality shall no longer dedicate all or part of the additional funds to community preservation, the surcharge on the real property tax levy of not less than 1% shall remain in effect, provided that any such change must be approved pursuant to the same process as acceptance of the CPA. The surcharge is not counted in the total taxes assessed for the purpose of determining the permitted levy amount under Proposition 2½ (see "*Tax Limitations*" under "PROPERTY TAXATION" above). A city or town may revoke its acceptance of the provisions of the CPA at any time after 5 years from the date of such acceptance and may change the amount of the surcharge or the exemptions to the surcharge at any time, including reducing the surcharge to 1% and committing additional municipal funds as outlined above, provided that any such revocation or change must be approved pursuant to the same process as acceptance of the CPA.

Any city or town that accepts the provisions of the CPA will receive annual state matching grants to supplement amounts raised by its surcharge and dedication of revenue. The state matching funds are raised from certain recording and filing fees of the registers of deeds. Those amounts are deposited into a state trust fund and are distributed to cities and towns that have accepted the provisions of the CPA, which distributions are not subject to annual appropriation by the state legislature. The amount distributed to each city and town is based on a statutory formula and the total state distribution made to any city or town may not exceed 100% of the amount raised locally by the surcharge on the real property tax levy.

The amounts raised by the surcharge on taxes, the dedication of revenue and received in state matching funds are required to be deposited in a dedicated community preservation fund. Each city or town that accepts the provisions of the CPA is required to establish a community preservation committee to study the community preservation needs of the community and to make recommendations to the legislative body of the city or town regarding the community preservation projects that should be funded from the community preservation fund. Upon the recommendations of the committee, the legislative body of the city or town may appropriate amounts from the fund for permitted community preservation purposes or may reserve amounts for spending in future fiscal years, provided that at least 10% of the total annual revenues to the fund must be spent or set aside for open space purposes, 10% for historic resource purposes and 10% for affordable housing purposes.

The CPA authorizes cities and towns that accept its provisions to issue bonds and notes in anticipation of the receipt of surcharge and dedicated revenues to finance community preservation projects approved under the provisions of the CPA. Bonds and notes issued under the CPA are general obligations of the city or town and are payable from amounts on deposit in the community preservation fund. In the event that a city or town revokes its acceptance of the provisions of the CPA, the surcharge shall remain in effect until all contractual obligations incurred by the city or town prior to such revocation, including the payment of bonds or notes issued under the CPA, have been fully discharged.

The City has adopted the CPA, effective July 1, 2015, at a 1.50% surcharge. The City appointed members to a Community Preservation Committee on May 26, 2016.

The trend in CPA collections is shown in the table below.

<u>Fiscal Year</u>	<u>CPA Surcharge Revenue</u>	<u>State Matching Funds</u>
2020	\$ 1,124,171	\$ 257,800
2019	1,109,398	190,505
2018	1,163,638	159,226
2017	1,096,367	175,904
2016	815,087	-

The balance in the CPA Fund as of June 30, 2020 was \$2,882,582.

## CITY FINANCES

### Budget and Appropriation Process

Within 170 days after the annual organization of the city government (which is ordinarily in early January), the Mayor is required to submit a budget of proposed expenditures for the fiscal year beginning on the next July 1. The City Council may make appropriations for the recommended purposes and may reduce or reject any item. Without a recommendation of the Mayor, the City Council may not make any appropriation for a purpose not included in the proposed budget, except by a two-thirds vote in case of a failure of the Mayor to recommend an appropriation for such a purpose within 7 days after a request from the City Council. The City Council may not increase any item without the recommendation of the Mayor (except as provided by legislation, subject to local acceptance, under which the school budget or regional school district assessment can be increased upon recommendation of the school committee or regional district school committee and by two-thirds vote of the City Council, provided that such increase does not cause the total annual budget to exceed property tax limitations). If the City Council fails to act on any item of the proposed budget within 45 days, that item takes effect.

City department heads are generally required to submit their budget requests to the Mayor between January 1 and February 1. This does not apply to the school department, which must submit its requests in time for the Mayor to include them in his submission to the City Council.

If the Mayor does not make a timely budget submission, provision is made for preparation of a budget by the City Council. Provision is also made for supplementary appropriations upon recommendation of the Mayor. Water, wastewater, airport and the Commission for Citizens with Disabilities (CCw/D) are included in the budget adopted by the City Council. Under certain legislation any town or city which accepts the legislation may provide that the appropriations for the operating costs of any department may be offset, in whole or in part, by estimated receipts from fees charged for services provided by the department. The school budget is limited to the total amount appropriated by the City Council, but the school committee retains full power to allocate the funds appropriated.

Under certain circumstances and subject to certain limits and requirements, the city council of a city, upon the recommendation of the mayor, may transfer amounts appropriated for the use of one department (except for a municipal light department or a school department) to another appropriation for the same department or for the use of any other department.

State and county assessments, abatements in excess of overlays, principal and interest not otherwise provided for, and final judgments are included in the tax levy whether or not included in the budget. Revenues are not required to be set forth in the budget but estimated non-tax revenues are taken into account by the assessors in fixing the tax levy.

### Budget Trends

The table below sets forth the trend in operating budgets in the format recommended by the Mayor and voted by the City Council. As such, the budgets are inclusive of expenditures made from state local distribution monies but do not estimate revenues, do not reflect expenditures for state and county assessments, overlay for tax abatements and certain other mandatory items and do not reflect supplemental appropriations and transfers between appropriation items made during the course of the fiscal year.

	FY17 Budget	FY18 Budget	FY19 Budget	FY20 Budget	FY21 Budget
<b>EXPENDITURES:</b>					
Debt	\$ 11,450,200	\$ 11,299,614	\$ 11,779,220	\$ 11,992,826	\$ 11,771,047
Insurance and Pension	66,499,377	71,016,711	73,092,471	73,699,072	50,565,056 (1)
General Government	25,164,247	25,119,611	27,284,736	27,338,857	28,712,543
Public Safety	44,435,900	44,681,997	47,067,157	48,412,893	47,399,545
Highways and Streets	5,301,709	5,616,326	5,804,833	5,775,569	5,728,405
Sanitation	704,590	693,368	713,962	741,999	744,680
Inspectional Services	882,351	981,809	1,010,026	1,034,640	1,046,292
Education - School Dept. NSS	126,500,000	130,950,000	137,030,000	146,750,000	179,162,500 (1)
Education - Vocational	5,514,689	5,394,607	5,632,744	5,789,401	5,877,970 (1)
Human Services	5,304,625	5,281,365	5,204,280	4,933,851	4,948,463
Culture and Recreation	4,670,914	4,799,663	4,915,316	5,083,825	5,031,907
CCw/D	15,000	15,000	-	-	-
<b>TOTAL APPROPRIATIONS</b>	<b>\$ 296,443,602</b>	<b>\$ 305,850,071</b>	<b>\$ 319,534,745</b>	<b>\$ 331,552,933</b>	<b>\$ 340,988,408</b>
Airport	792,037	946,300	979,267	1,025,350	1,019,221
Arts & Cultural Special Revenue	-	100,000	102,000	104,244	106,433
CCw/D Special Revenue	-	-	30,996	40,000	41,000
Water	11,974,911	13,559,983	15,336,628	16,800,704	17,176,817
Wastewater	21,254,190	21,684,118	23,277,200	24,176,843	25,089,972
Downtown Parking	1,021,900	906,141	878,341	1,033,588	997,329
Cable Access Enterprise Fund	-	-	-	1,362,558	1,198,069
<b>TOTAL APPROPRIATIONS - ALL FUNDS</b>	<b>\$ 330,464,740</b>	<b>\$ 343,046,613</b>	<b>\$ 360,139,177</b>	<b>\$ 376,096,220</b>	<b>\$ 386,617,249</b>

(1) Beginning in FY2021, health insurance premiums are directly billed to the school department, resulting in a reduction in the insurance and pension line and an increase in the education line.

Regarding the FY2021 budget process, the City adopted two consecutive interim budgets, as allowed by the State's emergency law. The Mayor's budget was introduced to the City Council on July 15, 2020 and adopted on August 24, 2020.

**Room Occupancy Tax:** Under this tax, local governments may tax the provision of hotel, motel and lodging house rooms at a rate not to exceed six percent (6%) of the cost of renting such rooms. The tax is paid by the operator of the hotel, motel or lodging house to the State Commissioner of Revenue, who in turn pays the tax back to the municipality in which the rooms are located in quarterly distributions. On January 1, 2013, the rate increased to 6% by a City Council vote. The trend in room occupancy tax revenue collections is shown in the table below.

<u>Fiscal Year</u>	<u>Room Occupancy Tax Revenue</u>
2020	\$ 355,533
2019	366,743
2018	295,246
2017	257,897
2016	237,766

In January, 2017 the City established an Arts, Culture and Tourism Promotion Fund to promote the City's artistic and cultural assets and to attract tourists to the City, effective beginning fiscal year 2018. The Fund constitutes a portion of the total local room occupancy tax collected by the City. The City shall annually deposit not more than 50% of the local room occupancy tax revenue in the Fund. In the first year after the establishment of the Fund not more than \$100,000 shall be deposited into the Fund and future allocations shall be adjusted annually in proportion to the prior year's average consumer price index, as measured by the Bureau of Labor Statistics all items index. All interest earned from the Fund shall be treated as General Fund revenue of the City. The balance in the Arts, Culture and Tourism Promotion Fund as of June 30, 2020 was \$0.

**Local Option Meals Tax:** The City adopted the local meals tax excise tax to be effective October 1, 2010. The local meals excise tax is a 0.75% tax on the gross receipts of a vendor from the sale of restaurant meals. The tax is paid by the vendor to the State Commissioner of Revenue, who in turn pays the tax to the municipality in which the meal was sold. The trend in meals tax revenue collections is shown in the table below.

<u>Fiscal Year</u>	<u>Meals Tax Revenue</u>
2020	\$ 1,186,432
2019	1,287,332
2018	1,194,201
2017	1,131,820
2016	1,093,476

## **Education Reform**

State legislation known as the Education Reform Act of 1993, as amended, imposes certain minimum expenditure requirements on municipalities with respect to funding for education and related programs, and may affect the level of state aid to be received for education. The requirements are determined on the basis of formulas affected by various measures of wealth and income, enrollments, prior levels of local spending and state aid, and other factors. Since the inception of the Act, the City has exceeded the minimum required funding each year.

## **State School Building Assistance Program**

Under its school building assistance program, the Commonwealth of Massachusetts provides grants to cities, towns and regional school districts for school construction projects. Until July 26, 2004, the State Board of Education was responsible for approving grants for school projects and otherwise administering the program. Grant amounts ranged from 50% to 90% of approved project costs. Municipalities generally issued bonds to finance the entire project cost, and the Commonwealth disbursed the grants in equal annual installments over the term of the related bonds.

Pursuant to legislation which became effective on July 26, 2004, the state legislature created the Massachusetts School Building Authority (the "Authority") to finance and administer the school building assistance program. The Authority has assumed all powers and obligations of the Board of Education with respect to the program. In addition to certain other amounts, the legislation dedicates a portion of Commonwealth sales tax receipts to the Authority to finance the program.

Projects previously approved for grants by the State Board of Education are entitled to receive grant payments from the Authority based on the approved project cost and reimbursement rate applicable under the prior law. The Authority has paid and is expected to continue to pay the remaining amounts of the grants for such projects either in annual installments to reimburse debt service on bonds issued by the municipalities to finance such projects, or as lump sum payments to contribute to the defeasance of such bonds.

Projects on the priority waiting list as of July 1, 2004 are also entitled to receive grant payments from the Authority based on the eligible project costs and reimbursement rates applicable under the prior law. With limited exceptions, the Authority is required to fund the grants for such projects in the order in which they appear on the waiting list. Grants for any such projects that have been completed or substantially completed have been paid and are expected to continue to be paid by the Authority in lump sum payments, thereby eliminating the need for the Authority to reimburse interest expenses that would otherwise be incurred by the municipalities to permanently finance the Authority's share of such project costs. Interest on debt issued by municipalities prior to July 1, 2004 to finance such project costs, and interest on temporary debt until receipt of the grant, is included in the approved costs of such projects. Grants for any such projects that have not yet commenced or that are underway have been and are expected to continue to be paid by the Authority as project costs are incurred by the municipality pursuant to a project funding agreement between the Authority and the municipality, eliminating the need for the municipality to borrow even on a temporary basis to finance the Authority's share of the project costs in most cases.

The maximum reimbursement rate for new project grant applications submitted to the Authority on or after July 1, 2007 is 80% of approved project costs. The Authority promulgated new regulations with respect to the application and approval process for projects submitted after July 1, 2007. The Authority expects to pay grants for such projects as project costs are incurred pursuant to project funding agreements between the Authority and the municipalities. None of the interest expense incurred on debt issued by municipalities to finance their portion of the costs of new projects will be included in the approved project costs eligible for reimbursement.

### **Investment of City Funds**

Investments of funds of cities and towns, except for trust funds, are generally restricted by Massachusetts General Laws Chapter 44, Section 55. That statute permits investments of available revenue funds and bond and note proceeds in term deposits and certificates of deposits of banks and trust companies, in obligations issued or unconditionally guaranteed by the federal government or an agency thereof with a maturity of not more than one year, in repurchase agreements with a maturity of not more than 90 days secured by federal or federal agency securities, in participation units in the Massachusetts Municipal Depository Trust ("MMDT"), or in shares in SEC – registered money market funds with the highest possible rating from at least one nationally recognized rating organization.

MMDT is an investment pool created by the Commonwealth. The State Treasurer is the sole trustee, and the funds are managed under contract by an investment firm under the supervision of the State Treasurer's office. According to the State Treasurer the Trust's investment policy is designed to maintain an average weighted maturity of 90 days or less and is limited to high-quality, readily marketable fixed income instruments, including U.S. Government obligations and highly-rated corporate securities with maturities of one year or less.

Trust funds, unless otherwise provided by the donor, may be invested in accordance with Section 54 of Chapter 44, which permits a broader range of investments than Section 55, including any bonds or notes that are legal investments for savings banks in the Commonwealth. The restrictions imposed by Sections 54 and 55 do not apply to city and town retirement systems.

A breakdown of such investments may be obtained from the City Treasurer.

## Long Range Forecasting

The City maintains a long-range financial forecast. The forecast is built on a rolling five year window, with the current version providing an overview of anticipated trends governing the General Fund through FY2025.

Category	FY 2020 Projected	FY 2021 Budget	FY 2022 Estimate	FY 2023 Estimate	FY 2024 Estimate	FY 2025 Estimate
<b>Beginning Fund Balance:</b>	<b>\$ 28,608,139</b>	<b>\$ 29,167,189</b>	<b>\$ 26,007,375</b>	<b>\$ 24,789,068</b>	<b>\$ 25,305,303</b>	<b>\$ 26,586,756</b>
<b>Revenue</b>						
Property Taxes	\$ 127,029,060	\$ 134,764,537	\$ 140,133,650	\$ 145,636,992	\$ 151,277,916	\$ 157,059,864
Local Receipts	29,019,522	29,274,600	29,774,600	30,274,600	30,774,600	31,274,600
State Aid	192,000,453	192,134,654	196,313,721	203,184,701	210,296,166	217,656,532
Other Financing Sources	4,536,098	5,936,116	6,232,922	6,544,568	6,871,796	7,215,386
Offsets	(172,856)	(172,222)	(175,000)	(175,000)	(175,000)	(175,000)
<b>Total Revenue:</b>	<b>\$ 352,412,277</b>	<b>\$ 361,937,685</b>	<b>\$ 372,279,893</b>	<b>\$ 385,465,861</b>	<b>\$ 399,045,479</b>	<b>\$ 413,031,382</b>
<b>Expenditures</b>						
Salaries & Wages	\$ 64,598,778	\$ 64,933,109	\$ 66,881,102	\$ 68,887,535	\$ 70,954,161	\$ 73,082,786
Charges & Services	21,459,864	21,786,799	22,222,535	22,666,986	23,120,325	23,582,732
Supplies & Materials	3,223,859	3,273,886	3,306,625	3,339,691	3,373,088	3,406,819
Capital Outlay	2,688,591	2,423,360	2,623,360	2,823,360	2,923,360	3,023,360
Snow Removal	129,839	450,000	450,000	450,000	500,000	500,000
Education	149,170,148	153,000,000	156,600,000	160,900,000	165,200,000	169,500,000
Debt Service	11,685,417	11,771,047	8,490,096	7,987,174	8,547,569	8,081,897
Health, Life Insurance & OPEB	38,377,949	44,526,002	46,752,302	49,089,917	51,544,413	54,121,634
Pension Contribution	30,527,351	32,201,554	33,940,438	35,773,221	37,769,367	39,876,898
Voke Tech/Refuse Assessments	6,407,980	6,622,650	6,722,650	6,822,650	6,922,650	7,022,650
State & County Assessments	20,990,757	22,909,092	24,309,092	25,009,092	25,709,092	26,409,092
Other Financing Sources	1,430,519	-	-	-	-	-
<b>Total Expenditures:</b>	<b>\$ 350,691,051</b>	<b>\$ 363,897,499</b>	<b>\$ 372,298,200</b>	<b>\$ 383,749,626</b>	<b>\$ 396,564,026</b>	<b>\$ 408,607,867</b>
Reserve for Abatements	\$ 1,162,176	\$ 1,200,000	\$ 1,200,000	\$ 1,200,000	\$ 1,200,000	\$ 1,200,000
<b>Ending Fund Balance</b>	<b>\$ 29,167,189</b>	<b>\$ 26,007,375</b>	<b>\$ 24,789,068</b>	<b>\$ 25,305,303</b>	<b>\$ 26,586,756</b>	<b>\$ 29,810,271</b>

### Notes:

- (1) Long range plan incorporates conservative assumptions regarding state revenue (flat from FY20-21) and local receipts.
- (2) Health insurance expenses projected at +5% annual increase.
- (3) Debt service estimates correlate with Hilltop financial model.
- (4) Pension assessment increases per New Bedford Retirement Board actuarial schedule, adopted August 2020.

## Fiscal Policies

The City Council has adopted a series of policies relative to debt issuance, fund balance management, the investment of City funds, and management of the Other Post-Employment Benefits liability. Copies may be found in Appendix B, "City of New Bedford Fiscal Policies".

## Program Performance Measurement

The City of New Bedford embarked on an organization-wide initiative aimed at improving government operations in 2012. Initial efforts were supported by a contract with the Collins Center at the University of Massachusetts and involved program-specific evaluations of various functions. The hiring of a chief financial officer allowed the City to implement program performance management throughout the organization. The fiscal 2015 budget incorporated narrative information, goals, objectives and performance measures for all departments, utilizing a combination of dedicated staff resources and targeted assistance from the Collins Center. In fiscal year 2017, the budget included historical, current and projected performance measurement information, and the fiscal 2019 budget document built upon that progress with the addition of graphically depicted trending data and the utilization of verified data to inform management decision. The same year, the City also expanded the reach of the performance management program by developing an online dashboard of performance measures that appears on the City's website.

In concert with the performance management program, the City submitted its adopted fiscal budget to the Government Finance Officers' Association ('GFOA') for its Distinguished Budget Presentation Award program, every year since 2017. GFOA's budget presentation award is the gold standard for municipal, state and district budgets: only 29 Massachusetts municipalities, and 1,604 entities nationwide, received the award in 2018. New Bedford has received the award every year of participation, with the highest marks provided for the document's consolidated financial summaries, and organizational goals and objectives. GFOA's program provides a useful tool for encouraging more effective management throughout the organization.

### **Annual Audits**

The City's accounts were most recently audited for fiscal 2019 by Hague, Sahady & Co., P.C., Certified Public Accountants, New Bedford, Massachusetts. A copy of the fiscal 2019 Comprehensive Annual Financial Report is attached hereto as Appendix A.

The attached report speaks only as of its date, and only to the matters expressly set forth therein. The auditors have not been engaged to review this Official Statement or to perform audit procedures regarding the post-audit period, nor have the auditors been requested to give their consent to the inclusion of their report in Appendix A. Except as stated in their report, the auditors have not been engaged to verify the financial information set out in Appendix A and are not passing upon and do not assume responsibility for the sufficiency, accuracy or completeness of the financial information presented in that appendix.

### **Financial Statements**

Set forth on the following pages are Governmental Funds Balance Sheets for the fiscal years ended June 30, 2020 (draft, subject to revision and change), June 30, 2019, June 30, 2018, and June 30, 2017; and Statements of Revenues, Expenditures and Changes in Fund Balances for the fiscal year ended June 30, 2020 (draft, subject to revision and change) and fiscal years ended June 30, 2019 through June 30, 2015. With the exception of the fiscal year ended June 30, 2020, said statements are excerpts from the City's audited financial statements.

## CITY OF NEW BEDFORD, MASSACHUSETTS

## Balance Sheet

## Governmental Funds

June 30, 2020 (1)

	General Fund	Wastewater	HOME Investment Program	South Public Safety Center	Non-Major Governmental Funds	Total Governmental Funds
<b>ASSETS</b>						
Cash and investments, unrestricted	\$ 36,036,472	\$ 9,095,505	\$ 2,627,234	\$ 6,903,668	\$ 54,628,550	\$ 109,291,429
Cash, restricted	11,324,425	4,915,190	-	-	5,127,411	21,367,026
Receivables, net:						
Real estate and personal property taxes	6,008,396	-	-	-	-	6,008,396
Tax liens and foreclosures	13,333,301	-	-	-	-	13,333,301
Motor vehicle and boat excise	2,320,737	-	-	-	-	2,320,737
User charges receivables	-	3,087,443	-	-	-	3,087,443
Departmental and other	6,564,194	62,822	-	-	-	6,627,016
Loans receivable	-	-	18,191,127	-	1,383,286	19,574,413
Other receivables	1,052,008	2,237	-	-	1,003,234	2,057,479
Special assessments	26,908	123,758	-	-	-	150,666
Due from federal or state government	-	-	-	-	10,461,866	10,461,866
Due from other funds	1,292,094	195,163	-	-	2,872,539	4,359,796
Intraentity receivable	1,350,790	-	-	-	-	1,350,790
Inventories	-	26,373	-	-	-	26,373
Land inventory	4,259,556	-	-	-	246,918	4,506,474
Total assets	<u>\$ 83,568,881</u>	<u>\$ 17,508,491</u>	<u>\$ 20,818,361</u>	<u>\$ 6,903,668</u>	<u>\$ 75,723,804</u>	<u>\$ 204,523,205</u>
<b>Deferred Outflows of Resources</b>						
None	-	-	-	-	-	-
Total Deferred Outflows of Resources	-	-	-	-	-	-
Total Assets and Deferred Outflows of Resources	<u>\$ 83,568,881</u>	<u>\$ 17,508,491</u>	<u>\$ 20,818,361</u>	<u>\$ 6,903,668</u>	<u>\$ 75,723,804</u>	<u>\$ 204,523,205</u>
<b>LIABILITIES AND FUND BALANCES</b>						
Liabilities:						
Warrants, accounts and accrued expenses payable	\$ 25,159,315	\$ 2,118,677	\$ 42,024	\$ 1,237,936	\$ 12,000,725	\$ 40,558,677
Retainage payable	-	-	-	325,448	1,232,315	1,557,763
Bonds and notes payable	-	-	-	14,500,000	29,622,547	44,122,547
Due to other funds	2,944,290	1,396,076	-	-	19,430	4,359,796
Deposits held	374,156	24,590	-	-	-	398,746
Due to other governments	-	-	-	-	209	209
Payroll withholdings	57,901	-	-	-	-	57,901
Other liabilities	215,173	26,977	-	-	323	242,473
Total liabilities	<u>28,750,835</u>	<u>3,566,320</u>	<u>42,024</u>	<u>16,063,384</u>	<u>42,875,549</u>	<u>91,298,112</u>
<b>Deferred Inflows Of Resources</b>						
Deferred Property and excise tax revenues	18,917,326	-	-	-	-	18,917,326
Deferred departmental and other receipts	4,417,870	-	-	-	237,734	4,655,604
Deferred user fees, fines and charges for services	-	3,211,200	-	-	-	3,211,200
Unearned grant income	-	-	-	-	1,044,984	1,044,984
Unearned loan income	-	-	18,191,127	-	1,383,286	19,574,413
Total Deferred Inflows of Resources	<u>23,335,196</u>	<u>3,211,200</u>	<u>18,191,127</u>	<u>-</u>	<u>2,666,004</u>	<u>47,403,527</u>
<b>Net Position</b>						
Nonspendable	5,610,346	26,373	-	-	5,374,329	11,011,048
Restricted	-	4,514,040	2,585,210	-	36,634,326	43,733,576
Committed	11,324,425	5,806,890	-	-	1,713,828	18,845,143
Assigned	2,235,953	383,668	-	-	-	2,619,621
Unassigned	12,312,126	-	-	(9,159,716)	(13,540,232)	(10,387,822)
Total Net Position	<u>31,482,850</u>	<u>10,730,971</u>	<u>2,585,210</u>	<u>(9,159,716)</u>	<u>30,182,251</u>	<u>65,821,566</u>
Total Liabilities, Deferred Inflows of Resources and Net Position	<u>\$ 83,568,881</u>	<u>\$ 17,508,491</u>	<u>\$ 20,818,361</u>	<u>\$ 6,903,668</u>	<u>\$ 75,723,804</u>	<u>\$ 204,523,205</u>

(1) Extracted from draft financial statements, subject to revision and change.



## CITY OF NEW BEDFORD, MASSACHUSETTS

## Balance Sheet

## Governmental Funds

June 30, 2019 (1)

	General Fund	Wastewater	HOME Investment Program	Non-Major Governmental Funds	Total Governmental Funds
<b>ASSETS</b>					
Cash and investments, unrestricted	\$ 13,374,982	\$ 10,346,078	\$ 2,209,464	\$ 50,344,944	\$ 76,275,468
Cash, restricted	11,655,603	2,644,198	-	5,127,411	19,427,212
Receivables, net:					
Real estate and personal property taxes	3,819,442	-	-	-	3,819,442
Tax liens and foreclosures	12,647,428	-	-	-	12,647,428
Motor vehicle and boat excise	1,778,205	-	-	-	1,778,205
User charges receivables	-	2,773,862	-	-	2,773,862
Departmental and other	5,939,946	42,341	-	-	5,982,287
Loans receivable	-	-	19,127,804	1,471,458	20,599,262
Other receivables	822,961	2,302,237	-	674,837	3,800,035
Special assessments	10,496	100,667	-	-	111,163
Due from federal or state government	11,768,720	-	-	11,280,361	23,049,081
Due from other funds	1,794,574	195,163	-	2,872,483	4,862,220
Intraentity receivable	1,400,790	-	-	-	1,400,790
Inventories	-	26,373	-	-	26,373
Land inventory	5,377,440	-	-	246,918	5,624,358
Total assets	<u>\$ 70,390,587</u>	<u>\$ 18,430,919</u>	<u>\$ 21,337,268</u>	<u>\$ 72,018,412</u>	<u>\$ 182,177,186</u>
<b>Deferred Outflows of Resources</b>					
None	-	-	-	-	-
Total Deferred Outflows of Resources	-	-	-	-	-
Total Assets and Deferred Outflows of Resources	<u>\$ 70,390,587</u>	<u>\$ 18,430,919</u>	<u>\$ 21,337,268</u>	<u>\$ 72,018,412</u>	<u>\$ 182,177,186</u>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
Warrants, accounts and accrued expenses payable	\$ 17,275,803	\$ 4,356,096	\$ 38,720	\$ 8,512,543	\$ 30,183,162
Retainage payable	-	-	-	1,377,562	1,377,562
Bonds and notes payable	-	-	-	22,424,825	22,424,825
Due to other funds	2,944,289	1,467,263	-	19,374	4,430,926
Deposits held	136,765	30,436	-	(114)	167,087
Due to other governments	-	-	-	209	209
Payroll withholdings	40,123	-	-	-	40,123
Other liabilities	300,554	26,339	-	20	326,913
Total liabilities	<u>20,697,534</u>	<u>5,880,134</u>	<u>38,720</u>	<u>32,334,419</u>	<u>58,950,807</u>
<b>Deferred Inflows Of Resources</b>					
Deferred Property and excise tax revenues	16,913,899	-	-	-	16,913,899
Deferred departmental and other receipts	4,171,015	-	-	175,245	4,346,260
Deferred user fees, fines and charges for services	-	2,796,768	-	-	2,796,768
Unearned grant income	-	-	-	2,935,515	2,935,515
Unearned loan income	-	-	19,127,804	1,471,458	20,599,262
Total Deferred Inflows of Resources	<u>21,084,914</u>	<u>2,796,768</u>	<u>19,127,804</u>	<u>4,582,218</u>	<u>47,591,704</u>
<b>Net Position</b>					
Nonspendable	6,778,230	26,373	-	5,374,329	12,178,932
Restricted	-	3,995,298	2,170,744	39,378,455	45,544,497
Committed	11,655,603	5,618,955	-	1,647,956	18,922,514
Assigned	697,553	113,391	-	-	810,944
Unassigned	9,476,753	-	-	(11,298,965)	(1,822,212)
Total Net Position	<u>28,608,139</u>	<u>9,754,017</u>	<u>2,170,744</u>	<u>35,101,775</u>	<u>75,634,675</u>
Total Liabilities, Deferred Inflows of Resources and Net Position	<u>\$ 70,390,587</u>	<u>\$ 18,430,919</u>	<u>\$ 21,337,268</u>	<u>\$ 72,018,412</u>	<u>\$ 182,177,186</u>

(1) Extracted from audited financial statements.

**CITY OF NEW BEDFORD, MASSACHUSETTS**

**Balance Sheet  
Governmental Funds  
June 30, 2018 (1)**

	General Fund	Wastewater	Non-Major Governmental Funds	Total Governmental Funds
<b>ASSETS</b>				
Cash and investments, unrestricted	\$ 23,053,715	\$ 8,606,258	\$ 37,743,644	\$ 69,403,617
Cash, restricted	8,709,209	2,790,626	5,127,411	16,627,246
Receivables, net:				
Real estate and personal property taxes	3,493,852	-	-	3,493,852
Tax liens and foreclosures	12,794,198	-	-	12,794,198
Motor vehicle and boat excise	1,893,168	-	-	1,893,168
User charges receivables	-	2,920,627	-	2,920,627
Departmental and other	6,572,766	178,239	-	6,751,005
Loans receivable	-	-	19,404,945	19,404,945
Other receivables	3,553,124	2,237	378,200	3,933,561
Special assessments	6,754	107,576	-	114,330
Due from federal or state government	13,697	-	17,968,274	17,981,971
Due from other funds	2,298,844	21,003	2,872,483	5,192,330
Intraentity receivable	1,450,790	-	-	1,450,790
Inventories	-	26,373	-	26,373
Land inventory	6,070,626	-	246,918	6,317,544
Total assets	<u>\$ 69,910,743</u>	<u>\$ 14,652,939</u>	<u>\$ 83,741,875</u>	<u>\$ 168,305,557</u>
<b>Deferred Outflows of Resources</b>				
None	-	-	-	-
Total Deferred Outflows of Resources	-	-	-	-
Total Assets and Deferred Outflows of Resources	<u>\$ 69,910,743</u>	<u>\$ 14,652,939</u>	<u>\$ 83,741,875</u>	<u>\$ 168,305,557</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Warrants, accounts and accrued expenses payable	\$ 16,797,029	\$ 1,239,877	\$ 10,122,493	\$ 28,159,399
Retainage payable	-	-	990,672	990,672
Bonds and notes payable	-	-	20,388,582	20,388,582
Due to other funds	3,156,403	2,099,266	26,435	5,282,104
Deposits held	318,485	39,934	359,580	717,999
Due to other governments	-	-	209	209
Payroll withholdings	222,792	-	-	222,792
Other liabilities	213,570	26,374	20	239,964
Total liabilities	<u>20,708,279</u>	<u>3,405,451</u>	<u>31,887,991</u>	<u>56,001,721</u>
<b>Deferred Inflows Of Resources</b>				
Deferred Property and excise tax revenues	17,030,883	-	-	17,030,883
Deferred departmental and other receipts	5,047,350	-	134,966	5,182,316
Deferred user fees, fines and charges for services	-	3,014,798	-	3,014,798
Unearned grant income	-	-	1,316,760	1,316,760
Unearned loan income	-	-	19,404,945	19,404,945
Total Deferred Inflows of Resources	<u>22,078,233</u>	<u>3,014,798</u>	<u>20,856,671</u>	<u>45,949,702</u>
<b>Net Position</b>				
Nonspendable	7,521,415	26,373	5,127,411	12,675,199
Restricted	-	4,098,988	38,988,083	43,087,071
Committed	8,709,209	4,069,683	1,419,027	14,197,919
Assigned	925,022	37,646	-	962,668
Unassigned	9,968,585 (2)	-	(14,537,308)	(4,568,723)
Total Net Position	<u>27,124,231</u>	<u>8,232,690</u>	<u>30,997,213</u>	<u>66,354,134</u>
Total Liabilities, Deferred Inflows of Resources and Net Position	<u>\$ 69,910,743</u>	<u>\$ 14,652,939</u>	<u>\$ 83,741,875</u>	<u>\$ 168,305,557</u>

(1) Extracted from audited financial statements.

(2) Unassigned net position decreased by \$6,694,018 primarily as a result of the reclassification of \$6,070,626 in land inventory from unassigned to nonspendable. Land inventory consists of certain real estate parcels acquired through foreclosure and held for conveyance under the City's Side Lot Program. The reclassification has no effect on General Fund spendable resources.

**CITY OF NEW BEDFORD, MASSACHUSETTS**

**Balance Sheet  
Governmental Funds  
June 30, 2017 (1)**

	General Fund	Wastewater	Non-Major Governmental Funds	Total Governmental Funds
<b>ASSETS</b>				
Cash and investments, unrestricted	\$ 26,616,924	\$ 6,821,285	\$ 39,222,344	\$ 72,660,553
Cash, restricted	9,671,585	3,393,430	5,127,411	18,192,426
Receivables, net:				
Real estate and personal property taxes	4,130,890	-	-	4,130,890
Tax liens and foreclosures	21,213,470	-	-	21,213,470
Motor vehicle and boat excise	1,951,307	-	-	1,951,307
User charges receivables	-	2,338,655	-	2,338,655
Departmental and other	6,491,528	111,067	-	6,602,595
Loans receivable	-	-	20,800,686	20,800,686
Other receivables	426,504	42,237	2,335,658	2,804,399
Special assessments	6,924	103,638	-	110,562
Due from federal or state government	18,095	-	17,591,427	17,609,522
Due from other funds	1,639,555	21,003	3,010,915	4,671,473
Intraentity receivable	1,500,816	-	-	1,500,816
Inventories	-	26,373	-	26,373
Prepaid assets	-	466,571	-	466,571
Land inventory	-	-	246,918	246,918
Total assets	<u>\$ 73,667,598</u>	<u>\$ 13,324,259</u>	<u>\$ 88,335,359</u>	<u>\$ 175,327,216</u>
<b>Deferred Outflows of Resources</b>				
None	-	-	-	-
Total Deferred Outflows of Resources	-	-	-	-
Total Assets and Deferred Outflows of Resources	<u>\$ 73,667,598</u>	<u>\$ 13,324,259</u>	<u>\$ 88,335,359</u>	<u>\$ 175,327,216</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Warrants payable	\$ 1,598,585	\$ 552,462	\$ 4,584,668	\$ 6,735,715
Accounts payable and accrued expenses	14,359,088	365,757	5,810,538	20,535,383
Retainage payable	-	-	1,772,562	1,772,562
Bonds and notes payable	-	-	35,696,514	35,696,514
Due to other funds	3,294,970	1,485,717	19,528	4,800,215
Deposits held	452,845	499,862	2,769,617	3,722,324
Due to other governments	-	-	209	209
Payroll withholdings	44,768	-	-	44,768
Other liabilities	351,694	26,339	20	378,053
Total liabilities	<u>20,101,950</u>	<u>2,930,137</u>	<u>50,653,656</u>	<u>73,685,743</u>
<b>Deferred Inflows Of Resources</b>				
Deferred Property and excise tax revenues	18,275,159	-	-	18,275,159
Deferred departmental and other receipts	7,312,404	-	154,176	7,466,580
Deferred user fees, fines and charges for services	-	2,442,293	-	2,442,293
Unearned grant income	-	-	1,400,776	1,400,776
Unearned loan income	-	-	20,800,686	20,800,686
Total Deferred Inflows of Resources	<u>25,587,563</u>	<u>2,442,293</u>	<u>22,355,638</u>	<u>50,385,494</u>
<b>Net Position</b>				
Nonspendable	1,500,816	26,373	5,127,411	6,654,600
Restricted	-	4,125,886	29,536,732	33,662,618
Committed	9,671,585	3,790,947	1,186,230	14,648,762
Assigned	143,081	8,623	-	151,704
Unassigned	16,662,603	-	(20,524,308)	(3,861,705)
Total Net Position	<u>27,978,085</u>	<u>7,951,829</u>	<u>15,326,065</u>	<u>51,255,979</u>
Total Liabilities, Deferred Inflows of Resources and Net Position	<u>\$ 73,667,598</u>	<u>\$ 13,324,259</u>	<u>\$ 88,335,359</u>	<u>\$ 175,327,216</u>

(1) Extracted from audited financial statements.

**CITY OF NEW BEDFORD, MASSACHUSETTS**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**June 30, 2020 (1)**

	General Fund	Wastewater	HOME Investment Program	South Public Safety Center	Non-major Governmental Funds	Total Governmental Funds
<b>REVENUE</b>						
Real estate and personal property taxes	\$ 126,083,676	\$ -	\$ -	\$ -	\$ -	\$ 126,083,676
Motor vehicle and other excise taxes	9,531,970	-	-	-	-	9,531,970
MSBA assistance	2,459,561	-	-	-	5,836,313	8,295,874
Tax liens and foreclosures	965,719	143,704	-	-	-	1,109,423
Penalties and interest on taxes	1,074,046	-	-	-	-	1,074,046
Licenses and permits	2,580,460	-	-	-	-	2,580,460
Fines and forfeitures	147,344	-	-	-	-	147,344
Investment income	1,191,102	225,830	31,343	-	314,542	1,762,817
Intergovernmental - operating grants	67,043,883	-	412,148	-	41,495,687	108,951,718
Intergovernmental - capital grant - Chapter 70	159,856,087	-	-	-	-	159,856,087
Intergovernmental - capital grants	-	4,723,106	-	-	16,735,485	21,458,591
Charges for services	14,436,007	22,788,095	-	-	1,619,802	38,843,904
Other - indirects	17,000	-	-	-	-	17,000
Special assessments and betterments	-	12,805	-	-	-	12,805
Payment in lieu of taxes	361,310	-	-	-	-	361,310
Miscellaneous	(816,675)	36,696	643,789	181	5,708,441	5,572,432
<b>TOTAL REVENUES</b>	<b>384,931,490</b>	<b>27,930,236</b>	<b>1,087,280</b>	<b>181</b>	<b>71,710,270</b>	<b>485,659,457</b>
<b>EXPENDITURES</b>						
General Government	9,557,523	-	-	-	5,399,773	14,957,296
Public Safety	49,543,522	-	-	-	2,971,776	52,515,298
Education	191,443,945	-	-	-	30,719,401	222,163,346
Public works	13,944,046	13,400,746	-	-	5,852,691	33,197,483
Community and economic development	-	-	672,815	-	4,439,342	5,112,157
Health and human services	4,751,962	-	-	-	1,330,183	6,082,145
Culture and recreation	4,986,297	-	-	-	1,429,938	6,416,235
Pension benefits	30,527,351	-	-	-	-	30,527,351
Health and other insurance	38,675,704	-	-	-	-	38,675,704
Miscellaneous	10,764,913	-	-	-	-	10,764,913
Intergovernmental:						
State and county charges	20,990,757	-	-	-	-	20,990,757
Capital outlay:						
General government	-	-	-	-	3,675,529	3,675,529
Public Safety	-	-	-	-	-	-
Education	-	-	-	-	5,765,093	5,765,093
Public works	-	214,456	-	7,492,757	22,106,697	29,813,910
Culture and recreation	-	-	-	-	17,624	17,624
Debt service:						
Principal payments	8,123,351	8,452,171	-	-	-	16,575,522
Short-term note interest	597,164	-	-	-	-	597,164
Bond interest costs	2,964,202	3,027,626	-	-	-	5,991,828
<b>TOTAL EXPENDITURES</b>	<b>386,870,737</b>	<b>25,094,999</b>	<b>672,815</b>	<b>7,492,757</b>	<b>83,708,047</b>	<b>503,839,355</b>
Excess (deficiency) of Revenues Over Expenditures	(1,939,247)	2,835,237	414,465	(7,492,576)	(11,997,777)	(18,179,898)
<b>OTHER FINANCING SOURCES (Uses)</b>						
Bond issuance	-	-	-	-	4,646,600	4,646,600
Special item - insurance proceeds	-	-	-	-	543,858	543,858
Issuance of capital leases	571,512	-	-	-	-	-
Transfers in	5,241,176	6,356,679	-	-	703,978	12,301,833
Transfers out	(998,730)	(8,214,962)	-	-	(192,946)	(9,406,638)
Total Other Financing Sources and Uses	4,813,958	(1,858,283)	-	-	5,701,490	8,657,165
Change in Net Position	2,874,711	976,954	414,465	(7,492,576)	(6,296,287)	(9,522,733)
Net Position - beginning of year (restated)	28,608,139	9,754,017	2,170,745	(1,667,140)	36,478,538	75,344,299
Net Position - end of year	\$ 31,482,850	\$ 10,730,971	\$ 2,585,210	\$ (9,159,716)	\$ 30,182,251	\$ 65,821,566

(1) Extracted from draft audited financial statements, subject to revision and change.

**CITY OF NEW BEDFORD, MASSACHUSETTS**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**June 30, 2019 (1)**

	General Fund	Wastewater	HOME Investment Program	Non-major Governmental Funds	Total Governmental Funds
<b>REVENUE</b>					
Real estate and personal property taxes	\$ 122,238,616	\$ -	\$ -	\$ -	\$ 122,238,616
Motor vehicle and other excise taxes	9,762,254	-	-	-	9,762,254
MSBA assistance	2,459,561	-	-	2,806,745	5,266,306
Tax liens and foreclosures	1,823,442	146,389	-	-	1,969,831
Penalties and interest on taxes	1,409,963	-	-	-	1,409,963
Licenses and permits	2,876,492	-	-	-	2,876,492
Fines and forfeitures	156,988	-	-	-	156,988
Investment income	1,221,339	306,959	28,039	817,539	2,373,876
Intergovernmental - operating grants	57,380,502	-	748,124	41,264,123	99,392,749
Intergovernmental - capital grant - Chapter 70	145,404,876	-	-	-	145,404,876
Intergovernmental - capital grants	-	4,847,516	-	24,561,381	29,408,897
Charges for services	15,279,480	23,952,265	-	1,581,637	40,813,382
Other - indirects	813,895	-	-	-	813,895
Special assessments and betterments	143	18,870	-	-	19,013
Payment in lieu of taxes	364,357	-	-	-	364,357
Miscellaneous	(595,299)	6,742	881,527	8,839,639	9,132,609
<b>TOTAL REVENUES</b>	<b>360,596,609</b>	<b>29,278,741</b>	<b>1,657,690</b>	<b>79,871,064</b>	<b>471,404,104</b>
<b>EXPENDITURES</b>					
General Government	9,060,015	-	-	2,414,337	11,474,352
Public Safety	48,851,876	-	-	3,292,909	52,144,785
Education	171,318,903	-	-	28,572,835	199,891,738
Public works	13,689,367	13,408,851	-	4,417,990	31,516,208
Community and economic development	-	-	1,170,013	4,953,689	6,123,702
Health and human services	4,870,591	-	-	1,280,296	6,150,887
Culture and recreation	4,836,877	-	-	1,964,224	6,801,101
Pension benefits	28,817,471	-	-	-	28,817,471
Health and other insurance	40,277,703	-	-	-	40,277,703
Miscellaneous	10,574,534	-	-	-	10,574,534
Intergovernmental:					
State and county charges	19,063,095	-	-	-	19,063,095
Capital outlay:					
General government	-	-	-	6,462,647	6,462,647
Public Safety	-	-	-	194,000	194,000
Education	-	-	-	3,514,060	3,514,060
Public works	-	638,978	-	24,723,414	25,362,392
Municipal airport	-	-	-	5,138,490	5,138,490
Culture and recreation	-	-	-	47,031	47,031
Debt service:					
Principal payments	8,385,415	8,469,820	-	49,000	16,904,235
Short-term note interest	491,187	-	-	-	491,187
Bond interest costs	2,949,033	3,347,639	-	-	6,296,672
<b>TOTAL EXPENDITURES</b>	<b>363,186,067</b>	<b>25,865,288</b>	<b>1,170,013</b>	<b>87,024,922</b>	<b>477,246,290</b>
Excess (deficiency) of Revenues Over Expenditures	(2,589,458)	3,413,453	487,677	(7,153,858)	(5,842,186)
<b>OTHER FINANCING SOURCES (Uses)</b>					
Bond proceeds	-	-	-	10,485,000	10,485,000
Bond premiums	3,351	-	-	523,946	527,297
Special item - insurance proceeds	-	-	-	92,649	92,649
Transfers in	5,866,017	7,944,600	-	2,025,601	15,836,218
Transfers out	(1,796,002)	(9,836,726)	-	(185,709)	(11,818,437)
Total Other Financing Sources and Uses	4,073,366	(1,892,126)	-	12,941,487	15,122,727
Change in Net Position	1,483,908	1,521,327	487,677	5,787,629	9,280,541
Net Position - beginning of year	27,124,231	8,232,690	1,683,067	29,314,146	66,354,134
Net Position - end of year	\$ 28,608,139	\$ 9,754,017	\$ 2,170,744	\$ 35,101,775	\$ 75,634,675

(1) Extracted from audited financial statements.

**CITY OF NEW BEDFORD, MASSACHUSETTS**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**June 30, 2018 (1)**

	General Fund	Wastewater	Non-major Governmental Funds	Total Governmental Funds
<b>REVENUE</b>				
Real estate and personal property taxes	\$ 117,726,504	\$ -	\$ -	\$ 117,726,504
Motor vehicle and other excise taxes	9,579,711	-	-	9,579,711
MSBA assistance	2,415,150	-	9,505,641	11,920,791
Tax liens and foreclosures	2,080,055	177,281	-	2,257,336
Penalties and interest on taxes	1,731,458	-	-	1,731,458
Licenses and permits	2,402,917	-	-	2,402,917
Fines and forfeitures	129,662	-	-	129,662
Investment income	509,946	33,698	187,541	731,185
Intergovernmental - operating grants	57,364,133	-	45,227,165	102,591,298
Intergovernmental - capital grant - Chapter 70	137,925,032	-	-	137,925,032
Intergovernmental - capital grants	-	4,923,862	11,587,812	16,511,674
Charges for services	13,862,640	21,885,369	1,779,151	37,527,160
Other - indirects	1,058,744	-	-	1,058,744
Special assessments and betterments	71	22,014	-	22,085
Payment in lieu of taxes	294,465	-	-	294,465
Miscellaneous	(891,854)	19,159	10,511,744	9,639,049
<b>TOTAL REVENUES</b>	<b>346,188,634</b>	<b>27,061,383</b>	<b>78,799,054</b>	<b>452,049,071</b>
<b>EXPENDITURES</b>				
General Government	8,154,151	-	1,970,843	10,124,994
Public Safety	47,364,612	-	4,840,951	52,205,563
Education	165,174,490	-	25,404,509	190,578,999
Public works	14,869,355	11,545,073	5,877,630	32,292,058
Community and economic development	-	-	6,072,128	6,072,128
Health and human services	4,000,886	-	1,119,057	5,119,943
Culture and recreation	4,957,716	-	1,978,708	6,936,424
Pension benefits	27,741,711	-	-	27,741,711
Health and other insurance	41,119,096	-	-	41,119,096
Miscellaneous	9,673,308	-	-	9,673,308
Intergovernmental:				
State and county charges	17,759,974	-	-	17,759,974
Capital outlay:				
General government	-	-	7,421,064	7,421,064
Education	-	-	16,803,753	16,803,753
Public works	-	1,155,476	10,274,436	11,429,912
Municipal airport	-	-	3,812,339	3,812,339
Culture and recreation	-	-	489,979	489,979
Debt service:				
Principal payments	8,010,000	8,231,857	49,000	16,290,857
Short-term note interest	650,530	-	-	650,530
Bond interest costs	2,588,129	3,675,190	980	6,264,299
<b>TOTAL EXPENDITURES</b>	<b>352,063,958</b>	<b>24,607,596</b>	<b>86,115,377</b>	<b>462,786,931</b>
Excess (deficiency) of Revenues Over Expenditures	(5,875,324)	2,453,787	(7,316,323)	(10,737,860)
<b>OTHER FINANCING SOURCES (Uses)</b>				
Bond proceeds	-	-	21,555,000	21,555,000
Bond premiums	5,179	-	409,806	414,985
Special item - insurance proceeds	-	-	78,630	78,630
Transfers in	9,376,251	5,786,675	973,373	16,136,299
Transfers out	(4,359,960)	(7,959,601)	(29,338)	(12,348,899)
Total Other Financing Sources and Uses	5,021,470	(2,172,926)	22,987,471	25,836,015
Change in Net Position	(853,854)	280,861	15,671,148	15,098,155
Net Position - beginning of year	27,978,085	7,951,829	15,326,065	51,255,979
Net Position - end of year	\$ 27,124,231	\$ 8,232,690	\$ 30,997,213	\$ 66,354,134

(1) Extracted from audited financial statements.

**CITY OF NEW BEDFORD, MASSACHUSETTS**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**June 30, 2017 (1)**

	General Fund	Wastewater	Non-major Governmental Funds	Total Governmental Funds
<b>REVENUE</b>				
Real estate and personal property taxes	\$ 111,158,506	\$ -	\$ -	\$ 111,158,506
Motor vehicle and other excise taxes	9,328,894	-	-	9,328,894
MSBA assistance	2,415,573	-	28,775,728	31,191,301
Tax liens and foreclosures	3,473,296	499,316	-	3,972,612
Penalties and interest on taxes	2,575,776	-	-	2,575,776
Licenses and permits	2,653,606	-	-	2,653,606
Fines and forfeitures	98,528	-	-	98,528
Investment income	390,836	55,624	420,716	867,176
Intergovernmental - operating grants	53,860,003	-	41,497,454	95,357,457
Intergovernmental - capital grant - Chapter 70	132,385,625	-	-	132,385,625
Intergovernmental - capital grants	-	5,214,642	6,359,224	11,573,866
Charges for services	15,790,498	21,120,721	1,697,175	38,608,394
Other - indirects	959,384	-	-	959,384
Special assessments and betterments	71	17,160	-	17,231
Payment in lieu of taxes	304,394	-	-	304,394
Miscellaneous	15,441	128,441	6,631,029	6,774,911
<b>TOTAL REVENUES</b>	<b>335,410,431</b>	<b>27,035,904</b>	<b>85,381,326</b>	<b>447,827,661</b>
<b>EXPENDITURES</b>				
General Government	7,440,154	-	1,310,078	8,750,232
Public Safety	45,910,534	-	3,892,817	49,803,351
Education	160,139,955	-	27,564,765	187,704,720
Public works	14,140,751	11,144,049	3,354,885	28,639,685
Community and economic development	-	-	6,227,151	6,227,151
Health and human services	4,129,869	-	2,558,630	6,688,499
Culture and recreation	4,513,546	-	1,578,940	6,092,486
Pension benefits	26,724,377	-	-	26,724,377
Health and other insurance	39,767,304	-	-	39,767,304
Miscellaneous	9,670,903	-	-	9,670,903
Intergovernmental:				
State and county charges	15,141,498	-	-	15,141,498
Capital outlay:				
General government	-	-	2,898,627	2,898,627
Education	-	-	40,560,983	40,560,983
Public works	-	1,088,060	9,136,170	10,224,230
Municipal airport	-	-	1,323,943	1,323,943
Culture and recreation	-	-	711,058	711,058
Debt service:				
Principal payments	8,040,000	8,029,765	50,000	16,119,765
Short-term note interest	558,602	-	-	558,602
Bond interest costs	2,817,117	3,905,569	1,960	6,724,646
<b>TOTAL EXPENDITURES</b>	<b>338,994,610</b>	<b>24,167,443</b>	<b>101,170,007</b>	<b>464,332,060</b>
Excess (deficiency) of Revenues Over Expenditures	(3,584,179)	2,868,461	(15,788,681)	(16,504,399)
<b>OTHER FINANCING SOURCES (Uses)</b>				
Bond proceeds	-	-	3,960,954	3,960,954
Bond premiums	-	-	357,323	357,323
OFS - issuance of refunding bonds	-	-	14,430,000	14,430,000
Special item - loan forgiveness	-	-	716,768	716,768
Special item - insurance proceeds	-	-	66,167	66,167
Transfers in	4,865,588	5,492,287	3,514,902	13,872,777
Transfers out	(1,213,364)	(7,083,867)	(284,959)	(8,582,190)
Total Other Financing Sources and Uses	3,652,224	(1,591,580)	22,761,155	24,821,799
Change in Net Position	68,045	1,276,881	6,972,474	8,317,400
Net Position - beginning of year	27,910,040	6,674,948	8,353,591	42,938,579
Net Position - end of year	\$ 27,978,085	\$ 7,951,829	\$ 15,326,065	\$ 51,255,979

(1) Extracted from audited financial statements.

**CITY OF NEW BEDFORD, MASSACHUSETTS**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**June 30, 2016 (1)**

	General Fund	Wastewater	Non-major Governmental Funds	Total Governmental Funds
<b>REVENUE</b>				
Real estate and personal property taxes	\$ 106,305,255	\$ -	\$ -	\$ 106,305,255
Motor vehicle and other excise taxes	8,651,851	-	-	8,651,851
MSBA assistance	2,415,527	-	6,641,294	9,056,821
Tax liens and foreclosures	4,596,216	478,581	-	5,074,797
Penalties and interest on taxes	2,820,472	-	-	2,820,472
Licenses and permits	2,576,211	-	-	2,576,211
Fines and forfeitures	210,950	-	-	210,950
Investment income	172,281	121,598	387,366	681,245
Intergovernmental - operating grants	46,903,101	-	40,977,084	87,880,185
Intergovernmental - capital grant - Chapter 70	125,331,473	-	-	125,331,473
Intergovernmental - capital grants	-	5,320,262	4,760,609	10,080,871
Charges for services	12,422,024	20,030,371	1,614,264	34,066,659
Other - indirects	646,482	-	-	646,482
Special assessments and betterments	71	15,193	-	15,264
Payment in lieu of taxes	266,764	-	-	266,764
Miscellaneous	987,280	9,316	4,858,368	5,854,964
<b>TOTAL REVENUES</b>	<b>314,305,958</b>	<b>25,975,321</b>	<b>59,238,985</b>	<b>399,520,264</b>
<b>EXPENDITURES</b>				
General Government	7,166,581	-	4,784,129	11,950,710
Public Safety	43,932,773	-	5,371,660	49,304,433
Education	143,733,307	-	35,161,995	178,895,302
Public works	13,493,814	13,283,175	21,319,600	48,096,589
Community and economic development	-	-	5,066,579	5,066,579
Health and human services	4,215,198	-	2,075,159	6,290,357
Municipal Airport	-	-	3,073,277	3,073,277
Culture and recreation	4,134,050	-	2,079,541	6,213,591
Pension benefits	25,734,949	-	-	25,734,949
Health and other insurance	37,842,585	-	-	37,842,585
Miscellaneous	8,972,342	-	-	8,972,342
State and county charges	13,624,678	-	-	13,624,678
Debt service:				
Principal payments	7,447,500	7,619,803	50,000	15,117,303
Short-term note interest	427,189	-	-	427,189
Bond interest costs	2,848,972	4,085,832	2,960	6,937,764
<b>TOTAL EXPENDITURES</b>	<b>313,573,938</b>	<b>24,988,810</b>	<b>78,984,900</b>	<b>417,547,648</b>
Excess (deficiency) of Revenues Over Expenditures	732,020	986,511	(19,745,915)	(18,027,384)
<b>OTHER FINANCING SOURCES (Uses)</b>				
Bond proceeds	-	-	22,325,124	22,325,124
Special item - loan forgiveness	-	-	216,481	216,481
Special item - insurance proceeds	-	-	13,659	13,659
Transfers in	4,425,226	5,275,440	378,132	10,078,798
Transfers out	(488,252)	(6,943,866)	(337,894)	(7,770,012)
Total Other Financing Sources and Uses	3,936,974	(1,668,426)	22,595,502	24,864,050
Change in Net Position	4,668,994	(681,915)	2,849,587	6,836,666
Net Position - beginning of year	23,241,046	7,356,863	5,504,004	36,101,913
Net Position - end of year	\$ 27,910,040	\$ 6,674,948	\$ 8,353,591	\$ 42,938,579

(1) Extracted from audited financial statements.



**CITY OF NEW BEDFORD, MASSACHUSETTS**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**June 30, 2015 (1)**

	General Fund	Wastewater	Non-major Governmental Funds	Total Governmental Funds
<b>REVENUE</b>				
Real estate and personal property taxes	\$ 97,468,071	\$ -	\$ -	\$ 97,468,071
Motor vehicle and other excise taxes	8,312,974	-	-	8,312,974
MSBA assistance	2,415,193	-	4,184,804	6,599,997
Tax liens and foreclosures	2,387,623	198,101	-	2,585,724
Penalties and interest on taxes	1,136,906	-	-	1,136,906
Licenses and permits	2,312,112	-	-	2,312,112
Fines and forfeitures	155,621	-	-	155,621
Investment income	100,500	94,845	171,836	367,181
Intergovernmental - operating grants	39,144,544	-	44,040,520	83,185,064
Intergovernmental - capital grant - Chapter 7	123,168,343	-	-	123,168,343
Intergovernmental - capital grants	-	5,389,552	9,705,331	15,094,883
Charges for services	14,296,798	20,046,070	1,381,371	35,724,239
Other - indirects	1,455,715	-	-	1,455,715
Special assessments and betterments	159	30,380	-	30,539
Payment in lieu of taxes	284,753	-	-	284,753
Miscellaneous	835,335	(8,073)	4,004,128	4,831,390
<b>TOTAL REVENUES</b>	<b>293,474,647</b>	<b>25,750,875</b>	<b>63,487,990</b>	<b>382,713,512</b>
<b>EXPENDITURES</b>				
General Government	7,166,773	-	4,734,208	11,900,981
Public Safety	41,900,942	-	8,374,314	50,275,256
Education	134,364,453	-	33,914,416	168,278,869
Public works	15,338,626	15,278,249	12,253,736	42,870,611
Community and economic development	-	-	5,986,424	5,986,424
Health and human services	4,325,026	-	1,513,068	5,838,094
Municipal Airport	-	-	8,556,574	8,556,574
Culture and recreation	4,160,382	-	2,048,841	6,209,223
Pension benefits	23,204,752	-	-	23,204,752
Health and other insurance	38,008,103	-	-	38,008,103
Miscellaneous	9,599,109	-	-	9,599,109
State and county charges	12,149,703	-	-	12,149,703
Debt service:				
Principal payments	6,821,906	7,415,788	50,000	14,287,694
Short-term note interest	295,060	-	-	295,060
Bond interest costs	2,914,532	4,441,992	3,960	7,360,484
<b>TOTAL EXPENDITURES</b>	<b>300,249,367</b>	<b>27,136,029</b>	<b>77,435,541</b>	<b>404,820,937</b>
Excess (deficiency) of Revenues Over Expenditures	(6,774,720)	(1,385,154)	(13,947,551)	(22,107,425)
<b>OTHER FINANCING SOURCES (Uses)</b>				
Bond proceeds	-	-	7,948,000	7,948,000
Special item - insurance proceeds	-	-	99,416	99,416
Transfers in	2,133,131	6,303,074	198,160	8,634,365
Transfers out	(145,179)	(7,819,216)	(146,092)	(8,110,487)
Total Other Financing Sources and Uses	1,987,952	(1,516,142)	8,099,484	8,571,294
Change in Net Position	(4,786,768)	(2,901,296)	(5,848,067)	(13,536,131)
Net Position - July 1, 2014	28,027,814	10,258,159	11,352,071	49,638,044
Net Position - June 30, 2015	\$ 23,241,046	\$ 7,356,863	\$ 5,504,004	\$ 36,101,913

(1) Extracted from City's audited financial statements.

## Free Cash

Under the Massachusetts Uniform System of Accounting an amount known as "free cash" is certified as of the beginning of each fiscal year by the Massachusetts Department of Revenue, Bureau of Accounts. This unrestricted fund balance (known as "free cash") is generated when actual revenue collections exceed budget estimates and/or unexpended appropriation balances lapse at year end to the general treasury.

		Free Cash				
July 1		General	Water	Airport	Downtown Parking	
2020	(estimate)	\$ 2,390,000	\$ 1,660,000	\$(72,000)	\$(70,000)	
2019		3,893,036	1,686,699	(18,154)	489,174	
2018		4,534,264	439,358	14,209	272,834	
2017		1,476,004	2,908,031	54,170	157,431	
2016		3,397,368 (1)	2,088,667 (1)	432,167 (1)	65,889 (1)	
2015		-	-	-	-	

(1) No certification was performed in 2015 due to the absence of General Fund free cash primarily resulting from deficit spending in snow and ice, an unanticipated JLMC arbitration award and a delay in the tax lien process.

## Stabilization Funds

The City maintains a general purpose stabilization fund, a school purpose stabilization fund and a water purpose stabilization fund. The general purpose and school purpose Stabilization Funds are maintained in the Non-major Governmental Funds; the water purpose stabilization funds are maintained in the proprietary funds. Under Massachusetts statutes, funds may be appropriated from the stabilization fund for any municipal purpose by the City Council.

In March 2017 the City Council created an Airport Stabilization Fund with an initial deposit of \$100,000. In November 2018 the City amended its Fund Balance Management Policy to designate a minimum of 25% of certified General Fund Free Cash for deposit into the Stabilization Fund.

The following is the recent trend in the balance in the accounts as of June 30 of a fiscal year.

June 30	City Stabilization	School Stabilization	Water Stabilization	Airport Stabilization
2020	\$ 9,840,614	\$ 1,483,811	\$ 6,677,318	\$ 51,756
2019	10,213,327	1,442,276	6,506,368	51,182
2018	7,392,215	1,316,992	5,628,796	50,438
2017	8,356,240	1,315,342	3,489,394	176,326
2016	7,809,217	1,279,021	4,490,037	-

## INDEBTEDNESS

### Authorization Procedure and Limitations

Serial bonds and notes are authorized by vote of two-thirds of all the members of the City Council. Provision is made for a referendum on the borrowing authorization if there is a timely filing of a petition bearing the requisite number of signatures. Borrowings for some purposes require State administrative approval. When serial bonds or notes have been authorized, bond anticipation notes may be issued by the officers authorized to issue the serial bonds or notes. Temporary loans in anticipation of the revenue of the fiscal year in which the debt is incurred or in anticipation of authorized federal and state aid generally may be made by the treasurer with the approval of the Mayor and the Committee on Finance.

### Debt Limits

The General Debt Limit of a city or town consists of a Normal Debt Limit and a Double Debt Limit. The Normal Debt Limit is 5 percent of the valuation of taxable property as last equalized by the State Department of Revenue. A city or town can authorize debt up to this amount without state approval. It can authorize debt up to twice this amount (the Double Debt Limit) with the approval of the state Municipal Finance Oversight Board composed of the State Treasurer, the State Auditor, the Attorney General and the Director of Accounts.

There are many categories of general obligation debt which are exempt from and do not count against the General Debt Limit. Among others, these exempt categories include revenue anticipation notes and grant anticipation notes; emergency loans; loans exempted by special laws; certain school bonds, certain sewer bonds, water bonds, solid waste disposal facility bonds and economic development bonds supported by tax increment financing; and subject to special debt limits, housing, urban renewal and economic development (subject to various debt limits), and electric, gas, community antenna television systems, and telecommunications systems (subject to separate limits). Revenue bonds are not subject to these debt limits. The General Debt Limit applies at the time the debt is authorized. The special debt limits generally apply at the time the debt is incurred.

### Types of Obligations

General Obligations. Massachusetts cities and towns are authorized to issue general obligation indebtedness of these types:

Serial Bonds and Notes. These are generally required to be payable in annual principal amounts beginning no later than the end of the next fiscal year commencing after the date of issue and ending within the terms permitted by law. A level debt service schedule, or a schedule that provides for a more rapid amortization of principal than level debt service, is permitted. The principal amounts of certain economic development bonds supported by tax increment financing may be payable in equal, diminishing or increasing amounts beginning within 5 years after the date of issue. The maximum terms of serial bonds and notes vary from one year to 40 years, depending on the purpose of the issue. The maximum terms permitted are set forth in the statutes. In addition, for many projects, the maximum term may be determined in accordance with useful life guidelines promulgated by the State Department of Revenue ("DOR"). Serial bonds and notes may be issued for the purposes set forth in the statutes. In addition, serial bonds and notes may be issued for any other public work improvement or asset not specifically listed in the Statutes that has a useful life of at least 5 years as determined by the DOR. Bonds or notes may be made callable and redeemed prior to their maturity, and a redemption premium may be paid. Municipal Purpose Loan of 2017 Bonds or notes may be issued subject to the maximum applicable term measured from the date of the original bonds or notes and must produce present value savings over the debt service of the refunded bonds. Generally, the first required annual payment of principal of the refunding bonds cannot be later than the first principal payment of any of the bonds or notes being refunded thereby, however, principal payments made before the first principal payment of any of the bonds or notes being refunded thereby may be in any amount.

Serial bonds may be issued as "qualified bonds" with the approval of the state Municipal Finance Oversight Board composed of the State Treasurer, the State Auditor, the Attorney General and the Director of Accounts, subject to such conditions and limitations (including restrictions on future indebtedness) as may be required by the Board. Qualified bonds may mature not less than 10 nor more than 30 years from their dates and are not subject to the amortization requirements described above. The State Treasurer is required to pay the debt service on qualified bonds and thereafter to withhold the amount of the debt service paid by the State from state aid or other state payments; administrative costs and any loss of interest income to the State are to be assessed upon the city or town.

Tax Credit Bonds or Notes. Subject to certain provisions and conditions, the officers authorized to issue bonds or notes may designate any duly authorized issue of bonds or notes as "tax credit bonds" to the extent such bonds and notes are otherwise permitted to be issued with federal tax credits or other similar subsidies for all or a portion of the borrowing costs. Tax credit

bonds may be made payable without regard to the annual installments required by any other law, and a sinking fund may be established for the payment of such bonds. Any investment that is part of such a sinking fund may mature not later than the date fixed for payment or redemption of the applicable bonds.

Bond Anticipation Notes. These generally must mature within two years of their original dates of issuance but may be refunded from time to time for a period not to exceed ten years from their original dates of issuance, provided that for each year that the notes are refunded beyond the second year they must be paid in part from revenue funds in an amount at least equal to the minimum annual payment that would have been required if the bonds had been issued at the end of the second year. The maximum term of bonds issued to refund bond anticipation notes is measured from the date of the original issue of the notes.

Revenue Anticipation Notes. Revenue Anticipation Notes are issued to meet current expenses in anticipation of taxes and other revenues. The amount borrowed in each fiscal year by the issue of revenue anticipation notes is limited to the tax levy of the prior fiscal year, together with the net receipts in the prior fiscal year from the motor vehicle excise and certain payments made by the Commonwealth in lieu of taxes. The fiscal year ends on June 30. Notes may mature in the following fiscal year, and notes may be refunded into the following fiscal year to the extent of the uncollected, unabated current tax levy and certain other items, including revenue deficits, overlay deficits, final judgments and lawful unappropriated expenditures, which are to be added to the next tax levy, but excluding deficits arising from a failure to collect taxes of earlier years. (See "Taxation to Meet Deficits" under "PROPERTY TAXATION" above.) In any event, the period from an original borrowing to its final maturity cannot exceed one year.

The City has not issued revenue anticipation notes ("RANs") since fiscal year 2013.

Grant Anticipation Notes. These are issued for temporary financing in anticipation of federal grants and state and county reimbursements. Generally, they must mature within two years but may be refunded from time to time as long as the municipality remains entitled to the grant or reimbursement.

Revenue Bonds. Cities and towns may issue revenue bonds for solid waste disposal facilities, for projects financed under the Commonwealth's Clean Water or Drinking Water Revolving Loan Programs and for certain economic development projects supported by tax increment financing. In addition, cities and towns having electric departments may issue electric revenue bonds, and notes in anticipation of such bonds, subject to the approval of the State Department of Telecommunications and Energy.

As of June 30, 2020, the City had \$42,660,000 sewer revenue bonds outstanding issued by it to the Massachusetts Clean Water Trust (the "Trust"). The City has consistently raised sewer rates to ensure that all such sewer bonds be self-supporting.

**General Obligation Direct Debt Summary  
As of June 30, 2020,  
Including Subsequent Issues**

**General Obligation Bonds:**

Outstanding Projected as of June 30, 2020

School (1)	\$ 46,852,388	
Water (2)	9,209,700	
Sewer (3)	3,526,000	
MCWT (4)	80,398,514	
General (5)	54,487,412	
Airport (6)	1,260,000	
Parking	4,899,500	
Total Outstanding		\$ 200,633,514

**Temporary Loans:**

Bond Anticipation Notes Outstanding (7)	11,943,034	
To Be Retired with MSBA Grant Proceeds	(3,756,848)	
To Be Retired with Revenue Funds of the City	(5,822)	
New Money Bond Anticipation Notes	10,065,000	
Total Short-Term Outstanding After This Issue (8)		18,245,364

**Total Direct Debt after This Issue** \$ 218,878,878

- (1) As of June 30, 2020 outstanding Massachusetts School Building Assistance (MSBA) grants to pay a portion of the principal and interest on these bonds is estimated at \$2,459,561. This represents the Roosevelt Junior High School project, which has been audited by the MSBA. \$22,095,000 is outside the City's debt limit.
- (2) Subject to a special separate debt limit of 10% of the City's state equalized valuation. Self-supporting.
- (3) Not subject to the City's general debt limit. Self-supporting.
- (4) Issued to Massachusetts Clean Water Trust (the "Trust"). Not subject to the City's general debt limit. Self-supporting.
- (5) \$6,778,000 is outside the City's debt limit.
- (6) Outside the City's debt limit.
- (7) Payable February 16, 2021.
- (8) This Issue. Payable April 15, 2022.

**General Obligation Debt Ratios**

The table below sets forth the trend in the ratio of general obligation debt to equalized valuation and per capita general obligation debt ratios at the end of the following fiscal years.

Fiscal Year End	General Obligation Bonds Outstanding	Population (1)	Equalized Valuation (2)	Per Capita Debt	Ratio G.O. Debt To Equalized Valuation
2020	\$ 171,993,514	95,072	\$ 6,079,471,600	\$ 1,809	2.83 %
2019	154,820,046	95,072	6,079,471,600	1,628	2.55
2018	156,119,668	95,072	5,618,295,200	1,642	2.78
2017	146,849,466	95,072	5,618,295,200	1,545	2.61
2016	140,323,199	95,072	5,366,953,500	1,476	2.61

- (1) 2010 U.S. Bureau of the Census for fiscal 2012 through 2016.
- (2) 2014 equalized valuation used for fiscal 2015 and 2016; 2016 equalized valuation used for fiscal 2017 and 2018; 2018 equalized valuation used for fiscal 2019 and 2020.

## General Obligation Debt Service Requirements

The following table sets forth the required principal and interest payments on outstanding general obligation bonds of the City, together with grant amounts expected to be received from the Massachusetts School Building Authority and subsidies expected to be received from the Massachusetts Clean Water Trust ("MCWT") to pay portion of such debt service.

**CITY OF NEW BEDFORD  
GENERAL OBLIGATION BONDS (1)  
As of June 30, 2020  
Including Subsequent Issues**

Fiscal Year	Outstanding		Less MSBA Payments (2)	Less MCWT Subsidies	Total Net Debt Service
	Principal	Interest			
2021	\$ 13,750,135	\$ 5,149,106	\$ (2,459,561)	\$ (263,354)	\$ 16,176,326
2022	10,031,522	5,739,263	-	(252,329)	15,518,456
2023	9,554,498	5,112,994	-	(237,895)	14,429,598
2024	9,409,822	4,784,694	-	(177,060)	14,017,456
2025	9,349,402	4,414,393	-	(192,756)	13,571,040
2026	9,145,845	4,161,981	-	(126,885)	13,180,940
2027	8,556,965	3,861,163	-	(121,471)	12,296,656
2028	7,694,830	3,586,254	-	(115,847)	11,165,236
2029	7,822,710	3,325,018	-	(110,065)	11,037,662
2030	7,611,368	3,066,607	-	(104,073)	10,573,901
2031	7,712,757	2,825,102	-	(93,138)	10,444,721
2032	7,450,716	2,600,803	-	-	10,051,519
2033	7,215,286	2,388,311	-	-	9,603,597
2034	7,217,681	2,196,038	-	-	9,413,719
2035	7,247,999	2,011,729	-	-	9,259,728
2036	6,754,989	1,832,019	-	-	8,587,008
2037	6,659,553	1,656,766	-	-	8,316,319
2038	6,184,412	1,478,950	-	-	7,663,362
2039	6,350,627	1,308,523	-	-	7,659,150
2040	5,661,025	1,148,435	-	-	6,809,460
2041	5,469,706	1,002,237	-	-	6,471,943
2042	5,293,739	858,040	-	-	6,151,779
2043	5,460,175	712,155	-	-	6,172,330
2044	4,856,969	570,709	-	-	5,427,678
2045	4,587,951	441,285	-	-	5,029,236
2046	4,394,813	313,339	-	-	4,708,152
2047	2,703,069	191,762	-	-	2,894,831
2048	2,462,141	125,220	-	-	2,587,361
2049	2,198,111	67,983	-	-	2,266,094
2050	1,824,699	21,092	-	-	1,845,791
	<u>\$ 200,633,514</u>	<u>\$ 66,951,969</u>	<u>\$ (2,459,561)</u>	<u>\$ (1,794,874)</u>	<u>\$ 263,331,049</u>

(1) Does not include debt service on the \$55,360,000 outstanding sewer revenue bonds issued to the MCWT, the debt service on which is and is expected to be self-supporting.

(2) Represents the revised grant payment of principal and interest on the Roosevelt Junior High School after the effects of refunding the original issuance of bonds.

## Projected Principal Payments by Purpose

The following table sets forth the projected principal payments by purpose on outstanding issues of general obligation bonds of the City as of June 30, 2020 (including subsequent issues).

Fiscal Year	School (1)	Water (2)	Sewer (3)	MCWT (4)	General (5)	Airport (6)	Parking	Total
2021	\$ 4,637,000	\$ 776,100	\$ 509,000	\$ 3,800,135	\$ 3,868,400	\$ 55,000	\$ 104,500	\$ 13,750,135
2022	1,615,388	695,800	534,000	3,896,522	3,119,812	60,000	110,000	10,031,522
2023	1,732,000	719,800	558,000	3,994,498	2,375,200	60,000	115,000	9,554,498
2024	1,768,000	746,000	576,000	3,934,822	2,205,000	60,000	120,000	9,409,822
2025	1,788,000	473,000	599,000	4,024,402	2,280,000	60,000	125,000	9,349,402
2026	1,647,000	500,000	368,000	3,685,845	2,750,000	60,000	135,000	9,145,845
2027	1,693,000	526,000	382,000	3,741,965	2,009,000	65,000	140,000	8,556,965
2028	1,577,000	548,000	-	3,429,830	1,930,000	65,000	145,000	7,694,830
2029	1,530,000	560,000	-	3,512,710	2,005,000	65,000	150,000	7,822,710
2030	1,620,000	575,000	-	3,106,368	2,090,000	65,000	155,000	7,611,368
2031	1,665,000	585,000	-	3,177,757	2,045,000	75,000	165,000	7,712,757
2032	1,725,000	600,000	-	2,950,716	1,930,000	75,000	170,000	7,450,716
2033	1,670,000	620,000	-	3,020,286	1,655,000	75,000	175,000	7,215,286
2034	1,745,000	635,000	-	2,972,681	1,660,000	25,000	180,000	7,217,681
2035	1,800,000	650,000	-	3,042,999	1,535,000	30,000	190,000	7,247,999
2036	1,840,000	-	-	3,114,989	1,575,000	30,000	195,000	6,754,989
2037	1,905,000	-	-	2,909,553	1,615,000	30,000	200,000	6,659,553
2038	1,970,000	-	-	2,319,412	1,655,000	30,000	210,000	6,184,412
2039	2,030,000	-	-	2,375,627	1,700,000	30,000	215,000	6,350,627
2040	1,475,000	-	-	2,371,025	1,565,000	30,000	220,000	5,661,025
2041	1,515,000	-	-	2,139,706	1,560,000	30,000	225,000	5,469,706
2042	1,555,000	-	-	1,878,739	1,585,000	35,000	240,000	5,293,739
2043	1,615,000	-	-	1,925,175	1,640,000	35,000	245,000	5,460,175
2044	1,400,000	-	-	1,471,969	1,695,000	35,000	255,000	4,856,969
2045	1,405,000	-	-	1,507,951	1,395,000	20,000	260,000	4,587,951
2046	1,290,000	-	-	1,544,813	1,270,000	20,000	270,000	4,394,813
2047	330,000	-	-	1,193,069	1,070,000	20,000	90,000	2,703,069
2048	155,000	-	-	1,092,141	1,100,000	20,000	95,000	2,462,141
2049	130,000	-	-	1,118,111	950,000	-	-	2,198,111
2050	25,000	-	-	1,144,699	655,000	-	-	1,824,699
	<u>\$ 46,852,388</u>	<u>\$ 9,209,700</u>	<u>\$ 3,526,000</u>	<u>\$ 80,398,514</u>	<u>\$ 54,487,412</u>	<u>\$ 1,260,000</u>	<u>\$ 4,899,500</u>	<u>\$ 200,633,514</u>

(1) These amounts do not include the grant payments to be received from the MSBA. \$22,095,000,000 is outside the City's debt limit.

(2) Self-supporting.

(3) Not subject to the City's general debt limit. Self-supporting.

(4) Issued to Massachusetts Clean Water Trust (the "Trust"). Not subject to the City's general debt limit. Self-supporting.

(5) \$6,778,000 is outside the City's debt limit.

(6) Outside the City's debt limit.

## Authorized Unissued Debt and Prospective Financing

Currently, the City has approximately \$193 million of bonds authorized for various school construction (\$11.675 million), sewer (\$95 million), water (\$26.8 million), airport (\$15.8 million), contamination clean-up (\$12.7 million) and miscellaneous other purposes. As much as \$65 million of the school bonds authorized may be rescinded and the balance of school debt is expected to be eligible for 90% School Building Authority grant funds (however, after ineligible costs are considered, the net effective reimbursement rate is reduced to approximately 75%). The sewer debt authorized is expected to be issued over time to the Massachusetts Clean Water Trust.

In FY 2013, the City developed its initial capital improvement program, which provided a plan for debt issuance and management from FY 2014 through FY 2018. The plan has been updated in each subsequent year. The current iteration covers the period from FY 2020 through FY 2024. A copy of the proposed CIP can be found in Appendix C, "City of New Bedford FY 20-24 Capital Improvement Program."

### Debt Impact Analysis – Tax Supported Debt Only

#### FY 2020-2024 Capital Improvement Program

##### Debt Impact Analysis

Description	FY 2020	FY 2021	FY 2022	FY2023	FY2024
Debt Issuance					
Existing Debt	\$80,823,151	\$72,699,800	\$92,704,400	\$93,926,922	\$99,744,833
Plus New Issues	0	28,530,000	5,997,722	10,065,000	20,544,000
Less Retirement	(8,123,351)	(8,525,400)	(4,775,200)	(4,247,089)	(4,913,800)
<b>Net Outstanding Debt</b>	<b>\$72,699,800</b>	<b>\$92,704,400</b>	<b>\$93,926,922</b>	<b>\$99,744,833</b>	<b>\$115,375,033</b>
Projected Debt Service (1)(2)(3)	11,685,417	11,641,085	8,490,096	7,987,174	8,547,569
Projected Lease Payments (4)	1,402,499	1,300,711	1,744,818	2,111,169	1,987,666
<b>Total Debt Payments:</b>	<b>\$13,087,916</b>	<b>\$12,941,796</b>	<b>\$10,234,914</b>	<b>\$10,098,343</b>	<b>\$10,535,234</b>
Debt to Est. Property Value (2% annual growth): < 3%	1.1%	1.3%	1.3%	1.3%	1.4%
Debt to Per Capita Income (1% annual growth): < 6%	3.2%	4.0%	4.0%	4.2%	4.7%
Debt Payments to GF Expenditures: < 10%	3.3%	3.2%	2.3%	2.1%	2.1%

(1) Debt service on Roosevelt Middle School will be retired in FY21, resulting in the loss of \$2,459,561 in annual reimbursements from MSBA.

(2) Includes long-term issues in 2021 (\$28,495,000), 2022 (\$5,997,722), 2023 (\$6,100,000), 2024 (\$1,600,000) and 2025 (\$2,800,000).

(3) Includes estimated short-term BAN debt:

FY 2020: \$597,164

FY 2021: \$476,190

FY 2022: \$381,473

FY 2023: \$650,680

FY 2024: \$915,400

FY 2025: \$807,671

(4) Lease purchase payments on capital vehicles are assigned to individual departments.



## Coverage of Qualified Debt Service

It is projected that state aid distributions from The Commonwealth of Massachusetts to the City will provide ample coverage of qualified debt service throughout the term of the City's issues of State Qualified Bonds. The following table presents debt service on the City's State Qualified Bonds and the coverage ratio of total state aid to qualified debt service.

Fiscal Year	Existing Qualified Bond Debt Service (1)	Total State Aid (2)	Coverage Ratio
2021	\$ 13,119,439	\$ 196,002,314	14.94
2022	10,009,477	199,922,360	19.97
2023	8,903,514	203,920,807	22.90
2024	8,706,720	207,999,224	23.89
2025	8,338,464	212,159,208	25.44
2026	8,255,477	216,402,392	26.21
2027	7,398,042	220,730,440	29.84
2028	6,659,433	225,145,049	33.81
2029	6,527,595	229,647,950	35.18
2030	6,545,831	234,240,909	35.78
2031	6,413,022	238,925,727	37.26
2032	6,225,925	243,704,242	39.14
2033	5,774,040	248,578,326	43.05
2034	5,697,740	253,549,893	44.50
2035	5,539,781	258,620,891	46.68
2036	4,862,998	263,793,309	54.24
2037	4,864,048	269,069,175	55.32
2038	4,865,873	274,450,558	56.40
2039	4,858,445	279,939,569	57.62
2040	4,067,023	285,538,361	70.21
2041	4,012,285	291,249,128	72.59
2042	3,999,156	297,074,111	74.28
2043	4,016,713	303,015,593	75.44
2044	3,763,850	309,075,905	82.12
2045	3,363,025	315,257,423	93.74
2046	3,039,500	321,562,571	105.79
2047	1,613,188	327,993,823	203.32
2048	1,433,425	334,553,699	233.39
	<u>\$ 164,673,028</u>		

(1) As of June 30, 2020, including subsequent issues.

(2) Includes total state aid available for coverage based on the City's estimated FY 2021 state aid receipts. State aid is increased at a rate of 2% each year after FY 2021. The State aid figures above exclude school building assistance grants as such grants are no longer paid by the Commonwealth and are now paid by the Massachusetts School Building Authority. Therefore, such payments no longer constitute "distributable aid" of the Commonwealth under the Qualified Bond Act.

## Overlapping Debt

The City is located in Bristol County and is a member of the Greater New Bedford Regional Refuse Management District, the Southeastern Regional Transportation Authority and the Greater New Bedford Regional Vocational Technical High School District. The following table sets forth the outstanding bonded debt, exclusive of temporary loans in anticipation of bonds or current revenue, of the County, the Authority and the Districts as of June 30, 2020, the City's gross share of such debt and the fiscal 2021 dollar assessment to the City by each entity.

<u>Overlapping Entity</u>	<u>Outstanding Debt</u>	<u>New Bedford Estimated Share (1)</u>	<u>2021 Dollar Assessment (2)</u>
Greater New Bedford Regional Refuse Management District (3)	\$0	89.22%	\$744,680
Bristol County (4)	\$763,374	11.89%	\$663,558
Southeastern Regional Transportation Authority (5)	\$0	N.A.	\$1,272,830
Greater New Bedford Regional Vocational Technical High School District (6)	\$2,810,000	77.00%	\$5,877,970

(1) Estimated share based upon debt service and operating costs.

(2) Estimated dollar assessment based upon total net operating expenses, inclusive (where applicable) of debt service.

(3) SOURCE: Greater New Bedford Regional Refuse Management District.

(4) SOURCE: Bristol County Treasurer. County expenses including debt service on county bonds are assessed upon the cities and towns within the county in proportion to their taxable valuation as last equalized by the State Commissioner of Revenue. Estimated share and dollar assessment shown here are based on the 2002 equalized valuation. Legislation enacted in 1997 abolished the county governments of Franklin and Middlesex Counties as of July 1, 1997, with their assets, functions, debts and other obligations being assumed by the Commonwealth. The abolishment of the Middlesex County government was in part in response to a default by the County in the payment of general obligation notes of the County. The legislation also abolished the county governments of Hampden and Worcester Counties as of July 1, 1998. Legislation enacted in 1998 abolished the county governments of Hampshire, Essex and Berkshire counties as of January 1, 1999, July 1, 1999 and July 1, 2000, respectively. The legislation also requires the state secretary for administration and finance to establish a plan to recover the Commonwealth's expenditures for liabilities and other debts assumed and paid by the Commonwealth on behalf of an abolished county. Unless these provisions are changed by further legislation, the state treasurer shall assess upon each city and town within the jurisdiction of an abolished county an amount not exceeding or equal to the county tax paid by each city and town for the fiscal year immediately prior to the abolishment of the county until such expenditures by the Commonwealth are recovered. It is possible that similar legislation will be sought to provide for the abolishment of county governments in all the remaining counties.

(5) SOURCE: Southeastern Regional Transit Authority. It has been state practice in recent years to absorb up to approximately 50 per cent of the net cost of service of the Authority, including debt service on the Authority's bonds, if any. The remainder of the net cost of service is assessed on the member municipalities within the territory of the Southeastern Regional Transit Authority.

(6) SOURCE: Greater New Bedford Regional Vocational Technical High School District. Towns may organize regional school districts to carry out general or specialized educational functions. Pursuant to special laws a number of cities may also participate in regional school districts, primarily for vocational education. The operating expenses and debt service of regional school districts are apportioned among the member municipalities in accordance with the agreements establishing the districts. The municipal share is based on the ratio of that member's pupil enrollment to the total pupil enrollment from all the member municipalities in the regional school district as of October 1 of the year proceeding the year for which the apportionment is being determined.

## Contractual Obligations

Municipal contracts are generally limited to currently available appropriations. A city or town generally has authority to enter into contracts for the exercise of any of its corporate powers for any period of time deemed to serve its best interests, but generally only when funds are available for the first fiscal year; obligations for succeeding fiscal years generally are expressly subject to availability and appropriation of funds. Municipalities have specific authority in relatively few cases to enter long term contractual obligations not subject to annual appropriations, including contracts for refuse disposal and sewage treatment and disposal. Municipalities may also enter into long-term contracts in aid of housing and renewal projects. There may be implied authority to make other long-term contracts required to carry out authorized municipal functions, such as contracts to purchase water from private water companies.

Municipal contracts relating to solid waste disposal facilities may contain provisions requiring the delivery of minimum amounts of waste and payments based thereon and requiring payments in certain circumstances without regard to the operational status of the facilities.

Pursuant to the Home Rule Amendment to the Massachusetts Constitution, cities and towns may also be empowered to make other contracts and leases.

The City currently has two long term contracts to operate and manage its newly constructed wastewater facility. The City and Veolia (formerly Professional Services Group, Inc., "PSG"), a division of Air & Water Technologies, Inc. and Vivendi, formerly Compagnie Generale des Eaux, entered into a contract effective July 1, 1998 for a ten-year term with options for renewal for two additional five-year terms at the sole option of the City. The ten-year term ended July 1, 2008, and the five-year options have been renewed with no changes to the contract terms, beginning July 1, 2008 and expiring June 30, 2018. The contract has been extended and expires on September 30, 2020. The cost of the contract in fiscal 2020 was \$4,562,945 and the budgeted cost for fiscal 2021 is \$5,973,000.

The City also has an agreement with Synagro to provide long-term disposal of sludge for a period of ten years with options for renewal. The Synagro contract has been renewed to September 20, 2021, with an option to renew for 10 years and a second option to renew another 5 years after that for a total of 20 years. The price of the contract increased by \$46.45 per dry ton of sludge (from \$444.00 to \$490.45). The cost of this contract in fiscal 2020 was \$3,826,934 and the budgeted cost for fiscal 2021 is \$4,000,000.

The City has a contract for solid waste collection with ABC Corporation that is effective through June 30, 2023. The cost of this contract in fiscal 2020 was \$5,144,264 and the budgeted cost for fiscal 2021 is \$5,232,259.

The City has four 7-year contracts with PNC Equipment Finance, eight contracts ranging in length from 3 to 6 years with All American Investment Group, LLC, and two 4-year contracts and one 3-year contract with US Bancorp Government Leasing, all for various equipment leases. In the aggregate, the City has approximately \$5.2 million in principal outstanding associated with the various leases, with fiscal 2021 payments of \$1,556,590 and fiscal 2022 payments of \$1,269,297.

As of October 30, 2015, the City entered into a 15-year master lease agreement with First Niagara Leasing, Inc. in the amount of \$13.505 million for financing the costs of energy conservation measures and facility improvement measures to various municipal buildings and facilities pursuant to a Master Energy Management Services Agreement between the City and Siemens Industry, Inc. The lease payments are subject to annual appropriation by the City Council. The amortization schedule for the \$13.505 million lease, which reflects semi-annual payments at a 2.68% interest rate, is shown in the table below.

Payment Date	Principal	Interest	Total Payment
10/1/2016	\$ -	\$ 332,778.21	\$ 332,778.21
4/1/2017	250,000.00	180,967.00	430,967.00
10/1/2017	350,000.00	177,617.00	527,617.00
4/1/2018	370,000.00	172,927.00	542,927.00
10/1/2018	375,000.00	167,969.00	542,969.00
4/1/2019	385,000.00	162,944.00	547,944.00
10/1/2019	395,000.00	157,785.00	552,785.00
4/1/2020	405,000.00	152,492.00	557,492.00
10/1/2020	415,000.00	147,065.00	562,065.00
4/1/2021	425,000.00	141,504.00	566,504.00
10/1/2021	430,000.00	135,809.00	565,809.00
4/1/2022	455,000.00	130,047.00	585,047.00
10/1/2022	455,000.00	123,950.00	578,950.00
4/1/2023	475,000.00	117,853.00	592,853.00
10/1/2023	480,000.00	111,488.00	591,488.00
4/1/2024	495,000.00	105,056.00	600,056.00
10/1/2024	500,000.00	98,423.00	598,423.00
4/1/2025	525,000.00	91,723.00	616,723.00
10/1/2025	530,000.00	84,688.00	614,688.00
4/1/2026	545,000.00	77,586.00	622,586.00
10/1/2026	545,000.00	70,283.00	615,283.00
4/1/2027	560,000.00	62,980.00	622,980.00
10/1/2027	560,000.00	55,476.00	615,476.00
4/1/2028	575,000.00	47,972.00	622,972.00
10/1/2028	575,000.00	40,267.00	615,267.00
4/1/2029	590,000.00	32,562.00	622,562.00
10/1/2029	590,000.00	24,656.00	614,656.00
4/1/2030	605,000.00	16,750.00	621,750.00
10/1/2030	645,000.00	8,643.00	653,643.00
Total	<u>\$ 13,505,000.00</u>	<u>\$ 3,230,260.21</u>	<u>\$ 16,735,260.21</u>

Additionally, as of November 16, 2017, the City entered into a 17-year ESCO Phase II lease agreement with T.D. Equipment Finance, Inc. in the amount of \$3.684 million for financing the costs of energy conservation measures and facility improvement measures to various municipal buildings and facilities, also pursuant to the Master Energy Management Services Agreement with Siemens Industry, Inc. The lease payments are subject to annual appropriation by the City Council. The amortization schedule for the \$3.684 million lease, which reflects semi-annual payments at a 2.61% interest rate, is shown in the table below.

Payment Date	Principal	Interest	Total Payment
10/1/2018	\$ 87,330.70	\$ 84,802.65	\$ 172,133.35
4/1/2019	88,030.76	46,897.04	134,927.80
10/1/2019	60,030.20	45,749.20	105,779.40
4/1/2020	61,029.93	44,966.47	105,996.40
10/1/2020	65,029.65	44,170.70	109,200.35
4/1/2021	66,029.33	43,322.77	109,352.10
10/1/2021	71,028.98	42,461.82	113,490.80
4/1/2022	71,028.58	41,535.67	112,564.25
10/1/2022	76,028.18	40,609.52	116,637.70
4/1/2023	78,027.71	39,618.19	117,645.90
10/1/2023	82,027.21	38,600.79	120,628.00
4/1/2024	84,026.67	37,531.23	121,557.90
10/1/2024	90,026.09	36,435.61	126,461.70
4/1/2025	89,025.44	35,261.76	124,287.20
10/1/2025	96,024.80	34,100.95	130,125.75
4/1/2026	96,024.07	32,848.88	128,872.95
10/1/2026	102,023.33	31,596.82	133,620.15
4/1/2027	103,022.51	30,266.54	133,289.05
10/1/2027	110,021.67	28,923.23	138,944.90
4/1/2028	110,020.75	27,488.65	137,509.40
10/1/2028	118,019.81	26,054.09	144,073.90
4/1/2029	117,018.77	24,515.23	141,534.00
10/1/2029	125,017.73	22,989.42	148,007.15
4/1/2030	125,016.59	21,359.31	146,375.90
10/1/2030	134,015.44	19,729.21	153,744.65
4/1/2031	133,014.16	17,981.79	150,995.95
10/1/2031	142,012.89	16,247.41	158,260.30
4/1/2032	142,011.50	14,395.70	156,407.20
10/1/2032	151,010.09	12,544.01	163,554.10
4/1/2033	151,008.56	10,574.99	161,583.55
10/1/2033	160,007.01	8,605.99	168,613.00
4/1/2034	160,005.35	6,519.65	166,525.00
10/1/2034	170,003.66	4,433.34	174,437.00
4/1/2035	170,001.88	2,216.62	172,218.50
Total	<u>\$ 3,684,000.00</u>	<u>\$ 1,015,355.25</u>	<u>\$ 4,699,355.25</u>

## RETIREMENT PLAN

The Massachusetts General Laws provide for the establishment of contributory retirement systems for state employees, for teachers and for county, city and town employees other than teachers. Teachers are assigned to a separate statewide teachers' system and not to the city and town systems. For all employees other than teachers, this law is subject to acceptance in each city and town. Substantially all employees of an accepting city or town are covered. If a town has a population of less than 10,000 when it accepts the statute, its non-teacher employees participate through the county system and its share of the county cost is proportionate to the aggregate annual rate of regular compensation of its covered employees. In addition to the contributory systems, cities and towns provide non-contributory pensions to a limited number of employees, primarily persons who entered service prior to July 1, 1937 and their dependents. The Public Employee Retirement Administration Commission ("PERAC") provides oversight and guidance for and regulates all state and local retirement systems.

The obligations of a city or town, whether direct or through a county system, are contractual legal obligations and are required to be included in the annual tax levy. If a city or town, or the county system of which it is a member, has not established a retirement system funding schedule as described below, the city or town is required to provide for the payment of the portion of its current pension obligations which is not otherwise covered by employee contributions and investment income. "Excess earnings," or earnings on individual employees' retirement accounts in excess of a predetermined rate, are required to be set aside in a pension reserve fund for future, not current, pension liabilities. Cities and towns may voluntarily appropriate to

their system's pension reserve fund in any given year up to five percent of the preceding year's tax levy. The aggregate amount in the fund may not exceed ten percent of the equalized valuation of the city or town.

If a city or town, or each member city and town of a county retirement system, has accepted the applicable law, it is required to annually appropriate an amount sufficient to pay not only its current pension obligations, but also a portion of its future pension liability. The portion of each such annual payment allocable to future pension obligations is required to be deposited in the pension reserve fund. The amount of the annual city or town appropriation for each such system is prescribed by a retirement system funding schedule which is periodically reviewed and approved by PERAC. Each system's retirement funding schedule is designed to reduce the unfunded actuarial pension liability of the system to zero by not later than June 30, 2030, with annual increases in the scheduled payment amounts of not more than 4.5 percent. The funding schedule must provide that payment in any year of the schedule is not less than 95 percent of the amount appropriated in the previous fiscal year. City, town and county systems which have an approved retirement funding schedule receive annual pension funding grants from the Commonwealth for the first 16 years of such funding schedule. Pursuant to recent legislation, a system (other than the state employees' retirement system and the teachers' retirement system) which conducts an actuarial valuation as of January 1, 2009, or later, may establish a revised schedule which reduces the unfunded actuarial liability to zero by not later than June 30, 2040, subject to certain conditions. If the schedule is so extended under such provisions and a later updated valuation allows for the development of a revised schedule with reduced payments, the revised schedule shall be adjusted to provide that the appropriation for each year shall not be less than that for such year under the prior schedule, thus providing for a shorter schedule rather than reduced payments.

City, town and county systems may choose to participate in the Pension Reserves Investment Trust Fund (the "PRIT Fund"), which receives additional state funds to offset future pension costs of participating state and local systems. If a local system participates in the PRIT Fund, it must transfer ownership and control of all assets of its system to the Pension Reserves Investment Management Board, which manages the investment and reinvestment of the PRIT Fund. Cities and towns with systems participating in the PRIT Fund continue to be obligated to fund their pension obligations in the manner described above. The additional state appropriations to offset future pension liabilities of state and local systems participating in the PRIT Fund are required to total at least 1.3 percent of state payroll. Such additional state appropriations are deposited in the PRIT Fund and shared by all participating systems in proportion to their interests in the assets of the PRIT Fund as of July 1 for each fiscal year.

Cost-of-living increases for each local retirement system may be granted and funded only by the local system, and only if it has established a funding schedule. Those statutory provisions are subject to acceptance by the local retirement board and approval by the local legislative body, which acceptance may not be revoked. The City has adopted the provisions for cost-of-living increases.

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 employee contributions to the System are 5% of regular compensation for employees who entered service before January 1, 1975 and 7% for those who entered on or after that date through December 31, 1983 and 8% for those who entered after January 1, 1984. As of July 1, 1996 the employee contribution rate for those entering service is 9%. All employees hired after January 1, 1979 pay an additional 2% for earnings greater than \$30,000 per year.

Investments of system assets in bonds are valued at amortized cost and equity investments are valued in the manner determined by the state Commissioner of Insurance.

As of January 1, 2020 there were 1,537 retired persons and surviving beneficiaries and 317 disables members currently receiving pensions in the system.

The following tables show the trend in contributions to the System.

<u>Fiscal Year</u> <u>Ending</u> <u>June 30</u>	<u>City</u> <u>Contributions</u>
2021 (budgeted)	\$32,201,554
2020	30,527,351
2019	28,817,471
2018	27,741,711
2017	26,724,377
2016	25,734,949

The City's unfunded actuarial accrued liability at January 1, 2020 is estimated at \$394,656,908 assuming a 7.5% rate of return. The amortization of the City's unfunded pension benefit obligation (as of the January 1, 2020 valuation) is shown below.

#### Appropriation Forecast

Fiscal Year Ending	Employer Normal Cost	Amortization Payment of UAL	Net 3(8)(c) Transfers	Total Employer Cost	Increase over Prior Year	Unfunded Actuarial Accrued Liability
2021	\$4,843,958	\$30,657,416	\$1,250,000	\$36,751,374		\$394,656,908
2022	5,013,497	32,222,451	1,500,000	38,735,948	5.40%	392,945,930
2023	5,188,969	34,138,720	1,500,000	40,827,689	5.40%	389,508,266
2024	5,370,583	36,235,291	1,500,000	43,105,874	5.58%	383,855,703
2025	5,558,554	38,452,628	1,500,000	45,511,182	5.58%	375,637,982
2026	5,753,104	40,797,603	1,500,000	48,050,707	5.58%	364,539,378
2027	5,954,462	43,277,473	1,500,000	50,731,935	5.58%	350,213,469
2028	6,162,868	45,899,909	1,500,000	53,562,777	5.58%	332,280,439
2029	6,378,568	48,673,012	1,500,000	56,551,580	5.58%	310,324,152
2030	6,601,818	51,605,339	1,500,000	59,707,157	5.58%	283,888,990
2031	6,832,882	54,705,935	1,500,000	63,038,817	5.58%	252,476,421
2032	7,072,033	57,984,351	1,500,000	66,556,384	5.58%	215,541,288
2033	7,319,553	61,450,676	1,500,000	70,270,229	5.58%	172,487,793
2034	7,575,738	65,115,570	1,500,000	74,191,308	5.58%	122,665,148
2035	7,840,889	68,800,029	1,500,000	78,140,918	5.32%	65,362,868
2036	8,115,320	-	1,500,000	9,615,320	-87.69%	-
2037	8,399,356	-	1,500,000	9,899,356	2.95%	-
2038	8,693,333	-	1,500,000	10,193,333	2.97%	-
2039	8,997,599	-	1,500,000	10,497,599	2.98%	-
2040	9,312,515	-	1,500,000	10,812,515	3.00%	-
2041	9,638,454	-	1,500,000	11,138,454	3.01%	-
2042	9,975,800	-	1,500,000	11,475,800	3.03%	-
2043	10,324,953	-	1,500,000	11,824,953	3.04%	-
2044	10,686,327	-	1,500,000	12,186,327	3.06%	-
2045	11,060,349	-	1,500,000	12,560,349	3.07%	-
2046	11,447,460	-	1,500,000	12,947,460	3.08%	-
2047	11,848,122	-	1,500,000	13,348,122	3.09%	-
2048	12,262,806	-	1,500,000	13,762,806	3.11%	-
2049	12,692,004	-	1,500,000	14,192,004	3.12%	-
2050	13,136,225	-	1,500,000	14,636,225	3.13%	-

SOURCE: January 1, 2020 Actuarial Valuation of the New Bedford Contributory Retirement System, KMS Actuaries, LLC.

## Other Post-Employment Benefits

In addition to pension benefits, cities and towns may provide retired employees with health care and life insurance benefits. The portion of the cost of such benefits paid by cities or towns is generally provided on a pay-as-you-go basis. The recent trend in the City's annual contributions for its other post-employment benefits is as follows:

<u>Fiscal Year</u>	<u>Benefit Costs (1)</u>
2021 (estimated)(2)	\$ 20,921,000
2020	15,742,454
2019	16,320,791
2018	16,720,767
2017	16,695,286
2016	15,091,078

(1) Excludes annual life insurance costs of approximately \$250,000 to \$275,000 appropriated annually for this purpose.

(2) Benefits provided to retirees are not discretely budgeted. This estimate is based on the increase of total fiscal year 2021 budgeted medical costs over fiscal year 2020 actual total medical costs.

The Governmental Accounting Standards Board ("GASB") has promulgated its Statement Nos. 43 and 45, which will require public sector entities to report the future costs of these non-pension, post-employment benefits in their financial statements. These accounting standards do not require pre-funding such benefits, but the basis applied by the standards for measurement of costs and liabilities for these benefits is conservative if they continue to be funded on a pay-as-you-go basis and will result in larger yearly cost and liability accruals than if such benefits were pre-funded in a trust fund in the same manner as traditional pension benefits. Cities and towns that choose to self-insure all or a portion of the cost of the health care benefits they provide to employees and retirees may establish a trust fund for the purpose of paying claims. In addition, cities and towns may establish a trust fund for the purpose of pre-funding other post-employment benefits liability in the same manner as traditional pension benefits.

During fiscal 2015, the City Council voted to establish an OPEB Trust Fund, and elected to participate in the Massachusetts State Retiree Benefits Trust. An initial appropriation to the Fund of \$759,483 was approved on December 21, 2015.

The City adopted an OPEB Trust Fund policy on November 30, 2016. The policy establishes a minimum annual funding expectation equivalent to 10% of certified General Fund Free Cash. In fiscal year 2019, \$455,000 was funded, in compliance with the OPEB policy, bringing total funding to \$605,000 since the inception of the fund. The OPEB Trust Fund balance as of June 30, 2020 was \$2,043,555.

The City recently completed an exhaustive review of its health care program, with the objective of reducing retiree health care costs. Changes were made to plan features, including adjustments to copayments, deductibles and other elements of coverage. The City subsequently hired Sherman Actuarial Services, LLC to perform an actuarial valuation of non-pension, post-employment benefits. As of June 30, 2019, the City's OPEB liability was \$528,488,722, assuming a 3.75% investment return on a pay-as-you-go basis, and the actuarially determined contribution was \$19,231,134. Over the past several years, the City has adopted a number of measures to begin funding the unfunded liability. The City has established an OPEB Trust Fund and adopted financial policies that mandate contribution of a minimum 10% of annually certified Free Cash and 33% of the previous year's annual marijuana excise tax revenue toward the Trust. In addition, the City is committed to working with employees and its plan administrator to implement steps to further reduce the OPEB liability and develop pathways toward prefunding.

## **EMPLOYEE RELATIONS**

As of June, 2020 the City employed approximately 3,126 full- and part-time workers, of whom 2,384 are employed by the School Department, 245 by the Police Department, 207 by the Fire Department, 71 by the Department of Facilities and Fleet Management, 173 by the Department of Public Infrastructure and the balance of 348 by various other departments of the City. City employees (other than managerial and confidential employees) are entitled to join unions and to bargain collectively on questions of wages, hours and other terms and conditions of employment. Of the City's 3,126 employees, approximately 95% are represented by unions in seven separate bargaining units: police, fire, teachers and school nurses, school administrators, school paraprofessionals, school support staff (clerks, custodians) and general municipal employees.

The contract with the police union expired on June 30, 2018, and negotiations for a new contract are ongoing. The contract with Local 841, IAFF (fire fighters) expired on June 30, 2019 and negotiations for a new contract are ongoing. The contract with the teachers' union is currently under agreement for the period July 1, 2019 through June 30, 2022. The contract with the school administrators' union is currently under agreement for the period July 1, 2019 through June 30, 2022. The contract with the school paraprofessionals' union expired on July 31, 2019 and negotiations for a new contract are ongoing. The New Bedford Support Specialists Union which represents speech language pathologist assistants, certified occupational therapy assistants, behavioral assistants, Wraparound coordinators, and student mentors is currently in negotiations for its first contract.

The general municipal government union contract is currently under agreement through June 30, 2022. AFSCME Local 851, Unit B, which represents EMS employees, is currently under agreement through June 30, 2021. AFSCME Local 641, which represents school support staff (clerks, building custodians, cafeteria, maintenance and MIS employees), expired on June 30, 2020 and negotiations for a new contract are ongoing.

## **LITIGATION**

At present, there are various claims and cases pending against the City in courts or administrative bodies throughout the Commonwealth. In the opinion of the City Solicitor, none of these cases or claims are likely to affect the City's financial position, however, the following litigation is noted. The City is currently in litigation with ABC Disposal Service, Inc. ("ABC"), with which the City has a ten-year, fixed fee contract for solid waste and recycling services. Since November 2017, ABC has regularly been sending the City "recycling recovery fee" invoices that purportedly represent ABC's excess costs due to a disruption in the recyclables market. The City has refused to pay the recycling recovery fee invoices, which now total just over \$1.5 million, because it has a fixed fee contract with ABC and believes that ABC assumed the risk with respect to the collection and disposal of the recyclables. The City believes it has strong defenses against ABC's claims and that even if were ABC to prevail, it would not affect the City's financial position.

---

CITY OF NEW BEDFORD, MASSACHUSETTS  
/s/ Ms. R. Renee Fernandes, City Treasurer

January 29, 2021





# City of New Bedford Massachusetts

## *Comprehensive Annual Financial Report* **Fiscal year ended June 30, 2019**

*This page left intentionally blank*



# **CITY OF NEW BEDFORD, MASSACHUSETTS**

## **Comprehensive Annual Financial Report**

**Fiscal Year Ended June 30, 2019**

Jonathan F. Mitchell  
Mayor

Ari J. Sky  
Chief Financial Officer

Robert W. Ekstrom  
City Auditor

*Prepared by:  
Office of the City Auditor*

## About the cover

The foremast of this half-scale model of the whaling bark *Lagoda* rises to the rafters inside the Bourne Building of the New Bedford Whaling Museum. At 89 feet long and 50 feet tall, it's the largest ship model in the world. The Bourne Building was built to provide a "brick berth" for the ship model following a \$75,000 donation by Emily Bourne, daughter of whaling merchant Jonathan Bourne, who owned the real-life *Lagoda* for nearly half its 73-year life. The ship model was constructed within the Bourne Building's walls, and both building and model were dedicated in 1916.

*The cover photo is courtesy of the New Bedford Whaling Museum. Content in 'About The Cover' and 'More on the Lagoda and New Bedford's Whaling Heritage' on the facing page was drawn from several publications on the Museum's website, including 'Lagoda - The Largest Ship Model In Existence' ([www.whalingmuseum.org/explore/exhibitions/current/Lagoda](http://www.whalingmuseum.org/explore/exhibitions/current/Lagoda)).*

### Also Courtesy of the New Bedford Whaling Museum

An image from *Grand Panorama of a Whaling Voyage 'Round the World*, the 1848 work of New Bedford painters Benjamin Russell and Caleb Purrington, is depicted on the section title pages of this year's report. From the 1850s to the 1870s the artists toured with *Grand Panorama*, bringing the spectacle of a whaling voyage to audiences across the country. At 1,275 feet, it's the longest painting in the world. The original is no longer exhibited, but a digitized version is being shown as a moving picture in an exhibit running through 2021.



## More on The *Lagoda* and New Bedford's Whaling Heritage

The three-mast, 340-ton *Lagoda*, an intended namesake of Lake Ladoga in Russia before the 'd' and 'g' were transposed while painting its transom, was built in 1826 by Ezra Weston in his Scituate, Massachusetts boatyard. Weston operated the *Lagoda* as a merchant vessel for seven years, and the ship changed hands twice thereafter before Jonathan Bourne, a New Bedford whaling merchant, purchased it in 1841 and refitted it for whaling.

For much of the 18<sup>th</sup> Century, the island of Nantucket had been the preeminent whaling port on either coast, but that began to change in the 1760s as whaling merchants moved to New Bedford to gain independence from a cartel that controlled the pricing and processing of the island's catch. By 1823, New Bedford surpassed Nantucket as the country's largest whaling port and soon became the wealthiest city in North America in terms of per capita income on the back of the whaling industry.



*Portrait of Jonathan Bourne (1818-1891)*



*The New Bedford Whaling Museum campus. The Bourne Building with its cupola (upper right) are prominent features of the working waterfront skyline.*

The *Lagoda* would go on to become Bourne's most lucrative – or “greasiest” – ship, netting him \$652,000 over 35 years of ownership. His fortune owed largely to his pursuit of sperm whales. Sperm oil was in great demand and fetched the highest prices, and spermaceti – the waxy substance within the head of a sperm whale – was valuable in candle manufacturing.

Whaling's decline began during the Civil War as years of overhunting dwindled the ranks of baleen and sperm whales, necessitating longer hunts at higher costs. Bourne responded in 1864 by converting his *Lagoda* to a bark; changes to its rigging allowed for a smaller crew and the ability to sail almost directly into the wind.

By 1886, the sperm oil market had substantially declined, due in part to the introduction of petroleum as a lubricant, and Bourne sold the *Lagoda*. It served as part of a Pacific bone fleet until striking a reef in 1889. During repairs, it was rechristened and refitted into a hulk, carrying coal that served steam vessels in Southeast Asia. In 1899, the former *Lagoda* was damaged by fire and was broken up in Japan.

*For more on New Bedford's whaling heritage, visit the Whaling Museum on the web ([www.whalingmuseum.org](http://www.whalingmuseum.org)) or in person at 18 Johnny Cake Hill in downtown New Bedford.*

	Page
<b>Introductory Section (Unaudited)</b>	
Transmittal Letter .....	ii
Organizational Chart of City Government .....	x
List of Elected and Appointed Officials .....	xi
Organizational Chart of the Office of the City Auditor .....	xii
List of Office of the City Auditor Personnel .....	xiii
<b>Financial Section</b>	
Independent Auditor's Report .....	2
Management's Discussion and Analysis .....	4
<b>Basic Financial Statements:</b>	
Government-Wide Financial Statements:	
Statement of Net Position .....	20
Statement of Activities .....	22
Fund Financial Statements:	
Balance Sheet – Governmental Funds .....	24
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position ....	26
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds ..	27
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of	
Governmental Funds to the Statement of Activities .....	28
Statement of Net Position – Proprietary Funds .....	30
Statement of Revenues, Expenses and Changes in Net Position – Proprietary Funds .....	32
Statement of Cash Flows – Proprietary Funds .....	33
Statement of Fiduciary Net Position – Fiduciary Funds and Similar Component Units .....	34
Statement of Changes in Fiduciary Net Position – Fiduciary Funds and Similar Component	
Units .....	35
Notes to the Basic Financial Statements .....	36
<b>Required Supplementary Information</b>	
General Fund - Schedule of Revenues and Expenditures – Budget and Actual – Budgetary Basis ..	82
Wastewater Special Revenue Fund - Schedule of Revenues and Expenditures –	
Budget and Actual - Budgetary Basis .....	88
Notes to the Required Supplementary Information .....	89
Schedule of Changes in the System's Net Pension Liability and Related Ratios –	
Last 10 Fiscal Years .....	90
Schedule of the City's Proportionate Share of the Net Pension Liability – Last 10 Fiscal Years .....	91
Schedule of the System's Contributions – Last 10 Fiscal Years .....	91
Schedule of Employer Contributions – Last 10 Fiscal Years .....	92
Annual Money-Weighted Rate of Return – Contributory Retirement System .....	92
Schedule of Changes in the City's Net OPEB Liability and Related Ratios –	
Other Post-Employment Benefits .....	94
Schedule of City's Contributions – Other Post-Employment Benefits .....	95
Schedule of Investment Returns – Other Post-Employment Benefits .....	95

	Page
<b>Combining and Individual Fund Statements (Unaudited)</b>	
<b>Governmental Funds:</b>	
Fund descriptions .....	97
Wastewater Fund Combining Balance Sheets .....	98
Wastewater Fund Combining Statement of Revenues, Expenditures and Changes in Fund Balance .....	99
Non-Major Governmental Funds Combining Balance Sheets .....	100
Non-Major Governmental Funds Combining Statement of Revenues, Expenditures and Changes in Fund Balance .....	103
<b>Proprietary Funds:</b>	
Fund descriptions .....	106
Water Enterprise Fund Budgetary Comparison Schedule .....	108
Airport Enterprise Fund Budgetary Comparison Schedule .....	109
Downtown Parking Enterprise Fund Budgetary Comparison Schedule .....	110
Notes to the Supplementary Information .....	111
<b>Fiduciary Funds and Similar Component Units:</b>	
Fund descriptions .....	112
Statement of Changes in Assets and Liabilities – Agency Funds .....	113
Non-Major Discretely Presented Component Units Combining Statements of Net Position .....	114
Non-Major Discretely Presented Component Units Combining Statements of Activities .....	115
<b>Statistical Section (Unaudited)</b>	
Table of Contents .....	117
General Government Expenditures by Function (GAAP Basis) – Last Ten Fiscal Years .....	118
General Government Revenues by Source (GAAP Basis) – Last Ten Fiscal Years .....	120
Net Position by Component – Last Ten Fiscal Years .....	122
Changes in Net Position – Last Ten Fiscal Years .....	124
Fund Balances of Governmental Funds – Last Ten Fiscal Years .....	128
Changes in Fund Balances of Governmental Funds – Last Ten Fiscal Years .....	130
Assessed and Estimated Actual Value of All Taxable Property – Last Ten Fiscal Years .....	132
Property Tax Rates - Direct and Overlapping Governments – Last Ten Fiscal Years .....	133
Largest Principal Taxpayers – Current Year and Nine Years Ago .....	134
Property Tax Levies and Collections – Last Ten Fiscal Years .....	135
Ratios of Outstanding Debt by Type – Last Ten Fiscal Years .....	136
Ratios of Net General Obligation Bonded Debt to Assessed Value and Net Bonded Debt Per Capita – Last Ten Fiscal Years .....	137
Legal Debt Margin Information – Last Ten Fiscal Years .....	138
Demographic and Economic Statistics – Last Ten Fiscal Years .....	139
Principal Employers – Current Fiscal Year and Nine Years Before .....	140
City Government Employees by Department – Last Ten Fiscal Years .....	141
Operating Indicators by Function – Last Ten Fiscal Years .....	142
Capital Asset Statistics by Department – Last Ten Fiscal Years .....	143

*This page left intentionally blank*





# Introductory Section



OFFICE OF THE CITY AUDITOR  
ROBERT W. EKSTROM, CITY AUDITOR

CITY OF NEW BEDFORD

January 22, 2020

Mayor Jon Mitchell,  
Members of the City Council,  
and Citizens of New Bedford:

We are pleased to submit the Comprehensive Annual Financial Report (CAFR) for the City of New Bedford (City) as of June 30, 2019 and for the year then ended. The CAFR was prepared by the Office of the City Auditor with the assistance of the City's external auditors and is intended to provide information regarding the financial position of the City. This report is prepared in accordance with U.S. generally accepted accounting principles (GAAP), as established by the Governmental Accounting Standards Board (GASB), and meets all requirements of state finance law of the Commonwealth of Massachusetts, as well as the City Charter.

The responsibility for the accuracy, completeness, and fairness of the data presented, including disclosures, rests with the City. Management believes this report is accurate in all material respects and is presented in a manner which fairly sets forth the City's financial position and results of its operations. Management is also responsible for establishing and maintaining internal accounting controls designed to provide reasonable, but not absolute, assurance that these financial statements are complete and accurate in their presentation.

Pursuant to Section 35 of Chapter 44 of the Massachusetts General Laws, the City's CAFR has been audited by Hague, Sahady & Co., P.C., a firm of independent public accountants, under the terms of a three-year agreement covering fiscal years 2019 through 2021. This audit has been conducted in accordance with generally accepted government auditing standards (GAGAS) issued by the Comptroller General of the United States. The audit provides an independent review to help assure a fair presentation of the City's financial position and results of operations.

The City's federal grant funds are also audited annually as required by 2 CFR Part 200 (Uniform Guidance). The Uniform Guidance requires that an internal control review and a compliance audit be performed on selected major programs covering 40% of all federal expenditures. The United States Department of Education was assigned as the cognizant audit agency. The Uniform Guidance also requires that the auditors determine whether the City has complied with laws and regulations that may have a material effect on each of its major federal financial assistance programs. Hague, Sahady & Co., P.C. issues separate reports on the City's internal control systems and compliance with applicable laws and regulations that meet the requirements of the Uniform Guidance.

Management's Discussion and Analysis (MD&A) follows the independent auditors' report and provides a narrative introduction, overview, and analysis to accompany the basic financial statements. This letter of transmittal is intended to complement the MD&A and should be read in conjunction with it.

## Profile of the Government

New Bedford lies along the southeastern coast of Massachusetts approximately 56 miles south of Boston, occupying 24.1 square miles, including 4.1 square miles of water, at the confluence of the Acushnet River and Buzzard's Bay. Featuring a natural deep-water harbor and over 11 miles of coastline and riverfront, New Bedford is bordered by Dartmouth to the west, Freetown to the north, Acushnet and Fairhaven to the east, and Buzzard's Bay to the south.

Originally incorporated as a town in 1787, New Bedford became a City under Chapter 60 of the Acts of 1847 of the Commonwealth of Massachusetts. Since 1939, the City has operated under a Plan B Charter in accordance with Massachusetts General Laws, Chapter 43, Sections 56 through 63, which provides for a Mayor and City Council elected by voters. The Mayor, who serves as chief executive officer of the City and has general supervision of and control over the City's boards, commissions, officers, and departments, is elected to a four-year term. The legislative body of the City is the City Council, which consists of 11 elected members serving two-year terms. One councilor is elected from each of the City's six wards, and five are elected at-large.

Mayor Jonathan F. Mitchell was first sworn into office as the City's 38<sup>th</sup> Mayor on January 2, 2012 and is currently serving in his fifth consecutive term - the first four of which were for two years - that will run until January 2024. Prior to his election as Mayor, Mitchell worked as a federal prosecutor with the United States Department of Justice, having been selected to the prestigious Attorney General's Honor Program. After three years in that role he returned to Massachusetts, where he worked in the Massachusetts Attorney General's Office and in private practice prior to his appointment as Assistant United States Attorney in Boston. Since Mitchell took office, New Bedford has moved aggressively to reform its school system, modernize its port, strengthen city services, improve financial health, and raise the quality of life in each neighborhood. Under his administration, New Bedford has emerged as a national leader in renewable energy and has twice posted the highest reduction in annual unemployment rates among American cities, each of which has contributed toward earning the City its highest bond ratings in more than 40 years.

## Budgeting and Financial Reporting

The City budgets and maintains its books and records on a statutory basis of accounting prescribed by the Massachusetts Department of Revenue's Division of Local Services (DLS), which are then adjusted in order to present the accompanying financial statements in conformity with GAAP. Accounts are organized on a fund basis with each fund a separate accounting entity containing self-balancing accounts that comprise assets, liabilities, fund balance, revenues, and expenses or expenditures.

All City departments other than the School Department are required to submit budget requests in advance of the fiscal year beginning July 1 to the Chief Financial Officer, who aggregates and analyzes them for recommendation to the Mayor. In turn, the Mayor must submit a proposed expenditure budget to the City Council within 170 days after the annual organization of City government each January. The School Department's expenditure budget is separately prepared under the direction of the School Committee and is included as a single line item within the Mayor's proposed budget submission.

The City Council has 45 days to act on any item of the proposed budget, and if it does not do so that item takes effect. It may make appropriations for the Mayor's proposed purposes or may reduce or reject any item but may not increase any item or make any appropriation for a purpose not included in the proposed budget, except in limited circumstances. If the Mayor does not submit a proposed budget timely, provision is made for the preparation of a budget by the City Council. The City Council can also make supplementary non-School appropriations, and in most cases can transfer appropriations within any department other than the School Department to another appropriation for the same or another department, but each action requires the recommendation of the Mayor. The School Department budget is limited to the single amount appropriated by the City Council, but the School Committee retains full power to allocate the funds appropriated.

Under Massachusetts general law, proposed revenues, including the proposed tax levy and resulting tax rates must be approved by the DLS before January 1 of each fiscal year. The approved tax levy must be sufficient to fund City Council appropriations as well as certain items not appropriated such as State and county assessments, abatements in excess of overlays, principal and interest not otherwise provided for, and final legal judgments.

The basic financial statements are prepared on the GAAP basis of accounting and include statements of net position and activity for both governmental business-type activities, and fund financial statements discretely presenting major funds and aggregating non-major funds. In addition to its primary government, the statements include certain legally-distinct entities presented as component units to emphasize their operational or financial relationship with the City. Major component units are discretely presented and include the Greater New Bedford Regional Refuse Management District and the New Bedford Harbor Development Commission. Non-major component units include the Greater New Bedford Workforce Investment Board and the New Bedford Redevelopment Authority. The notes to the financial statements further discuss the City's financial reporting entity.

### **Local Economy**

New Bedford is a coastal community with a natural deep-water harbor, access to all modes of transport, and proximity to Boston, Providence, and Cape Cod, all of which provide a diverse base for sustained growth and an ability to quickly adapt in an ever-changing economic climate. Today, the City continues to be a preeminent commercial, industrial, and recreational center in southeastern Massachusetts. Tourists revel in New Bedford's historical charm, its 11 combined miles of coastline and riverfront, and its cultural significance as one of the largest Portuguese-American communities in America.

For the past 18 years, the Port of New Bedford has been ranked as the largest fishing port in the United States by the National Oceanic and Atmospheric Administration. Its landed value of \$390 million in 2017, the most recent year reported, represents a 19% increase over 2016, and is 125% higher than the country's second-largest port. It's home to over 200 maritime-based businesses, including the New Bedford Marine Commerce Terminal, a multi-purpose facility designed to support the construction, assembly, and deployment of offshore wind projects; a cargo shipping and cruise industry; a shipyard; and facilities for bulk and break-bulk cargo and vessel repairs. The port is also a Foreign Trade Zone, providing duty-free manufacturing for an international base of importers and exporters. The growth of the maritime industries has also fostered the development of a host of skilled labor professions that support the maritime economy.



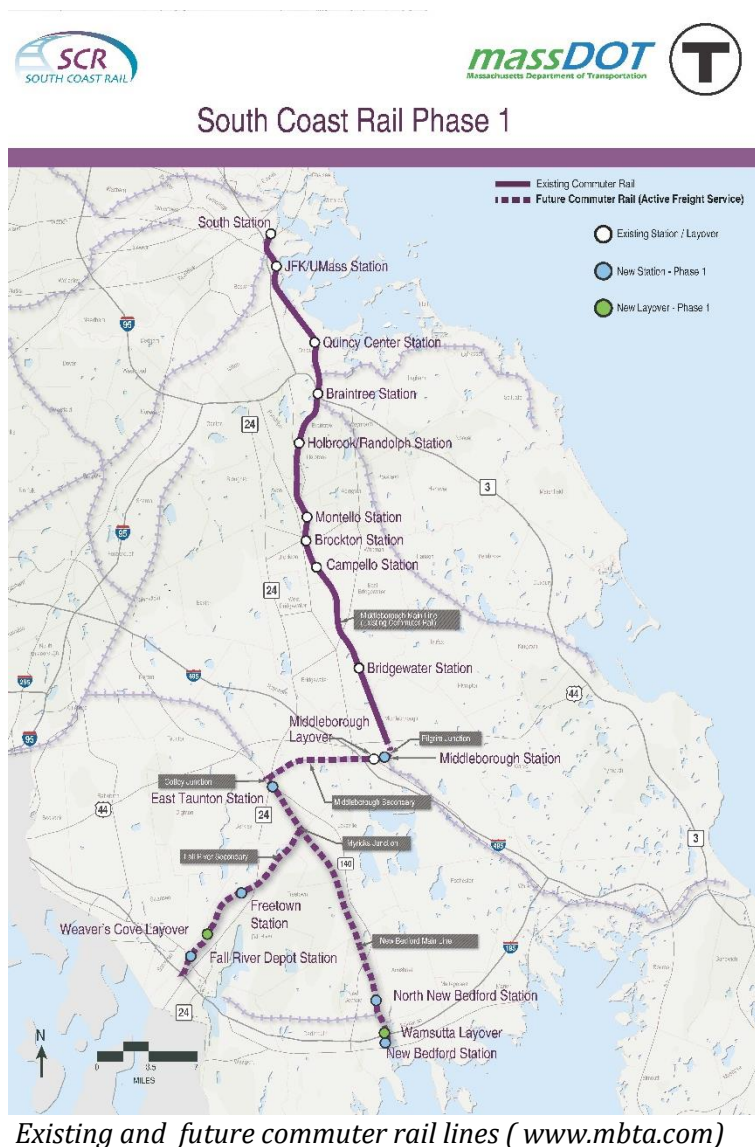
Beyond maritime, the City is home to 3,300 businesses that support more than 43,000 jobs in manufacturing, healthcare, services, and emerging sectors such as medical device manufacturing. New Bedford is also one of only 32 communities in Massachusetts to be awarded the prestigious 'Platinum BioReady Community' rating by the Massachusetts Biotechnical Council.

Highway connections from both U.S. Interstate Route 195 and Massachusetts Route 140, along with an expanded airport capable of providing jet service, make New Bedford an easy-access destination for commuters and As part of its \$8 billion five-year capital investment program, the MBTA has launched the South Coast Rail Project that will extend passenger rail service to New Bedford by 2023 and will include two platforms and a layover yard.

Aided by the July 2018 opening of a 70-room hotel and 3,500-square-foot restaurant in downtown New Bedford, fiscal year 2019 hotel occupancy taxes were 24.3% higher than in 2018, the ninth consecutive annual increase, while local meals taxes increased 7.8% to reach their highest level since the tax was implemented in 2009.

As of the 2010 U.S Census, the City of New Bedford had a population of 95,072, making it the sixth largest city in Massachusetts. The City's labor force, as tracked by the Massachusetts Executive Office of Labor and Workforce Development, was at 47,868 in October 2019, of which 45,788 were employed. This represents a labor force growth of 0.2% over the same period in 2018. New Bedford's seasonally unadjusted unemployment rate dropped to 4.3% in October, its lowest in 19 years and a 0.4 percentage point decline from last year. By contrast, state unemployment decreased to 2.5% in October 2019 from 2.7% a year earlier.

As with its labor force, New Bedford's property tax base continues to grow. Real estate and personal property assessed valuations reached \$6.67 billion as of January 1, 2019, their highest level since 2007 and a 6.7% increase from the year before, its sixth consecutive annual increase. Assessed valuations are now 27.7% higher than they were six years ago, a compounded annual growth rate of 4.2%. Among property classes, residential values increased \$381 million, or 7.6%, and commercial increased \$17 million, or 2.5%.



## Financial Overview and Policy Compliance

Many of the City's expenditures are governed by Massachusetts General Law (MGL). MGL Chapter 44, Section 31 prohibits the expenditure of funds beyond those appropriated by city council. MGL Chapter 70, Section 6 requires an annual appropriation for the support of public schools in an amount not less than the sum of the minimum required local contribution, federal impact aid, and all state school aid and grants for education, collectively referred to as net school spending, but permits the carry-forward of deficits under many circumstances. MGL Chapter 78, Section 19C requires an annual appropriation for the support of public libraries in an amount not less than 102.5% of the average appropriation for public libraries for the three immediately preceding fiscal years. As of June 30, 2019, the City was compliant with all expenditure provisions other than net school spending, which carried a cumulative deficit of \$5.1 million into FY 2020.

Commonwealth law also regulates property taxes and other sources of income. MGL Chapter 59, Section 21C, commonly referred to as Proposition 2½, limits the annual tax levy to 2.5% of assessed valuation and 102.5% of the prior year's tax levy plus new growth. Further, under Section 23, annual tax rates may not be set until approved by the commissioner of the Department of Revenue, while the director of accounts must certify any funds available at the end of each fiscal year, or 'free cash,' before they can be further appropriated.

Assessed valuations have been increasing annually, the joint result of a strong real estate market and new construction. According to data published by The Warren Group, the median home sales price in November 2019 reached \$245,000, up from \$219,500 a year earlier. New growth valued \$61.1 million in fiscal year 2019, adding \$1.7 million to the July 2019 tax levy. This was the fourth consecutive tax levy that grew by at least \$1.7 million as a result of new construction, and indications are for this to continue. The City received 3,353 building permit applications in 2019, a slight decrease from 2018, but the construction value of those applications was \$134.5 million, more than double the value from the year before.

In addition to Commonwealth oversight, the City has implemented formal financial policies that govern short- and long-term investment decisions, debt issuance and management practices, and the preservation of fund balance. The latter policy is partially achieved through the establishment of stabilization funds within its General Fund and two enterprise funds that may be utilized to protect against reductions in municipal services, and to manage temporary revenue shortfalls and unanticipated one-time expenditures. By policy, a minimum of 10% of certified free cash, along with 33% of any future marijuana excise taxes, is committed to the City's OPEB Trust Fund, and 25% of free cash is committed to General Fund stabilization funds. Stabilization fund balances should be maintained at between 2% and 6% of the annual operating budget. As of June 30, 2019, General Fund stabilization funds totaling \$11.7 million represented 3.3% of FY 2019's operating budget.

In April 2019, Standard and Poor's Rating Service (S&P) reaffirmed the City's AA- bond rating first awarded in 2014. S&P cited a number of factors contributing to the reaffirmation, including assessments of "Very Strong" in both management and liquidity, and "Strong" in budgetary performance. The City's last rating from Moody's was A1, which was reaffirmed in April 2018.

## Long-Term Financial Planning

In 2016, management implemented its first long-range financial plan in an effort to better assess the impact of policy decisions and economic factors on fund balance by incorporating assumptions of future tax assessments and collection rates and the potential impact of labor, benefits, and inflation on overall expenditures. The long-range plan covering 2019-2023 forecasts

During fiscal year 2019, the City Council authorized \$31.3 million in new debt to finance the reconstruction of an airport runway, the feasibility study for a proposed public safety center in the City's south end, and renovations to an elementary school and various municipal structures. A portion of the runway reconstruction will be funded by Federal Aviation Administration and MassPort grants, while a portion of the elementary school renovations will be funded by the Massachusetts School Building Authority. The City issued \$11.5 million of new bonded debt during fiscal year 2019, bringing the total outstanding at June 30, 2019 to \$203.9 million. Of this, \$169.6 million, or \$1,779 per capita, represented net general obligation bonded debt repayable through future General Fund appropriations. Authorized but unissued debt stood at \$288.2 million as of June 30, 2019.

Following the recommendations of the Massachusetts Department of Revenue, GASB, and the City's rating agencies, New Bedford adopted a formal capital improvement program (CIP) in fiscal year 2014 to coordinate community planning, financial capacity, and physical development requirements. Since then, the CIP has been updated each year. The 2019-2023 update identifies 21 capital projects with aggregated expenditures of \$90.6 million, highlighted by \$21.2 million for future school replacement projects that will be leveraged by grants from the Massachusetts School Building Authority (MSBA), and \$17.0 million for a feasibility study and preliminary design of an integrated public safety center in the City's South End. More than 89% of the 2019-2023 CIP will be financed through bonded debt, with the remainder financed by anticipated grants and lease-purchase debt.



*Artist's rendition of the South End Public Safety Center, the first new police and fire station to be built in New Bedford in more than fifty years. Initial funding for the Center was approved in 2017. Land for the site was acquired beginning in 2018, and ground was broken for the 25,000-square-foot facility in September 2019. When complete, the Center will host six public safety functions featuring a five-bay fire and EMS station and a police substation.*

In November 2014, voters approved adoption of the Community Preservation Act (CPA), which authorized the City to levy a 1.5% surcharge on its real property tax levy, dedicate revenue other than from state or federal funds, and to receive state matching funds for: (i) the acquisition, creation, preservation, rehabilitation and restoration of land for recreational use, open space, and affordable housing; and (ii) the acquisition, preservation, rehabilitation and restoration of historic resources. Appropriation and expenditure of CPA funds is overseen by the City's Community Preservation Committee (CPC), whose members were appointed in May 2016. The City began collecting the CPA surcharge in fiscal year 2016. Total collections through June 30, 2019 were \$4.3 million, including \$0.5 million from state matching funds, all of which are recorded in a separate special revenue fund. Fund balance was \$3.3 million as of June 30, 2019

### **Other Relevant Financial Information**

Approximately 3,000 City employees, or 95% of its total workforce, are represented by one of eight collective bargaining units, five having agreements in place that expire on June 30, 2020 or beyond. Negotiations are presently in progress for new agreements with one School and two municipal bargaining units.

In 2014 the City implemented a performance measurement program intended to enhance accountability in City operations that directly contributed to the creation of an award-winning budget document mentioned below. In 2016, Open Checkbook, a portal allowing the general public direct visibility into most City expenditures, was launched. The portal is located on the City Auditor's Office of the City's website at <http://www.newbedford-ma.gov/auditors-office/opencheckbook/>.

### **Awards**

The City received its third consecutive GFOA Award for Distinguished Budget Presentation for its fiscal year ending June 30, 2019. Each budget was judged to be proficient in several categories as a policy document, financial plan, operations guide, and a communications device. Only 26 Massachusetts governmental units, and 1,576 entities nationwide, received the award for 2017, the most recent year available. The award represented a significant achievement and reflected management's ongoing efforts to improve business operations and increase transparency in city finances. The City has submitted its fiscal year ending June 30, 2020 budget to the GFOA and is confident of a fourth consecutive award.

Following the success of its budget document, management prepared its first-ever CAFR for the fiscal year ended June 30, 2017 in accordance with the rigorous standards published by the GFOA for its Certificate of Achievement for Excellence in Financial Reporting award. In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized CAFR that satisfies both GAAP and applicable state and local reporting requirements. This fiscal year marks the third consecutive for which a CAFR has been issued.



## Acknowledgements

We would like to express our combined offices' appreciation to the administration of the City of New Bedford for providing the support and resources to make the preparation of this CAFR possible, and to the Finance team and individual departments within the City, as well as to the staffs of each component unit, for their considerable contributions of time and content. We also wish to thank the professional staff of Hague, Sahady & Co., P.C. for their many years of counseling, technical assistance, and continued support that have proven to be the cornerstone of this report. Finally, we would like to thank the many Federal, state, and local recipients of this report for your continued interest in the financial operations of the City.

The annual financial reports and/or CAFRs of the City for fiscal year 2009 through fiscal year 2019 are featured on the City's web page at [www.newbedford-ma.gov/auditors-office/annual-financial-reports/](http://www.newbedford-ma.gov/auditors-office/annual-financial-reports/).

Respectfully submitted,

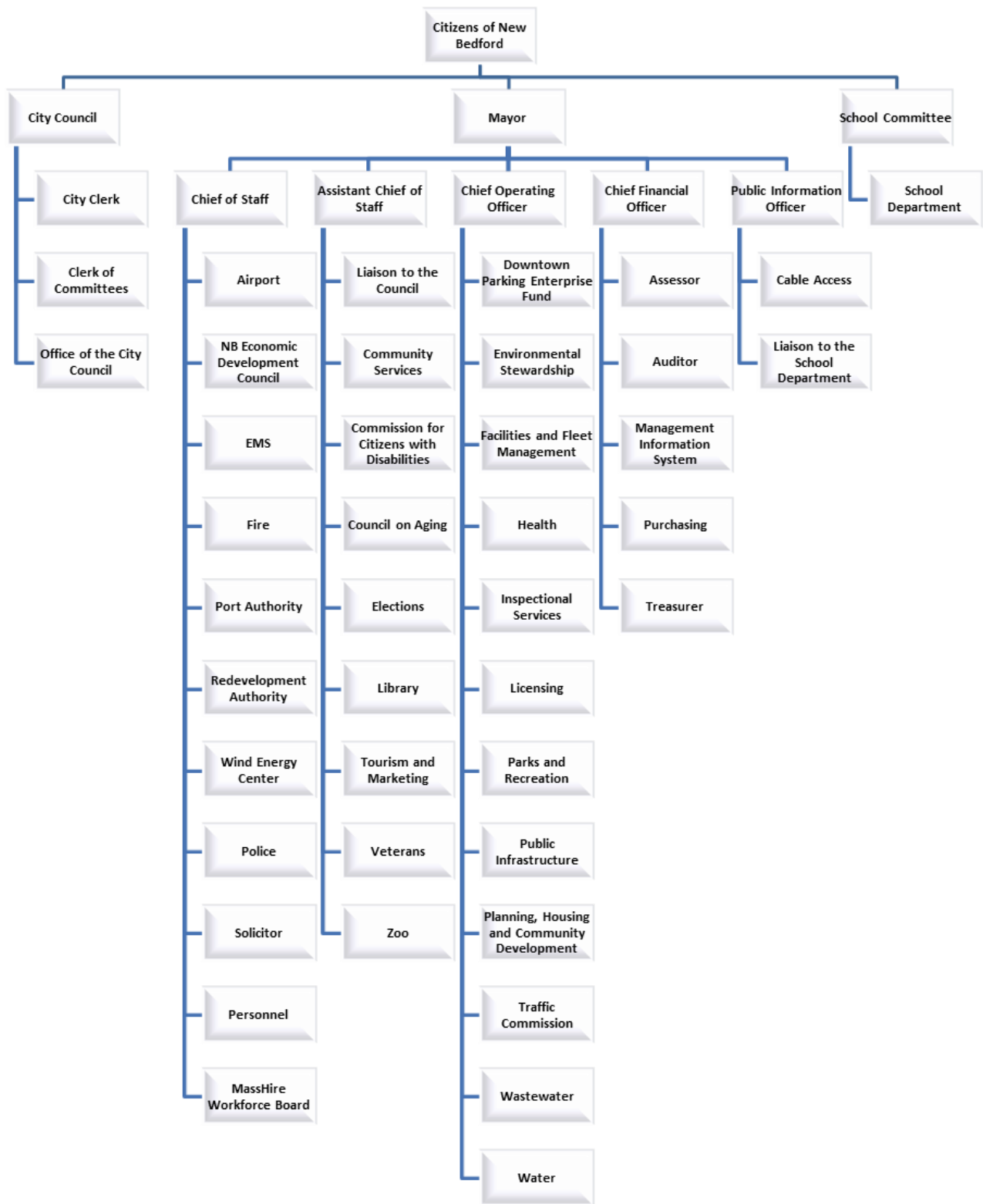
---

Robert W. Ekstrom  
City Auditor

---

Ari J. Sky  
Chief Financial Officer

## Organizational Chart of City Government



## List of Elected and Appointed Officials

as of June 30, 2019

### Mayor

Jonathan F. Mitchell

### City Council Members

Linda M. Morad	City Council President, Councilor at Large
Ian Abreu	Councilor at Large
Naomi R.A. Carney	Councilor at Large
Debora Coelho	Councilor at Large
Brian K. Gomes	Councilor at Large
Linda M. Morad	Councilor at Large
William Brad Markey	Councilor Ward 1
Maria E. Giesta	Councilor Ward 2
Hugh Dunn	Councilor Ward 3
Dana Rebeiro	Councilor Ward 4
Scott J. Lima	Councilor Ward 5
Joseph P. Lopes	Councilor Ward 6

### School Committee Members

Jonathan F. Mitchell	Chairperson, Ex-officio
Christopher A. Cotter	Vice Chairperson
Joshua Amaral	Committee Member
Colleen Dawicki	Committee Member
Joaquim B. Livramento, Jr.	Committee Member
Bruce J. Oliveira	Committee Member
John A. Oliveira	Committee Member

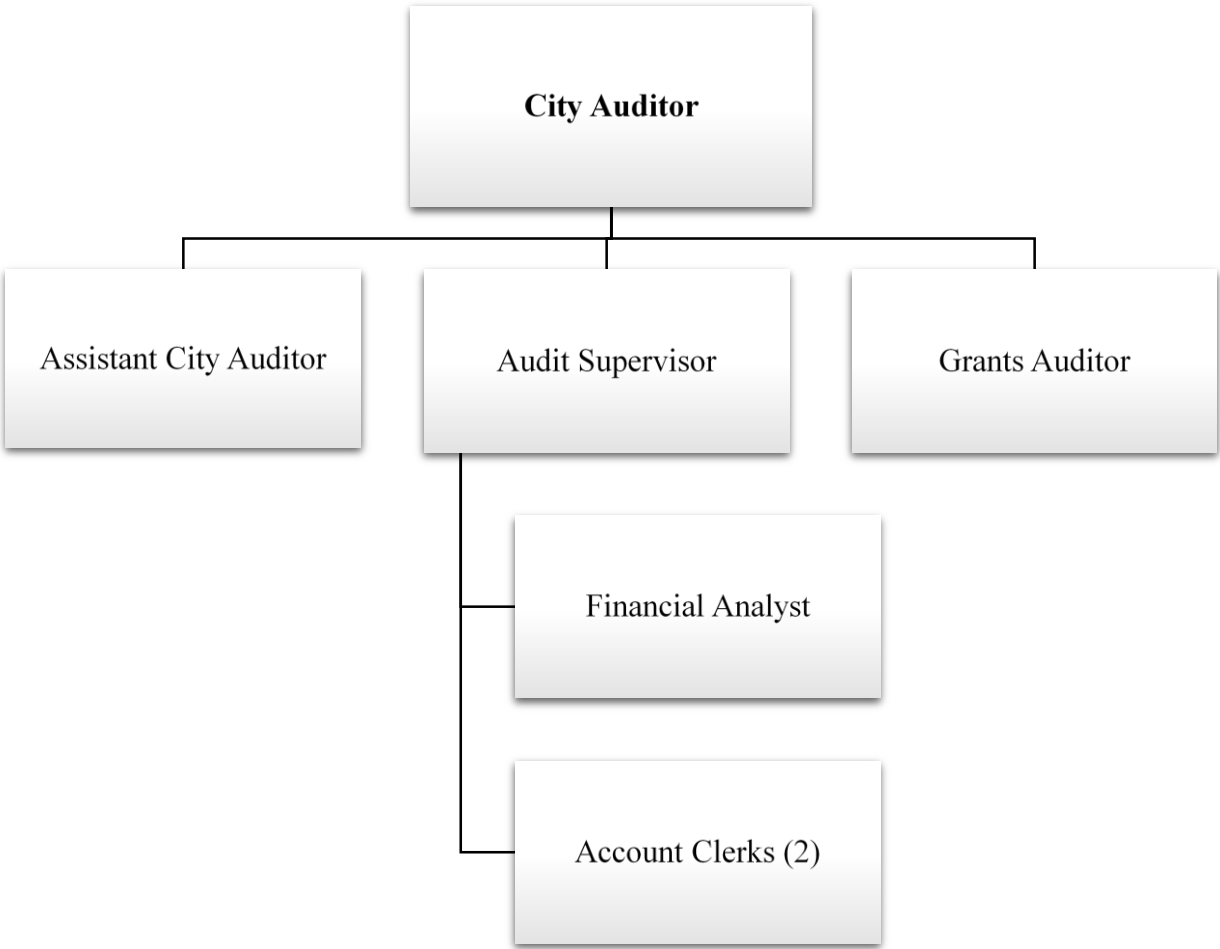
### Appointed Administrative Officers, General Government

Ari J. Sky	Chief Financial Officer
Mikaela McDermott	City Solicitor
Dennis W. Farias	City Clerk
R. Renee Fernandes	City Treasurer and Collector
Robert W. Ekstrom	City Auditor

### Appointed Administrative Officers, School Department

Thomas Anderson	Superintendent of Schools
Andrew O'Leary	Business Manager

Organizational Chart of the Office of the City Auditor



## List of Office of the City Auditor Personnel

as of June 30, 2019

**Robert W. Ekstrom**, City Auditor

Brennan Morsette	Assistant City Auditor
Jennifer Vieira	Audit Supervisor
Ana de Barros	Grants Auditor
Sonia Monchique	Financial Analyst
Kathleen Savage	Account Clerk
Teresa Alves	Account Clerk

*This page left intentionally blank*



# Financial Section

# HAGUE, SAHADY & CO., P.C.

CERTIFIED PUBLIC ACCOUNTANTS  
126 President Avenue  
Fall River, MA 02720  
TEL. (508) 675-7889  
FAX (508) 675-7859  
[www.hague-sahady.com](http://www.hague-sahady.com)

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

## Independent Auditor's Report

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major governmental fund, each major enterprise fund, and the aggregate remaining fund information of the City of New Bedford, Massachusetts ("the City"), as of and for the year ended June 30, 2019 and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditor's Responsibility*

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### *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 governmental fund, each major enterprise fund, and the aggregate remaining fund information of the City of New Bedford, Massachusetts, as of June 30, 2019, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.



**Other Matters*****Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the schedules listed under Required Supplementary Information in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining, individual fund statements and schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining, individual fund statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining, individual fund statements and schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated January 22, 2020, on our consideration of the City of New Bedford, Massachusetts' 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of New Bedford, Massachusetts' internal control over financial reporting and compliance.

*Hague, Sahady & Co., CPAs, P.C.*

**Hague, Sahady & Co., CPAs, P.C.**

Fall River, Massachusetts

January 22, 2020

## Management's Discussion and Analysis

The City of New Bedford, Massachusetts (City) is providing the following Management's Discussion and Analysis as a narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2019. This discussion should be read in conjunction with the information presented within the City's Comprehensive Annual Financial Report (CAFR).

### FINANCIAL Highlights:

- On a government-wide basis, net position within the City's primary government increased \$5.2 million during fiscal year 2019, to a deficit of (\$365.8) million as of June 30, 2019. The deficit is primarily attributable to \$1,110.3 million of noncurrent liabilities and deferred inflows that are not immediately recoverable through annual revenue, partially offset by \$649.3 million in noncurrent assets and deferred outflows largely acquired through noncurrent liabilities. Net position among component units increased \$4.5 million, to \$70.9 million at June 30, 2019, which is principally comprised of \$20.7 million in restricted cash held by the Greater New Bedford Regional Refuse Management District and \$29.8 million of land owned by the New Bedford Harbor Development Commission.
- Fund balances among governmental funds increased \$9.3 million to \$75.6 million at June 30, 2019. The General Fund, representing 76.1% of all governmental fund expenditures, reported a \$1.5 million increase in its fund balance to close at \$28.6 million at June 30, 2019, representing 7.8% of total annual expenditures and transfers out.
- Enterprise funds net position increased \$7.9 million, to \$18.7 million at June 30, 2019, primarily due to the transfer of \$9.3 million in water and downtown parking capital assets, net of associated long-term debt used to finance construction of the capital assets.

## OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements, which are comprised of the government-wide financial statements (pages 20-23), fund financial statements (pages 24-35), and notes to the financial statements (pages 36-81). This report also contains other required supplementary information in addition to the basic financial statements (pages 82-96), unaudited combining and individual funds statements (pages 97-116), and unaudited statistical information (pages 117-143).

**Government-wide financial statements:** The government-wide financial statements include a statement of net position and a statement of activities, each designed to provide readers with a broad overview of the City's financial condition in a manner similar to a private-sector business. The statement of net position presents information on City assets, deferred outflows, liabilities, and deferred inflows, with differences between these amounts representing net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating. The statement of activities presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position 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 (e.g., uncollected taxes and earned but unused vacation leave).

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

- **Governmental activities**, which are those primarily supported by taxes, intergovernmental revenues, and local receipts. Most services normally associated with city government fall into this category, including general government, education, public safety, public works, community and economic development, and culture and recreation.
- **Business-type activities**, which are those primarily supported through user charges and fees. These include water treatment and distribution, municipal airport operations, and parking operations for a designated section of the downtown area.
- **Component units**, which are legally separate entities functioning independent of the City for which the City has financial accountability. For the most part, these entities operate similar to private sector businesses. The City's four component units are the Greater New Bedford Regional Refuse Management District and Harbor Development Corporation, both of which are reported as major component units; and the Greater New Bedford Workforce Investment Board and New Bedford Redevelopment Authority, each reported as nonmajor. Additional information about the City's component units is presented in the notes to the financial statements.

**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. Fund financial statements focus on individual parts of the City government, reporting the City's operations in more detail than the government-wide financial statements. All funds of the City belong to one of three fund-types, each using different accounting principles, as follows:

- **Governmental funds** account for most basic services provided by City government and are essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, the governmental funds financial statements focus on near-term inflows and outflows of spendable resources. They also focus on the balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the government's near-term financing requirements. Under this approach, which uses the flow of current financial resources measurement focus and the modified accrual basis of accounting, revenues are recorded when cash is received or when susceptible to accrual (i.e., measurable and available to liquidate liabilities of the current period). Expenditures are generally recorded when liabilities are incurred, except for those related to long-term liabilities that are recorded when they become due and payable. These statements provide a detailed short-term view of the City's financial health to assist in determining the adequacy of financial resources available to meet current needs.

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 to 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 this comparison. These reconciliations are presented on the pages immediately following each governmental fund financial statement.

The City's three major governmental funds are the General, Wastewater, and HOME Investment Partnership Program funds. Non-major governmental funds include special revenue, capital projects, and permanent trust funds and are aggregated in the governmental funds' financial statements, which can be found on pages 24-29. Combining schedules discretely presenting non-major governmental funds are included as non-required supplementary information on pages 100-105.

The General Fund and Wastewater Fund are the only governmental funds for which a budget is legally adopted. The General Fund budget is prepared on a "budgetary" basis instead of U.S. generally accepted accounting principles (GAAP). Among the key differences between these two sets of accounting principles are that: property taxes are recorded as levied under the budgetary basis, but as they become susceptible to accrual under GAAP; certain transactions are recorded in the General Fund under the budgetary basis but in separate funds under GAAP; and amounts raised to cover prior year deficits or raised from prior year surpluses are recorded as expenditures or revenues, respectively, under the budgetary basis but are not recorded under GAAP. Schedule of revenue and expenditures comparing original and final budgets to actual expenditures on the budgetary basis for both the General and Wastewater funds are presented as required supplementary information on pages 82-89, followed by a reconciliation of budgetary to GAAP financial statements.

- **Proprietary funds** account for activities operating more like those of commercial enterprises. Like the government-wide financial statements, proprietary fund financial statements use the economic resources measurement focus and accrual basis of accounting. There are two types of proprietary funds. *Enterprise funds* provide the same type of information as the business-type activities of the government-wide financial statements, only in more detail. The City uses enterprise funds to account for its water, municipal airport, and downtown-area parking operations, with a separate annual budget adopted for each. The *internal service fund* accumulates and allocates medical claims incurred by employees and retirees of the City or agencies of the City. Therefore, this fund is presented as a governmental activity in the government-wide financial statements. The proprietary funds financial statements can be found on pages 30-33.
- **Fiduciary funds** account for resources held for the benefit of parties outside City government. Fiduciary funds are not reflected in the government-wide financial statements because their resources are not available to support the City's own programs. Similar to proprietary funds, fiduciary funds financial statements use the economic resources measurement focus and accrual basis of accounting. The City's fiduciary funds include the New Bedford Contributory Retirement System, Other Postemployment Benefits (OPEB) Trust Fund, and private purpose trust and agency funds, which include deposits held and administered by the City on behalf of third parties. The fiduciary funds financial statements can be found on pages 34-35.

**Notes to the financial statements:** The notes on pages 36-81 provide additional information essential to a full understanding of the data provided in the government-wide and fund financial statements.

**Other information:** In addition to the basic financial statements, this report presents certain required supplementary information and other supplementary information demonstrating the City's compliance with legally-adopted budgets for its General, Wastewater, Water, Airport, and Downtown Parking funds.

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

### Net position:

The City's net position was in deficit balances of (\$365.1) million and (\$371.0) million as of June 30, 2019 and 2018, respectively, as liabilities and deferred inflows exceeded assets and deferred outflows each year. The table below summarizes net position for both governmental and business-type activities.

Summary of Net Position as of June 30, 2019 and 2018 (in millions)						
	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
ASSETS:						
Current	\$ 171.3	\$ 170.1	\$ 11.3	\$ 8.5	\$ 182.6	\$ 178.6
Non-current	29.8	35.3	0.2	0.3	30.0	35.6
Capital	461.0	440.6	84.5	74.1	545.5	514.7
Total assets	662.1	646.0	96.0	82.9	758.1	728.9
DEFERRED OUTFLOWS OF RESOURCES	70.1	71.1	3.7	3.7	73.8	74.8
TOTAL ASSETS & DEFERRED OUTFLOWS	732.2	717.1	99.7	86.6	831.9	803.7
LIABILITIES:						
Current	83.8	84.7	3.6	3.1	87.4	87.8
Non-current	1,025.6	988.8	76.9	71.4	1,102.5	1,060.2
Total liabilities	1,109.4	1,073.5	80.5	74.5	1,189.9	1,148.0
DEFERRED INFLOWS OF RESOURCES	7.2	25.4	0.6	1.3	7.8	26.7
TOTAL LIABILITIES & DEFERRED INFLOWS	1,116.6	1,098.9	81.1	75.8	1,197.7	1,174.7
NET POSITION:						
Net investment in capital assets	279.3	255.8	49.8	42.5	329.1	298.3
Restricted	43.5	48.2	6.5	5.8	50.0	54.0
Unrestricted	(707.2)	(685.8)	(37.7)	(37.5)	(744.9)	(723.3)
Total net position	\$ (384.4)	\$ (381.8)	\$ 18.6	\$ 10.8	\$ (365.8)	\$ (371.0)
(Differences may exist due to rounding)						

The largest portion of the City's net position reflects its investment in capital assets less outstanding debt used to acquire those assets. The City uses capital assets to provide services to its residents, and they are therefore not available for future spending. Although the City's investment in 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.

Deficit balances reported in the City's unrestricted net position for both its governmental and business-type activities as of June 30, 2019 and 2018 are mainly the result of recording liabilities for its proportionate share of the New Bedford Contributory Retirement System's NPL as prescribed by GASB Statement No. 68 and described further in Note 9 to the financial statements (page 57), and its NOL in accordance with GASB Statement No. 75, described in Note 10 (page 64).

**Changes in net position:**

*Governmental activities* decreased the City's net position by (\$2.6) million in fiscal year 2019 and increased net position by \$12.1 million in 2018, as summarized in the table below.

Summary of Changes in Net Position as of June 30, 2019 and 2018 (in millions)						
	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
<b>REVENUES:</b>						
Program revenues:						
Charges for services	\$ 58.5	\$ 55.1	\$ 17.4	\$ 15.6	\$ 75.9	\$ 70.7
Operating grants & contributions	222.9	213.6	0.1	0.1	223.0	213.7
Capital grants & contributions	32.0	28.6			32.0	28.6
General revenues:					-	-
Property taxes	124.1	117.3			124.1	117.3
Motor vehicle excise taxes	8.3	9.6			8.3	9.6
Tax liens, fines, and other	3.0	3.8			3.0	3.8
Intergovernmental	23.8	25.1			23.8	25.1
Earnings on investments	2.4	0.8	0.4		2.8	0.8
Other	5.3	2.9	0.2	0.1	5.5	3.0
Total revenues	480.3	456.8	18.1	15.8	498.4	472.6
<b>PROGRAM EXPENSES:</b>						
General government	34.2	35.1		-	34.2	35.1
Public safety	75.4	70.4		-	75.4	70.4
Public works	34.2	33.2		-	34.2	33.2
Education	304.7	283.0		-	304.7	283.0
Community & economic development	6.3	6.3		-	6.3	6.3
Health and human services	7.4	4.1		-	7.4	4.1
Municipal airport		3.8	2.7	2.5	2.7	6.3
Culture and recreation	8.7	8.8		-	8.7	8.8
Interest on debt service	6.7	7.3		-	6.7	7.3
Water		-	12.0	11.4	12.0	11.4
Traffic		-	0.8	0.7	0.8	0.7
Total program expenses	477.6	452.0	15.5	14.6	493.1	466.6
Change in net position before transfers and special items	2.7	4.8	2.6	1.2	5.3	6.0
<b>TRANSFERS AND SPECIAL ITEMS:</b>						
Transfers	(5.3)	11.6	5.3	(11.8)	-	(0.2)
Special items		(4.3)		-	-	(4.3)
Changes in net position	(2.6)	12.1	7.9	(10.6)	5.3	1.5
Net position, beginning of year	(381.8)	(393.9)	10.8	21.4	(371.0)	(372.5)
Net position, end of year	\$ (384.4)	\$ (381.8)	\$ 18.7	\$ 10.8	\$ (365.7)	\$ (371.0)

(Differences may exist due to rounding)

The primary driver for the 2019 decrease was the \$5.3 million transfer of downtown parking garage improvements from a governmental to a business type activity, which represented a net position decrease to the former and increase to the latter. Partially offsetting this, revenues exceeded program expenses by \$2.7 million due to medical claims expenditures, which were \$2.5 million less than anticipated when the tax levy was set. During 2018, bonded debt of \$7.8 million was transferred from a governmental to a business-type activity, accounting for a substantial portion of the prior year's increase in net position.



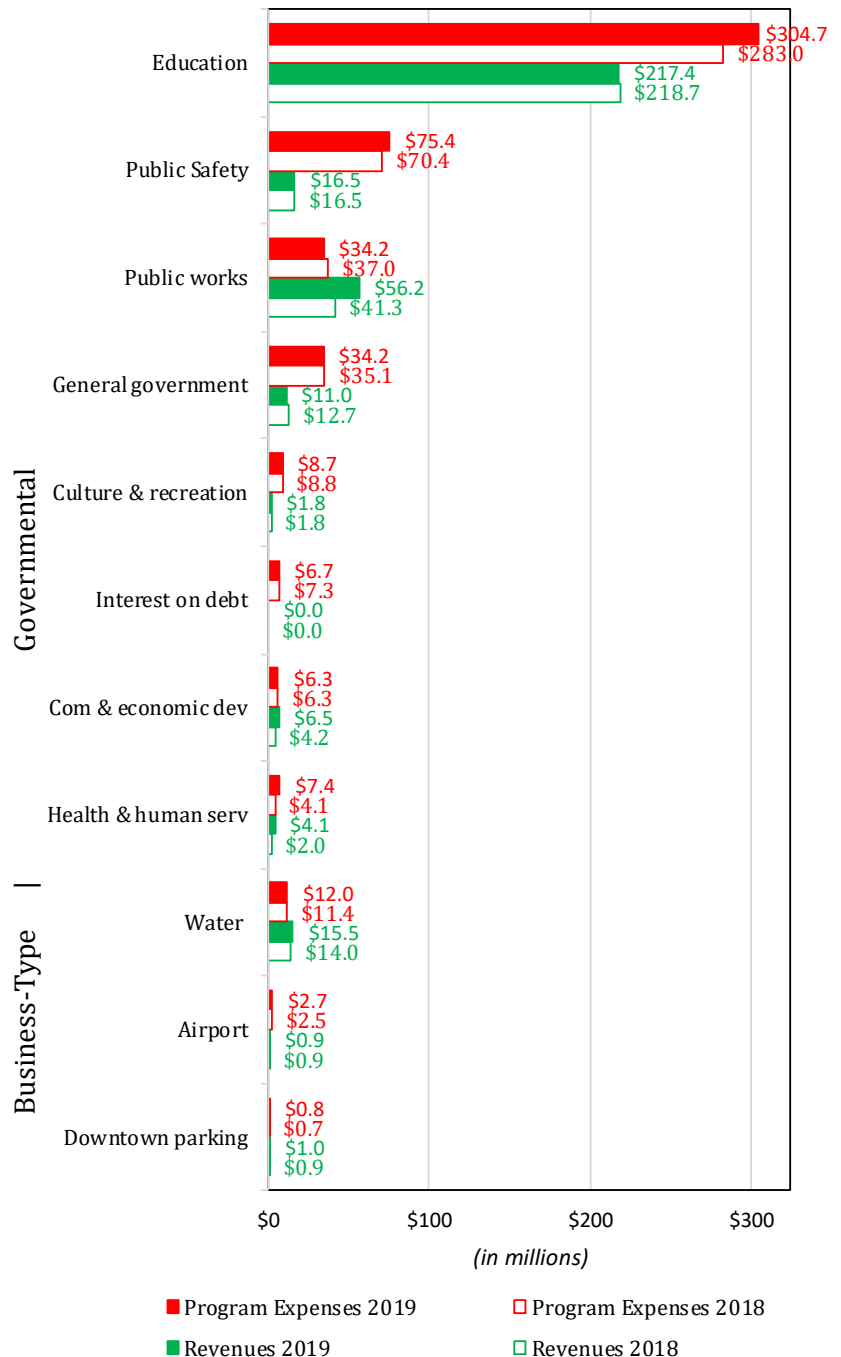
*Business-type activities* increased net position by \$7.9 million in fiscal year 2019 and decreased net position by (\$10.6) million in 2018, as summarized in the table on the previous page. The primary driver was the \$5.3 million transfer of parking garage improvements from governmental activities. Additionally, revenue exceeded program expenses by \$3.6 million, up from a \$1.2 million increase the year before. User charges increased 11.5% after the third of three consecutive annual water rate hikes. The 2018 decrease in net position was primarily attributable to the transfer from governmental activities of \$7.8 million in bonded debt.

### Activities by function:

Education continues to be the largest function of City government, accounting for \$304.7 million, or 63.8%, of combined governmental and business-type program expenses. It's also the largest beneficiary of non-tax revenue sources, receiving \$217.4 million, or 71.3% of expenses, from user fees, contributions, and grants. Fiscal year 2019 net program expenses were \$87.3 million, an increase of \$23.0 million, or 35.8%, over 2018 as the Chapter 70 net school spending formula resulted in required spending increases while revenue sources decreased \$1.3 million year-over-year.

Program expenses for all other governmental activities totaled \$172.9 million, of which \$96.1 million, or 55.6% of expenses, was funded through non-tax sources. Net program expenses of \$76.8 million decreased \$13.7 million, or 15.1%, from 2018, led by decreased medical costs.

Business-type activities are intended to be self-sufficient. In fiscal year 2019, non-tax revenues exceeded program expenses by \$1.9 million, which represented a 46.2% improvement over 2018, the combined effect of the transfer of parking garage improvements and a third annual water rate increase.



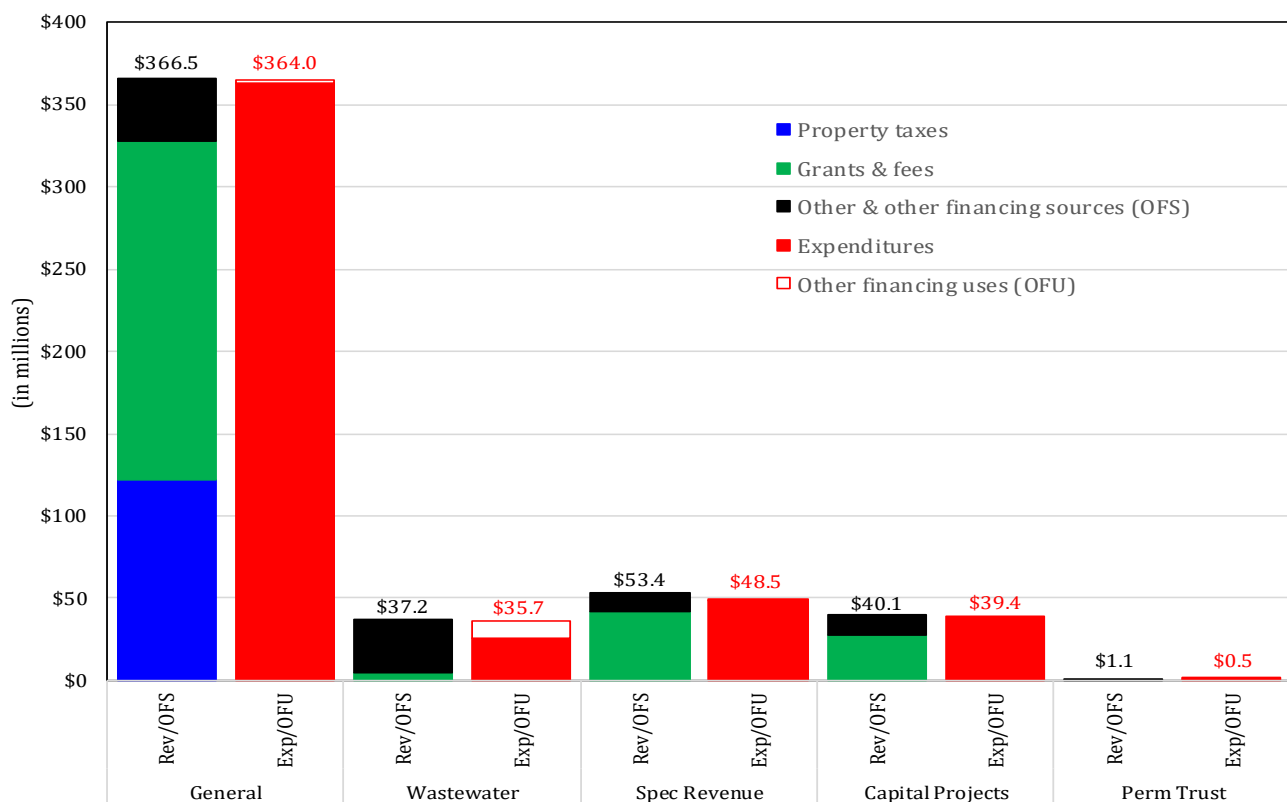
## GOVERNMENT FUNDS FINANCIAL ANALYSIS

This analysis is based on the City's governmental, proprietary, and fiduciary 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, particularly in unassigned fund balance, which serves as a useful measure of the City's financial position at the end of each fiscal year.

Combined fund balance of all governmental funds reached \$75.6 million at June 30, 2019, an increase of \$9.3 million during the year. Total revenues and other financing sources (OFS) of \$498.4 million were \$8.3 million, or 1.7%, higher than in 2018, while expenditures and other financing uses (OFU) rose \$14.1 million, or 3.0%, to \$489.1 million. The table below shows fiscal year 2019 activity for each governmental fund.



**Governmental Funds, FY 2019**

Of total fund balance, \$77.4 million is either nonspendable, restricted, committed, or assigned, while unassigned fund balance reported a deficit of (\$1.8) million, which is an improvement of \$2.8 million over the previous year. This deficit is the residual effect of a reclassification of \$6.0 million of land inventory acquired through tax foreclosures from unassigned to nonspendable fund balance. A breakdown of the components within each category of fund balance is presented in Note 15 to the financial statements.



The General Fund, as the chief operating fund of the City, accounts for 73.8% of all governmental funds revenues and OFS, and 74.6% of all expenditures and OFU. General Fund revenues and OFS of \$366.5 million were \$11.0 million, or 3.0%, higher than the prior year, led by a \$7.5 million increase in grants, primarily Chapter 70 State aid, and \$4.5 million from real and personal property taxes. Expenditures and OFU of \$356.4 million increased \$7.6 million, or 2.1%, led by a \$6.1 million rise in education as a result of additional Chapter 70 aid and increased expenditures to comply with the City's net school spending target. Additionally, the annual required contribution to the City's pension plan increased \$1.1 million, while state and county assessments increased \$1.0 million. Partially offsetting these, healthcare costs decreased (\$0.8), reflecting a decline in utilization among covered employees and retirees. Over the course of 2019, total fund balance increased \$1.5 million to \$28.6 million, which represents 7.9% of expenditures and OFU. Of this, \$3.0 million was transferred into stabilization funds, accounting for the increase in committed fund balance and a corresponding reduction in unassigned fund balance, which stood at \$9.5 million as of June 30, 2019.

The Wastewater Fund is the next largest single governmental fund, accounting for the collection and treatment of wastewater throughout the City. Revenues and OFS of \$37.2 million were \$4.4 million, or 13.4%, higher than in 2018, largely due to a third consecutive annual sewage rate increase. Expenditures and OFU of \$35.7 million were \$3.2 million, or 9.8% higher, attributable to contractual increases in wastewater plant operations and in sludge disposal. Fund balance rose \$1.5 million, or 18.5%, during fiscal year 2019 to close at \$9.7 million on June 30, 2019.

Effective in fiscal year 2019, the City's HOME Investment Partnership Program, which receives funding from the U.S. Department of Housing and Urban Development for affordable housing for low-income families, has been recognized as a major governmental fund. Revenues from Federal grants and homeowner repayments during 2019 exceeded expenditures to nonprofit partners by \$0.5 million. Fund balance at June 30, 2019 was \$2.2 million, a 29% year-over-year increase.

Including HOME, special revenue funds combined for \$53.4 million in revenues and OFS, down \$2.8 million, or 5.2%, from fiscal year 2018, while expenditures and OFU of \$48.5 million rose \$1.6 million, or 3.4%, over the prior year. Fund balance increased \$4.9 million, or 16.2%, to \$35.2 million at June 30, 2019. Fund balances of substantially all special revenue funds are restricted for uses intended by grantors, donors, or revolving fund purposes.

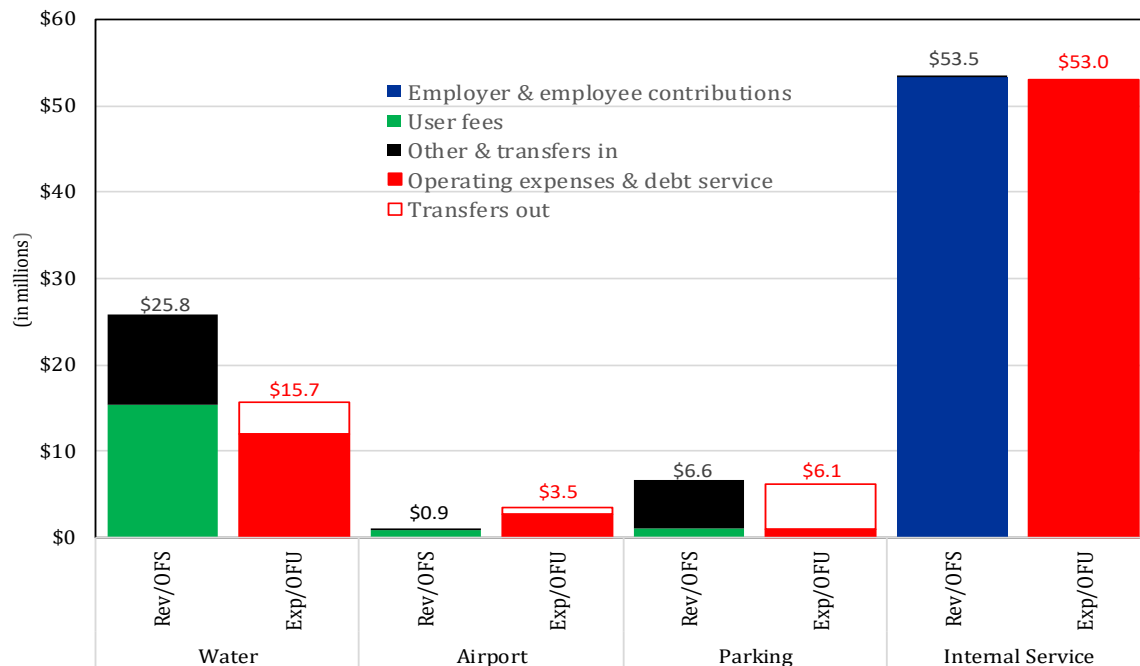
Capital projects revenues and OFS totaled \$40.1 million, which was (\$6.9) million, or (14.7%), below the prior year. Expenditures and OFU of \$39.4 million were \$0.6 million, or 1.5%, higher. The revenue decrease reflects diminished activity in accelerated repair programs undertaken in the City's elementary schools as they approach completion. The net fund balance deficit at June 30, 2019 was (\$7.3) million, which was a \$0.7 million improvement from the prior year's net deficit. Deficits are primarily the result of time lags between completion of projects and issuance of bonds used to finance them, which will eventually balance before a project is closed and transferred to the General Fixed Assets Account Group or to a beneficiary enterprise fund.

Fund balances in permanent trust funds increased \$0.6 million, or 6.8%, to \$9.4 million as of June 30, 2019. All fund balances in permanent trust funds are nonspendable or restricted.

### Proprietary funds:

The City's proprietary funds consist of enterprise funds for water, airport, and downtown parking operations, and one internal service fund for the City's self-insured health plans. The enterprise funds provide the same type of information as the business-type activities of the government-wide financial statements, only in more detail. The internal service fund primarily services governmental-type funds and is therefore categorized as a governmental activity.

As of June 30, 2019, enterprise funds had a net position of \$18.7 million, which was \$7.9 million higher than a year ago. The internal service fund's net position of \$4.0 million was \$0.5 million higher than the prior year. Changes in each fund's net position are summarized in the table below.



### Proprietary Funds, FY 2019

Total enterprise funds revenue and OFS was \$33.2 million, an increase of \$14.3 million, or 79.5%, from 2018, while expenditures and OFU totaled \$25.3 million, a decrease of (\$3.8) million, or (13.1%). In 2019, \$14.7 million of capital assets related to water system improvements and renovations to a downtown parking garage, both net of long-term debt used in financing construction, were transferred to the Water and Downtown Parking enterprise funds, respectively. As of June 30, 2019, \$6.5 million and \$0.1 million was held in water and airport stabilization funds, respectively, representing aggregate growth of \$0.8 million, or 13.8%, over the previous year.

The increase in the internal service fund's net position is the result of favorable timing differences in accruals for incurred but not reported claims at year-end. The City maintains self-insured health insurance plans for its employees and invoices departments on a claims-incurred basis. As of June 30, 2019, net position was 10.1% of the employer share of annual medical claims and administrative fees.

***Fiduciary funds:***

Fiduciary funds are held in trust for the benefit of external entities and cannot be used to fund City operations. However, the City has potential obligations to the extent of the NPL of its pension plan and net OPEB liability (NOL) of its OPEB trust fund, neither of which are presented in fiduciary fund financial statements. Accordingly, a discussion of the financial health of these fiduciary funds is useful in the understanding of the financial statements. Liabilities associated with pension and OPEB trust funds are based on actuarial studies and represent estimates of future potential liabilities incorporating a set of known factors at the time the studies were completed. Copies of the most recent actuarial valuation studies for both pension and OPEB plans, dated December 31, 2017 and June 30, 2018, respectively, are available by contacting the Office of the Chief Financial Officer, 133 William Street, New Bedford, MA 02740.

**Pension plan:**

The City is the largest of five employers participating in the New Bedford Contributory Retirement System (Plan), whose fiscal year ended December 31, 2018. The Plan's total pension liability as of that date was \$725.2 million, an increase of \$14.0 million, or 19.7%, over the previous year, while its net position decreased \$24.1 million, or 7.2%, to \$312.2 million. The Plan's net pension liability on December 31, 2018 was \$413.0 million, of which \$359.8 million, or 87.1%, represented the City's proportionate share.

Plan assets lost (4.4%) during calendar 2018 compared to gains of 19.3% the year before, primarily the result of bearish equity markets, where 52% of the Plan's assets are invested. Domestic, international, and emerging markets posted respective losses of (6.8%), (13.5%), and (16.7%) during 2018, the majority occurring in the last calendar quarter. For the six months ended June 30, 2019, these same markets increased by 19.9%, 14.4%, and 11.8%, respectively, to lift aggregate returns to 6.2% during fiscal year 2018. Plan fiduciary net position was at 43.1% of total pension liability as of December 31, 2018, a year-over-year drop of 4.8 percentage points, the combined effect of adverse investment performance and increasing total pension liabilities. Note 9 to the financial statements (page 57) and the required supplementary information on pages 90-92 provide further detail on the Plan and the City's employer liabilities.

**Other post-employment benefits plan:**

To address its obligations associated with providing post-employment benefits to retirees, the City established a single-employer OPEB trust fund in February 2016 with an initial contribution of \$0.8 million. In November of that year, an OPEB Trust Fund funding policy was adopted that requires a minimum of 10% of each year's certified free cash be transferred to this fund. As a result, fiduciary net position has now nearly tripled, reaching \$2.2 million as of June 30, 2019.

During fiscal year 2019 net expenses exceeded the City's contributions by \$19.2 million, thereby increasing net OPEB liability to \$526.5 million on June 30, 2019. Note 10 to the financial statements (page 64) and the required supplementary information on pages 94-95 provide further detail on the OPEB trust fund and the City's employer liabilities.

## Budgetary Highlights

### ***General Fund adopted vs. revised budgets:***

The City adopted a fiscal year 2019 General Fund budget totaling \$338.6 million, which was \$15.1 million, or 4.7%, higher than in fiscal year 2018. The 2019 adopted budget consisted of \$319.5 million in City Council appropriations and \$19.0 million in estimated State and county assessments.

During the year, adjustments of \$5.9 million increased the revised budget to \$344.5 million. Those adjustments are summarized as follows:

- Increase of \$2.6 million to fund transfers to stabilization funds using an appropriation from the \$4.5 million of free cash certified as of July 1, 2018.
- Increase of \$0.5 million to fund a transfer to the City's OPEB fund using an appropriation from the \$4.5 million of free cash certified as of July 1, 2018.
- Increase of \$1.485 million to fund capital equipment purchases, primarily in Police and Public Infrastructure using an appropriation of the remaining free cash certified as of July 1, 2018.
- Increase of \$0.7 million to fund the carryover of encumbrances against fiscal year 2018 appropriations.
- Increase of \$0.7 million to fund general government operations using transfers from various special revenue funds.

### ***General Fund actual results vs. revised budget:***

General Fund operations generated a budgetary surplus of \$3.6 million in fiscal year 2019, the net result of \$5.0 million of favorability in expenditures offset by (\$1.4) million in revenue shortfalls.

Expenditure favorability was led by medical claims, which were \$2.5 million favorable as a result of decreased utilization of the City's self-insured medical claims trust fund; \$1.1 million in public works, primarily due to deferral of capital expenditures; \$0.5 million in Cherry Sheet assessments from the Commonwealth of Massachusetts; \$0.3 million in veteran's benefits, reflecting a decrease in beneficiaries due to mortality or relocation; and \$0.3 million in public safety, primarily from deferred capital expenditures in emergency medical services.

Revenue unfavorability was comprised of (\$0.8) million less from indirect costs assessed to enterprise funds and (\$0.5) million from health insurance reimbursements, both due to declines in medical utilization; and (\$0.3) million from penalties and interest, reflecting more aggressive collection procedures implemented by the City Collector. Real and personal property tax collections represented 98.8% of the January 1, 2019 tax levy, resulting in an unfavorable variance of (\$0.2). The City's annual budget is adjusted to 100% of the current year tax levy upon the Massachusetts Department of Revenue's approval of tax rates each December, so variances arise from the amount by which current year delinquencies exceed or are less than amounts collected from prior years' assessments.

## Capital Assets and Debt Administration

### Capital assets:

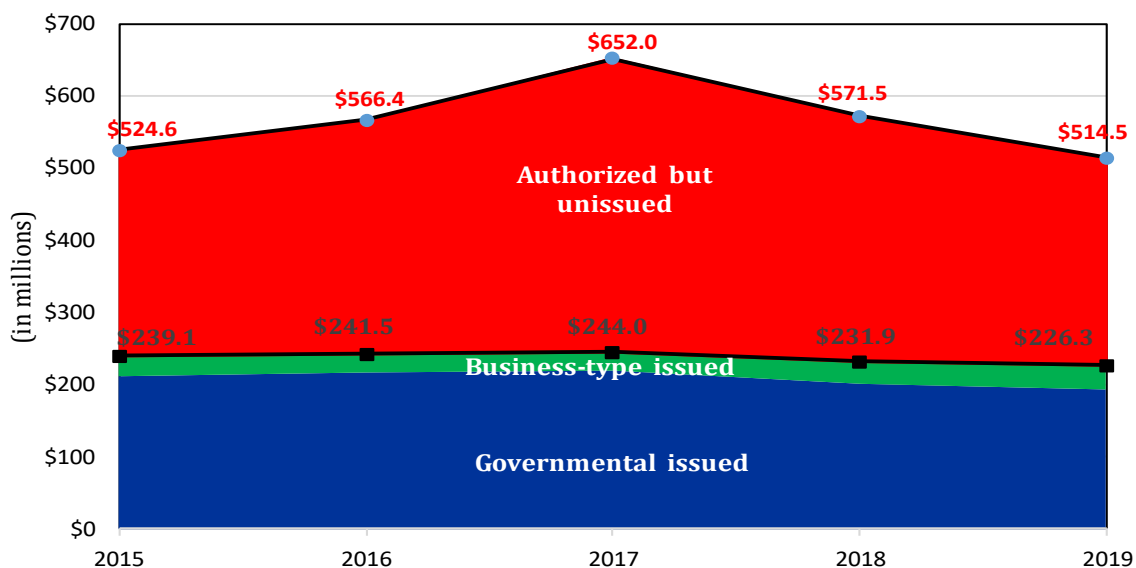
At June 30, 2019, capital assets totaled \$545.5 million net of accumulated depreciation, an increase of \$23.6 million, or 4.5%, over the prior year. Net capital assets used in governmental activities and business-type activities increased by \$13.3 million and \$10.3 million, respectively. The increase in governmental net capital assets reflected the City's continued investment in its infrastructure. During the year, \$41.9 million was spent in ongoing construction and infrastructure projects, while \$63.6 million of completed projects were placed in service, including \$15.2 million in water and airport construction projects and parking garage renovations that were transferred to the respective business-type activities they benefit. Additional information on the City's capital assets can be found in Note 8 to the financial statements (page 56).

### Short- and long-term debt:

The City's debt is composed of bonds, bond anticipation notes (BANs), capital lease-purchases, and accrued compensated absences. Combined debt totaled \$260.5 million at June 30, 2019, representing an (\$8.8) million, or (3.4%), decrease from last year. Short- and long-term debt incurred for business-type activities increased \$2.8 million but decreased by (\$11.6) million for governmental activities. In 2019, \$3.2 million in bonds used to finance parking garage renovations was reclassified to business-type from governmental, partially explaining the increase to the former and decrease to the latter.

Bond anticipation notes (BANs), bonds, and State agency notes totaled \$226.3 million as of June 30, 2019, a (2.4%) decline from last year and the lowest in the past five years as depicted in the graph below. Total BANs, bonded debt, and State agency notes were \$192.0 million and \$34.3 million for governmental and business-type activities, respectively. As of June 30, 2019, the City had \$288.2 million of remaining bond authorizations. Additional information on long-term debt is included in Note 14 on page 72.

**Bonded debt issued and unissued  
(FY 2015 - 2019)**



## Economic Factors and Next Year's Budget and Rates

Sustained growth in New Bedford's economy is expected to continue through fiscal year 2020 and provides the basis for revenue streams necessary to fund 2020 appropriations. The City is required to legally adopt budgets for its General Fund and Wastewater Fund, each of which is reported as a governmental fund-type in the accompanying financial statements, and for its Water, Airport, Cable Access, and Downtown Parking enterprise funds, each of which is reported as a proprietary-fund-type. Economic factors do not generally affect funds beyond those under legal budgetary control because spending is capped to available revenue sources that mitigates the risk of shortfalls, so these funds will not be discussed further.

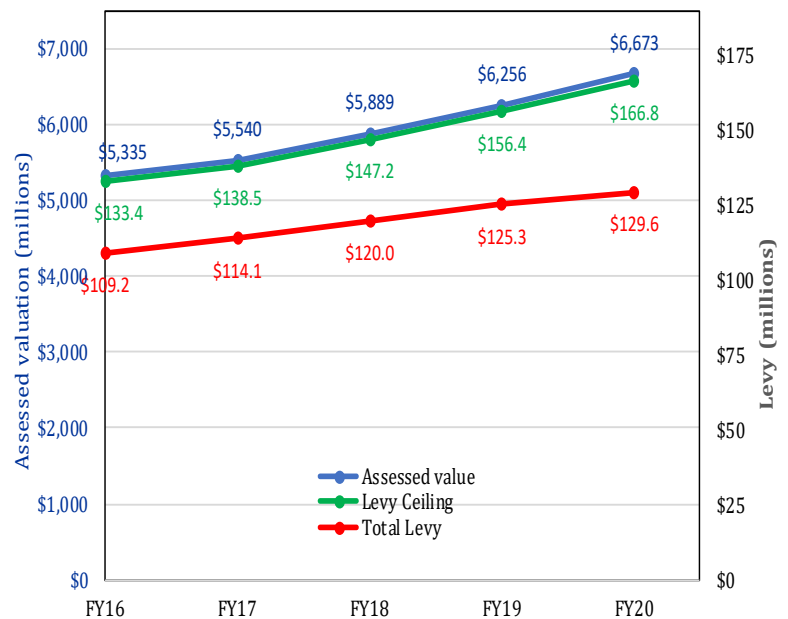
### General fund:

In June 2019, the City Council adopted a fiscal year 2020 expenditure budget that is \$12.2 million, or 3.6%, higher than the prior year's revised budget. This increase was primarily driven by education, with an additional \$8.9 million in funding for the School Department and \$4.0 million more in State assessments for School Choice and charter school tuitions. Additionally, pension plan contributions are increasing by \$1.7 million.

To balance this year's budget, management has elected to forego use of free cash appropriations and stabilization fund transfers, which had provided \$3.7 million in funding the prior year. In all, the General Fund must raise \$15.9 million in additional funding, of which \$14.3 million is expected from additional State aid, while local receipts and indirect cost billings are expected to drop \$0.4 million and \$1.2 million, respectively, leaving \$3.2 million to be raised from an increase to the annual tax levy.

Under Proposition 2½, Massachusetts communities generally cannot levy taxes in excess of 2.5% of assessed value (Levy Ceiling), so growth in property values is a key factor in the City's ability to finance government activities. As of December 31, 2019, assessed value of real and personal property reached \$6.67 billion, a ten-year high and 6.7% over the previous year. Assessed values have now increased in each of the last six years with a compounded annual growth rate of 5.8% over that period, fueled by a strong real estate market and new growth. According to the Warren Group, which tracks residential home sales, New Bedford's median sale price was \$240,000 through the first 11 months of 2019, 9.1% over the same period in 2018.

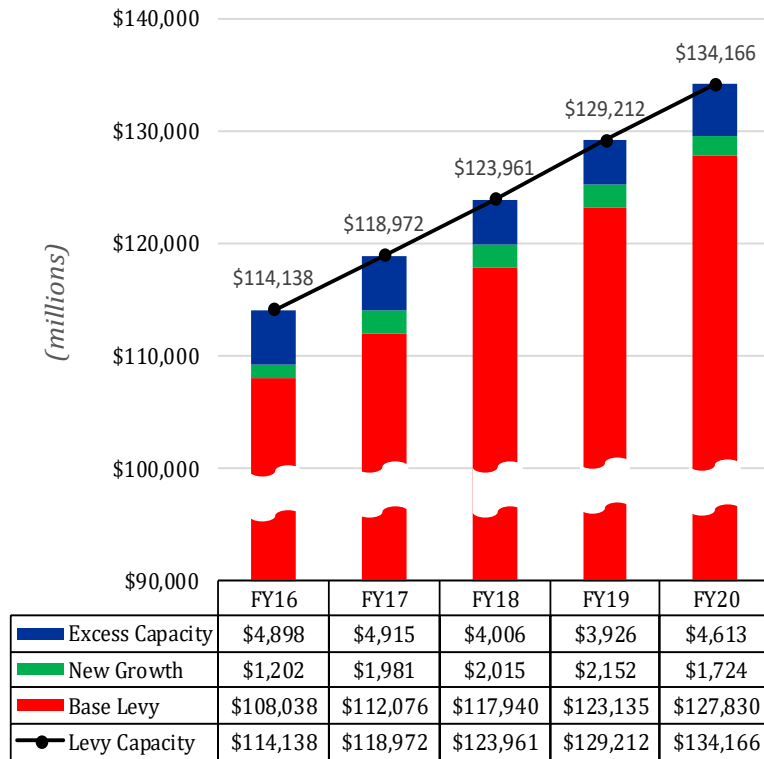
### Prop 2 1/2: Levy Ceiling



FY20's tax levy of \$129.6 million is \$37.2 million below the levy ceiling.



### Prop 2 1/2: Levy Limit



*FY 20's tax levy is also \$4.6 million below the levy limit.*

at \$129.6 million, which is \$4.3 million, or 3.4%, above the prior year, (\$37.2) million below the City's levy ceiling, and (\$4.6) million below its levy limit. Preservation of excess levy capacity is a key objective in establishing each year's tax levy. For fiscal year 2020, the excess levy capacity expanded \$0.7 million over the previous year.

Additional State aid of \$14.3 million in fiscal year 2020 is primarily composed of increases of \$11.7 million and \$2.0 million in Chapter 70 local school aid and charter school reimbursements, which will fund the aforementioned hike of \$12.9 million in forecasted education expenditures.

Finally, local receipts, which represent 9% of all General Fund revenue, will decrease by \$0.5 million, or 1.5%, from fiscal year 2019. This is primarily due to a \$0.5 million reduction in tax penalties and interest resulting from more aggressive collection procedures implemented by the City Collector, and \$0.3 million reductions in motor vehicle excise taxes, Medicaid reimbursements, and indirect cost billings, all the result of more conservative forecasts. Under the process established by Massachusetts law, tax levies sufficient to balance the fiscal year's budget must be finalized and tax rates set by December 31 after a comprehensive review of all revenues collected outside the tax levy. By conservatively forecasting local receipts, the risk of unanticipated increases to the tax levy should these forecasts not be realized is mitigated. Nevertheless, many sources of local receipts, including occupancy taxes, food and beverage taxes, and parking revenues, which in aggregate will increase \$0.5 million in 2020, are tied to the local economy and management is confident that these sources will continue to grow.

Additionally, municipalities cannot increase tax levies by more than 2.5% each year, excluding new growth and certain overrides and exemptions (Levy Limit). New growth factors heavily in the City's ability to finance governmental activities as it provides a dollar-for-dollar increase to the levy limit in the year in which it is first added to the tax rolls, in addition to the accretive effects on future levies. Calendar year 2019 construction activity with an assessed value of \$61 million added \$1.7 million to the December 31, 2019 levy limit. The number of new building permits issued, which has risen in each of the last five years, continues to remain strong. Permits valued at \$134 million were issued during fiscal year 2019, indicating continued construction into 2020 and beyond.

The tax levy at December 31, 2019 is

**Wastewater fund:**

Fiscal year 2020 budgeted expenditures represent a \$0.9 million, or 3.7%, increase above 2019. Charges and services primarily to consultants, engineering, treatment contracts, and electricity, account for \$1.6 million of the increase, followed by personal services, which are \$0.1 million higher. Partially offsetting these, a reduction of \$0.7 million in capital expenditures is planned for the year ahead. The additional expenditures will be funded through increased consumption, which is expected to rebound following three successive 8% annual increases in commodity rates, along with other across-the-board increases, the last of which was implemented on July 1, 2018.

**Enterprise funds:**

Budgeted expenditures in the City's Water Fund, which accounts for 89% of total enterprise funds appropriations, are \$0.7 million, or 4.1%, higher than in fiscal year 2019. The primary driver is debt service, which will increase \$2.0 million due to the transfer of bonds and long-term notes from capital projects funds as these projects are placed in service. Planned reductions of \$1.5 million in capital expenditures partially offsets this increase. Effective for the year ahead, medical claims costs and health insurance premiums are being reclassified as direct costs, accounting for a \$0.9 million increase in charges for services and an offsetting decrease in indirect costs. Similar to wastewater, water consumption is expected to rebound from three successive 11% across-the-board increases that were fully implemented by July 1, 2018.



*View of the 45 MGD Quittacas Treatment Plant in East Freetown, MA, from the opposite shore of one of five ponds that provide potable water to New Bedford. Quittacas distributed 3.7 billion gallons of potable water in 2019, a 7.2% decrease from a year earlier. However billed consumption is expected to rise in FY 2020 with the completion of meter interface unit retrofits designed to improve accuracy of readings. (Photo credit: Max T. Basson)*

Airport budgeted expenditures will increase by less than \$0.1 million, representing 4.7%, in fiscal year 2020. Following a December 2017 FAA certification that allows the airport to offer passenger jet service, fees for all services benefitting lessees and passengers are being increased through July 2020, and are expected to be sufficient to fund ongoing costs.

In the Downtown Parking fund, expenditures will increase \$0.1 million, or 17.7%, most of which is in capital expenditures for a signage and lighting study, lighting upgrades, and bluestone replacements in the historic Downtown District. Parking rates for downtown meters and at the City's public garages will be implemented as needed to fund these improvements.

Effective in fiscal year 2020, the City has recharacterized its Cable Access operations as an enterprise fund. Cable Access has been recorded as a special revenue fund through fiscal year 2019, and as such, has never required the adoption of a budget. For 2020, expenditures are budgeted at \$1.4 million and will be funded primarily through an agreement with Comcast, which shares a portion of its subscription revenue and provides the City an annual capital allotment.



## Requests for Information

This discussion and analysis is intended to provide a general overview of the City's financial results for all interested parties. Questions concerning any of the information provided here or throughout the entirety of this financial report, or requests for additional financial information, should be addressed to the Office of the Chief Financial Officer, 133 William Street, New Bedford, Massachusetts 02740.

## Statement of Net Position

### June 30, 2019

	Primary Government			Component Units			
	Governmental Activities	Business-Type Activities	Total	Greater New Bedford Regional Refuse Management District	New Bedford Harbor Development Commission	Non Major Component Units	Total Component Units
ASSETS							
Current assets							
Unrestricted cash and investments	\$ 82,461,177	\$ 3,543,821	\$ 86,004,998	\$ 2,220,515	\$ 2,485,825	\$ 207,846	\$ 4,914,186
Restricted cash and investments	19,427,212	6,506,368	25,933,580	20,700,035	-	-	20,700,035
Accounts receivable, net of allowance	34,307,225	1,223,083	35,530,308	442,115	-	17,700	459,815
Taxes receivable, net	13,876,867	-	13,876,867	-	-	-	-
Loans receivable, net	19,099,116	-	19,099,116	-	-	-	-
Due from other governments	-	-	-	4,327	128,211	856,200	988,738
Due from component units	1,400,790	-	1,400,790	-	-	-	-
Receivable from external parties	-	-	-	-	282,327	-	282,327
Inventories and prepaid expenses	26,373	-	26,373	47,962	-	8,892	56,854
Other assets - current	695,315	-	695,315	-	18,453	-	18,453
Total current assets	171,294,075	11,273,272	182,567,347	23,414,954	2,914,816	1,090,638	27,420,408
Non-current assets							
Other assets - noncurrent	-	-	-	365,644	-	-	365,644
Net OPEB Asset (NOA)	-	-	-	2,515,291	-	-	2,515,291
MWPAT debt subsidy receivable	24,983,352	249,521	25,232,873	-	-	-	-
MSBA debt subsidy receivable	4,831,054	-	4,831,054	-	-	-	-
Capital assets:							
Not being depreciated:							
Land and easements	11,328,514	2,087,793	13,416,307	5,960,163	42,000	736,479	6,738,642
Landfill in progress	-	-	-	9,880,003	-	-	9,880,003
Construction in progress	54,978,185	-	54,978,185	-	-	-	-
Infrastructure in progress	7,617,774	102,300	7,720,074	-	918,475	-	918,475
Depreciable capital assets:							
Land improvements, net	7,561,610	277,523	7,839,133	74,245	29,777,922	-	29,852,167
Infrastructure, net	79,760,218	73,612,359	153,372,577	-	-	-	-
Building and improvements, net	282,217,397	7,212,664	289,430,061	509,123	3,201,574	-	3,710,697
Office equipment and furniture, net	760,224	-	760,224	22,685	-	-	22,685
Computer equipment, net	3,359,110	-	3,359,110	-	-	-	-
Library books and textbooks, net	1,221,945	-	1,221,945	-	-	-	-
Automobiles, net	5,483,940	568,349	6,052,289	-	46,008	-	46,008
Machinery and equipment, net	6,708,910	618,529	7,327,439	1,163,343	744,867	-	1,908,210
Animals, net	4,740	-	4,740	-	-	-	-
Total capital assets	461,002,567	84,479,517	545,482,084	17,609,562	34,730,846	736,479	53,076,887
Total non-current assets	490,816,973	84,729,038	575,546,011	20,490,497	34,730,846	736,479	55,957,822
Total assets	662,111,048	96,002,310	758,113,358	43,905,451	37,645,662	1,827,117	83,378,230
DEFERRED OUTFLOWS OF RESOURCES							
GASB 68 - deferred outflows of resources	56,257,873	2,992,592	59,250,465	572,802	-	-	572,802
GASB 75 - deferred outflows of resources	12,635,748	665,039	13,300,787	-	-	-	-
Deferred asset advance refunding, net of amortization	1,261,102	-	1,261,102	-	-	-	-
Total deferred outflows of resources	70,154,723	3,657,631	73,812,354	572,802	-	-	572,802
Total assets and deferred outflows of resources	\$ 732,265,771	\$ 99,659,941	\$ 831,925,712	\$ 44,478,253	\$ 37,645,662	\$ 1,827,117	\$ 83,951,032

*See accompanying notes to the basic financial statements*

	Primary Government			Component Units			
	Governmental Activities	Business-Type Activities	Total	Greater New Bedford Regional Refuse Management District	New Bedford Harbor Development Commission	Non Major Component Units	Total Component Units
<b>LIABILITIES</b>							
Current liabilities							
Accounts payable and accrued expenses	\$ 30,768,421	\$ 798,075	\$ 31,566,496	\$ 122,376	\$ 349,784	\$ 654,737	\$ 1,126,897
Retainage payable	1,377,562	-	1,377,562	-	-	-	-
Due to other governments	209	-	209	4,327	-	-	4,327
Due to primary government	-	-	-	-	50,000	650,931	700,931
Accrued interest	1,506,402	259,181	1,765,583	-	-	-	-
Deposits held	167,087	-	167,087	6,768	53,935	15,000	75,703
Payroll withholdings	40,123	-	40,123	-	-	-	-
Other liabilities	326,913	198,327	525,240	-	-	-	-
Claims incurred but not reported	1,925,000	-	1,925,000	-	-	-	-
Bonds and notes payable	39,005,847	2,163,831	41,169,678	-	-	-	-
Capital leases	2,977,472	76,808	3,054,280	-	-	-	-
Workers' compensation claims	200,712	-	200,712	-	-	-	-
Compensated absences	5,562,516	73,533	5,636,049	-	41,352	-	41,352
Total current liabilities	83,858,264	3,569,755	87,428,019	133,471	495,071	1,320,668	1,949,210
Non-current liabilities							
Accrued closure/post-closure costs	-	-	-	4,937,560	-	-	4,937,560
Due to primary government	-	-	-	-	699,885	-	699,885
Bonds and notes payable	152,995,495	32,179,799	185,175,294	-	-	-	-
Net OPEB liability (NOL)	500,160,361	26,324,230	526,484,591	-	774,808	-	774,808
Net pension liability (NPL)	341,791,181	17,989,010	359,780,191	3,602,601	-	-	3,602,601
Capital leases	17,805,774	243,523	18,049,297	-	-	-	-
Workers' compensation claims	5,533,922	-	5,533,922	-	-	-	-
Compensated absences	7,300,018	136,562	7,436,580	-	136,251	-	136,251
Total non-current liabilities	1,025,586,751	76,873,124	1,102,459,875	8,540,161	1,610,944	-	10,151,105
Total liabilities	1,109,445,015	80,442,879	1,189,887,894	8,673,632	2,106,015	1,320,668	12,100,315
<b>DEFERRED INFLOWS OF RESOURCES</b>							
GASB 68 - deferred inflows of resources	1,606,526	252,408	1,858,934	82,938	-	-	82,938
GASB 75 - deferred inflows of resources	5,640,570	296,873	5,937,443	-	-	-	-
Other unearned revenues (component unit)	-	-	-	7,664	-	-	7,664
Unearned dockage revenues (component unit)	-	-	-	-	596,310	228,955	825,265
Total deferred inflows of resources	7,247,096	549,281	7,796,377	90,602	596,310	228,955	915,867
<b>NET POSITION</b>							
Net investment in capital assets	279,293,487	49,815,556	329,109,043	17,609,562	33,980,961	736,479	52,327,002
Restricted							-
Nonexpendable:							
Corpus of endowment funds	5,127,411	-	5,127,411	-	-	-	-
Expendable:							
Educational grants and gifts	15,013,743	-	15,013,743	-	-	-	-
Public works grants and gifts	3,959,752	-	3,959,752	-	-	-	-
Culture and recreation grants and gifts	8,424,810	-	8,424,810	-	-	-	-
Other expendable	11,004,913	6,506,368	17,511,281	15,755,707	7,909	-	15,763,616
Unrestricted	(707,250,456)	(37,654,143)	(744,904,599)	2,348,750	954,467	(458,985)	2,844,232
Total net position	(384,426,340)	18,667,781	(365,758,559)	35,714,019	34,943,337	277,494	70,934,850
Total liabilities, deferred inflows of resources and net position	\$ 732,265,771	\$ 99,659,941	\$ 831,925,712	\$ 44,478,253	\$ 37,645,662	\$ 1,827,117	\$ 83,951,032

See accompanying notes to the basic financial statements

## Statement of Activities

### Year Ended June 30, 2019

						Primary Government		
			Program Revenues					
		Indirect	Fees, Fines, and	Operating	Capital			
	Expenses	Expense	Charges for	Grants and	Grants and	Governmental	Business-Type	Total
		Allocation	Services	Contributions	Contributions	Activities	Activities	
<b>Governmental Activities:</b>								
General government	\$ 32,527,450	\$ 1,665,734	\$ 9,328,853	\$ 1,334,891	\$ 349,450	\$ (23,179,990)	\$ -	\$ (23,179,990)
Public safety	61,026,134	14,420,660	12,654,176	3,838,359	-	(58,954,259)	-	(58,954,259)
Public works	32,110,207	2,141,152	25,076,724	2,333,519	28,763,378	21,922,262	-	21,922,262
Health and human services	6,834,090	636,993	1,025,933	3,093,518	-	(3,351,632)	-	(3,351,632)
Education	271,704,251	32,968,391	9,366,223	205,135,889	2,850,779	(87,319,751)	-	(87,319,751)
Community and economic development	6,272,336	-	24,490	6,464,742	-	216,896	-	216,896
Culture and recreation	7,550,107	1,075,929	1,046,090	669,718	35,270	(6,874,958)	-	(6,874,958)
Health and other insurance	53,528,805	(53,528,805)	-	-	-	-	-	-
Debt service:								
Interest expense	6,667,615	-	-	-	-	(6,667,615)	-	(6,667,615)
Total governmental activities	478,220,995	(619,946)	58,522,489	222,870,636	31,998,877	(164,209,047)	-	(164,209,047)
			-	-	-			
<b>Business-Type Activities:</b>								
Water	11,982,764	-	15,480,410	86,760	-	-	3,584,406	3,584,406
Airport	2,669,381	-	883,065	-	-	-	(1,786,316)	(1,786,316)
Downtown Parking	873,944	-	992,443	-	-	-	118,499	118,499
Total business-type activities	15,526,089	-	17,355,918	86,760	-	-	1,916,589	1,916,589
Total primary government	493,747,084	(619,946)	75,878,407	222,957,396	31,998,877	(164,209,047)	1,916,589	(162,292,458)
<b>Component Units:</b>								
Greater NB Regional Refuse Management District	2,205,797	-	5,913,611	-	-	-	-	-
New Bedford Harbor Development Commission	4,252,239	-	2,817,738	199,559	1,209,235	-	-	-
Non-major component units	3,262,350	-	6,750	3,223,147	-	-	-	-
Total component units	9,720,386	-	8,738,099	3,422,706	1,209,235	-	-	-
Total City of New Bedford	\$ 503,467,470	\$ (619,946)	\$ 84,616,506	\$ 226,380,102	\$ 33,208,112	(164,209,047)	1,916,589	(162,292,458)
<b>General revenues:</b>								
Property taxes, net abatements						124,062,114	-	124,062,114
Motor vehicle and other excise taxes						8,347,292	-	8,347,292
Grants and contributions not restricted						23,803,946	-	23,803,946
Tax foreclosures						1,743,948	-	1,743,948
Penalties and interest on taxes						1,216,014	-	1,216,014
Earnings on investments						2,400,940	433,942	2,834,882
Payments in lieu of taxes						364,357	-	364,357
Miscellaneous						4,911,691	255,553	5,167,244
Total general revenues						166,850,302	689,495	167,539,797
<b>Transfers/special items:</b>								
Transfers, net						(5,284,567)	5,284,567	-
Change in net position						(2,643,312)	7,890,651	5,247,339
Net position - beginning						(381,783,028)	10,777,130	(371,005,898)
Net position - ending						\$ (384,426,340)	\$ 18,667,781	\$ (365,758,559)

See accompanying notes to the basic financial statements

[illegible]

*See accompanying notes to the basic financial statements*

**Balance Sheet - Governmental Funds**  
 June 30, 2019

	<u>Major Fund</u>	<u>Major Fund</u>	<u>Major Fund</u>		
	<u>General</u>	<u>Wastewater</u>	<u>HOME</u>	<u>Non-Major</u>	<u>Total</u>
	<u>Fund</u>		<u>Investment</u>	<u>Governmental</u>	<u>Governmental</u>
			<u>Program</u>	<u>Funds</u>	<u>Funds</u>
<b>ASSETS</b>					
Cash and investments, unrestricted	\$ 13,374,982	\$ 10,346,078	\$ 2,209,464	\$ 50,344,944	\$ 76,275,468
Cash, restricted	11,655,603	2,644,198	-	5,127,411	19,427,212
Receivables, net:					
Real estate and personal property taxes	3,819,442	-	-	-	3,819,442
Tax liens and foreclosures	12,647,428	-	-	-	12,647,428
Motor vehicle and boat excise	1,778,205	-	-	-	1,778,205
User charges receivables	-	2,773,862	-	-	2,773,862
Departmental and other	5,939,946	42,341	-	-	5,982,287
Loans receivable	-	-	19,127,804	1,471,458	20,599,262
Other receivables	822,961	2,302,237	-	674,837	3,800,035
Special assessments	10,496	100,667	-	-	111,163
Due from federal or state government	11,768,720	-	-	11,280,361	23,049,081
Due from other funds	1,794,574	195,163	-	2,872,483	4,862,220
Intraentity receivable	1,400,790	-	-	-	1,400,790
Inventories	-	26,373	-	-	26,373
Land inventory	5,377,440	-	-	246,918	5,624,358
Total assets	<u>70,390,587</u>	<u>18,430,919</u>	<u>21,337,268</u>	<u>72,018,412</u>	<u>182,177,186</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
None	-	-	-	-	-
Total deferred outflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets and deferred outflows of resources	<u>\$ 70,390,587</u>	<u>\$ 18,430,919</u>	<u>\$ 21,337,268</u>	<u>\$ 72,018,412</u>	<u>\$ 182,177,186</u>

*See accompanying notes to the basic financial statements*

	Major Fund	Major Fund	Major Fund	Non-Major	Total
	General	Wastewater	HOME	Governmental	Governmental
	Fund		Investment	Funds	Funds
			Program		
<b>LIABILITIES</b>					
Warrants, accounts and accrued expenses payable	\$ 17,275,803	\$ 4,356,096	\$ 38,720	\$ 8,512,543	\$ 30,183,162
Retainage payable	-	-	-	1,377,562	1,377,562
Bonds and notes payable	-	-	-	22,424,825	22,424,825
Due to other funds	2,944,289	1,467,263	-	19,374	4,430,926
Deposits held	136,765	30,436	-	(114)	167,087
Due to other governments	-	-	-	209	209
Payroll withholdings	40,123	-	-	-	40,123
Other liabilities	300,554	26,339	-	20	326,913
Total liabilities	20,697,534	5,880,134	38,720	32,334,419	58,950,807
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Deferred property and excise tax revenues	16,913,899	-	-	-	16,913,899
Deferred departmental and other receipts	4,171,015	-	-	175,245	4,346,260
Deferred user fees, fines and charges for services	-	2,796,768	-	-	2,796,768
Unearned grant income	-	-	-	2,935,515	2,935,515
Unearned loan income	-	-	19,127,804	1,471,458	20,599,262
Total deferred inflows of resources	21,084,914	2,796,768	19,127,804	4,582,218	47,591,704
<b>FUND BALANCE</b>					
Nonspendable	6,778,230	26,373	-	5,374,329	12,178,932
Restricted	-	3,995,298	2,170,744	39,378,455	45,544,497
Committed	11,655,603	5,618,955	-	1,647,956	18,922,514
Assigned	697,553	113,391	-	-	810,944
Unassigned	9,476,753	-	-	(11,298,965)	(1,822,212)
Total fund balance	28,608,139	9,754,017	2,170,744	35,101,775	75,634,675
Total liabilities, deferred inflows of resources and fund balance	\$ 70,390,587	\$ 18,430,919	\$ 21,337,268	\$ 72,018,412	\$ 182,177,186

See accompanying notes to the basic financial statements

**Reconciliation of the Governmental Funds Balance Sheet Total Fund Balances to the Statement of Net Position**  
June 30, 2019

Total governmental fund balances	\$ 75,634,675
Allowances for doubtful accounts that are financial resources for the governmental funds	(5,649,473)
Advance refunding and related amortization that are not reported in the governmental funds	1,261,102
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	453,861,288
Long-term assets related to MWPAT and MSBA subsidies of principal for which revenue has been earned on the accrual basis	29,814,406
Deferred outflows of resources related to pensions and OPEB that are not reported in the funds	61,646,525
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	47,591,704
Internal service funds are used by management to account for health insurance activities	
The assets and liabilities of the internal service funds are included in the governmental activities in the Statement of Net Position	4,005,246
Internal receivables and payables are eliminated at the government-wide level for financial statement presentation	(176,938)
In the statement of activities, interest is accrued on outstanding long-term debt, whereas in governmental funds interest is not reported until due.	(1,506,402)
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	(169,576,517)
Compensated absences	(12,862,534)
Capital leases	(20,783,246)
Workers' compensation claims	(5,734,634)
Net pension liability (NPL)	(341,791,181)
Net OPEB liability (NOL)	(500,160,361)
Net position of governmental activities	<u>\$ (384,426,340)</u>

*See accompanying notes to the basic financial statements*



**Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds**  
Year Ended June 30, 2019

	Major Fund	Major Fund	Major Fund	Non-Major	Total
	General	Wastewater	HOME	Governmental	Governmental
	Fund		Investment	Funds	Funds
	Fund		Program		
<b>REVENUES</b>					
Real estate and personal property taxes	\$ 122,238,616	\$ -	\$ -	\$ -	\$ 122,238,616
Motor vehicle and other excise	9,762,254	-	-	-	9,762,254
MSBA assistance	2,459,561	-	-	2,806,745	5,266,306
Tax liens and foreclosures	1,823,442	146,389	-	-	1,969,831
Penalties and interest on taxes	1,409,963	-	-	-	1,409,963
Licenses and permits	2,876,492	-	-	-	2,876,492
Fines and forfeitures	156,988	-	-	-	156,988
Investment income	1,221,339	306,959	28,039	817,539	2,373,876
Intergovernmental - operating grants	57,380,502	-	748,124	41,264,123	99,392,749
Intergovernmental - operating grant - Chapter	145,404,876	-	-	-	145,404,876
Intergovernmental - capital grants	-	4,847,516	-	24,561,381	29,408,897
Charges for services	15,279,480	23,952,265	-	1,581,637	40,813,382
Other - indirects	813,895	-	-	-	813,895
Special assessments and betterments	143	18,870	-	-	19,013
Payments in lieu of taxes	364,357	-	-	-	364,357
Miscellaneous	(595,299)	6,742	881,527	8,839,639	9,132,609
Total revenues	360,596,609	29,278,741	1,657,690	79,871,064	471,404,104
<b>EXPENDITURES</b>					
Current:					
General government	9,060,015	-	-	2,414,337	11,474,352
Public safety	48,851,876	-	-	3,292,909	52,144,785
Education	171,318,903	-	-	28,572,835	199,891,738
Public works	13,689,367	13,408,851	-	4,417,990	31,516,208
Community and economic development	-	-	1,170,013	4,953,689	6,123,702
Health and human services	4,870,591	-	-	1,280,296	6,150,887
Culture and recreation	4,836,877	-	-	1,964,224	6,801,101
Pension benefits	28,817,471	-	-	-	28,817,471
Health and other insurance	40,277,703	-	-	-	40,277,703
Miscellaneous	10,574,534	-	-	-	10,574,534
Intergovernmental:					
State and county charges	19,063,095	-	-	-	19,063,095
Capital outlay:					
General government	-	-	-	6,462,647	6,462,647
Public safety	-	-	-	194,000	194,000
Education	-	-	-	3,514,060	3,514,060
Public works	-	638,978	-	24,723,414	25,362,392
Municipal airport	-	-	-	5,138,490	5,138,490
Culture and recreation	-	-	-	47,031	47,031
Debt service:					
Principal payments	8,385,415	8,469,820	-	49,000	16,904,235
Short-term note interest	491,187	-	-	-	491,187
Bond interest costs	2,949,033	3,347,639	-	-	6,296,672
Total expenditures	363,186,067	25,865,288	1,170,013	87,024,922	477,246,290
Excess (deficiency) of revenues over (under) expenditures	(2,589,458)	3,413,453	487,677	(7,153,858)	(5,842,186)
<b>OTHER FINANCING SOURCES (USES)</b>					
Bond issuance	-	-	-	10,485,000	10,485,000
Bond premiums	3,351	-	-	523,946	527,297
Special item - insurance proceeds	-	-	-	92,649	92,649
Transfers in	5,866,017	7,944,600	-	2,025,601	15,836,218
Transfers out	(1,796,002)	(9,836,726)	-	(185,709)	(11,818,437)
Total other financing sources and uses	4,073,366	(1,892,126)	-	12,941,487	15,122,727
Change in fund balance	1,483,908	1,521,327	487,677	5,787,629	9,280,541
Fund balance - beginning of year	27,124,231	8,232,690	1,683,067	29,314,146	66,354,134
Fund balance - end of year	\$ 28,608,139	\$ 9,754,017	\$ 2,170,744	\$ 35,101,775	\$ 75,634,675

See accompanying notes to the basic financial statements

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

Year Ended June 30, 2019

Net change in fund balances - total governmental funds	\$ 9,280,541
The allowance for doubtful accounts that are resources for governmental funds	(1,021,535)
Advance refunding and related amortization that are not reported in the governmental funds	(117,313)
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	13,278,216
Revenues in the Statement of Activities that do not provide current financial resources are fully deferred in the Statement of Revenues, Expenditures and Changes in Fund Balances. Therefore, the recognition of revenue for various types of accounts receivable (i.e., real estate and personal property, motor vehicle excise, etc.) differ between the two statements. This amount represents the net change in deferred revenue.	1,642,002
Revenues in the Statement of Activities are accounted for on a different basis than those in the Statement of Revenues, Expenditures and Changes in Fund Balances. Therefore, the recognition of revenue for MWPAT and MSBA principal subsidies differs between the two statements. This amount represents the net change in the long-term assets.	<u>(5,504,397)</u>
Net change in fund balances - total governmental funds (subtotal) - to next page	\$ 17,557,514

*See accompanying notes to the basic financial statements*

Net change in fund balances - total governmental funds (subtotal) - from previous page	<u>\$ 17,557,514</u>
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 position. 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.	10,682,548
In the statement of activities, interest is accrued on outstanding long-term debt, whereas in governmental funds interest, is not reported until due.	237,557
The other postemployment benefit expense reported in the statement of activities requires the use of current financial resources and is not reported as an expenditure in the governmental funds	(20,676,438)
The pension expense required by GASB Statement No. 68, reported in the statement of activities, requires the use of current financial resources and is not reported as an expenditure in the governmental funds	(33,732,987)
To record deferred outflows of resources related to GASB 68 actual versus expected experience not reported in the funds	19,620,490
Some expenses reported in the Statement of Activities, such as compensated absences and estimated workers' compensation claims do not require current financial resources and, therefore, are not reported as expenditures in the governmental funds.	3,373,914
Internal receivables and payables are eliminated at the government-wide level for financial statement presentation	(176,938)
Internal service funds are used by management to account for health insurance activities.	
The net activity of internal service funds is reported with Governmental Activities	<u>471,028</u>
Change in net position of governmental activities	<u>\$ (2,643,312)</u>

*See accompanying notes to the basic financial statements*

**Statement of Net Position - Proprietary Funds**

June 30, 2019

	Business-Type Activities				Governmental
	Enterprise Funds				Activities
	Major Fund	Major Fund	Major Fund	Total	Internal
	Water	Airport	Downtown Parking	Enterprise Funds	
<b>ASSETS</b>					
Current assets:					
Cash	\$ 2,929,087	\$ (88,047)	\$ 702,781	\$ 3,543,821	\$ 6,185,709
Cash - restricted (stabilization)	6,506,368	-	-	6,506,368	-
User charges receivable, net	1,157,503	-	-	1,157,503	-
Other receivables, net	18,814	41,753	5,013	65,580	584,152
Total current assets	10,611,772	(46,294)	707,794	11,273,272	6,769,861
Non-current assets:					
MWPAT debt subsidy	249,521	-	-	249,521	-
Capital assets:					
Land and easements	1,562,500	525,293	-	2,087,793	-
Infrastructure in progress	102,300	-	-	102,300	-
Infrastructure, net	47,613,289	25,999,070	-	73,612,359	-
Land improvements, net	-	277,523	-	277,523	-
Building and improvements, net	397,804	1,365,344	5,449,516	7,212,664	-
Machinery and equipment, net	617,029	1,500	-	618,529	-
Automobiles, net	527,367	40,982	-	568,349	-
Total capital assets	50,820,289	28,209,712	5,449,516	84,479,517	-
Total non-current assets	51,069,810	28,209,712	5,449,516	84,729,038	-
Total assets	61,681,582	28,163,418	6,157,310	96,002,310	6,769,861
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Deferred outflows of resources (pension)	2,368,753	268,526	355,313	2,992,592	-
Deferred outflows of resources (OPEB)	532,031	53,203	79,805	665,039	-
Total deferred outflows of resources	2,900,784	321,729	435,118	3,657,631	-
Total assets and deferred outflows of resources	\$ 64,582,366	\$ 28,485,147	\$ 6,592,428	\$ 99,659,941	\$ 6,769,861

*See accompanying notes to the basic financial statements*

	Business-Type Activities				Governmental
	Enterprise Funds				Activities
	Major Fund	Major Fund	Major Fund	Total	Internal
	Water	Airport	Downtown Parking	Enterprise Funds	Service Fund
<b>LIABILITIES</b>					
Current liabilities:					
Warrants, accounts and accrued expenses payable	\$ 753,337	\$ 10,175	\$ 34,563	\$ 798,075	\$ 585,259
Accrued interest	259,181	-	-	259,181	-
Bonds payable	2,067,782	52,857	43,192	2,163,831	-
Capital leases	76,808	-	-	76,808	-
Compensated absences	67,627	5,906	-	73,533	-
Due to other funds	3,164	-	173,610	176,774	254,356
Deferred revenue	-	21,442	-	21,442	-
Other liabilities	111	-	-	111	-
Claims incurred but not reported	-	-	-	-	1,925,000
Total current liabilities	3,228,010	90,380	251,365	3,569,755	2,764,615
Non-current liabilities:					
Bonds payable	26,020,299	1,260,000	4,899,500	32,179,799	-
Capital leases	243,523	-	-	243,523	-
Compensated absences	125,593	10,969	-	136,562	-
Net OPEB liability (NOL)	21,059,384	2,105,938	3,158,908	26,324,230	-
Net pension liability (NPL)	14,391,208	1,439,121	2,158,681	17,989,010	-
Total non-current liabilities	61,840,007	4,816,028	10,217,089	76,873,124	-
Total liabilities	65,068,017	4,906,408	10,468,454	80,442,879	2,764,615
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Deferred inflows of resources (pension)	67,643	174,619	10,146	252,408	-
Deferred inflows of resources (OPEB)	237,498	23,750	35,625	296,873	-
Total deferred inflows of resources	305,141	198,369	45,771	549,281	-
<b>NET POSITION</b>					
Net investment in capital assets	22,411,877	26,896,855	506,824	49,815,556	-
Restricted - water stabilization fund	6,506,368	-	-	6,506,368	-
Unrestricted - airport operating fund	-	(3,516,485)	-	(3,516,485)	-
Unrestricted - water operating fund	(29,709,037)	-	-	(29,709,037)	-
Unrestricted - downtown parking operating fund	-	-	(4,428,621)	(4,428,621)	-
Unrestricted - internal service fund	-	-	-	-	4,005,246
Total net position	(790,792)	23,380,370	(3,921,797)	18,667,781	4,005,246
Total liabilities, deferred inflows of resources and net position	\$ 64,582,366	\$ 28,485,147	\$ 6,592,428	\$ 99,659,941	\$ 6,769,861

See accompanying notes to the basic financial statements

**Statement of Revenues, Expenses and Changes in Net Position - Proprietary Funds**  
 Year Ended June 30, 2019

	Business-Type Activities				Governmental
	Enterprise Funds				Activities
	Major Fund	Major Fund	Major Fund	Total	Internal
	Water	Airport	Downtown Parking	Enterprise Funds	
<b>OPERATING REVENUES</b>					<b>Service Fund</b>
Charges for services	\$ 15,389,637	\$ 883,065	\$ 992,443	\$ 17,265,145	\$ -
Utility liens and penalties	90,773	-	-	90,773	-
Intergovernmental	86,760	-	-	86,760	-
Contributions (employee and employer)	-	-	-	-	53,357,619
Miscellaneous	197,883	3	57,667	255,553	-
Total operating revenues	15,765,053	883,068	1,050,110	17,698,231	53,357,619
<b>OPERATING EXPENSES</b>					
Salaries and benefits	5,228,939	628,541	410,971	6,268,451	57,757
Services and supplies	3,345,056	150,528	125,331	3,620,915	24,314
Capital outlay	(222,965)	-	-	(222,965)	-
Depreciation expense	2,806,658	1,845,293	187,479	4,839,430	-
Health and other insurance	-	-	-	-	52,922,339
Total operating expenses	11,157,688	2,624,362	723,781	14,505,831	53,004,410
Operating income (loss)	4,607,365	(1,741,294)	326,329	3,192,400	353,209
<b>NONOPERATING REVENUES (EXPENSES)</b>					
Investment earnings	433,199	743	-	433,942	117,819
Debt administrative costs	(41,278)	-	-	(41,278)	-
Debt service - interest payments	(783,798)	(45,019)	(150,163)	(978,980)	-
Total nonoperating revenue (expenses)	(391,877)	(44,276)	(150,163)	(586,316)	117,819
Income (loss) before transfers	4,215,488	(1,785,570)	176,166	2,606,084	471,028
<b>TRANSFERS IN (OUT)</b>					
Transfers in - operating	434,358	-	-	434,358	-
Transfers out - operating	(3,687,865)	(445,813)	(318,461)	(4,452,139)	-
Special item - capital assets into fund	9,126,649	-	5,539,248	14,665,897	-
Special item - debt transfer into fund	-	(417,857)	(4,945,692)	(5,363,549)	-
Total transfers	5,873,142	(863,670)	275,095	5,284,567	-
Change in net position	10,088,630	(2,649,240)	451,261	7,890,651	471,028
Total net position - beginning of year	(10,879,422)	26,029,610	(4,373,058)	10,777,130	3,534,218
Total net position - end of year	\$ (790,792)	\$ 23,380,370	\$ (3,921,797)	\$ 18,667,781	\$ 4,005,246

See accompanying notes to the basic financial statements

## Statement of Cash Flows - Proprietary Funds

Year Ended June 30, 2019

	Business-Type Activities				Governmental
	Enterprise Funds				Activities
	Major Fund	Major Fund	Major Fund	Total	Internal
	Water	Airport	Downtown Parking	Enterprise Funds	Service Fund
<b>Cash flows from operating activities:</b>					
Cash received from employee and employer contributions and governmental units	\$ -	\$ -	\$ -	\$ -	\$ 53,315,553
Cash received from customers	15,869,108	883,068	1,047,882	17,800,058	-
Payments from/(to) suppliers and employees	(6,725,351)	(514,445)	(378,748)	(7,618,544)	(52,782,093)
Internal activity-payments from (to) other funds	-	-	134,794	134,794	(349,000)
Net cash provided (used) by operating activities	9,143,757	368,623	803,928	10,316,308	184,460
<b>Cash flows from noncapital financing activities:</b>					
Transfers in (out)	5,873,142	(863,670)	(5,264,153)	(254,681)	-
Net cash provided by noncapital financing activities	5,873,142	(863,670)	(5,264,153)	(254,681)	-
<b>Cash flows from capital and related financing activities:</b>					
Purchases and construction of capital assets	(9,658,013)	-	-	(9,658,013)	-
Proceeds from bond issuance	-	307,000	4,942,692	5,249,692	-
Principal paid on capital debt	(2,153,243)	70,857	-	(2,082,386)	-
Interest paid on capital debt	(783,798)	(45,019)	(150,162)	(978,979)	-
Debt administrative costs	(41,279)	-	-	(41,279)	-
Net cash used by capital and related financing activities	(12,636,333)	332,838	4,792,530	(7,510,965)	-
<b>Cash flows from investing activities:</b>					
Interest and dividends	433,199	743	-	433,942	117,819
Net cash used by investing activities	433,199	743	-	433,942	117,819
Net increase in cash and cash equivalents	2,813,765	(161,466)	332,305	2,984,604	302,279
Balances-beginning of the year	6,621,690	73,419	370,476	7,065,585	5,883,430
Balances-end of the year	\$ 9,435,455	\$ (88,047)	\$ 702,781	\$ 10,050,189	\$ 6,185,709
Cash and short-term investments	\$ 9,435,455	\$ (88,047)	\$ 702,781	\$ 10,050,189	\$ 6,185,709
Total cash and short-term investments	\$ 9,435,455	\$ (88,047)	\$ 702,781	\$ 10,050,189	\$ 6,185,709
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>					
Operating income (loss)	\$ 4,607,365	\$ (1,741,294)	\$ 326,329	\$ 3,192,400	\$ 353,209
Adjustments to reconcile operating income to net cash provided (used) by operating activities:					
Depreciation expense	2,806,658	1,845,293	187,479	4,839,430	-
Effect of the change in assets and liabilities:					
User charges receivables, net	120,083	-	-	120,083	-
Other receivables, net	139,914	(11,759)	(2,227)	125,928	(225,207)
Due from other funds	-	-	-	-	183,141
Deferred outflows	35,238	(28,127)	5,285	12,396	-
Warrants and accounts payable	301,135	(597)	(18,594)	281,944	222,317
Net OPEB liability (NOL)	769,246	76,924	106,943	953,113	-
Net pension liability (NPL)	1,420,337	142,034	213,050	1,775,421	-
Deferred inflows	(760,022)	91,852	(114,004)	(782,174)	-
Compensated absences	(209,496)	(17,461)	(35,127)	(262,084)	-
Other liabilities	(86,701)	11,758	134,794	59,851	-
Incurred but not reported	-	-	-	-	(349,000)
Net cash provided (used) by operating activities	\$ 9,143,757	\$ 368,623	\$ 803,928	\$ 10,316,308	\$ 184,460

See accompanying notes to the basic financial statements

**Statement of Fiduciary Net Position - Fiduciary Funds and Similar Component Units**  
June 30, 2019

	<b>Pension and Other Employee Benefit Trust Funds (1)</b>	<b>Private Purpose Trust Funds</b>	<b>Agency</b>
<b>ASSETS</b>			
Cash and short-term investments	\$ 5,439,959	\$ 433,836	\$ 8,743,411
Investments:			
Fixed income securities	41,117,308	-	-
Stocks / equities	115,820,078	-	-
International equities	28,905,057	-	-
Pooled funds	59,813,177	-	-
Real estate	30,705,734	-	-
Alternative investments	29,498,207	-	-
Invested in the PRIT fund	2,004,130	-	-
Receivables, net of allowance or uncollectibles:			
Employee	1,183,581	-	-
Other	34,172	-	20,567
Total assets	<u>314,521,403</u>	<u>433,836</u>	<u>8,763,978</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
None	-	-	-
Total deferred outflows of resources	<u>-</u>	<u>-</u>	<u>-</u>
Total assets and deferred outflows of resources	<u>\$ 314,521,403</u>	<u>\$ 433,836</u>	<u>\$ 8,763,978</u>
<b>LIABILITIES</b>			
Warrants, accounts, and accrued expenses payable	\$ 322,294	\$ 10,199	\$ 485,971
Deposits held	-	-	8,258,904
Other liabilities	-	-	19,103
Total liabilities	<u>322,294</u>	<u>10,199</u>	<u>8,763,978</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
None	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>
<b>NET POSITION</b>			
Restricted - other purposes	-	423,637	-
Restricted - OPEB benefits	2,004,130	-	-
Restricted - pension benefits	312,194,979	-	-
Total net position	<u>314,199,109</u>	<u>423,637</u>	<u>-</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 314,521,403</u>	<u>\$ 433,836</u>	<u>\$ 8,763,978</u>

(1) The Pension Trust Fund is as of December 31, 2018.

*See accompanying notes to the basic financial statements*



**Statement of Changes in Fiduciary Net Position - Fiduciary Funds and Similar Component Units**  
Year Ended June 30, 2019

	<b>Pension and Other Employee Benefit Trust Funds (1)</b>	<b>Private Purpose Trust Funds</b>
<b><u>ADDITIONS:</u></b>		
Contributions:		
Employer contributions	\$ 33,537,046	\$ -
Plan member contributions	9,977,696	-
Miscellaneous income	21,180	-
Total contributions	43,535,922	-
Net investment income:		
Dividends and interest	1,888,361	11,543
Net appreciation in fair value of investments	(15,887,848)	2,155
Total investment income	(13,999,487)	13,698
Less: investment expense	2,318,604	-
Net investment income	(16,318,091)	13,698
Intergovernmental	917,435	-
Total additions	28,135,266	13,698
<b><u>DEDUCTIONS:</u></b>		
Retirement benefits	47,237,100	-
Administration	582,691	10,200
Transfers, reimbursements and refunds	3,867,879	-
Total deductions	51,687,670	10,200
<b><u>OTHER FINANCING SOURCES (USES):</u></b>		
Transfers in	-	-
Transfers out	-	-
Total other financing sources (uses)	-	-
Change in net position	(23,552,404)	3,498
Net position - beginning of year	337,751,513	420,139
Net position - ending of year	\$ 314,199,109	\$ 423,637

(1) The Pension Trust Fund is as of December 31, 2018.

## Notes to the Basic Financial Statements

June 30, 2019

### Note 1. Summary of Significant Accounting Policies

The accompanying government-wide 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). The City maintains and reports its fund financial statements in accordance with practices prescribed by the Uniform Municipal Accounting System (“Uniform Systems”) promulgated by the Commonwealth of Massachusetts Department of Revenue with the exception of the City's Wastewater Fund which is reported based on Sections 502 and 610 of the City's "Amended and Restated Wastewater System General Revenue Bond Resolution" between the City and the Massachusetts Clean Water Trust (MCWT) (adopted October 29, 1998). The following is a summary of significant accounting policies.

#### A. Reporting Entity

The City of New Bedford 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. Unless otherwise indicated, the Notes to the Basic Financial Statements pertain only to the primary government because certain disclosures of the component units are not significant relative to the total component units and to the primary government.

#### Component Units

In conformity with accounting principles generally accepted in the United States of America, management has evaluated each potential component unit being considered for inclusion in the financial reporting entity.

Discretely presented component units are entities that are legally separate from the City, but are financially accountable to the City, or whose relationships with the City are such that exclusion would cause the City's financial statements to be misleading or incomplete. The City has the following component units:

The *Greater New Bedford Regional Refuse Management District* is an inter-municipal landfill benefitting the City of New Bedford and the adjacent Town of Dartmouth and was organized under the provisions of Massachusetts General Laws Chapter 40, Sections 44A through L. 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's operating fund is reported on the government-wide financial statements as a *discretely presented* major component unit (management's discretion). The Refuse District also has an Other Post Employment Benefit Trust fund with a net position of \$4,875,711 at June 30, 2019. The Refuse District's OPEB Trust fund is not presented in the government-wide financial statements as the net position of the fund is held in trust (i.e. a fiduciary fund). Based on GASB Statement No. 61 guidance, a “financial benefit or burden relationship” exists between the primary government and the Refuse District due to the fact that the primary government has assumed the obligation to provide financial support to the organization through the payment of an annual assessment. 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 either the Greater New Bedford Regional Refuse Management District or the Office of the Chief Financial Officer of the City of New Bedford.

The *New Bedford Harbor Development Commission* was established under the Chapter 762 of 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 (ex-officio) and six members appointed by the mayor and confirmed by the City Council. Although legally separate, the New Bedford Harbor Development Commission is reported on the government-wide financial statements as a *discretely presented* major component unit. Based on GASB Statement No. 61 guidance, a “financial benefit or burden relationship” exists between the primary government and the Harbor Development Commission due to the fact that the primary government has provided financial support to the Harbor Development Commission in past years and this obligation is still outstanding as of the end of fiscal year 2019. Separate financial statements for the New Bedford Harbor Development Commission are not included in this financial statement presentation. These financial statements could be obtained by contacting either the New Bedford Harbor Development Commission or the Office of the Chief Financial Officer of the City of New Bedford.

The *Greater New Bedford Workforce Investment Board, Inc* (“the WIB”) is a Massachusetts not-for-profit corporation organized in 1996 under the laws of the Commonwealth of Massachusetts (MGL Chapter 156B Sections 11 to 13) setup to

*Continued*

function as the regional coordinator of the workforce development system for the Workforce Investment Area. The Mayor of the City of New Bedford is the Chief Elected Official of the ten community area and, under WIB bylaws, the Mayor appoints members to its board. Although legally separate, the WIB is reported on the government-wide financial statements as a *discretely presented* non-major component unit. At fiscal year end 2019, no “financial benefit or burden relationship” exists between the primary government and the WIB. However, based on GASB Statement No. 61 guidance, even though the WIB’s financial statements are quantitatively immaterial to the financial reporting entity, in management’s best professional judgment, these financial statements are qualitatively material and were included within the financial reporting entity based on the nature and significance of the WIB’s relationship with the City (i.e. the primary government). Separate financial statements for the WIB are not included in this financial statement presentation. These financial statements could be obtained by contacting either the New Directions or the Office of the Chief Financial Officer of the City of New Bedford.

The *New Bedford Redevelopment Authority* was organized under the provisions of Massachusetts General Laws 121B and is an independent body politic and corporate, is not an agency of a municipality and therefore, does not answer directly to the chief executive. According to Massachusetts General Law Chapter 121B Section 5, a redevelopment authority is governed by an appointed five-member board. In a City, four members of a housing or redevelopment authority shall be appointed by the Mayor subject to confirmation by the City Council. The purpose of the Authority is to redevelop substandard, decadent or blighted open areas for industrial, commercial, business, residential, recreational, education, hospital or other purposes. The Redevelopment Authority is reported on the government-wide financial statements as a *discretely presented* non-major component unit. Based on GASB Statement No. 61 guidance, a “financial benefit or burden relationship” exists between the primary government and the Redevelopment Authority due to the fact that the primary government has provided financial support to the Redevelopment Authority in past years and this obligation is still outstanding as of the end of fiscal year 2019. Separate financial statements for the Redevelopment Authority are not included in this financial statement presentation. These financial statements could be obtained by contacting either the Redevelopment Authority or the Office of the Chief Financial Officer of the City of New Bedford.

Management has determined that the *New Bedford Contributory Retirement System* (“the System”) should continue to be reported as a fiduciary fund in the City’s fiduciary fund financial statements per the GASBs guidance. The System qualifies as neither a blended or discretely presented component unit. The System 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 System is not required to, nor does it choose to present separate financial statements.

Complete financial statements of these component units can be obtained through the Office of the Chief Financial Officer, 133 Williams Street, New Bedford, Massachusetts 02740.

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

### *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, airport and downtown parking services are classified as business-type activities.

In the government-wide Statement of Net Position, 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 position is reported in three parts – net investment in capital assets; restricted net position; and unrestricted net position. The City first utilizes restricted resources to finance qualifying activities.

The government-wide Statement of Activities reports both the gross and net cost of each of the City’s functions (police, fire, public works, etc.). The functions are also supported by general government revenues (property, sales and use taxes, certain intergovernmental revenues, fines, permits and charges, etc.)

The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with function (police, public works, community and economic development, etc.). Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants.

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds. However, fiduciary funds are not included in the government-wide statements since these assets are held for the benefit of private parties and

*Continued*

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 position 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.

The following funds are used by the City:

#### *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.

#### *Proprietary Funds*

The focus of proprietary fund measurement is upon determination of operating income, changes in net position, 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.

*Continued*

- 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. The City's internal service fund accounts for all medical claims and health plan administrative fees incurred by the self-insured health plans provided to employees and retirees of the City and certain agencies of the City. This fund also accounts for the employer and employee contributions that completely fund those claims and fees on a monthly basis.

#### *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 position and changes in net position 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. Some of these trusts have donor restrictions and trustee policies that do not allow the endowment portion and any unrealized appreciation to be spent. The restrictions and trustee policies only allow the trustees to approve spending of the realized investment earnings. The City's educational scholarship trusts are accounted for in this fund.
- b) **Agency funds** are used to account for assets held in a purely custodial capacity. The City's agency fund mainly consists of payroll withholdings and fees collected on behalf of other governments. Agency funds apply the accrual basis of accounting but do not have a measurement focus.

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.

#### *Description of Major Funds*

Governmental funds – the City reports the following major governmental funds:

1. The **General Fund** is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.
2. The **Wastewater Special Revenue Fund** accounts for the proceeds of specific revenue sources (other than trusts for individuals, private organizations, or other governments, or for major capital projects) that are legally restricted or assigned to expenditures for wastewater operations. The wastewater major fund also includes debt service and special projects of the wastewater operations.
3. The **HOME Investment Program Fund** accounts for the proceeds that fund a wide range of activities including building, buying, and/or rehabilitating affordable housing for rent or homeownership or providing direct rental assistance to low-income individuals.

Proprietary fund – the City reports the following major proprietary funds:

1. The **Water Enterprise Fund** is used to account for and report the City's water activities.
2. The **Airport Enterprise Fund** is used to account for the operations of the City's municipal airport.
3. The **Downtown Parking Enterprise Fund** is used to account for the operations of two parking garages, as well as other parking spaces located within a specific district of the City's downtown area.

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.

*Continued*

### *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.

### *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. The City applies the *susceptible to accrual* criteria to property and other taxes and to intergovernmental revenues. Available means collectible within the current period or within 60 days after year end. In applying the susceptible to accrual concept to intergovernmental revenues, there are essentially two types of revenues. In one, resources must be expended on the specific purpose or project before any amounts will be reimbursed to the City; therefore, revenues are recognized based upon the amount of expenditures incurred subject to availability requirements. In the other, resources are virtually unrestricted and are usually revocable by the grantor only for failure to comply with prescribed compliance requirements. These resources are reflected as revenues at the time of receipt or earlier if the susceptible to accrual criteria are met. Property and other taxes are recognized as revenue in the year for which taxes have been levied or earned, provided they are collected within 60 days after year-end. Generally, intergovernmental revenues are recognized as revenue provided they are earned during the year and collected within one year after year-end, except for Massachusetts School Building Authority (MSBA) and Chapter 90 receivables which are considered available when received.

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. Implementation of New Accounting Principles**

For the year ending June 30, 2019, the City implemented the following pronouncements issued by the GASB:

- GASB Statement No. 83, *Certain Asset Retirement Obligations*
- GASB Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*

The implementation of Statement Nos. 83 and 88 had no material reporting impact for the City.

## **F. Financial Statement Amounts**

### *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.

### *Investments*

Investments, including deferred compensation and pension funds, are stated at fair value. Fair values are based on quotations from the national securities exchange. The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles and GASB Statement No. 72, *Fair Value Measurement and Application*. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. 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.

### *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.

*Continued*

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, Section 50). Foreclosure proceedings are processed by the Treasurer or other tax lien custodian. Foreclosed properties may then be sold through advertised public auction or held for use by the City. Properties intended to be sold through public auction are reported as tax liens and foreclosures receivable, while properties held for use by the city are reported as land inventory.

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.

#### *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.

For those voluntary nonexchange transactions arising from future subsidized principal payments, the City recognizes a receivable and revenue when all applicable requirements, including time requirements, are met, dependent on the applicable basis of accounting.

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.

#### *Inventory*

Inventory balances were on hand at June 30, 2019 and are included in the water and wastewater funds. Inventories of supplies are reported at costs. Any inventory deemed to be "held for resale" is reported at lower of cost or market.

### *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 2019. Donated capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement should be reported at acquisition value rather than fair value.

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.

Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives using a half-year first year convention:

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.

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

### *Long-Term Debt*

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

### *Pensions*

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the City of New Bedford's Contributory Employees' Retirement System ("the System") and additions to/deductions from the System's fiduciary net position have been determined on the same basis as they are reported by the System. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

### *Deferred Inflows of Resources (formerly known as 'deferred revenue')*

In the governmental fund financial statement, deferred inflows of resources represent funds received in advance of being owed or receivables which will be collected and included in revenues of future fiscal years.

In the Governmental fund, deferred inflows of resources relate to revenue that is measurable, but not available.

In the Special Revenue funds, deferred inflows of revenues represents amounts received in advance of expenditures incurred for certain grants.

In the government-wide financial statements, revenue is recorded when earned. Therefore, those statements deferred inflow of resources represent only unearned revenues.

### *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.

*Continued*



Compensated absence liabilities related to both governmental and business-type activities are normally paid from the funds reporting payroll and related expenditures. Management has estimated the short-term portion of the compensated absence liability based on historical trends and/or specific account analysis.

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

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

#### *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.

#### *Net Position and Classifications*

#### **Government -Wide Financial Statements:**

Net position is displayed in three components:

- a) *Net investment in capital assets* - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or borrowings that are attributable to the acquisition, construction or improvements of those assets.
- b) *Restricted net position* - Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments, or (2) law through constitutional provision or enabling legislation.
- c) *Unrestricted net position* - All other net position that does not meet the definition of “restricted” or “invested in capital assets, net of related debt”.

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 fund balance is available.

#### **Fund Statements**

Governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a restricted purpose. In accordance with GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* fund balance will be displayed in the following classifications depicting the relative strength of the spending constraints placed on the purposes for which resources can be used.

- a) *Nonspendable fund balance* - amounts that are not in spendable form (such as inventory) or are required to be maintained intact (such as the corpus of an endowment fund).
- b) *Restricted fund balance* - amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.
- c) *Committed fund balance* - amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purposes unless the government takes the same highest-level action to remove or change the constraint. For the City, this formal action takes the form of statutes which are passed by the City Council and approved by the Mayor.
- d) *Assigned fund balance* - amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority. Under MGL Chapter 190, Acts of 1982, the City Auditor has the authority to assign amounts to be used for specific purposes on behalf of the City.
- e) *Unassigned fund balance* - amounts that are available for any purpose; positive amounts of unassigned fund balance are reported only in the general fund. The City does not currently have a formal minimum unassigned fund balance policy.

For purposes of fund balance classification, when both restricted and unrestricted resources are available for use, it is the City’s policy to use restricted resources first, then unrestricted resources as they are needed. When unrestricted resources are used, committed resources are used first, followed by assigned and unassigned resources, respectively.

*Continued*

### *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 when 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 inflows of resources by the recipient.

### *Expenditures*

Expenditures are recognized when the related fund liability is incurred.

### *Interfund Activity*

During the course of government 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 position. Any residual balances outstanding between the governmental activities and business-type activities are reported in the statement of net position as internal balances.

### **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 government operations, resources may be permanently reallocated between and within funds. These transactions are reported as transfers in and transfers out and are not eliminated from the individual fund statements.

### *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 on the modified accrual basis. 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, including workers’ compensation, is recorded as a liability and as an expense.

### *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.

### *Fund Deficit and Appropriation Deficits*

Several individual fund deficits existed at June 30, 2019 in the governmental funds. These deficits will be funded by future administration plans; bond issues and available fund balances. Appropriation deficits also existed in the general fund at June 30, 2019. Please see note 2 for further information.

## **G. 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.

*Continued*

**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 2019 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 against appropriations.

**Excess of Expenditures Over Appropriations**

Under Massachusetts law, communities incurring appropriation deficits at the departmental level in any fiscal year must supplement the next fiscal year's appropriation raised through the tax rate recapitulation by the amount of each deficit without offset for any departmental surpluses. For this purpose, all individual school departments reported within a community's General Fund may be aggregated as one department. In fiscal year 2019, no individual department, including the School Department in aggregate, incurred appropriation deficits.

As part of the City's annual appropriation order and any supplementary appropriation orders, the level of budgetary control is more restrictively established at the appropriation category level within a department (Legal Level). Categories are defined as personal services, charges and services, supplies and materials, capital outlay, and debt service. However, the Legal Level for school expenditures is established at the single School Department appropriation line within the appropriation order. In fiscal year 2019, expenditures exceeded appropriations at the Legal Level for the following departments within the City:

<u>Department</u>	<u>Category Name</u>	<u>Appropriation Deficit</u>
Chief Financial Officer	Charges & Services	\$ 10,988
General Government Unclassified	Salaries & Wages	12,872
General Government Unclassified	Charges & Services	77,180
Management Information Systems	Charges & Services	1,462
Management Information Systems	Supplies & Materials	224
Mayor	Charges & Services	21
Fire Department	Salaries & Wages	56,276
Fire Department	Charges & Services	461,752
Traffic Commission	Supplies & Materials	1,499
Emergency Medical Services	Charges & Services	305,638
Facilities & Fleet Management	Charges & Services	28,539
Snow Removal	Salaries & Wages	314,717
Library	Capital Outlay	7,331
Recreation and Parks	Other Financing Uses	2,000
Zoo	Charges & Services	18,442
Debt Service	Other Charges	95,415
<b>Total General Fund Appropriation Deficits</b>		<b>\$ 1,394,356</b>

*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 interfund transfers (i.e. other financing sources and other financing uses):

	<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	\$ 1,794,574	\$ 2,944,289	\$ 5,866,017	\$ 1,796,002
Wastewater Fund	195,163	1,467,263	7,944,600	9,836,726
HOME Investment Program	-	-	-	-
<b><u>Non-Major Governmental Funds</u></b>				
Total Non-Major Governmental Funds	2,872,483	19,374	2,025,601	185,709
<b><u>Major Enterprise Funds</u></b>				
Water	-	3,164	434,358	3,687,865
Airport	-	-	-	445,813
Downtown Parking	-	173,610	-	318,461
<b><u>Internal Service Fund</u></b>				
Internal Service Fund	-	254,356	-	-
<b><u>Fiduciary Funds</u></b>				
Agency	-	164	-	-
Totals	<u>\$ 4,862,220</u>	<u>\$ 4,862,220</u>	<u>\$ 16,270,576</u>	<u>\$ 16,270,576</u>

The purpose of the internal balances is to fund cash flows due to timing differences between receipts and disbursements.

In addition to the sources and uses above, capital sources of \$9,126,649 were recorded for the water enterprise fund for capital assets being transferred into the funds (thus resulting in increases to net position within the enterprise fund). A corresponding capital use was recorded in the governmental activities (thus resulting in decreases to net position within the governmental activities).

The airport enterprise fund had capital uses recorded for long-term issuances of debt transferred into the fund totaling \$417,857 with a corresponding capital source recorded to the governmental activities.

The downtown parking enterprise fund also recorded capital assets equal to the value of the Elm Street Garage project (\$5,539,248) and issuances of long-term debt that funded this project (\$4,945,692) through capital source and use during fiscal year 2019.

*Continued*

**Note 3. Cash, Cash Equivalents and Investments**

Cash and investments as of June 30, 2019 are classified in the accompanying financial statements as follows:

Governmental Activities	\$ 101,888,389
Business-Type Activities	<u>10,050,189</u>
<b>Total Cash and Investments - Primary Government</b>	<b><u>\$ 111,938,578</u></b>
Private Purpose Trust Funds	433,836
OPEB Trust Fund	2,004,130
Agency Funds	<u>8,743,411</u>
<b>Total Cash and Investments - Fiduciary Funds</b>	<b><u>\$ 11,181,377</u></b>
Pension Trust Funds - Cash	\$ 5,439,959
Pension Trust Funds - Investments	<u>305,859,561</u>
<b>Total Cash and Investments - New Bedford Contributory Retirement</b>	<b><u>\$ 311,299,520</u></b>
<b>Total Cash and Investments - City of New Bedford</b>	<b><u>\$ 434,419,475</u></b>

**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 statement of net position as “Cash and Investments”. Petty cash is included in the presentation of cash on the statement of net position in the amount of \$10,710 on June 30, 2019.

*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.

The City’s policy is to review the financial institution’s financial statements and the background of the Advisor. The intent of this qualification is to limit the City’s exposure to only those institutions with a proven financial strength, capital adequacy of the firm, and overall affirmative reputation in the municipal industry. Further, all securities not held directly by the City, will be held in the City’s name and tax identification number by a third-party custodian approved by the Treasurer and evidenced by safekeeping receipts showing individual CUSIP numbers for each security.

At year end, the City’s carrying amount of deposits for the primary government, private purpose trust funds, the OPEB trust fund and the agency funds was \$123,119,955, including \$10,710 of petty cash and the bank balance was \$129,890,255. Of the bank balance \$3,314,754 was covered by Federal Depository Insurance, \$19,017,710 was covered by Depositors Insurance Fund and \$44,631,345 was held in collateralized accounts. The remaining balance of \$21,874,177 was held in uncollateralized accounts and therefore is exposed to “custodial credit risk for deposits”.

At year end the City’s carrying amount of deposits for the pension trust fund was \$5,439,959 and the bank balance was \$6,051,232. Of the bank balance \$250,000 was covered by Federal Depository Insurance. The remaining balance of \$5,801,232 was held in uncollateralized accounts and therefore is exposed to “custodial credit risk for deposits”.

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.

*Continued*

*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, 2019 based on the S&P rating scale. The City's policy to manage credit risk includes investment in United States Treasury and United States Government Agency obligations without limit. In regards to other investments, the City will only purchase investment grade securities with a high concentration in securities rated "A" or better. The City may invest in the Massachusetts Municipal Depository Trust (MMDT) with no limit to the amount of funds placed in the fund.

*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.

The City adheres to the provisions of MGL Chapter 44 Section 55 when managing concentration risk. This section of the General Laws contain several restrictions limiting where and under what circumstances the City may deposit its funds. No investments in a single issuer exceeded 5% of the City's investment portfolio.

*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. The City's investment policy is to manage interest rate risk by managing duration in the accounts.

*Foreign currency risk* is the risk that exchange rates effect the valuation of an investment. Although these investments are not denominated in a foreign currency, the underlying securities are denominated in various foreign currencies. 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 shows the distribution of the City's investments by maturity utilizing the specific identification method:

*Total Investments by Investment Type and S&P Ratings:*

*Primary Government, Private Purpose and Agency Funds*

Investment Type	Fair Value	S&P Rating				Not Rated
		AAA	AA	A	BBB	
Government Securities	\$ 13,920,441	\$ -	\$ 5,885,436	\$ -	\$ -	\$ 8,035,005
Corporate Bonds	8,915,363	231,388	915,217	3,913,066	2,748,589	1,107,104
Total Debt Securities	\$ 22,835,803	\$ 231,388	\$ 6,800,652	\$ 3,913,066	\$ 2,748,589	\$ 9,142,109

**Other Investments:**

Equities	\$ 9,157,094
Certificate of Deposits	9,022,721
ETF - US	13,110
ETF - International	23,541
Total Investments	<u>\$ 41,052,269</u>

*Continued*

Pension Trust Fund (at December 31, 2018)

Investment Type	Fair Value	S&P Rating							Not Rated
		AAA	AA	A	BBB	BB	B	CCC	
Bank Loans Receivable	\$ 279,032	\$ -	\$ -	\$ -	\$ 42,838	\$ -	\$ 236,194	\$ -	\$ -
Collateralized Mortgage Backed Securities	403,705	131,911	-	-	17,164	-	-	-	254,630
Convertible Bonds	1,683,409	-	-	-	142,733	513,660	110,320	366,109	550,587
Corporate Bonds	16,442,087	-	903,534	2,554,925	9,306,660	3,034,356	566,262	17,598	58,752
Government Issues	4,509,419	-	4,509,419	-	-	-	-	-	-
Loomis Mutual Fund (Full Discretion)	2,984,583	-	-	-	-	-	-	-	2,984,583
Municipal Bonds	36,864	-	-	-	2,372	-	34,492	-	-
National Association of Realtor Mortgage Backed Securities	2,033,217	-	-	57,799	18,483	-	-	-	1,956,935
Other Asset Backed Securities	5,221,623	800,608	155,735	1,233,535	1,797,584	-	-	-	1,234,161
Other Investments	206,142	-	8,150	-	4,164	-	-	-	193,828
Yankee Bonds	7,317,226	365,543	-	267,622	3,448,629	2,384,902	235,190	-	615,340
Total Debt Securities	\$ 41,117,307	\$ 1,298,062	\$ 5,576,838	\$ 4,113,881	\$ 14,780,627	\$ 5,932,918	\$ 1,182,458	\$ 383,707	\$ 7,848,816

**Other Investments:**

Pooled Emerging Market/Other Equities	\$ 59,813,177
Pooled Domestic Equities	115,820,078
Pooled International Equities	28,905,057
Pooled Alternative Investments	29,498,207
Pooled Real Estate Funds	30,705,734
Total Investments	<u>\$ 305,859,560</u>

**Total Investments by Investment Type and Remaining Maturity:**

Primary Government, Private Purpose and Agency Funds

Investment Type	Fair Value	Remaining Maturity (in years)					More than 10 years
		0-1 years	1-2 years	2-5 year	5-10 years		
Government Securities	\$ 13,920,441	\$ 12,353,280	\$ 1,463,385	\$ 102,949	\$ -	\$ 827	
Corporate Bonds	8,915,363	8,353,697	561,665	-	-	-	
Certificates of Deposit	9,022,721	8,220,120	556,536	4,085	241,980	-	
Total Debt Securities	\$ 31,858,524	<u>\$ 28,927,098</u>	<u>\$ 2,581,586</u>	<u>\$ 107,034</u>	<u>\$ 241,980</u>	<u>\$ 827</u>	

**Other Investments:**

Equities	\$ 9,157,094
ETF - US	13,110
ETF - International	23,541
Total Investments	<u>\$ 41,052,269</u>

Continued

Pension Trust Fund (at December 31, 2018)

Investment Type	Fair Value	Remaining Maturity (in years)					Not Available
		0-1 years	1-2 years	3-5 year	6-10 years	More than 10 years	
Bank Loans Receivable	\$ 279,032	\$ -	\$ -	\$ -	\$ -	\$ 279,032	\$ -
Collateralized Mortgage Backed Securities	403,705	-	-	-	30,566	373,139	-
Convertible Bonds	1,683,410	-	72,097	353,642	568,119	387,123	302,429
Corporate Bonds	16,442,087	247,719	1,451,495	4,887,469	7,436,070	2,418,611	723
Government Issues	4,509,419	-	1,927,561	-	766,744	1,815,114	-
Loomis Mutual Fund (Full Discretion)	2,984,583	-	-	-	-	-	2,984,583
Municipal Bonds	36,864	-	-	-	-	36,864	-
National Association of Realitor Mortgage Backed Securitie	2,033,216	-	-	336,553	-	1,696,663	-
Other Asset Backed Securities	5,221,621	-	-	1,543,494	1,621,953	2,056,174	-
Other Investments	206,144	-	-	-	-	12,314	193,830
Yankee Bonds	7,317,226	-	63,029	1,926,792	4,255,375	1,072,030	-
Total Debt Securities	\$ 41,117,307	\$ 247,719	\$ 3,514,182	\$ 9,047,950	\$ 14,678,827	\$ 10,147,064	\$ 3,481,565

**Other Investments:**

Pooled Emerging Market/Other Equities	\$ 59,813,177
Pooled Domestic Equities	115,820,078
Pooled International Equities	28,905,057
Pooled Alternative Investments	29,498,207
Pooled Real Estate Funds	30,705,734
Total Investments	<u>\$ 305,859,560</u>

The following represent foreign assets the City has invested in:

Investment Type	Currency	Total Amount	Maturity	Description
-----------------	----------	--------------	----------	-------------

**Foreign Currency Risk****Primary Government, Private Purpose and Agency Funds**

Common Stock - Foreign	N/A	\$ 13,131	N/A	Toronto Dominion Bank
Common Stock - Foreign	N/A	<u>10,410</u>	N/A	Eaton Corp PLC
Total		<u>\$ 23,541</u>		

Investment Type	Currency	Total Amount	Maximum Maturity (in years)	S&P Rating
-----------------	----------	--------------	-----------------------------	------------

**Foreign Currency Risk**

Pension Trust Fund (at December 31, 2018)

Corporate Bond	ARS	\$ 273,910	13	B
Corporate Bond	ARS	36,537	4	NR
Corporate Bond	MXN	34,339	6	A-
Corporate Bond	MXN	9,816	25	BBB+
Corporate Bond	ZAR	<u>32,344</u>	26	BB+
Total		<u>\$ 386,946</u>		

Continued



**Note 4. Fair Value Disclosures – Primary Government, Private Purpose and Agency Funds**

The City holds investments that are measured at fair value on a recurring basis. Recurring fair value measurements are those that the GASB Statement requires or permits in the Statement of Net Position at the end of each reporting period. Because investing is not a core part of the City's mission, the City determined that the disclosures related to these investments only need to be disaggregated by major type. The City chose a narrative format for the fair value disclosures instead of using a tabular format for disclosing the levels within the fair value hierarchy.

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles and GASB Statement No. 72, *Fair Value Measurement and Application*. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

The City has the following recurring fair value measurements as of June 30, 2019:

**Debt Securities:**

- US Treasury and Other Government Securities of \$13,920,441 are valued using quoted market prices (Level 1 inputs)
- Mutual Funds totaling \$259,682 are valued using quoted market prices (Level 1 inputs)
- Corporate Bonds and Other Fixed Income Securities totaling \$8,655,680 are valued using quoted market prices (Level 1 inputs)
- Certificates of Deposit totaling \$9,022,721 are valued using quoted market prices (Level 1 inputs)

**Equity Securities:**

- Equities of \$9,157,094 are valued using quoted market prices (Level 1 inputs)
- Exchange traded funds (ETFs) of \$36,651 are valued using quoted market prices (Level 1 inputs)

The City had no nonrecurring fair value measurements as of June 30, 2019.

**Investments Measured at the Net Asset Value (NAV)**

The City owns units, or shares in the State Retiree Benefits Trust Fund reported in the City's OPEB Trust Fund at a net asset value (NAV) of \$2,004,130 as of June 30, 2019. By law, such investments are required to be invested in the Pension Reserves Investment Trust ("PRIT") Fund and is administered by the Pension Reserves Investment Management Board ("PRIM"). The investments are irrevocable and invested for the sole purpose to provide funding for the City's post-employment benefits for the exclusive benefit of the City's retired employees and their eligible dependents; and for defraying the reasonable expenses of the Trust in accordance with the Trust agreement. The fair values of the investments in this type have been determined using the NAV per share (or its equivalent) of the City's ownership of the fund.

PRIT meets the criteria of an external investment pool and operates in accordance with applicable state laws and regulations. For the purposes of the disclosure of the PRIT's *credit quality rating*, the weighted average quality rating of the debt securities portfolio, excluding pooled investments, investments explicitly backed by the US Government and other nonrated investments was BBB at June 30, 2018 and 2017, per the most recently issued Pension Reserves Investment Trust Fund Comprehensive Annual Financial Report (CAFR).

For the purposes of disclosing the *interest rate risk* of the PRIT, the maturity of a government's position in an external investment pool should be based on the average maturity of the pool's investments regardless of the ability of the pool's participants to withdraw funds on demand. Per the most recently issued Pension Reserves Investment Trust Fund CAFR, the PRIM Board does not have a formal policy relating to interest rate risk, and the PRIM Board manages the PRIT Fund's exposure to fair value loss arising from movements in interest rates by establishing duration guidelines with its fixed income investment managers. The guidelines with each individual manager require that the effective duration of the domestic fixed income investment portfolio be within a specified percentage or number of years of the effective duration band of the appropriate benchmark index. For emerging markets fixed income investments, the portfolio must have duration with a band ranging from three to eight years. For more information, please see the most recently issued Pension Reserves Investment Trust Fund CAFR.

The Treasurer of the Commonwealth serves as Trustee and provides regulatory oversight. The reported value of the pool is the same as the fair value of the City's position in pool shares. The City does not have the ability to control any of the investment decisions relative to its funds in the PRIT.

*Continued*

**Note 5. Fair Value Disclosures – New Bedford Contributory Retirement System (a Defined Benefit Pension Plan)**

The New Bedford Contributory Retirement System (“the System”) holds significant amounts of investments that are measured at fair value on a recurring basis. Because investing is a key part of the System’s activities, the System shows greater disaggregation in their disclosures. The System chose to display a tabular format for disclosing the levels within the fair value hierarchy per GASB Statement No. 72, *Fair Value Measurement and Application*.

The System categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The System has the following recurring fair value measurements as of December 31, 2018:

		Fair Value Measurements Using:		
		Quoted Prices in Active Markets for Identical Assets (Level 1)*	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
	December 31, 2018			
<b>Investments by Fair Value Level:</b>				
Equity Securities:				
BNY Mellon EB Dynamic Equity Pooled Fund	\$ 27,797,296	\$ 27,797,296	\$ -	\$ -
BNY Mellon EB US Small-Mid Cap Equity Fund	6,013,892	6,013,892	-	-
SSgA Russell 3000 Index NL Fund	36,692,719	36,692,719	-	-
Wellington Management Company, LLP	10,489,975	-	10,489,975	-
Westfield All Cap Equity Collective Fund	34,826,196	34,826,196	-	-
SSgA MSCI EAFE Index NL Fund	28,905,057	28,905,057	-	-
Pooled Funds:				
Aberdeen Emerging Markets Equity Fund	10,505,094	10,505,094	-	-
Acadian Emerging Markets Equity II Fund LLC	17,878,350	17,878,350	-	-
PIMCO All Asset Collective Trust	31,429,733	31,429,733	-	-
Alternative Investments:				
NB Crossroads Fund XXI	6,394,769	-	-	6,394,769
Hamilton Lane Private Equity Fund IX LP	5,971,603	-	-	5,971,603
Handcock Timberland and Farmland Fund LP	3,532,458	-	-	3,532,458
INVESCO Partnership Fund IV, LP	98,815	-	-	98,815
Lexington Capital Partners VIII LP	6,784,730	-	-	6,784,730
Mesirow Financial Private Equity Partnership Fund V, LP	6,534,951	-	-	6,534,951
Realty Associates Fund VIII Corporation	38,627	-	-	38,627
Wilton Private Equity Fund	142,253	-	-	142,253
Total investments by fair value level	\$ 234,036,518	\$ 194,048,337	\$ 10,489,975	\$ 29,498,206
<b>Total investments measured at fair value</b>	<b>\$ 234,036,518</b>	<b>\$ 194,048,337</b>	<b>\$ 10,489,975</b>	<b>\$ 29,498,206</b>
<b>Other investments held:</b>				
Investments Measured at Net Asset Value (NAV):				
UBS Asset Management - Trumbull Property Fund	\$ 18,888,032			
Loomis Multisector Full Discrn Tr B	41,117,308			
US Real Estate Investment Fund, LLC	11,817,702			
<b>Total other investments held:</b>	<b>71,823,042</b>			
<b>Total investments held by the</b>				
<b>New Bedford Contributory Retirement System:</b>	<b>\$ 305,859,560</b>			

Continued

The valuation method for investments measured at the net asset value (NAV) per share (or its equivalent) is presented on the following table:

**Investments Measured at the NAV:**

<b>Investment:</b>	<b>Fair Value</b>	<b>Unfunded Commitments</b>	<b>Redemption Frequency (If Currently Eligible)</b>	<b>Redemption Notice Period</b>
UBS Asset Management - Trumbull Property Fund <sup>(1)</sup>	\$ 18,888,032	--	--	30 - 60 day
Loomis Multisector Full Discrn Tr B <sup>(2)</sup>	41,117,308	--	--	30 - 60 day
US Real Estate Investment Fund, LLC <sup>(3)</sup>	11,817,702	--	--	30 - 60 day
Total investments measured at the NAV:	<u>\$ 71,823,042</u>			

<sup>(1)</sup> UBS Asset Management – Trumbull Property Fund

The Trumbull Property Fund LP is a Delaware limited partnership having multiple subsidiaries for its real estate investments. Certain subsidiaries have elected to be taxed as real estate investment trusts (“REITs”) or taxable REIT subsidiaries for U.S. federal income tax purposes. The purpose of the Fund is to actively manage a core portfolio of primarily equity real estate investments located in the United States. The general partner of the Fund is Trumbull Property Fund GP LLC, whose sole member, UBS Realty Investors LLC, provides investment advisory services to the Fund pursuant to one or more Advisory Agreements with the Fund and its subsidiaries. UBS Realty is organized as a limited liability company and has been registered with the U.S. Securities and Exchange Commission (“SEC”) as an investment advisor under the Investment Advisers Act of 1940, as amended, since January 5, 1994.

*Valuation Policy:*

- The real estate investments of the Fund are stated at estimated fair value. Fair value means the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair values of real estate investments do not reflect transaction costs that may be incurred upon disposition of the real estate investments. The Fund’s real estate values do not necessarily represent the prices at which the real estate investments would be sold or repaid, since market prices of real estate investments can only be determined by negotiation between a willing buyer and seller. Amounts ultimately realized from each investment may vary materially from the fair values reflected in the consolidated financial statements.
- A third-party firm is engaged by the Fund to administer the Fund’s valuation policies and procedures, including managing the Fund’s independent appraisal process and reviewing the Fund’s independent appraisals.
- The Fund’s real estate investments are generally appraised every quarter starting with the first full quarter after an investment is made. An independent appraisal of the underlying real estate for each investment is performed annually. This annual appraisal includes a property inspection and market analysis. In the interim quarters, the valuation is updated by the independent appraiser through a restricted appraisal report. In these appraisals, the prior cash flow assumptions for the real estate investments are updated for factual changes, and changes in market conditions are evaluated. All appraisals are certified by members of the Appraisal Institute who hold the MAI designation. Appraisals and appraisal reports are required to comply with the Uniform Standards of Professional Appraisal Practice (“USPAP”), as promulgated by the Appraisal Foundation.

<sup>(2)</sup> Loomis Multisector Full Discretion Trust

- Seeks to maximize total return
- The objective is to outperform Barclays Gov/Credit index over a market cycle although this index is used for comparative purposes and isn’t intended to parallel the risk or investment style of the strategy
- Broad investable universe with flexibility to gain significant exposure to opportunities out of the benchmark including high yield, emerging markets, bank loans, convertibles, preferred equity, asset backed securities, etc.
- Value oriented & opportunistic. Returns typically come from income generation as well as price appreciation
- Long term time horizon

*Valuation Policy:*

In fulfilling its duty to the Fund Board and to its Client Accounts, the Adviser relies on approved pricing vendors and/or broker dealers to furnish Market Quotations, or, in the absence of readily available Market Quotations, it will Fair Value securities in good faith based upon criteria set forth in these Procedures. The Adviser utilizes the Fair Value Information Services (“FVIS”) that is offered by Interactive Data Corporation (“IDC”) to assist in the daily Fair Valuation of certain:

- Foreign equity securities excluding preferred securities (“Foreign Equities”),

*Continued*

- Futures contracts on foreign equity indices (“Foreign Equity Index Futures”),
- Options contracts on foreign equity indices (“Foreign Equity Index Options”), and
- Options contracts on single name foreign equities (“Foreign Single Name Equity Options”)

Furthermore, the Adviser cannot simply rely on pricing vendors to compute value; it must monitor for “significant events” or other factors the effect of which suggest the Market Quotation of a security does not represent an amount the Adviser would reasonably expect to receive upon its current sale. Once the Adviser identifies a significant event or other factor, the Pricing Manager will determine whether the Market Quotation for a security or group of securities as obtained from the regular approved pricing source is (are) reliable and, if the Market Quotation(s) is (are) not deemed to be reliable, the Pricing Manager will determine whether the security(ies) should be priced in accordance with the Procedure’s Standing Instructions, or the Pricing Manager will convene a Pricing Committee meeting to Fair Value such security(ies) in good faith.

### <sup>(3)</sup> US Real Estate Investment Fund LLC

Intercontinental’s newest private equity real estate fund. The United States Real Estate Investment Fund, LLC (U.S. REIF) represents Intercontinental’s fifth fund. The US REIF is an open-ended commingled investment vehicle with a multi-disciplinary investment strategy. Diversified nationally, the foundation of the portfolio is to acquire yield-driven assets consisting of all property types.

### *Valuation Policy:*

An independent appraisal management firm (the “Appraisal Management Firm”) selected by the Manager shall oversee and administer the appraisal process for the Company. The Appraisal Management Firm shall select and supervise third-party appraisal firms. Except as provided below, each of the Company’s investments shall be appraised annually, with approximately 25% of the Company’s investments being appraised each quarter. The appraised values shall be updated quarterly by the Appraisal Management Firm based upon financial and leasing updates provided by the Manager and its Affiliates. Prior to its first appraisal, all acquired investments shall be valued at cost plus capital expenditures (i.e., no appraisal will be required prior to the closing of each new investment) and the new investment will join the annual valuation cycle within 12 months following the acquisition date. A value-added investment may be valued in the discretion of the Manager at cost (including subsequent capital expenditures) until the completion of its value added program (or sooner in the discretion of the Manager), and thereafter such investment shall be appraised in accordance with the procedures described above. The Manager shall have the right, in its discretion and at any time, to modify the valuation cycle with respect to any Company investment.

### **Note 6. 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. Properties foreclosed on after June 30, 2017 are intended to be sold through public auction and are reported as tax foreclosures receivable, while foreclosures prior to July 1, 2017 have been held for City use and are reported as land inventory. As of June 30, 2019, \$1,330,207 and \$6,070,625 has been reported as tax foreclosures receivable and land inventory, respectively.

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

Under Massachusetts law, liens are placed on real and personal property as of the date of tax levy or utilities billing for the amount of levied taxes or utility fees. Liens remain in effect until payment has been received. MGL 44, Chapter 60, Section 37 permits the municipality to sell or take tax title of properties on which taxes and utilities remain delinquent 14 days after the municipality issues a demand for payment. Proceeds from the sale of tax titles are recognized as revenue, while tax titles taken by the City are reclassified as tax liens receivable. Under MGL Chapter 60, Section 65, the City may foreclose on the property owner’s redemption rights six months after the taking of tax title. Properties foreclosed upon after June 30, 2017 are reported as tax foreclosures receivable. Those acquired before July 1, 2017 are reported as land inventory held for public purposes or future development in the amount of unpaid taxes, interest, and fees. Land inventory that is subsequently deployed for public purposes is reported in the General Fixed Assets Account Group. For land inventory that is subsequently sold, a gain or loss is reported in the year of disposition. Remaining land inventory is amortized against property tax revenue over a ten-year period following the date of foreclosure until it is either deployed for public purpose or sold. As of June 30, 2019, land inventory with an original basis of \$6,906,822 has been reported as \$5,377,440, net of amortization, and has been fully reserved as nonspendable fund balance. During fiscal year 2019, \$693,185 of remaining land inventory was amortized.

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.

*Continued*

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.

	Governmental Activities				Business-Type Activities			
	Major Funds		HOME Investment Program	Non-Major Governmental	Total Governmental Activities	Major Funds		Total Business-Type Activities
	General	Wastewater				Water	Airport	
<b>Receivables:</b>								
Real estate and personal property taxes	\$ 3,819,442	\$ -	\$ -	\$ -	\$ 3,819,442	\$ -	\$ -	\$ -
Tax liens and foreclosures	12,647,428	-	-	-	12,647,428	-	-	-
Motor vehicle and boat excise	1,778,205	-	-	-	1,778,205	-	-	-
User charges receivables	-	2,773,862	-	-	2,773,862	1,332,463	-	1,332,463
Departmental and other	5,939,946	42,341	-	-	5,982,287	-	-	-
Loans receivable	-	-	19,127,804	1,471,458	20,599,262	-	-	-
Other receivables	822,961	2,302,237	-	674,837	3,800,035	18,814	51,558	75,385
Special assessments	10,496	100,667	-	-	111,163	-	-	-
Due from federal or state government	11,768,720	-	-	11,280,361	23,049,081	-	-	-
Gross receivables (governmental and proprietary funds)	36,787,198	5,219,107	19,127,804	13,426,656	74,560,765	1,351,277	51,558	1,407,848
Less: allowance for uncollectable	(5,666,248)	-	-	(1,500,146)	(7,166,394)	(174,960)	(9,805)	(184,765)
Net total receivables (GWFS)	\$ 31,120,950	\$ 5,219,107	\$ 19,127,804	\$ 11,926,510	\$ 67,394,371	\$ 1,176,317	\$ 41,753	\$ 1,223,083

### Note 7. Tax Abatement Disclosures

The City's Tax Increment Financing (TIF) Program was created in 1996 to foster investment and job creation by the private sector through short-term tax incentives provided by the Commonwealth and City. This program is administered as the local component of the Commonwealth's Economic Development Incentive Program (EDIP), and is a partnership between the Commonwealth, the municipality and an expanding company. All provisions of the TIF policy are in accordance with MGL Chapter 40 Section 59 and its implementing regulations found under 760 CMR 22.01. Under the EDIP, the City of New Bedford is an Economic Target Area and Gateway Municipality, and utilizes this designation to address blighted, distressed, and underutilized areas and sites. In a Gateway Municipality, businesses looking to propose for such areas or sites are eligible for greater incentives. A company that intends to locate or expand operations in the City may submit a project proposal for certification to the City of New Bedford Tax Increment Financing Board (Board). Types of eligible projects include expansion, enhanced expansion, manufacturing retention, or abandoned building renovation projects.

In exchange for job creating and investment commitments, a company's certified project becomes eligible to receive state and local tax benefits to include:

- Local property tax exemptions pursuant to executed TIF or STA agreements
- 100% personal property tax exemption (for executed TIF agreements only)
- 10% abandoned building tax deduction (if applicable)
- Up to 10% enhanced investment tax credit (EOAC)

Certified project proposals must comply with the eligibility guidelines as established by the Board. The New Bedford Economic Development Council administers the TIF program.

The TIF Board, City Council and the Commonwealth have approved numerous projects since 1996. In total, 10 projects were active at fiscal year ended June 30, 2018 and compliant with the program's reporting requirements, which together have added \$36.6 million in new private-sector investment, while creating and retaining thousands of jobs in New Bedford. For the fiscal year ended June 30, 2019, the City abated property taxes totaling \$1.240 million under this program.

*Continued*

**Note 8. Capital Assets and Depreciation**

Capital asset activity for the year ended June 30, 2019 was as follows:

	Governmental Activities:				Business-Type Activities			
	Beginning Balance	Increases	Decreases	Ending Balance	Beginning Balance	Increases	Decreases	Ending Balance
Not Being Depreciated:								
Land and easements	\$ 11,328,514	\$ -	\$ -	\$ 11,328,514	\$ 2,087,793	\$ -	\$ -	\$ 2,087,793
Construction in progress	64,366,836	39,504,890	48,893,541	54,978,185	105,683	-	105,683	-
Infrastructure in progress	19,898,787	2,444,521	14,725,534	7,617,774	552,119	-	449,819	102,300
Subtotal	95,594,137	41,949,411	63,619,075	73,924,473	2,745,595	-	555,502	2,190,093
Other Capital Assets:								
Infrastructure	199,896,358	11,834,523	-	211,730,881	131,953,546	9,526,468	-	141,480,014
Land improvements	2,836,991	6,016,899	-	8,853,890	621,822	-	-	621,822
Buildings and improvements	426,986,762	36,277,580	1,186,747	462,077,595	2,779,020	5,703,931	48,811	8,434,140
Machinery and equipment	61,091,632	1,917,802	6,763,744	56,245,690	7,697,842	370,680	1,694,361	6,374,161
Office equipment and furniture	15,141,188	327,170	2,603,439	12,864,919	102,229	-	75,580	26,649
Computer equipment	18,461,797	1,943,375	2,168,776	18,236,396	101,871	-	14,722	87,149
Library books and textbooks	13,285,732	125,340	7,538,406	5,872,666	-	-	-	-
Automobiles	17,065,045	3,474,125	2,713,967	17,825,204	2,342,374	187,978	465,411	2,064,941
Animals	54,859	-	3,001	51,858	-	-	-	-
Subtotal	754,820,364	61,916,814	22,978,080	793,759,098	145,598,704	15,789,057	2,298,885	159,088,876
Accumulated Depreciation:								
Infrastructure	128,326,650	3,644,012	-	131,970,662	64,002,167	3,865,488	-	67,867,655
Land improvements	855,026	437,254	-	1,292,280	313,266	31,033	-	344,299
Buildings and improvements	164,557,779	15,866,123	563,704	179,860,198	1,022,438	211,554	12,517	1,221,475
Machinery and equipment	53,952,621	2,347,904	6,763,744	49,536,780	6,921,801	528,193	1,694,361	5,755,633
Office equipment and furniture	14,508,022	200,112	2,603,439	12,104,695	102,229	-	75,580	26,649
Computer equipment	15,128,907	1,917,155	2,168,776	14,877,286	101,871	-	14,722	87,149
Library books and textbooks	11,526,629	662,498	7,538,406	4,650,721	-	-	-	-
Automobiles	13,785,697	1,269,533	2,713,967	12,341,263	1,758,840	203,165	465,411	1,496,594
Animals	48,819	1,300	3,001	47,118	-	-	-	-
Subtotal	402,690,150	26,345,891	22,355,037	406,681,004	74,222,612	4,839,433	2,262,591	76,799,454
Net other capital assets	352,130,214	35,570,923	623,043	387,078,094	71,376,092	10,949,624	36,294	82,289,422
Net capital assets	\$ 447,724,351	\$ 77,520,334	\$ 64,242,118	\$ 461,002,567	\$ 74,121,687	\$ 10,949,624	\$ 591,796	\$ 84,479,515

The total amount of net capital assets obtained through capital leases totaled \$23,032,280 at June 30, 2019. Total accumulated depreciation against these assets totaled \$7,741,557 at June 30, 2019.

*Continued*

Depreciation was charged to the functions of governmental and business-type activities as follows:

**Governmental Activities:**

General Government	\$ 2,258,859
Public Safety	2,022,996
Education	13,128,864
Public Works	7,636,120
Community and Economic Development	219,074
Health and Human Services	141,501
Culture and Recreation	938,476
Total Governmental Activities	<u>\$ 26,345,891</u>

**Business-Type Activities:**

Water	2,806,658
Airport	1,845,293
Downtown Parking	187,479
Total Business-Type Activities	<u>\$ 4,839,430</u>

**Note 9. Pension Plan**

**General Information about the Pension Plan**

*Plan description.* The System is a contributory defined benefit plan, as established by MGL Chapter 32, covering all City of New Bedford Retirement System member unit employees deemed eligible by the retirement board, with the exception of the school department employees who serve in a teaching capacity. The Massachusetts Teacher Retirement System (“MTRS”) administers the pensions of such school employees. The City does not contribute to the MTRS. The amount of payments made on behalf of the City of New Bedford by the Commonwealth of Massachusetts into the MTRS totaled \$28,765,228 for the fiscal year ended June 30, 2019 and, accordingly, are reported as intergovernmental revenues and expenditures within the City’s general fund. For further information regarding the MTRS, please see [www.mass.gov/mtrs](http://www.mass.gov/mtrs).

The System qualifies as a cost-sharing multiple employer plan since pension obligations exist for employees of more than one employer and plan assets can be used to pay the benefits of the employees of any employer. Additional disclosures as required by GASB Statement No. 68 with respect to single-employer pension plans were also integrated into this note (where applicable) for enhanced transparency over financial reporting due to the fact that the City of New Bedford is considered the “reporting entity”. Five employers currently participate in the System, the City of New Bedford, the New Bedford Housing Authority, the Greater New Bedford Regional Technical Vocational High School, the Greater New Bedford Regional Refuse Management District, and the Southeastern Regional Transit Authority. Each employer contributes into the plan annually as determined by the Public Employee Retirement Administration Commission (“PERAC”). Please see the section below entitled “Contributions” for more information.

The PERAC issues a publicly available report on the City of New Bedford Retirement System pursuant to MGL Chapter 32 Section 21 that can be obtained at [www.mass.gov/perac](http://www.mass.gov/perac). This report contains additional information with respect to the System.

*Benefits provided.* The System provides retirement, disability, and death benefits. Retirement benefits vest after ten years of creditable service and are determined by multiplying average salary by a benefit rate related to the member’s age and job classification at retirement, and the resulting product by his creditable service. The amount determined by the benefit formula

*Continued*

cannot exceed 80% of the member's highest three year average salary (for employees hired prior to April 2, 2012) or 80% of the member's highest five year average (for employees hired on or after April 2, 2012). The benefit rate also varies with the member's retirement age and group classification (see below). Members may elect to receive their retirement allowances in one of three forms of payment (Options A, B and C) per MGL Chapter 32.

Members of the System are eligible for two types disability benefits (ordinary and accidental disability) for which allowances are determined based on the date the member entered the System along with the "group" the member belongs to. Death benefits are also available for members who die as a result of a work-related injury if the member was retired for accidental disability and the death was the natural and proximate result of the injury or hazard undergone on account of which such member was retired. Allowances for death benefits consist of immediate payments to a named beneficiary equal to the accumulated deductions at the time of death, plus a pension equal to 72% of current salary. Other allowances are also entitled to those surviving spouses of the police or fire departments.

Chapter 17 of the Acts of 1997 was adopted by the New Bedford Contributory Retirement System. The result of such adoption allows the Retirement Board to vote to pay a cost of living increase (COLA) for that year, with the percentage determined by the increase in the Consumer Price Index used for indexing Social Security benefits, but cannot exceed 3.0%.

*Employees covered by benefit terms.* At January 1, 2018 (the most recent actuarial valuation date) the following employees were covered by the benefit terms:

Active plan members	2,007
Inactive employees or beneficiaries currently receiving benefits	1,879
Inactive employees entitled to a return of contributions	<u>436</u>
Subtotal	<u><u>4,322</u></u>
Number of participating employers	<u><u>5</u></u>

Participation in the retirement system is mandatory for all full-time employees. For retirement purposes, employees are classified into four classes of membership. Group 3 consists exclusively of the State Police. The other three classes are as follows:

*Group 1* – General employees, including clerical, administrative, technical and all other employees not otherwise classified.

*Group 2* – Certain specified hazardous duty positions.

*Group 4* – Police officers, firefighters, and other specified hazardous positions.

*Contributions.* Member contributions vary depending on the most recent date of membership. Members who entered the system prior to 1975 contribute 5% of regular compensation. Members who entered between 1975 and 1983 contribute 7% of regular compensation. Members who entered between 1984 and June 30, 1996 contribute 8% of regular compensation. Members who entered after July 1, 1996 will contribute 9% of regular compensation. Also, members who joined after 1978 are required to make extra contributions equal to 2% of all compensation exceeding \$30,000 annually.

Under Chapter 32 Section 22F of the Massachusetts Laws, employers are required to make the necessary contributions to the trust such that the plan reaches a full funding status by 2040. Thereafter, annual contributions equal to the normal cost will keep the Plan's assets and liabilities in balance. Contributions to the pension plan from participating employers was \$33,082,046 for the fiscal year ended June 30, 2019 as determined by PERAC. Of the \$33,082,046 contributed, \$28,817,471 represents contributions from the City of New Bedford. PERAC establishes rates based on an actuarially determined rate recommended by an independent actuary. The actuarially determined rate is the estimated amount necessary to finance the costs of the benefits earned by the employees during the year, with an additional amount to finance any unfunded accrued liability. For the fiscal year ended June 30, 2019, the City's average contribution rate was approximately 33 percent of annual payroll.

*Continued*



***Net Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions***

The System's net pension liability was measured as of December 31, 2018 (i.e. the "measurement date" as defined by GASB Statement No. 68), and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2018 performed by KMS Actuaries, LLC. Update procedures were used to roll forward the total pension liability to the measurement date.

At June 30, 2019 (i.e. the "reporting date" as defined by GASB Statement No. 68), the System reported a net pension liability of \$413,022,533 while the City of New Bedford reported a liability of \$354,780,192 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2018. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of the five participating employers, actuarially determined. The following chart illustrates each employers proportionate share used at the measurement date:

<b>Employer</b>	<b>Fiscal Year 2019 Actual Employer Contributions</b>	<b>Employer Allocation Percentage</b>
City of New Bedford	\$ 28,817,471	87.1091%
New Bedford Housing Authority	2,200,206	6.6508%
Greater NB Regional Voc. Tech HS	1,613,698	4.8779%
Greater NB Regional Refuse Mgmt. District	288,559	0.8723%
Southeastern Regional Transit Authority	162,112	0.4900%
	<u>\$ 33,082,046</u>	<u>100.0000%</u>

At December 31, 2018, the City's proportion was 87.11 percent, which was a increase of 0.60 percent from its proportion measured as of December 31, 2017.

***Special Funding Situation***

Teachers, certain administrators, and other professionals of the School Department participate in a contributory defined benefit plan administered by the Massachusetts Teachers' Retirement System (MTRS). The MTRS arrangement qualifies as a special funding situation as the City has no obligation to contribute to this plan. Rather the Commonwealth funds plan benefits to the extent that funding is not provided through employee contributions. The Commonwealth's proportionate share of the collective net pension liability of the MTRS associated with the City's employees as of the June 30, 2018 measurement date is \$283.9 million based on an employer allocation percentage of 1.1971%. The Commonwealth contributed \$28.8 million on behalf of the City during the measurement period and the City reported the amount as an intergovernmental revenue and education expenditure in the City's General Fund.

For the year ended June 30, 2019, *the System* recognized pension expense of \$49,042,074. Of that amount, *the City* recognized pension expense of \$43,672,736. At June 30, 2019, *the System* reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

*Continued*

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 15,847,507	\$ -
Changes of assumptions	30,555,172	1,401,300
Net difference between projected and actual earnings on pension plan investments	19,093,193	-
Changes in proportion and differences between System contributions and proportionate share of contributions	<u>2,696,355</u>	<u>2,696,355</u>
	<u>\$ 68,192,227</u>	<u>\$ 4,097,655</u>

At June 30, 2019, *the City* reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 13,804,620	\$ -
Changes of assumptions	26,616,334	1,220,659
Net difference between projected and actual earnings on pension plan investments	16,631,908	-
Changes in proportion and differences between City contributions and proportionate share of contributions	<u>2,165,952</u>	<u>470,421</u>
	<u>\$ 59,218,814</u>	<u>\$ 1,691,080</u>

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in *the System's* pension expense as follows:

**Measurement period ending December 31:**

2019	\$ 20,103,846
2020	15,802,468
2021	16,261,732
2022	11,926,526
2023	<u>-</u>
Subtotal - all years	<u>\$ 64,094,572</u>

*Continued*

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in *the City's* pension expense as follows:

**Year ended June 30:**

2020	\$ 18,194,235
2021	14,097,874
2022	14,402,964
2023	10,733,388
2024	<u>99,273</u>
Subtotal - all years	<u>\$ 57,527,734</u>

*Actuarial assumptions.* The total pension liability in the January 1, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

- |                              |   |
|------------------------------|---|
| 1. Member Data               | The member data used in the determination of cost estimates consist of pertinent information with respect to the active, inactive, retired, and disabled members of the employer as supplied by the employer to the actuary.  |
| 2. Valuation Date            | January 1, 2018   |
| 3. Actuarial Cost Method     | The costs of the Plan have been determined in accordance with the individual entry age normal actuarial cost method.  |
| 4. Rate of Investment Return | It is assumed that the assets of the fund will accumulate at a compound annual rate of 7.5% per annum.  |
| 5. Salary Scale              | It is assumed that salaries including longevity will increase at a rate between 3.25% and 6% per year dependent on years of service.  |
| 6. Cost-of-Living Increases  | Cost-of-living increases have been assumed to be 3.0% of the lesser of the pension amount and \$12,000 per year.  |
| 7. Value of Investments      | Assets held by the fund are valued at market value as reported by the Public Employees' Retirement Administration Commission (PERAC). The actuarial value of assets is determined using a five-year smoothing of asset returns greater than or less than the assumed rate of return.  |
| 8. Annual Rate of Mortality  | Mortality rates were based on the RP-2000 Mortality Table (base year 2009), projected with fully generational mortality improvement using Scale BB. For disabled lives, the mortality rates were based on the RP-2000 Mortality Table (base year 2012), projected with fully generational mortality improvement using Scale BB. |

The actuarial assumptions used in the January 1, 2018 valuation were prepared using generally accepted actuarial principles and practices and meet the parameters set by GASB Statement No. 68. The assumptions used represent the best estimate of anticipated experience of the system. No changes in actuarial assumptions or benefit provisions that would significantly affect the valuation of the actuarial accrued liability occurred during fiscal year 2019.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

*Continued*

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long Term Expected Real Rate of Return (Average)</b>
Domestic Equities	30.00%	3.90%
International Equities	10.00%	4.20%
Emerging Markets Equities	10.00%	6.30%
Private Equity	10.00%	7.10%
Fixed Income	15.00%	0.70%
Real Estate	10.00%	3.00%
Alternatives (GTAA)	15.00%	2.60%
Cash	0.00%	0.00%
<b>Total</b>	<b>100.00%</b>	

*Discount rate.* The discount rate used to measure the total pension liability was 7.5 percent (as selected by the Retirement Board; this discount rate approximates the long-term expectation of investment returns). The discount rate was selected based on a projection of employer and employee contributions benefit payments, expenses and the long-term expected rate of return on trust assets. Under Chapter 32 of the Massachusetts Laws, employers are required to make the necessary contributions to the trust such that the plan reaches a fully funded status by 2040. In addition, Chapter 32 also gives the Retirement Board the right to go directly to the Assessors of the community and add an additional property tax to bills for amounts not paid by employer. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

*Continued*

**Changes in the Net Pension Liability of the System**

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a) - (b)
<b>Balances at December 31, 2017</b>	\$ 711,155,084	\$ 336,300,094	\$ 374,854,990
<b>Changes for the year:</b>			
Service cost	12,788,104	-	12,788,104
Interest on liability and service cost	52,379,302	-	52,379,302
Contributions - employer	-	33,082,046	(33,082,046)
Contributions - employee	-	9,977,696	(9,977,696)
Other payments	-	981,322	(981,322)
Net investment income	-	(16,458,511)	16,458,511
Benefit payments, including refunds of employee contributions	(51,104,978)	(51,104,978)	-
Interest on benefit	-	-	-
Administrative expense	-	(582,690)	582,690
<b>Net changes</b>	<u>14,062,428</u>	<u>(24,105,115)</u>	<u>38,167,543</u>
<b>Balances at December 31, 2018</b>	<u>\$ 725,217,512</u>	<u>\$ 312,194,979</u>	<u>\$ 413,022,533</u>

*Sensitivity of the net pension liability to changes in the discount rate.* The following presents the net pension liability of the New Bedford Contributory Retirement System (in total) calculated using the discount rate of 7.5 percent, as well as what the System's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.5 percent) or 1-percentage-point higher (8.5 percent) than the current rate:

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
New Bedford Contributory Retirement System's net pension liability	\$ 492,849,155	\$ 413,022,533	\$ 345,455,379

*Sensitivity of the City's proportionate share of the net pension liability to changes in the discount rate.* The following presents the City's proportionate share of the net pension liability calculated using the discount rate of 7.5 percent, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.5 percent) or 1-percentage-point higher (8.5 percent) than the current rate:

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
City's proportionate share of the net pension liability	\$ 429,316,440	\$ 359,780,192	\$ 300,923,056

*Pension plan fiduciary net position.* The market value of the pension trust fund at December 31, 2018 is presented on the "Statement of Fiduciary Net Position." Detailed information can also be seen in the Annual Statement of the City of New Bedford Retirement System for the Year Ended December 31, 2018.

**Payables to the pension plan**

At June 30, 2019, the City did not report any amounts payable to the System for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2019. The City paid-in 100% of its required appropriation.

*Continued*

**Note 10. Post Employment Benefits Other Than Pension****General Information about the OPEB Plan**

*Plan description.* The City provides health and life insurance benefits to actives, 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.

GASB Statement No. 75 requires the following disclosures in the financial statements:

*Benefits provided.* 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 (seventy-five percent) of such cost is funded by the City. The City contributes 100% towards a \$5,000 term life insurance premium, retirees contribute \$1.23 per month for coverage. 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.

*Employees covered by benefit terms.* At June 30, 2018 (the most recent valuation date), the following employees were covered by the benefit terms:

Active plan members	2,980
Retirees and Beneficiaries	<u>3,244</u>
Subtotal	<u><u>6,224</u></u>
Number of participating employers	<u><u>1</u></u>

*Contributions.* The contribution requirements of plan members and the City are established and may be amended through City ordinances. For the 2019 fiscal year, total City premiums plus implicit costs for the retiree medical program are \$17,767,957. The City is also made a contribution to the OPEB Trust of \$455,000 for a total contribution of \$18,222,957.

**Net OPEB Liability**

The City’s net OPEB liability was measured as of June 30, 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2018, rolled forward to the measurement date.

*Actuarial assumptions.* The total OPEB liability in the June 30, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

<b>Valuation Date:</b>	June 30, 2018
<b>Measurement Date:</b>	June 30, 2019
<b>Actuarial Cost Method:</b>	Entry Age Normal
<b>Investment Rate of Return:</b>	3.75% (partial prefunding, rate is net of investment expenses)
<b>Healthcare Cost Trend Rate:</b>	5.5% beginning in 2018 and decreasing 0.50% per year until an ultimate trend rate of 4.5% by 2020.
<b>Participation:</b>	95% of future retiree teachers are assumed to participate in the retiree medical plan, 95% of future non-teacher retirees are expected to participate in the retiree medical plan and 100% of future retirees are expected to elect life insurance

*Continued*

It is assumed that both pre-retirement mortality and beneficiary mortality is represented by the RP-2014 Blue Collar Mortality with Scale MP-2015, fully generational. Mortality for retired members for Group 1 and 2 is represented by the RP-2014 Blue Collar Mortality Table set forward five years for males and 3 years for females, fully generational. Mortality for retired members for Group 4 is represented by the RP-2014 Blue Collar Mortality Table set forward three years for males, and six years for females, fully generational. Mortality for disabled members for Group 1 and 2 is represented by the RP-2000 Mortality Table set forward six years. Mortality for disabled members for Group 4 is represented by the RP-2000 Mortality Table set forward two years. Generational adjusting is based on Scale MP-2015.

The actuarial assumptions used in the June 30, 2018 valuation were based on the results the experience of the plan and reasonable expectations and, in combination, represent the best estimate of the anticipated experience under the plan.

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. OPEB plan investments are held in the State Retiree Benefit Trust Fund.

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Current Allocation</b>	<b>Long Term Expected Rate of Return (Average)</b>
Global equities	40.0%	43.2%	11.3%
Core fixed income	13.0%	13.6%	1.2%
Value-added fixed income	10.0%	7.9%	3.6%
Private equity	12.0%	11.3%	9.5%
Real estate	10.0%	9.4%	7.1%
Timberland	4.0%	3.9%	3.8%
Portfolio completion strategies	11.0%	10.0%	6.0%
Overlay	0.0%	0.7%	N/A
Liquidating portfolios	0.0%	0.0%	N/A
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	

*Discount rate.* The discount rate used to measure the total OPEB liability was 3.75 percent. The discount rate was selected based on a projection of employer and employee contributions, benefit payments (with and without subsidy), expense and the long-term expected rate of return on trust assets.

Based on Massachusetts General Laws and these assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

*Continued*

**Changes in the Net OPEB Liability**

	<b>Increase (Decrease)</b>		
	<b>Total OPEB Liability</b>	<b>Plan Fiduciary Net Position</b>	<b>Net OPEB Liability</b>
	<b>(a)</b>	<b>(b)</b>	<b>(a) - (b)</b>
<b>Balances at the beginning of the period</b>	\$ 508,704,877	\$ 1,451,420	\$ 507,253,457
<b>Changes for the year:</b>			
Service cost	18,125,737	-	18,125,737
Interest	19,426,065	-	19,426,065
Contributions - employer	-	18,222,957	(18,222,957)
Contributions - employee	-	-	-
Net investment income	-	97,711	(97,711)
Benefit payments, including refunds of employee contributions	(17,767,957)	(17,767,957)	-
<b>Net changes</b>	<b>19,783,845</b>	<b>552,711</b>	<b>19,231,134</b>
<b>Balances at the end of the period</b>	<b>\$ 528,488,722</b>	<b>\$ 2,004,131</b>	<b>\$ 526,484,591</b>

*Sensitivity of the net OPEB liability to changes in the discount rate and healthcare cost trend rates.* The following presents the net OPEB liability of the City, as well as what the City's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.75 percent) or 1-percentage-point higher (4.75 percent) than the current discount rate:

	<b>1% Decrease (2.75%)</b>	<b>Current Discount Rate (3.75%)</b>	<b>1% Increase (4.75%)</b>
Total OPEB Liability	\$ 615,506,589	\$ 528,488,722	\$ 457,612,954
Less: Plan Fiduciary Net Position	(2,004,131)	(2,004,131)	(2,004,131)
Net OPEB Liability	\$ 613,502,458	\$ 526,484,591	\$ 455,608,823

*Sensitivity of the net OPEB liability to changes in the healthcare cost trend rates.* The following presents the net OPEB liability of the City, as well as what the City's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	<b>1% Decrease</b>	<b>Current Trend</b>	<b>1% Increase</b>
Total OPEB Liability	\$ 484,569,450	\$ 528,488,722	\$ 592,722,041
Less: Plan Fiduciary Net Position	(2,004,131)	(2,004,131)	(2,004,131)
Net OPEB Liability	\$ 482,565,319	\$ 526,484,591	\$ 590,717,910

*OPEB plan fiduciary net position.* Detailed information about the OPEB plan's fiduciary net position is available in this report within Note 11 to the financial statements.

*Continued*



**OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB**

For the year ended June 30, 2019, the City recognized OPEB expense of \$39,987,626. At June 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 5,831,964
Changes of assumptions	13,300,787	-
Net difference between projected and actual earnings on pension plan investments	-	105,478
	<u>\$ 13,300,787</u>	<u>\$ 5,937,442</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<b>Year ended June 30:</b>		
2020	\$	2,494,134
2021		2,494,132
2022		2,382,961
2023		(7,882)
2024		-
Thereafter		-
Subtotal - all years	<u>\$</u>	<u>7,363,345</u>

*Continued*

**Note 11. Financial Statements for Individual Pension and Other Postemployment Benefit Trust Funds**

GAAP requires that all Pension and Other Postemployment Trust Funds be combined and presented in one column in the Fiduciary Funds financial statements and that the individual financial statements for each trust fund plan are reported in the notes to the financial statements. Provided below are the individual financial statements for the pension and OPEB plans that are included in the Fiduciary Funds as Pension and Other Postemployment Benefit Trust Funds.

	<b>Pension Trust Fund (As of December 31, 2018)</b>	<b>Other Postemployment Benefit Trust Fund</b>	<b>Total Pension and Other Postemployment Benefit Trust Funds</b>
<b>ASSETS</b>			
Cash and short-term investments	\$ 5,439,959	\$ -	\$ 5,439,959
Investments:			
Fixed income securities	41,117,308	-	41,117,308
Stocks / equities	115,820,078	-	115,820,078
International equities	28,905,057	-	28,905,057
Pooled funds	59,813,177	-	59,813,177
Real estate	30,705,734	-	30,705,734
Alternative investments	29,498,207	-	29,498,207
Invested in the PRIT fund	-	2,004,130	2,004,130
Receivables, net of allowance or uncollectibles:			
Employee	1,183,581	-	1,183,581
Other	34,172	-	34,172
Total assets	<u>312,517,273</u>	<u>2,004,130</u>	<u>314,521,403</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
None	-	-	-
Total deferred outflows of resources	<u>-</u>	<u>-</u>	<u>-</u>
Total assets and deferred outflows of resources	<u>\$ 312,517,273</u>	<u>\$ 2,004,130</u>	<u>\$ 314,521,403</u>
<b>LIABILITIES</b>			
Warrants, accounts, and accrued expenses payable	\$ 322,294	\$ -	\$ 322,294
Total liabilities	<u>322,294</u>	<u>-</u>	<u>322,294</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
None	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>
<b>NET POSITION</b>			
Restricted - OPEB benefits	-	2,004,130	2,004,130
Restricted - pension benefits	<u>312,194,979</u>	<u>-</u>	<u>312,194,979</u>
Total net position	<u>312,194,979</u>	<u>2,004,130</u>	<u>314,199,109</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 312,517,273</u>	<u>\$ 2,004,130</u>	<u>\$ 314,521,403</u>

Continued

	<b>Pension Trust Fund (As of December 31, 2018)</b>	<b>Other Postemployment Benefit Trust Fund</b>	<b>Total Pension and Other Postemployment Benefit Trust Funds</b>
<b><u>ADDITIONS:</u></b>			
Contributions:			
Employer contributions	\$ 33,082,046	\$ 455,000	\$ 33,537,046
Plan member contributions	9,977,696	-	9,977,696
Miscellaneous income	21,180	-	21,180
Total contributions	43,080,922	455,000	43,535,922
Net investment income:			
Dividends and interest	1,852,443	35,918	1,888,361
Net appreciation in fair value of investments	(15,949,641)	61,793	(15,887,848)
Total investment income	(14,097,198)	97,711	(13,999,487)
Less: investment expense	2,318,604	-	2,318,604
Net investment income	(16,415,802)	97,711	(16,318,091)
Intergovernmental	917,435	-	917,435
Total additions	27,582,555	552,711	28,135,266
<b><u>DEDUCTIONS:</u></b>			
Retirement benefits	47,237,100	-	47,237,100
Administration	582,691	-	582,691
Transfers, reimbursements and refunds	3,867,879	-	3,867,879
Total deductions	51,687,670	-	51,687,670
<b><u>OTHER FINANCING SOURCES (USES):</u></b>			
Transfers in	-	-	-
Transfers out	-	-	-
Total other financing sources (uses)	-	-	-
Change in net position	(24,105,115)	552,711	(23,552,404)
Net position - beginning of year	336,300,094	1,451,419	337,751,513
Net position - ending of year	\$ 312,194,979	\$ 2,004,130	\$ 314,199,109

Continued

**Note 12. Commitments**

The City has committed \$697,553 in encumbrances for purchase orders, contract, and judgments and claims in the General Fund and \$113,391 in the wastewater special revenue fund.

**Capital Leases**

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

	<b>Beginning Balance</b>	<b>Additions</b>	<b>Principal Payments</b>	<b>Interest Paid</b>	<b>Ending Balance</b>
<b><u>Governmental Activities</u></b>					
Oshkosh Capital / PNC	\$ 646,597	\$ -	\$ 144,632	\$ 17,017	\$ 484,948
Oshkosh Capital / PNC	832,494	-	147,448	19,051	665,995
All American Investment Group - Sch. #18	377,674	-	178,725	10,112	188,837
All American Investment Group - Sch. #21	20,597	-	20,038	559	-
All American Investment Group - Sch. #1	243,514	-	156,820	5,522	81,172
All American Investment Group - Sch. #1	393,335	-	121,350	9,762	262,223
Oshkosh Capital / PNC	1,229,067	-	150,257	25,324	1,053,486
All American Investment Group - Sch. #1	37,414	-	24,124	818	12,472
All American Investment Group - Sch. #22	557,523	-	101,232	10,273	446,018
All American Investment Group - Sch. #22	64,888	-	11,782	1,196	51,910
All American Investment Group - Sch. #23	468,543	-	148,602	7,579	312,362
Master Energy Management Services Agreement - Siemens Industry, Inc. / First Niagara - Phase I	14,900,971	-	760,000	330,913	13,810,058
Master Energy Management Services Agreement - Siemens Industry, Inc. / First Niagara - Phase II	4,699,355	-	176,000	131,061	4,392,294
All American Investment Group - Sch. #2	-	1,424,104	-	-	1,424,104
All American Investment Group - Sch. #2	-	103,434	27,000	-	76,434
All American Investment Group - Sch. #3	-	94,799	-	-	94,799
PNC Equipment Finance, LLC	-	822,390	-	-	822,390
Total Governmental Activities	<u>\$ 24,471,972</u>	<u>\$ 2,444,727</u>	<u>\$ 2,168,010</u>	<u>\$ 569,187</u>	<u>\$24,179,502</u>
<b><u>Business-Type Activities</u></b>					
All American Investment Group - Sch. #22	428,727	-	77,845	7,900	342,982
Total Business-Type Activities	<u>\$ 428,727</u>	<u>\$ -</u>	<u>\$ 77,845</u>	<u>\$ 7,900</u>	<u>\$ 342,982</u>
<b><u>Total Governmental and Business-Type Activities</u></b>	<u>\$ 24,900,699</u>	<u>\$ 2,444,727</u>	<u>\$ 2,245,855</u>	<u>\$ 577,087</u>	<u>\$24,522,484</u>

The following is a schedule of the changes in capital leases as of the year ended June 30, 2019:

<b>Year Ending June 30,</b>	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Primary Government</b>
2020	\$ 2,977,472	\$ 85,745	\$ 3,063,217
2021	2,720,061	85,745	2,805,806
2022	2,424,341	85,745	2,510,086
2023	2,260,268	85,747	2,346,015
2024	1,996,930	-	1,996,930
2025 - 2029	11,800,430	-	11,800,430
Minimum lease payments for all capital leases	\$ 24,179,502	\$ 342,982	\$ 24,522,484
Less: amount representing interest	(3,396,256)	(22,650)	(3,418,906)
Present value of net minimum lease payments	<u>\$ 20,783,246</u>	<u>\$ 320,332</u>	<u>\$ 21,103,578</u>

*Continued*

### **Master Energy Management Services Agreement**

On May 17, 2015, the City entered into a Master Energy Management Services Agreement (Agreement) with Siemens Industry, Inc., an energy service company, or ESCO, for the design, implementation, and monitoring of conservation and facilities improvement measures at various municipal and school facilities, together with initial task orders totaling \$14,433,059. As part of the Agreement, Siemens guaranteed energy savings of 3.6 million kilowatt hours of electricity, 110,000 therms of natural gas, and 102,000 gallons of fuel annually for the 15-year performance period under the initial task orders, for a total estimated savings of \$15.3 million over the term of the Agreement.

Initial task orders will be funded through a \$13,505,000 lease-purchasing agreement (Lease) dated October 8, 2015 between the City (Lessee) and First Niagara Leasing, Inc (Lessor), which transfers ownership of all leased property to the City at the end of its 15-year term. The Lease will be amortized over 29 semi-annual payments that include interest at the rate of 2.68% per annum, plus an initial interest-only payment of \$332,778, which the City made on October 1, 2016. Interest to be paid over the life of the lease will total \$3,230,260.

The City has accounted for the arrangement as a capital lease under GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. Accordingly, the City recorded a capital asset for \$13,505,000 at the beginning of the lease term of minimum lease payments per GASB Statement No. 62, paragraph 216 and is depreciating that asset over the life of the agreement.

### **Operating Leases**

The City of New Bedford 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, 2019, future minimum rental payments under operating leases that have initial or remaining non-cancellable lease terms are immaterial.

### **Note 13. Contingencies**

#### **A. 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 \$140 million, which loans were secured by the issuance of City Revenue Bonds pursuant to the General Resolution.

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.

#### **B. 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 (until 2028) as financial security. On July 20, 2017, the City made its annual \$15,000 escrow payment as ordered by a consent decree. Additionally, \$40,000 of solar credit proceeds were deposited into the escrow during FY 2018. Cash held in escrow reached \$1,028,649 as of June 30, 2019.

*Continued*

- 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>

### C. Parker Street Clean-Up

On August 18, 2000, the Massachusetts Department of Environmental Protection (MassDEP) issued a Bureau of Waste Site Cleanup Release Tracking Number (RTN) for hazardous waste discharges, primarily PCBs, metals, and polycyclic aromatic hydrocarbons, in a certain area of the City since designated as the Parker Street Waste Site (Site). Under the powers of the Massachusetts Contingency Plan, MassDEP issued a Notice of Responsibility that directed the City to file a Permanent Solution Statement and/or a Temporary Solution Statement for the cleanup of the Site. MassDEP issued a second RTN after the subsequent discovery of PCBs and chlorinated solvents beneath an area of New Bedford High School. Initial work by the City under both RTNs was performed under a Special Project Designation.

Coincidentally, the United States Environmental Protection Agency (EPA) incurred approximately \$18 million in response costs under a Time-Sensitive Critical Action, for which it then sought relief from the City. In April 2014, the City filed two Tier Classification documents that require it to develop Temporary or Permanent Solutions by April 17, 2019. On June 26, 2017, the City and EPA entered into a settlement agreement in which the City agreed to reimburse \$1.6 million to the EPA for all past response costs. The settlement, which was paid in September 2017, was appropriated as part of a City Council loan order for \$6.5 million that included an additional appropriation for ongoing hazardous waste abatement costs estimated at \$4.9 million. Through June 30, 2019, the City had expended \$2,147,377 in total abatement costs.

In December 2009, the City filed a third-party complaint alleging common-law and cost recovery claims against various third-party defendants identified as sources of the contamination, which it alleged were legally responsible to pay for the cleanup. Through June 30, 2018, the City collected \$8,926,771 in settlements from third-parties identified in the complaint and is guaranteed an additional \$1.8 million through 2025. Of the proceeds collected, \$1,223,484 was passed through to the Massachusetts School Building Authority (MSBA) under the terms of a 2015 agreement that provide MSBA a portion of these settlements as reimbursement of grants awarded the City for the construction of school facilities within the Site. MSBA was not due any additional pass-through payments as of June 30, 2019, but is entitled to 33% of the remaining guaranteed settlement proceeds upon receipt by the City.

### Note 14. 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.

*Continued*

**Note 15. Debt**

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 Bond Anticipation Notes, dated May 3, 2019 for the purposes noted on the following page.

**Defeasance of Debt**

Advance refundings of 2008 and 2010 (prior periods) resulted in a difference between the acquisition price and the net carrying amount of the old debt of \$1,939,000. This difference was reported in the accompanying financial statements net of amortization as a deferred outflow of resources 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 and to obtain an economic gain (difference between the present values of the old and the new debt service payments) of \$1,877,713.

During fiscal year 2017, the City issued \$14.430 million of refunding bonds for both February 1, 2008 and February 1, 2010 general obligation bonds. The cash flow difference and economic gain (the difference between the present value of the debt service payments and the old and new debt) obtained from the August 10, 2016 refunding were \$1,251,419 and \$1,551,481, respectively.

At fiscal year-end 2019, the total deferred asset (now classified as a “deferred outflow of resources”) related to debt refundings is \$1,261,102 in the government-wide statement of net-position to be fully amortized by the year 2035 (the year in which the defeased debt would have matured).

The City has the following bond anticipation notes (BANs) payable outstanding at June 30, 2019:

	<u>Beginning Balance</u>	<u>Additions/ Renewals</u>	<u>Retirements</u>	<u>Ending Balance</u>	<u>Issuance Date</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Interest Paid</u>
<b><u>Capital Projects:</u></b>								
BAN - Fiscal Year 2019 Issuance	\$ -	\$ 22,424,826	\$ -	\$ 22,424,826	05/03/19	05/01/20	2.75%	\$ -
BAN - Fiscal Year 2018 Issuance	<u>20,388,582</u>	<u>-</u>	<u>20,388,582</u>	<u>-</u>	05/03/18	05/03/19	2.75%	<u>580,686</u>
Total Capital Projects	<u>\$ 20,388,582</u>	<u>\$ 22,424,826</u>	<u>\$ 20,388,582</u>	<u>\$ 22,424,826</u>				<u>\$580,686</u>
Total Primary Government	<u>\$ 20,388,582</u>	<u>\$ 22,424,826</u>	<u>\$ 20,388,582</u>	<u>\$ 22,424,826</u>				<u>\$580,686</u>

*Continued*

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

	Maturity Dates	Beginning Balance	Additions	Advance Refunding Net of Refunding	City Retirements	State Subsidies	Ending Balance	Balance Due in 2020
<b>Governmental Activities</b>								
4.25-5.00% G.O. Bond	10/14/98-10/01/18	\$ 258,000	\$ -	\$ -	\$ 258,000	\$ -	\$ -	\$ -
4.25-5.00% G.O. Bond	10/14/98-10/01/18	382,000	-	-	382,000	-	-	-
4.25-5.50% G.O. Bond	05/01/02-05/01/21	10,265,000	-	-	3,265,000	-	7,000,000	3,420,000
4.00-5.25% Revenue Bond	02/01/98-02/01/99	55,360,000	-	-	3,208,427	3,051,573	49,100,000	6,440,000
4.00-6.00% Revenue Bond	08/01/01-08/01/31	3,175,000	-	-	157,703	37,297	2,980,000	200,000
HUD 108 - 2003-A	02/01/04-08/01/22	530,000	-	-	105,000	-	425,000	105,000
.85% Revenue Bond	07/15/06-07/15/25	270,201	-	-	31,459	-	238,742	32,094
.85% Revenue Bond	02/15/07-02/15/27	3,616,785	-	-	163,975	-	3,452,810	167,802
Pool 11 MWPAT 03-36A	03/18/09-07/15/35	443,216	-	-	19,886	-	423,330	20,373
General Obligation State Qualified	03/18/09-07/15/28	215,000	-	-	105,000	-	110,000	110,000
2.4 % Revenue Bond	07/08/10-07/15/40	5,478,719	-	-	180,635	-	5,298,084	185,023
General Obligation State Series A Bonds	06/14/12-06/30/32	1,725,000	-	-	175,000	-	1,550,000	175,000
General Obligation State Series B Series	06/14/12-06/30/32	3,560,000	-	-	195,000	-	3,365,000	200,000
MWPAT Series 16 CWS-09-12-A	06/13/12-01/15/43	9,171,960	-	-	266,708	-	8,905,252	273,515
General Obligation State Qualified	02/07/13-06/30/33	2,645,000	-	-	195,000	-	2,450,000	200,000
GO State Qualified School Project Loan, Ch 70B	02/06/14-06/30/39	9,095,000	-	-	290,000	-	8,805,000	300,000
General Obligation State Qualified	03/05/15-12/01/42	6,450,000	-	-	710,000	-	5,740,000	520,000
General Obligation Bonds Refunding	10/16/14-02/15/27	9,150,100	-	-	1,715,000	-	7,435,100	1,744,500
MCWT CWP-14-19	02/11/16-01/16/46	7,695,953	-	-	190,728	-	7,505,225	196,655
Municipal Purpose Loan of 2016 Bonds	02/04/16-06/30/44	12,090,000	-	-	870,000	-	11,220,000	895,000
Municipal Purpose Loan of 2017 Bonds	09/01/17-06/30/45	4,690,000	-	-	5,000	-	4,685,000	10,000
\$14.430M GO State Qualified Refunding Bonds	08/10/16-06/30/35	7,810,050	-	-	1,060,000	-	6,750,050	1,034,750
MCWT CW-13-04	07/15/17-01/15/37	2,010,256	-	-	86,587	-	1,923,669	88,469
MCWT CWP-14-19-A	07/15/17-01/15/47	2,621,646	-	-	61,842	-	2,559,804	63,439
SQ GO Bonds 2018 (General Fund)	09/1/18 - 06/30/46	21,555,000	(3,153,500)	-	22,000	-	18,379,500	144,000
General Obligation State Qualified 2019	09/01/19-03/01/48	-	8,274,951	-	-	-	8,274,951	14,951
\$1M MWPAT Fed Ln CW-16-37	9/12/18-7/15/2036	-	1,000,000	-	-	-	1,000,000	40,451
Compensated absences	N/A	15,711,300	30,620,793	-	33,469,558	-	12,862,535	5,562,516
Capital leases	N/A	20,778,426	2,172,830	-	2,168,010	-	20,783,246	2,437,868
<b>Total Governmental Activities</b>		<b>\$ 216,753,612</b>	<b>\$ 38,915,074</b>	<b>\$ -</b>	<b>\$ 49,357,518</b>	<b>\$ 3,088,870</b>	<b>\$ 203,222,298</b>	<b>\$ 24,581,406</b>
<b>Business-Type Activities</b>								
General Obligation State Qualified	02/07/13-06/30/33	\$ 640,000	\$ -	\$ -	\$ 35,000	\$ -	\$ 605,000	\$ 35,000
Municipal Purpose Loan of 2016 Bonds	02/04/16-06/30/44	295,000	-	-	5,000	-	290,000	5,000
General Obligation State Qualified 2019	09/01/19-03/01/48	-	417,857	-	-	-	417,857	12,857
Compensated absences	N/A	34,336	40,173	-	57,634	-	16,875	5,906
Capital leases	N/A	-	-	-	-	-	-	-
<b>Total Airport Enterprise</b>		<b>969,336</b>	<b>458,030</b>	<b>-</b>	<b>97,634</b>	<b>-</b>	<b>1,329,732</b>	<b>58,763</b>
SQ GO Bonds 2018 (Parking Fund)	09/1/18 - 06/30/46	-	3,153,500	-	3,000	-	3,150,500	1,000
General Obligation State Qualified 2019	09/01/19-03/01/48	-	1,792,192	-	-	-	1,792,192	42,192
Compensated absences		35,127	-	-	35,127	-	-	-
Capital leases		-	-	-	-	-	-	-
<b>Total Downtown Parking Enterprise</b>		<b>35,127</b>	<b>4,945,692</b>	<b>-</b>	<b>38,127</b>	<b>-</b>	<b>4,942,692</b>	<b>43,192</b>
4.25-5.50% G.O. Bond	05/01/02-05/01/21	315,000	-	-	105,000	-	210,000	105,000
.85% Revenue Bond	08/01/03-08/01/24	245,989	-	-	32,568	13,237	200,184	47,501
.85% Revenue Bond	08/01/03-08/01/24	490,000	-	-	63,678	26,322	400,000	90,000
.85% Revenue Bond	02/01/05-08/01/24	910,000	-	-	115,000	-	795,000	120,000
.85% Revenue Bond	02/01/05-08/01/24	1,789,024	-	-	229,875	-	1,559,149	239,869
2% MWPAT Bond	12/14/06 - 7/15/26	204,326	-	-	20,929	-	183,397	21,352
2% MWPAT Bond	12/14/06-07/15/26	3,026,554	-	-	310,015	-	2,716,539	316,277
.85% Revenue Bond	12/14/06-07/15/26	4,799,031	-	-	393,969	-	4,405,062	401,926
MWPAT Series 16 DW-09-23	06/13/12-01/15/33	1,507,147	-	-	86,065	-	1,421,082	87,936
Water Systems Improvements	8/10/16 - 3/1/35	3,800,750	-	-	150,000	-	3,650,750	121,312
Water Meter System	8/10/16 - 3/1/35	4,934,200	-	-	195,000	-	4,739,200	157,536
MCWT DWP-14-05	07/15/17-01/15/37	4,286,126	-	-	184,614	-	4,101,512	188,626
MCWT DWP-15-03	07/15/17-01/15/37	3,972,737	-	-	266,531	-	3,706,206	170,447
Compensated absences	N/A	402,716	414,777	-	643,262	-	174,231	60,981
Capital leases	N/A	398,176	-	-	77,844	-	320,332	76,808
<b>Total Water Enterprise</b>		<b>31,081,776</b>	<b>414,777</b>	<b>-</b>	<b>2,874,350</b>	<b>39,559</b>	<b>28,582,644</b>	<b>2,205,571</b>
<b>Total Business-Type Activities</b>		<b>\$ 32,086,239</b>	<b>\$ 5,818,499</b>	<b>\$ -</b>	<b>\$ 3,010,111</b>	<b>\$ 39,559</b>	<b>\$ 34,855,068</b>	<b>\$ 2,307,526</b>
<b>Total Government-Wide</b>		<b>\$ 248,839,851</b>	<b>\$ 44,733,573</b>	<b>\$ -</b>	<b>\$ 52,367,629</b>	<b>\$ 3,128,429</b>	<b>\$ 238,077,366</b>	<b>\$ 26,888,932</b>

The payment of long-term obligation of the government activities, except for health and life claims, is the responsibility of either the City's General Fund or the City's Wastewater Special Revenue Fund. Health and life claims are the responsibility of the City's Internal Service Fund.

The payment of long-term obligations of the business-type activities are the responsibility of the applicable enterprise fund (airport, downtown parking and water).

*Continued*



## Debt service requirements to maturity:

Fiscal Year Ended June 30,	Total Principal	Total Interest	Total Debt	Less: MSBA Roosevelt Jr. High School Grant Payments (Principal)	Less: Total Subsidized Payments MWPAT Principal (Sewer)	Less: Total Subsidized Payments MWPAT Principal (Water)	Less: Total Subsidized Payments MWPAT Interest (Total)	Total City Debt Service (including interest cost)
2020	\$ 18,845,757	\$ 6,907,307	\$ 25,753,064	\$ 2,415,527	\$ 3,186,369	\$ 42,521	\$ 1,596,670	\$ 21,740,867
2021	19,603,138	6,162,976	25,766,114	2,415,527	3,282,267	44,380	1,356,671	21,993,916
2022	16,036,670	5,327,563	21,364,233	-	3,400,473	49,946	1,087,486	20,276,747
2023	15,696,379	4,703,900	20,400,279	-	3,498,309	61,375	826,496	19,573,783
2024	15,733,004	4,070,347	19,803,351	-	3,604,095	22,062	563,845	19,239,506
2025	15,853,454	3,399,216	19,252,670	-	3,785,750	29,237	252,083	19,000,587
2026	14,980,317	3,013,735	17,994,052	-	3,848,606	-	220,333	17,773,719
2027	6,701,500	2,598,168	9,299,668	-	66,255	-	55,216	9,244,452
2028	5,773,765	2,392,301	8,166,066	-	70,758	-	45,091	8,120,975
2029	5,830,668	2,202,923	8,033,591	-	75,345	-	34,723	7,998,868
2030	5,547,854	2,019,634	7,567,488	-	80,099	-	23,973	7,543,515
2031	5,572,274	1,851,765	7,424,039	-	85,026	-	8,112	7,415,927
2032	5,242,751	1,688,380	6,931,131	-	-	-	-	6,931,131
2033	4,954,317	1,534,446	6,488,763	-	-	-	-	6,488,763
2034	4,893,168	1,395,831	6,288,999	-	-	-	-	6,288,999
2035	5,019,394	1,258,645	6,278,039	-	-	-	-	6,278,039
2036	4,481,730	1,125,582	5,607,312	-	-	-	-	5,607,312
2037	4,336,067	997,968	5,334,035	-	-	-	-	5,334,035
2038	3,805,109	868,883	4,673,992	-	-	-	-	4,673,992
2039	3,929,905	748,203	4,678,108	-	-	-	-	4,678,108
2040	3,353,267	637,178	3,990,445	-	-	-	-	3,990,445
2041	3,448,230	536,115	3,984,345	-	-	-	-	3,984,345
2042	3,235,232	435,283	3,670,515	-	-	-	-	3,670,515
2043	3,349,113	334,425	3,683,538	-	-	-	-	3,683,538
2044	2,692,816	238,082	2,930,898	-	-	-	-	2,930,898
2045	2,380,157	158,724	2,538,881	-	-	-	-	2,538,881
2046	2,122,817	82,601	2,205,418	-	-	-	-	2,205,418
2047	386,295	15,220	401,515	-	-	-	-	401,515
2048	115,000	3,738	118,738	-	-	-	-	118,738
	<u>\$ 203,920,148</u>	<u>\$ 56,709,139</u>	<u>\$ 260,629,287</u>	<u>\$ 4,831,054</u>	<u>\$ 24,983,352</u>	<u>\$ 249,521</u>	<u>\$ 6,070,699</u>	<u>\$ 249,727,534</u>

The City is scheduled to be subsidized by the Massachusetts Clean Water Trust (MCWT) on a periodic basis for principal in the amount of \$25,232,873 and interest costs totaling \$6,070,699. The principal subsidies are guaranteed and therefore a \$25,232,873 intergovernmental receivable has been reported in the governmental and business-type activities (economic resources measurement focus and the accrual basis of accounting). Since the City is legally obligated for the total amount of the debt, as per the financing agreements with the MCWT, and each borrower is required to deliver its own general or special bond obligations to the Trust in order to secure its loan repayment obligations, such amounts have also been recorded in the governmental and business-type activities. For the fiscal year ended June 30, 2019, principal and interest subsidies from the MCWT totaled \$3,128,429 and \$1,828,457, respectively. On the modified accrual basis of accounting, the principal and interest subsidies were recorded as revenue and expenditures during the current year. Revenue recognition criteria on the modified accrual basis states that revenue should be recognized only when it is both “measurable” and “available for current period expenditure”. For the fiscal year ended June 30, 2018, the principal and interest subsidies from the MCWT totaled \$3,034,012 and \$2,062,196, respectively.

Continued

The following is a summary of MCWT principal subsidies at June 30, 2019 by loan agreement:

	Wastewater Special Revenue	Water Enterprise	Total
Federal Loan 1998	\$ 24,158,390	\$ -	\$ 24,158,390
Series 6 99-26	531,840	-	531,840
Series 6 98-141	293,122	-	293,122
<b>Total Governmental Activities</b>	<b>24,983,352</b>	<b>-</b>	<b>24,983,352</b>
Series 8 DW 00-12	-	61,440	61,440
Pool 9 DW 00-12A	-	120,596	120,596
Pool 10 DW 02-13	-	22,696	22,696
Pool 10 DW 02-20	-	44,789	44,789
<b>Total Business-Type Activities</b>	<b>-</b>	<b>249,521</b>	<b>249,521</b>
<b>Total Government-Wide</b>	<b>\$ 24,983,352</b>	<b>\$ 249,521</b>	<b>\$ 25,232,873</b>

A similar situation is also currently occurring with respect to the principal and interest subsidizations by the Massachusetts School Building Authority (MSBA) for project identification number C200013753, Roosevelt Middle School. At June 30, 2019 principal in the amount of \$4,831,054 is due to the City under a reimbursement agreement under old School Building Authority rules. The principal subsidies are guaranteed and therefore a \$4,831,054 intergovernmental receivable has been reported in the governmental activities (economic resources measurement focus and the accrual basis of accounting). Since the City is legally obligated for the total amount of the debt on this project, such amounts have also been recorded in the governmental activities. Principal subsidies from the MSBA totaled \$2,459,561 and \$2,415,150 for the years ended June 30, 2019 and June 30, 2018 (respectively). On the modified accrual basis of accounting, the principal subsidies were recorded as revenue in the City's general fund during fiscal year 2019. Revenue recognition criteria on the modified accrual basis states that revenue should be recognized only when it is both "measurable" and "available for current period expenditure".

#### *Authorized & Unissued Debt:*

The City had debt authorized but unissued at June 30, 2019 as follows:

Purpose	Amount
Governmental Projects	\$ 41,757,957
School Projects	31,911,538
Airport Projects	15,888,162
Water & Sewer Projects	196,782,504
<b>Total Authorized &amp; Unissued:</b>	<b>\$ 286,340,161</b>

#### *Debt Capacity*

The City is subject to a dual general debt limit: the normal debt limit, and the double debt limit. Such limits are equal to 5% and 10%, respectively, of the valuation of taxable property in the City as last equalized by the Massachusetts Department of Revenue. Debt may be authorized up to the normal debt limit without state approval. Authorizations under the double debt limit, however, require the approval of the Commonwealth's Secretary of Administration and Finance. Additionally, there are many categories of general obligation debt, which are exempt from the debt limit but are subject to other limitations.

The City's gross debt as of June 30, 2019 is \$441,160,207, of which \$154,820,046 is outstanding and \$286,340,161 remains authorized but not yet issued. Gross debt includes \$289,828,791 exempt from the debt limit and \$151,331,416 subject to the normal debt limit. As of June 30, 2019, the City's normal debt limit is \$303,973,580.

*Continued*

**Note 16. Fund Balance Classification Details**

The components of fund balance for the City's governmental funds as of June 30, 2019 are as follows:

	Major Funds			Non-Major Funds			Total
	General Fund	Wastewater	HOME Investment Program	Special Revenue	Capital Projects	Permanent Trusts	
<b>Fund Balances:</b>							
<b>Nonspendable:</b>							
Long-term receivable - discretely presented component units	\$ 1,400,790	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,400,790
Corpus of cemetery perpetual care fund	-	-	-	-	-	4,016,748	4,016,748
Corpus of other endowment funds	-	-	-	-	-	1,110,663	1,110,663
Inventory	-	26,373	-	-	-	-	26,373
Land inventory	5,377,440	-	-	246,918	-	-	5,624,358
<b>Restricted for:</b>							
General government activity	-	-	-	4,601,098	1,794,944	7,670	6,403,712
Public safety operations	-	-	-	2,158,895	565,602	-	2,724,497
Educational purposes	-	-	-	13,491,847	820,455	701,441	15,013,743
Public works	-	-	-	3,418,748	541,004	-	3,959,752
Community housing and development	-	-	2,170,744	613,040	-	-	2,783,784
Culture and recreational purposes	-	-	-	6,190,174	781	2,233,855	8,424,810
Health and human services	-	-	-	666,032	-	1,316,380	1,982,412
Municipal airport	-	-	-	110,637	145,852	-	256,489
Wastewater debt service	-	2,231,471	-	-	-	-	2,231,471
Wastewater renewal and replacement	-	1,763,827	-	-	-	-	1,763,827
<b>Committed to:</b>							
Economic stabilization	11,655,603	-	-	-	-	-	11,655,603
Public safety	-	-	-	366,712	-	-	366,712
Public works	-	-	-	1,281,244	-	-	1,281,244
Wastewater special projects	-	2,435,441	-	-	-	-	2,435,441
Wastewater operations	-	3,183,514	-	-	-	-	3,183,514
<b>Assigned to:</b>							
Encumbrances	697,553	113,391	-	-	-	-	810,944
<b>Unassigned:</b>	9,476,753	-	-	(137,500)	(11,161,465)	-	(1,822,212)
<b>Total Net Position (Governmental Funds):</b>	<b>\$ 28,608,139</b>	<b>\$ 9,754,017</b>	<b>\$ 2,170,744</b>	<b>\$ 33,007,845</b>	<b>\$ (7,292,827)</b>	<b>\$ 9,386,757</b>	<b>\$ 75,634,675</b>

At June 30, 2019, the balance of the stabilization funds (City and School) was \$11,655,603 and are reported as committed fund balance within the general fund. The stabilization fund balance can be used for economic stabilization purposes upon approval of the City Council.

At June 30, 2019, significant negative unassigned balances are reported within the capital projects funds. This can be attributed to the City's short-term borrowing within those funds combined with the changes in fund balance classifications required by GASB Statement No. 54. These negative balances will be alleviated by the proceeds from future long-term borrowings that relate to these projects.

*Continued*

**Note 17. Restricted Fund Balances (Government-Wide Financial Statements)**

Net position was restricted at the government-wide financial statement level as follows:

**Net Position:****Restricted:**

Corpus of endowment funds	\$ 5,127,411
Public safety operations	2,724,497
Educational purposes	15,013,743
Public works	3,959,752
Community housing and development	2,046,217
Culture and recreational purposes	8,424,810
Health and human services	1,982,412
Municipal airport	256,489
Wastewater debt service	2,231,471
Wastewater renewal and replacement	<u>1,763,827</u>
Total restricted net position - governmental activities	<u>\$ 43,530,629</u>
Water enterprise - restricted for stabilization fund	<u>6,506,368</u>
Total restricted net position - business-type activities	<u>\$ 6,506,368</u>
Total restricted net position - government-wide financial statements	<u>\$ 50,036,997</u>

In addition, at fiscal year ended June 30, 2019, management has designated within the water, airport and downtown parking enterprise funds amounts of \$65,200, \$4,874 and \$113,966 for encumbrances (respectively). Management has also designated amounts of \$0 within the water, airport, and downtown parking enterprise fund for future expenditures. Per GASB 34 paragraph 37, “in contrast to *restricted* net position, these types of constraints on resources are internal and management can remove or modify them.” Under GASB Statement No. 34, designated amounts are considered to be a part of “unrestricted net position”.

**Note 18. Workers’ Compensation**

Workers’ compensation claims are administered by a third party administrator and are funded on a pay-as-you go basis from annual appropriations (charged to the “general government unclassified” department in the City’s general fund budget). The estimated future liability is based on history and injury type. The estimated liabilities at June 30, 2018 and June 30, 2019 totaled \$6,259,782 and \$5,734,634 (respectively) and were recorded as a liability in the government-wide financial statements. The City estimated a current liability at June 30, 2019 of \$200,712 (3.5% of the estimated June 30, 2019 liability) based on historical analysis.

*Continued*

**Note 19. Fund Deficits**

The City had deficit fund balances present at June 30, 2019 in the following funds:

**Capital Project Funds:**

Parker Street Waste Site	\$ 147,225
South Public Safety Center	1,667,140
\$4.2M Bond -Software Costs	139,852
Capital Project Initiative - FY14	94,954
CSO & Integrated Capital Improvements	76,446
Water Distribution & Treatment	1,469,779
School ARP \$18.1M	675,143
Hannigan Feasibility / Construction	435,600
Parker School Project	646,741
Elizabeth Brooks School Project	733,602
Taxiway A \$4.6M Bond	201,737
Airport R/W 14-32 Reconstruction \$8.5M	57,968
Construction Projects FY17	2,477,085
Construction Projects FY18	<u>2,338,193</u>
<b>Total Capital Project Fund Deficits:</b>	<b><u>\$ 11,161,465</u></b>
Deficits to be funded by future long-term debt issuances:	9,380,433
Deficits to be funded by future Federal and State grant funding:	<u>1,546,225</u>
<b>Net Capital Project Fund Deficits at June 30, 2019:</b>	<b><u>\$ 234,807</u></b>

Additionally, the city grants had total deficits of \$137,500. These fund deficits will also require a future administrative plan to fund the deficit and eliminate it.

**Note 20. Risk Financing**

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the City carries commercial insurance. The City participates in a premium-based health care plan for its active and retired employees. The amount of claim settlements has not exceeded insurance coverage in any of the previous three years.

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 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 10.

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.

*Continued*

Changes in the health claims liability for the year ended June 30, 2019 is as follows:

	<u>2019</u>	<u>2018</u>
Health Claims - beginning of year	\$ 2,274,000	\$ 2,875,000
Incurred Claims	52,922,339	53,810,159
Payments of Health Claims	<u>(53,271,339)</u>	<u>(54,411,159)</u>
Health Claims - end of year	<u>\$ 1,925,000</u>	<u>\$ 2,274,000</u>

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.

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, there are no pending claims exceeding \$100,000, individually or in the aggregate, that are probable and estimable at June 30, 2019.

***Note 21. Subsequent Events***

For the purposes of determining the effects of subsequent events on these financial statements, management has evaluated events which have occurred subsequent to June 30, 2019, and through January 22, 2020, the date on which the financial statements were available to be issued.

There were no subsequent events to be disclosed.

*Continued*

**Note 22. Future Implementation of GASB Pronouncements**

The GASB has issued the following statements:

- GASB Statement No. 84, *Fiduciary Activities*. The requirements of this Statement will take effect for financial statements starting with the fiscal year that ends June 30, 2020.
- GASB Statement No. 87, *Leases*. The requirements of this Statement will take effect for financial statements starting with the fiscal year that ends June 30, 2021.
- GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*. The requirements of this Statement will take effect for financial statements starting with the fiscal year that ends June 30, 2021.
- GASB Statement No. 90, *Majority Equity Interests – an amendment of GASB Statement No. 14 and 61*. The requirements of this Statement will take effect for financial statements starting with the fiscal year that ends June 30, 2020.
- GASB Statement No. 91, *Conduit Debt Obligations*. The requirements of this Statement will take effect for financial statements starting with the fiscal year that ends June 30, 2022.

Earlier application of these statements is encouraged. For the original pronouncements, please visit the GASB's website, [www.gasb.org](http://www.gasb.org).

*Continued*

**Required Supplementary Information (Unaudited):****General Fund – Schedule of Revenues and Expenditures – Budget and Actual – Budgetary Basis  
Year Ended June 30, 2019**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Encumbrances Carried Forward</b>	<b>Variance</b>
<b><u>Revenues and other financing sources:</u></b>					
Tax collections net of refunds:					
Real estate and personal property taxes	\$ 124,215,025	\$ 124,099,297	\$ 123,909,318	\$ -	\$ (189,979)
Local Receipts:					
Motor vehicle excise	8,200,000	8,358,000	8,198,550	-	(159,450)
Other excise collections	1,500,000	1,471,500	1,563,703	-	92,203
Penalties and interest	2,600,200	1,673,000	1,409,289	-	(263,711)
Payments in lieu of taxes	295,000	294,400	364,357	-	69,957
Charges for services	810,000	827,750	1,118,492	-	290,742
Departmental revenues	11,371,700	10,667,900	10,209,344	-	(458,556)
Fines and forfeitures	208,000	129,700	156,988	-	27,288
Licenses and permits	3,415,762	3,380,650	3,732,454	-	351,804
Indirect charges	845,600	1,058,700	813,895	-	(244,805)
Earnings on investments	350,000	582,000	869,209	-	287,209
Miscellaneous recurring	-	-	7,281	-	7,281
Miscellaneous non-recurring	250,000	250,000	(2,212)	-	(252,212)
Special assessments & betterments	100	1,000	143	-	(857)
Governmental revenue	177,850,537	179,793,940	179,668,450	-	(125,490)
Other financing sources:					
Transfers from other funds	6,640,424	6,675,794	5,866,017	-	(809,777)
Transfers from free cash	-	5,204,286	5,204,286	-	-
Total revenues and other financing sources:	<u>\$ 338,552,348</u>	<u>\$ 344,467,917</u>	<u>\$ 343,089,564</u>	<u>\$ -</u>	<u>\$ (1,378,353)</u>
<b><u>Expenditures and other financing sources:</u></b>					
Current:					
General Government					
Assessors					
Salaries & Wages	\$ 671,029	\$ 671,029	\$ 660,678	\$ -	\$ 10,351
Charges & Services	42,755	42,755	41,954	-	801
Supplies & Materials	1,775	1,775	1,734	-	41
Total Assessors	<u>715,559</u>	<u>715,559</u>	<u>704,366</u>	<u>-</u>	<u>11,193</u>
Auditor					
Salaries & Wages	433,972	437,772	436,482	-	1,290
Charges & Services	6,676	6,676	3,375	-	3,301
Supplies & Materials	1,848	1,848	1,776	-	72
Total Auditor	<u>442,496</u>	<u>446,296</u>	<u>441,633</u>	<u>-</u>	<u>4,663</u>
Chief Financial Officer					
Salaries & Wages	304,554	304,554	304,063	-	491
Charges & Services	7,677	8,677	8,665	11,000	(10,988)
Supplies & Materials	950	550	303	-	247
Capital Outlay	800	200	-	-	200
Total Chief Financial Officer	<u>313,981</u>	<u>313,981</u>	<u>313,031</u>	<u>11,000</u>	<u>(10,050)</u>
City Clerk					
Salaries & Wages	320,526	335,426	332,205	-	3,221
Charges & Services	22,329	22,329	20,151	-	2,178
Supplies & Materials	2,600	2,600	2,237	-	363
Total City Clerk	<u>\$ 345,455</u>	<u>\$ 360,355</u>	<u>\$ 354,593</u>	<u>\$ -</u>	<u>\$ 5,762</u>

*See accompanying independent auditor's report*



	Original Budget	Final Budget	Actual	Encumbrances Carried Forward	Variance
City Council					
Salaries & Wages	\$ 509,078	\$ 487,378	\$ 487,308	\$ -	\$ 70
Charges & Services	27,046	27,046	22,091	-	4,955
Supplies & Materials	9,500	9,500	5,085	-	4,415
Other Financing Uses	-	6,800	6,800	-	-
Total City Council	545,624	530,724	521,284	-	9,440
Clerk of Committees					
Salaries & Wages	134,625	134,625	134,362	-	263
Charges & Services	6,766	6,766	3,562	-	3,204
Supplies & Materials	900	900	335	-	565
Total Clerk of Committees	142,291	142,291	138,259	-	4,032
Elections					
Salaries & Wages	295,308	295,308	287,940	-	7,368
Charges & Services	87,817	87,817	63,659	-	24,158
Supplies & Materials	3,008	3,008	2,396	-	612
Total Elections	386,133	386,133	353,995	-	32,138
Environmental Stewardship					
Salaries & Wages	302,882	259,043	259,042	-	1
Charges & Services	32,891	32,911	32,226	-	685
Supplies & Materials	18,525	18,525	16,724	-	1,801
Capital Outlay	-	33,000	-	33,000	-
Other Financing Uses	-	10,839	10,839	-	-
Total Environmental Stewardship	354,298	354,318	318,831	33,000	2,487
General Government Unclassified					
Salaries & Wages	180,000	180,000	192,872	-	(12,872)
Charges & Services	9,984,482	10,304,482	10,381,662	-	(77,180)
Total General Government Unclassified	10,164,482	10,484,482	10,574,534	-	(90,052)
Labor Relations					
Salaries & Wages	374,037	375,037	374,977	-	60
Charges & Services	5,270	5,270	5,270	-	-
Supplies & Materials	1,595	1,595	1,595	-	-
Total Labor Relations	380,902	381,902	381,842	-	60
Licensing					
Salaries & Wages	109,445	109,035	109,028	-	7
Charges & Services	11,692	12,102	12,033	-	69
Supplies & Materials	1,150	1,150	1,146	-	4
Total Licensing	122,287	122,287	122,207	-	80
Management Information System					
Salaries & Wages	677,896	677,896	676,831	-	1,065
Charges & Services	798,364	788,364	781,682	8,144	(1,462)
Supplies & Materials	9,590	9,590	9,814	-	(224)
Capital Outlay	50,000	225,000	216,461	7,918	621
Total Management Information Systems	\$ 1,535,850	\$ 1,700,850	\$ 1,684,788	\$ 16,062	\$ -

See accompanying independent auditor's report

	Original Budget	Final Budget	Actual	Encumbrances Carried Forward	Variance
Mayor					
Salaries & Wages	\$ 556,940	\$ 571,940	\$ 571,156	\$ -	\$ 784
Charges & Services	74,882	65,882	65,903	-	(21)
Supplies & Materials	5,824	4,824	3,659	-	1,165
Other Financing Uses	-	-	500	-	(500)
Total Mayor	637,646	642,646	641,218	-	1,428
Planning & Community Development					
Salaries & Wages	413,031	408,031	361,670	-	46,361
Charges & Services	30,640	15,640	8,511	6,400	729
Supplies & Materials	250	250	225	-	25
Total Planning & Community Development	443,921	423,921	370,406	6,400	47,115
Planning Board					
Charges & Services	11,400	12,360	11,896	-	464
Total Planning Board	11,400	12,360	11,896	-	464
Purchasing					
Salaries & Wages	261,633	256,833	244,857	-	11,976
Charges & Services	117,979	117,979	108,932	-	9,047
Supplies & Materials	350	350	343	-	7
Total Purchasing	379,962	375,162	354,132	-	21,030
Solicitor					
Salaries & Wages	853,546	869,546	869,490	-	56
Charges & Services	87,173	96,822	85,114	9,489	2,219
Supplies & Materials	6,500	6,500	6,436	-	64
Capital Outlay	7,500	7,500	7,500	-	-
Total Solicitor	954,719	980,368	968,540	9,489	2,339
Treasurer					
Salaries & Wages	735,030	712,530	707,473	-	5,057
Charges & Services	188,700	226,200	225,893	-	307
Supplies & Materials	9,000	9,000	8,771	-	229
Other Financing Uses	-	3,049,264	3,049,264	-	-
Total Treasurer	932,730	3,996,994	3,991,401	-	5,593
Total General Government	\$ 18,809,736	\$ 22,370,629	\$ 22,246,956	\$ 75,951	\$ 47,722
<b>Public Safety</b>					
Fire Department					
Salaries & Wages	17,039,570	17,564,570	17,620,846	-	(56,276)
Charges & Services	278,590	358,290	820,042	-	(461,752)
Supplies & Materials	137,525	137,525	137,505	-	20
Capital Outlay	566,600	556,542	32,209	-	524,333
Other Financing Uses	-	10,058	10,058	-	-
Total Fire Department	18,022,285	18,626,985	18,620,660	-	6,325
Inspectional Services					
Salaries & Wages	941,114	941,114	928,588	-	12,526
Charges & Services	58,732	42,732	29,310	-	13,422
Supplies & Materials	10,180	10,180	6,929	-	3,251
Total Inspectional Services	\$ 1,010,026	\$ 994,026	\$ 964,827	\$ -	\$ 29,199

*See accompanying independent auditor's report*

	Original Budget	Final Budget	Actual	Encumbrances Carried Forward	Variance
<b>Police</b>					
Salaries & Wages	\$ 24,215,840	\$ 23,628,180	\$ 23,502,389	\$ -	\$ 125,791
Charges & Services	1,079,207	1,129,007	1,073,906	-	55,101
Supplies & Materials	143,665	143,665	140,775	-	2,890
Capital Outlay	200,000	840,000	839,465	-	535
Other Financing Uses	100,000	547,660	547,659	-	1
Total Police	25,738,712	26,288,512	26,104,194	-	184,318
<b>Traffic Commission</b>					
Salaries & Wages	280,861	280,861	269,481	-	11,380
Charges & Services	137,685	137,685	129,576	-	8,109
Supplies & Materials	35,900	35,900	37,399	-	(1,499)
Capital Outlay	75,000	13,854	454	-	13,400
Other Financing Uses	-	63,646	63,646	-	-
Total Traffic Commission	529,446	531,946	500,556	-	31,390
<b>Emergency Medical Services</b>					
Salaries & Wages	2,549,911	2,524,911	2,506,122	-	18,789
Charges & Services	224,300	274,300	579,938	-	(305,638)
Supplies & Materials	163,425	178,425	166,046	-	12,379
Capital Outlay	368,524	353,524	30,896	-	322,628
Total Emergency Medical Services	3,306,160	3,331,160	3,283,002	-	48,158
<b>Total Public Safety</b>	<b>\$ 48,606,629</b>	<b>\$ 49,772,629</b>	<b>\$ 49,473,239</b>	<b>\$ -</b>	<b>\$ 299,390</b>
<b>Public Works</b>					
<b>Facilities &amp; Fleet Management</b>					
Salaries & Wages	3,538,261	3,255,761	3,156,886	-	98,875
Charges & Services	2,611,652	3,357,240	3,071,810	313,969	(28,539)
Supplies & Materials	1,617,250	1,617,250	1,491,619	18,437	107,194
Capital Outlay	707,837	973,657	368,219	128,528	476,910
Other Financing Uses	-	230,500	230,500	-	-
Total Facilities & Fleet Management	8,475,000	9,434,408	8,319,034	460,934	654,440
<b>Greater New Bedford Refuse Management District</b>					
Charges & Services	713,962	713,962	713,962	-	-
Total Greater New Bedford Refuse Management District	713,962	713,962	713,962	-	-
<b>Public Infrastructure</b>					
Salaries & Wages	3,140,502	2,880,502	2,831,370	-	49,132
Charges & Services	894,695	903,837	769,936	17,222	116,679
Supplies & Materials	735,190	917,995	830,543	-	87,452
Capital Outlay	55,000	185,000	140,304	9,700	34,996
Other Financing Uses	-	300,000	300,000	-	-
Total Public Infrastructure	4,825,387	5,187,334	4,872,153	26,922	288,259
<b>Snow Removal</b>					
Salaries & Wages	-	-	314,717	-	(314,717)
Charges & Services	450,000	450,000	-	-	450,000
Total Snow Removal	450,000	450,000	314,717	-	135,283
<b>Total Public Works</b>	<b>\$ 14,464,349</b>	<b>\$ 15,785,704</b>	<b>\$ 14,219,866</b>	<b>\$ 487,856</b>	<b>\$ 1,077,982</b>
<b>Education</b>					
<b>Greater NB Regional Vocational Technical High School</b>					
Charges & Services	5,632,744	5,471,998	5,471,998	-	-
Total Greater NB Regional Vocational Technical High School	\$ 5,632,744	\$ 5,471,998	\$ 5,471,998	\$ -	\$ -

See accompanying independent auditor's report

	Original Budget	Final Budget	Actual	Encumbrances Carried Forward	Variance
School Department					
Salaries & Wages	\$ 102,959,426	\$ 101,304,684	\$ 101,425,392	\$ -	\$ (120,708)
Other Financing Uses	-	575,000	575,000	-	-
General Expenses	34,070,574	35,950,316	35,656,285	109,684	184,347
Total School Department	137,030,000	137,830,000	137,656,677	109,684	63,639
Total Education	142,662,744	143,301,998	143,128,675	109,684	63,639
<u>Health &amp; Human Services</u>					
Community Services					
Salaries & Wages	795,750	795,750	776,313	-	19,437
Charges & Services	295,755	295,755	285,053	-	10,702
Supplies & Materials	19,140	19,140	17,963	-	1,177
Total Community Services	1,110,645	1,110,645	1,079,329	-	31,316
Health					
Salaries & Wages	962,955	937,955	906,339	-	31,616
Charges & Services	137,098	137,098	120,978	14,000	2,120
Supplies & Materials	30,590	30,590	23,189	-	7,401
Capital Outlay	15,235	15,235	4,225	-	11,010
Total Health	1,145,878	1,120,878	1,054,731	14,000	52,147
Veterans					
Salaries & Wages	223,407	225,423	225,423	-	-
Charges & Services	2,712,550	2,710,534	2,401,271	-	309,263
Supplies & Materials	11,800	11,800	10,627	-	1,173
Capital Outlay	-	99,377	99,208	-	169
Total Veterans	2,947,757	3,047,134	2,736,529	-	310,605
Total Health & Human Services	5,204,280	5,278,657	4,870,589	14,000	394,068
<u>Culture &amp; Recreation</u>					
Library					
Salaries & Wages	1,548,879	1,540,879	1,524,609	-	16,270
Charges & Services	767,773	767,773	757,141	-	10,632
Supplies & Materials	101,700	101,700	101,530	-	170
Capital Outlay	-	8,000	7,331	8,000	(7,331)
Total Library	2,418,352	2,418,352	2,390,611	8,000	19,741
Recreation and Parks					
Salaries & Wages	451,956	419,456	394,058	-	25,398
Charges & Services	20,850	40,350	32,429	-	7,921
Supplies & Materials	3,120	12,120	10,992	-	1,128
Capital Outlay	-	19,000	16,753	2,062	185
Other Financing Uses	-	-	2,000	-	(2,000)
Total Recreation and Parks	475,926	490,926	456,232	2,062	32,632
Tourism / Marketing					
Salaries & Wages	144,739	140,739	133,117	-	7,622
Charges & Services	290,000	294,000	293,753	-	247
Supplies & Materials	3,000	3,000	2,628	-	372
Total Tourism / Marketing	\$ 437,739	\$ 437,739	\$ 429,498	\$ -	\$ 8,241

*See accompanying independent auditor's report*

	Original Budget	Final Budget	Actual	Encumbrances Carried Forward	Variance
<b>Zoo</b>					
Salaries & Wages	\$ 1,243,853	\$ 1,203,853	\$ 1,194,932	\$ -	\$ 8,921
Charges & Services	89,036	115,553	133,995	-	(18,442)
Supplies & Materials	233,610	240,610	233,608	-	7,002
Capital Outlay	16,800	24,943	-	-	24,943
Total Zoo	1,583,299	1,584,959	1,562,535	-	22,424
Total Culture & Recreation	4,915,316	4,931,976	4,838,876	10,062	83,038
<b>Other</b>					
Debt					
Other Charges	11,779,220	11,779,220	11,874,635	-	(95,415)
Total Debt	11,779,220	11,779,220	11,874,635	-	(95,415)
Health Insurance					
Charges & Services	44,000,000	42,556,000	40,016,639	-	2,539,361
Total Health Insurance	44,000,000	42,556,000	40,016,639	-	2,539,361
Life Insurance					
Charges & Services	275,000	275,000	261,064	-	13,936
Total Life Insurance	275,000	275,000	261,064	-	13,936
Pension Contribution					
Charges & Services	28,817,471	28,817,471	28,817,471	-	-
Total Pension Contribution	28,817,471	28,817,471	28,817,471	-	-
State Assessments					
Cherry Sheet Assessments	19,017,603	19,598,633	19,063,095	-	535,538
Total State Assessments	19,017,603	19,598,633	19,063,095	-	535,538
Total Other	103,889,294	103,026,324	100,032,904	-	2,993,420
Total expenditures and other financing uses:	\$ 338,552,348	\$ 344,467,917	\$ 338,811,105	\$ 697,553	\$ 4,959,259
Excess (deficiency) of revenues and other financing sources over (under) of expenditures and other financing uses:	\$ -	\$ -	\$ 4,278,459	\$ (697,553)	\$ 3,580,906
Budgetary fund balance - beginning of year			18,415,022		
Budgetary fund balance - end of year	\$ -	\$ -	\$ 22,693,481		

See accompanying independent auditor's report

**Wastewater Special Revenue Fund – Schedule of Revenues and Expenditures – Budget and Actual – Budgetary Basis  
Year Ended June 30, 2019**

	<u>Original Budget</u>					
	<u>Encumbrances Carried Forward</u>	<u>Budget As Adopted</u>	<u>Available for Current Year Expenditures</u>	<u>Actual</u>	<u>Encumbrances Carried Forward</u>	<u>Variance</u>
Revenues and other:						
Charges for services	\$ -	\$ 23,065,200	\$ 23,065,200	\$ 23,952,265	\$ -	\$ 887,065
Liens and penalties	-	130,000	130,000	146,389	-	16,389
Departmental and other	-	-	-	23,690	-	23,690
Special assessments	-	12,000	12,000	18,870	-	6,870
Earnings on investments	-	70,000	70,000	301,167	-	231,167
Transfers in	-	-	37,646	-	-	(37,646)
Total Revenues and other:	-	23,277,200	23,314,846	24,442,381	-	1,127,535
Expenditures:						
Salaries and Wages	-	1,789,651	1,619,651	1,576,998	-	42,653
Purchase of Services	18,265	10,005,859	10,644,124	11,046,842	-	(402,718)
Materials and Supplies	7,202	541,000	548,202	525,390	-	22,812
Capital Outlay	12,179	1,187,977	750,156	492,924	48,256	208,976
Debt Service / Other Charges	-	9,752,713	9,752,713	11,216,588	-	(1,463,875)
Total Expenditures	37,646	23,277,200	23,314,846	24,858,742	48,256	(1,592,152)
Excess (deficiency) of revenues over expenditures	<u>\$ (37,646)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (416,361)</u>	<u>\$ (48,256)</u>	<u>\$ (464,617)</u>

*See accompanying independent auditor's report*

**Notes to the Required Supplementary Information - Explanation of Differences Between Budgetary Inflows and Outflows and GAAP Revenue and Expenditures**

The accompanying Combined Statement of Revenues, Expenditures or Expenses - Budget and Actual (Non-GAAP Budgetary Basis) - for the General Fund and Wastewater 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);
- B) The use of fund balances available at the beginning of the year to fund current year expenditures is recorded as an other financing source;
- C) Expenditures/expenses are recorded when paid in cash (budgetary basis) as opposed to when liability is incurred (GAAP basis);
- D) 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, 2019 are as follows:

	<b>Governmental Funds</b>	
	<b>General Fund</b>	<b>Special Revenue Wastewater</b>
Revenues and other financing sources:		
GAAP Basis	\$ 366,465,975	\$ 24,442,381
Adjustments:		
Change in real estate and personal property taxes 60 day accruals	(152,776)	-
Unbudgeted deferral of tax possessions	689,436	-
MTRB on-behalf payments	(28,765,228)	-
Stabilization fund - income statement activity	(352,131)	-
Free cash utilized for budgetary basis	5,204,286	-
Budgetary Basis	<u>\$ 343,089,562</u>	<u>\$ 24,442,381</u>
Expenditures and other financing uses:		
GAAP Basis	\$ 364,982,069	\$ 24,858,742
Adjustments:		
MTRB on-behalf payments	(28,765,228)	-
Miscellaneous GAAP adjustments	(2)	-
Budgetary Basis	<u>\$ 338,811,103</u>	<u>\$ 24,858,742</u>

*See accompanying independent auditor's report*

**Schedule of Changes in the System's Net Pension Liability and Related Ratios - Last 10 Fiscal Years**

	2019	2018	2017	2016	2015
<b>Total pension liability</b>					
Service cost	\$ 12,788,104	\$ 10,287,007	\$ 9,987,385	\$ 10,680,565	\$ 10,369,481
Interest on liability and service cost	52,379,302	47,620,499	46,957,922	48,758,434	47,840,671
Differences between expected and actual experience	-	24,494,556	-	10,187,503	-
Changes in assumptions	-	49,300,676	-	(21,419,864)	-
Benefit payments, including refunds of employee contributions	(51,104,978)	(49,437,397)	(47,075,331)	(45,901,874)	(44,969,104)
Interest on benefit	-	-	-	(1,745,509)	(1,710,039)
<b>Net change in total pension liability</b>	14,062,428	82,265,341	9,869,976	559,255	11,531,009
Total pension liability - beginning	711,155,084	628,889,743	619,019,767	618,460,512	606,929,503
<b>Total pension liability - ending (a)</b>	<u>\$ 725,217,512</u>	<u>\$ 711,155,084</u>	<u>\$ 628,889,743</u>	<u>\$ 619,019,767</u>	<u>\$ 618,460,512</u>
<b>Plan fiduciary net position</b>					
Contributions - employer	\$ 33,082,046	\$ 32,069,145	\$ 30,810,829	\$ 29,758,906	\$ 28,253,951
Contributions - employee	9,977,696	9,620,489	9,042,514	9,305,456	8,457,273
Other payments	981,322	956,887	969,196	1,025,323	1,057,391
Net investment income	(16,458,511)	52,511,151	23,322,337	(3,014,143)	16,227,627
Benefit payments, including refunds of employee contributions	(51,104,978)	(49,437,397)	(47,075,331)	(45,901,874)	(44,969,104)
Administrative expense	(582,690)	(546,865)	(617,024)	(562,794)	(547,593)
Adjust assets to market value	-	-	-	1,576,360	(1,992,203)
<b>Net change in plan fiduciary net position</b>	(24,105,115)	45,173,410	16,452,521	(7,812,766)	6,487,342
Plan fiduciary net position - beginning	336,300,094	291,126,684	274,674,163	282,486,929	275,999,587
<b>Plan fiduciary net position - ending (b)</b>	<u>\$ 312,194,979</u>	<u>\$ 336,300,094</u>	<u>\$ 291,126,684</u>	<u>\$ 274,674,163</u>	<u>\$ 282,486,929</u>
<b>System's net pension liability - ending (a) - (b)</b>	<u>\$ 413,022,533</u>	<u>\$ 374,854,990</u>	<u>\$ 337,763,059</u>	<u>\$ 344,345,604</u>	<u>\$ 335,973,583</u>
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	43.05%	47.29%	46.29%	44.37%	45.68%
<b>Covered payroll</b>	\$ 93,827,452	\$ 90,685,169	\$ 92,695,007	\$ 89,560,393	\$ 84,425,116
<b>System's net pension liability as a percentage of covered payroll</b>	440.19%	413.36%	364.38%	384.48%	397.95%

\*\* - Per paragraph 138 of GASB Statement No. 68, the City is not required to retrospectively present its' 10-year RSI schedules, as this information was not available at transition and historical information was not measured in accordance with the parameters of GASB Statement No. 68.

*See accompanying independent auditor's report*



**Schedule of the City's Proportionate Share of the Net Pension Liability - Last 10 Fiscal Years**

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
City's proportion of the net pension liability (asset)	87.1091%	86.5059%	86.7370%	86.2969%	86.48%
City's proportionate share of the net pension liability (asset)	\$ 359,780,192	\$ 324,271,782	\$ 292,965,416	\$ 299,409,245	\$ 288,816,402
City's covered payroll	\$ 82,151,215	79,019,735	80,400,833	77,287,856	73,420,569
City's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	437.95%	410.37%	364.38%	387.39%	393.37%
Plan fiduciary net position as a percentage of the total pension liability	43.05%	47.29%	46.29%	44.37%	46.00%

\*\* - Per paragraph 138 of GASB Statement No. 68, the City is not required to retrospectively present its' 10-year RSI schedules, as this information was not available at transition and historical information was not measured in accordance with the parameters of GASB Statement No. 68.

**Schedule of the System's Contributions - Last 10 Fiscal Years**

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Actuarially determined contribution	\$ 33,082,046	\$ 32,069,145	\$ 30,810,829	\$ 29,758,906	\$ 28,253,951
System contributions in relation to the actuarially determined contribution	<u>33,082,046</u>	<u>32,069,145</u>	<u>30,810,829</u>	<u>29,821,401</u>	<u>28,253,951</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (62,495)</u>	<u>\$ -</u>
Covered payroll	\$ 93,827,452	\$ 90,685,169	\$ 92,695,007	\$ 89,560,393	\$ 84,425,116
Contributions as a percentage of covered payroll	35.26%	35.36%	33.24%	33.30%	33.47%

**Notes to Schedule****Valuation Date:**

January 1, 2018

The January 1, 2018 actuarial valuation was rolled forward, in accordance with the parameters of GASB Statement No. 68, to December 31, 2018, the measurement date.

**Methods and assumptions used to determine contribution rates:**

Contribution rates are recommended by the System's independent actuary and are approved by PERAC in order to comply with the applicable funding statute (MGL Chapter 32 Section 22F)

\*\* - Per paragraph 138 of GASB Statement No. 68, the City is not required to retrospectively present its' 10-year RSI schedules, as this information was not available at transition and historical information was not measured in accordance with the parameters of GASB Statement No. 68.

*See accompanying independent auditor's report*

**Schedule of Employer Contributions - Last 10 Fiscal Years**

	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
City's contractually required contribution	\$ 28,817,471	\$ 27,741,711	\$ 26,724,377	\$ 25,734,949	\$ 24,433,112
City's contributions in relation to the contractually required contribution	<u>28,817,471</u>	<u>27,741,711</u>	<u>26,724,377</u>	<u>25,734,949</u>	<u>24,433,112</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	\$ 82,151,215	\$ 79,019,735	\$ 80,400,833	\$ 77,287,856	\$ 73,420,569
Contributions as a percentage of covered payroll	35.08%	35.11%	33.24%	33.30%	33.28%

\*\* - Per paragraph 138 of GASB Statement No. 68, the City is not required to retrospectively present its' 10-year RSI schedules, as this information was not available at transition and historical information was not measured in accordance with the parameters of GASB Statement No. 68.

**Annual Money-Weighted Rate of Return – Contributory Retirement System**

	<b>12/31/2018</b>	<b>12/31/2017</b>	<b>12/31/2016</b>	<b>12/31/2015</b>	<b>12/31/2014</b>
Annual money-weighted rate of return, net of investment expense	-5.75%	18.34%	9.21%	-0.46%	6.62%

*See accompanying independent auditor's report*

*This page was left intentionally blank*

*See accompanying independent auditor's report*

**Schedule of Changes in the City's Net OPEB Liability and Related Ratios – Other Post-Employment Benefits**

	<b>2019</b>	<b>2018</b>	<b>2017</b>
<b>Total OPEB liability</b>			
Service cost	\$ 18,125,737	\$ 17,345,203	\$ 14,481,690
Interest on liability and service cost	19,426,065	18,258,007	17,592,103
Differences between expected and actual experience	-	(9,785,838)	-
Changes in assumptions	-	22,318,271	-
Benefit payments, including refunds of employee contributions	(17,767,957)	(17,767,957)	(16,602,496)
<b>Net change in total OPEB liability</b>	19,783,845	30,367,686	15,471,297
Total OPEB liability - beginning	\$ 508,704,877	\$ 478,337,191	462,865,894
<b>Total OPEB liability - ending (a)</b>	<b>\$ 528,488,722</b>	<b>\$ 508,704,877</b>	<b>\$ 478,337,191</b>
<b>Plan fiduciary net position</b>			
Contributions - employer	\$ 18,222,957	\$ 150,000	\$ 270,000
Net investment income	97,711	119,070	112,330
Benefit payments, including refunds of employee contributions	(17,767,957)	-	-
Administrative expense	-	(4,487)	(2,561)
<b>Net change in plan fiduciary net position</b>	552,711	264,583	379,769
Plan fiduciary net position - beginning	1,451,420	1,186,837	807,068
<b>Plan fiduciary net position - ending (b)</b>	<b>\$ 2,004,131</b>	<b>\$ 1,451,420</b>	<b>\$ 1,186,837</b>
<b>City's net OPEB liability - ending (a) - (b)</b>	<b>\$ 526,484,591</b>	<b>\$ 507,253,457</b>	<b>\$ 477,150,354</b>
<b>Plan fiduciary net position as a percentage of the total OPEB liability</b>	0.38%	0.29%	0.25%
<b>Covered-employee payroll*</b>	\$ 180,556,037	\$ 174,450,277	\$ 158,014,676
<b>City's net OPEB liability as a percentage of covered employee payroll</b>	291.59%	290.77%	301.97%

\* - Since contributions to the OPEB plan are not based on a measure of pay, the RSI schedules above use the term "covered-employee payroll" (the payroll of employees that are provided with OPEB through the OPEB plan) as the measure of payroll.

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, OPEB plans should present information for those years for which information is available.

*See accompanying independent auditor's report*

**Schedule of City's Contributions – Other Post-Employment Benefits**

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Actuarially determined contribution	\$ 19,231,134	\$ 16,018,219	\$ 17,102,496
Contributions in relation to the actuarially determined contribution	<u>\$ 455,000</u>	<u>270,000</u>	<u>270,000</u>
Contribution deficiency (excess)	<u>\$ 18,776,134</u>	<u>\$ 17,497,957</u>	<u>\$ 16,832,496</u>
Covered-employee payroll*	\$ 180,556,037	\$ 174,450,277	\$ 158,014,676
Contributions as a percentage of covered-employee payroll	0.25%	0.15%	0.17%

\* - Since contributions to the OPEB plan are not based on a measure of pay, the RSI schedules above use the term "covered-employee payroll" (the payroll of employees that are provided with OPEB through the OPEB plan) as the measure of payroll.

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, OPEB plans should present information for those years for which information is available.

**Schedule of Investment Returns – Other Post-Employment Benefits**

	<u>6/30/2019</u>	<u>6/30/2018</u>	<u>6/30/2017</u>
Annual money-weighted rate of return, net of investment expense	6.12%	7.89%	9.25%

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, OPEB plans should present information for those years for which information is available.

## Combining and Individual Fund Statements *and* Other Supplementary Information

*The following section provides combining and individual fund statements for select funds presented within the fund financial statements appearing in the Financial Section of this report. It also includes budgetary comparison schedules for each of the City's enterprise funds.*



*See accompanying independent auditor's report*

# Governmental Funds

Governmental funds consist of the following:

## **General Fund**

The General Fund is the operating fund of the City. It is used to account for all revenues, expenditures and other financial resources except those required to be accounted for in other funds.

## **Special revenue funds**

Special revenue funds are used to account for the proceeds of specific revenue sources, other than debt service, trust funds or capital projects that are legally restricted or committed for specific purposes. The City's Wastewater Fund is classified as a special revenue fund. The fund consists of operations, special projects and debt service.

The special revenue funds also account for a number of federal and state grants administered by the City's individual departments.

## **Capital projects funds**

Capital projects funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities. Such resources are derived principally from proceeds of general obligation bonds and from federal and state grants.

## **Permanent trust funds**

Permanent trust fund are used to report resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that support the reporting government's programs, that is, for the benefit of the government or its citizenry.

**Wastewater Funds – Combining Balance Sheets – June 30, 2019**

	<b>Operating</b>	<b>Special Projects</b>	<b>Debt Service</b>	<b>Total Wastewater</b>
<b>ASSETS</b>				
Cash	\$ 10,346,078	\$ 412,727	\$ 2,231,471	\$ 12,990,276
User charges receivable	2,675,834	-	-	2,675,834
Utility liens receivable	98,028	-	-	98,028
Special assessments receivable	100,667	-	-	100,667
Department receivables	42,341	-	-	42,341
Other receivables	-	2,302,237	-	2,302,237
Inventory	26,373	-	-	26,373
Due from other funds	193,667	1,496	-	195,163
Total assets	13,482,988	2,716,460	2,231,471	18,430,919
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
None	-	-	-	-
Total deferred outflows of resources	-	-	-	-
Total assets and deferred outflows of resources	<u>\$ 13,482,988</u>	<u>\$ 2,716,460</u>	<u>\$ 2,231,471</u>	<u>\$ 18,430,919</u>
<b>LIABILITIES:</b>				
Warrants, accounts and accrued expenses payable	4,140,212	215,884	-	4,356,096
Deposits held	30,436	-	-	30,436
Other liabilities	26,339	-	-	26,339
Due to other funds	1,467,263	-	-	1,467,263
Total liabilities	5,664,250	215,884	-	5,880,134
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred user fees, fines and charges for services	2,796,768	-	-	2,796,768
Total deferred inflows of resources	2,796,768	-	-	2,796,768
<b>FUND BALANCE</b>				
Nonspendable	26,373	-	-	26,373
Restricted	1,763,827	-	2,231,471	3,995,298
Committed	3,183,514	2,435,441	-	5,618,955
Assigned	48,256	65,135	-	113,391
Unassigned	-	-	-	-
Total fund balance	5,021,970	2,500,576	2,231,471	9,754,017
Total liabilities, deferred inflows of resources and fund balance	<u>\$ 13,482,988</u>	<u>\$ 2,716,460</u>	<u>\$ 2,231,471</u>	<u>\$ 18,430,919</u>

*See accompanying independent auditor's report*



**Wastewater Funds – Combining Statement of Revenues, Expenditures and Changes in Fund Balances – for the Year Ending June 30, 2019**

	<b>Operating</b>	<b>Special Projects</b>	<b>Debt Service</b>	<b>Total Wastewater</b>
<b>Revenues:</b>				
Utility usage charges	\$ 23,952,265	\$ -	\$ -	\$ 23,952,265
Liens and penalties	146,389	-	-	146,389
Departmental	1,584	-	-	1,584
Intergovernmental revenues	16,948	-	4,830,568	4,847,516
Special assessments	18,870	-	-	18,870
Investment income	301,167	218	5,574	306,959
Other	5,158	-	-	5,158
<b>Total revenues</b>	<b>24,442,381</b>	<b>218</b>	<b>4,836,142</b>	<b>29,278,741</b>
<b>Expenditures:</b>				
Current:				
Salaries	1,576,998	-	-	1,576,998
Charges and services	11,046,842	112,786	-	11,159,628
Supplies and materials	525,390	-	-	525,390
Capital outlay:				
Capital outlay	492,924	146,054	-	638,978
Debt service:				
Debt admin fees	146,835	-	-	146,835
Principal paid on debt	1,013,000	-	7,456,820	8,469,820
Interest paid on debt	220,027	-	3,127,612	3,347,639
<b>Total expenditures</b>	<b>15,022,016</b>	<b>258,840</b>	<b>10,584,432</b>	<b>25,865,288</b>
Excess (deficiency) of revenues over expenditures	9,420,365	(258,622)	(5,748,290)	3,413,453
Transfers in	-	2,300,000	5,644,600	7,944,600
Transfers (out)	(9,836,726)	-	-	(9,836,726)
Excess (deficiency) of revenues and other sources over expenditures and other uses	(416,361)	2,041,378	(103,690)	1,521,327
Fund balance - beginning of year	5,438,331	459,198	2,335,161	8,232,690
Fund balance - end of year	<u>\$ 5,021,970</u>	<u>\$ 2,500,576</u>	<u>\$ 2,231,471</u>	<u>\$ 9,754,017</u>

*See accompanying independent auditor's report*

**Non-Major Governmental Funds - Combining Balance Sheets – June 30, 2019**

	<b>Special Revenue Funds</b>							
	<b>Highway Improvements</b>	<b>Revolving</b>	<b>Reserve for Appropriation</b>	<b>Donations</b>	<b>City Grants</b>	<b>School Grants</b>	<b>Other Community Development</b>	<b>Total Special Revenue</b>
<b>ASSETS</b>								
Cash and investments, unrestricted	\$ (350,368)	\$ 15,973,775	\$ 7,840,946	\$ 604,007	\$ 7,360,394	\$ 1,108,698	\$ 667,495	\$ 33,204,947
Federal and state grants receivable	513,978	1,049,272	-	-	1,573,867	2,316,311	411,452	5,864,880
Loan receivables	-	-	-	-	-	-	1,471,458	1,471,458
Receivable, other	78,052	91,797	119,473	-	308,834	76,681	-	674,837
Land inventory	-	-	-	-	-	-	246,918	246,918
Total assets	241,662	17,114,844	7,960,419	604,007	9,243,095	3,501,690	2,797,323	41,463,040
<b>DEFERRED OUTFLOWS OF RESOURCES</b>								
None	-	-	-	-	-	-	-	-
Total deferred outflows of resources	-	-	-	-	-	-	-	-
Total assets and deferred outflows of resources	241,662	17,114,844	7,960,419	604,007	9,243,095	3,501,690	2,797,323	41,463,040
	-	-	-	-	-	-	-	-
<b>LIABILITIES</b>								
Warrants, accounts and accrued expenses payable	\$ 261,206	\$ 672,938	283,133	\$ 88,482	\$ 1,263,974	\$ 818,191	\$ 465,506	\$ 3,853,430
Due to state or federal government	-	-	-	-	-	209	-	209
Due to other funds	-	-	-	(56)	18,993	-	381	19,318
Other liabilities	-	-	-	-	-	-	20	20
Total liabilities	261,206	672,938	283,133	88,426	1,282,967	818,400	465,907	3,872,977
<b>DEFERRED INFLOWS OF RESOURCES</b>								
Deferred departmental and other receipts	-	52,118	123,127	-	-	-	-	175,245
Unearned grant income	-	-	-	-	802,998	2,132,517	-	2,935,515
Unearned loan income	-	-	-	-	-	-	1,471,458	1,471,458
Total deferred inflows of resources	-	52,118	123,127	-	802,998	2,132,517	1,471,458	4,582,218
<b>FUND BALANCE</b>								
Nonspendable	-	-	-	-	-	-	246,918	246,918
Restricted	(19,544)	14,741,832	7,554,159	515,581	7,294,630	550,773	613,040	31,250,471
Committed	-	1,647,956	-	-	-	-	-	1,647,956
Assigned	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	(137,500)	-	-	(137,500)
Total fund balance	(19,544)	16,389,788	7,554,159	515,581	7,157,130	550,773	859,958	33,007,845
Total liabilities, deferred inflows of resources and fund balance	\$ 241,662	\$ 17,114,844	\$ 7,960,419	\$ 604,007	\$ 9,243,095	\$ 3,501,690	\$ 2,797,323	\$ 41,463,040

*See accompanying independent auditor's report*

	Capital Project Funds					Total Capital Project Funds
	Other Funds	Public Works Funds	Education Funds	Airport Funds	City-Owned Building Funds	
<b>ASSETS</b>						
Cash and investments, unrestricted	\$ 1,509,247	\$ 314,135	\$ 4,230,898	\$ 165,990	6,633,983	\$ 12,854,253
Receivables, net:						
Federal & state grants receivable	-	2,246,638	2,707,966	460,877	-	5,415,481
Due from other funds	2,872,483	-	-	-	-	2,872,483
Total assets	4,381,730	2,560,773	6,938,864	626,867	6,633,983	21,142,217
<b>DEFERRED OUTFLOWS OF RESOURCES</b>						
None	-	-	-	-	-	-
Total deferred outflows of resources	-	-	-	-	-	-
Total assets and deferred outflows of resources	\$ 4,381,730	\$ 2,560,773	\$ 6,938,864	\$ 626,867	\$ 6,633,983	\$ 21,142,217
<b>LIABILITIES</b>						
Warrants, accounts and accrued expenses payable	251,807	3,047,317	783,075	84,427	466,145	4,632,771
Retainage payable	-	1,120,428	128,173	67,828	61,133	1,377,562
Bonds and notes payable	4,000,000	-	8,273,362	588,463	9,563,000	22,424,825
Deposits held	-	-	(114)	-	-	(114)
Total liabilities	4,251,807	4,167,745	9,184,496	740,718	10,090,278	28,435,044
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Unearned grant income	-	-	-	-	-	-
Total deferred inflows of resources	-	-	-	-	-	-
<b>FUND BALANCE</b>						
Committed	2,084,140	34,207	245,455	145,853	1,358,983	3,868,638
Unassigned	(1,954,217)	(1,641,179)	(2,491,087)	(259,704)	(4,815,278)	(11,161,465)
Total fund balance	129,923	(1,606,972)	(2,245,632)	(113,851)	(3,456,295)	(7,292,827)
Total liabilities, deferred inflows of resources and fund balance	\$ 4,381,730	\$ 2,560,773	\$ 6,938,864	\$ 626,867	\$ 6,633,983	\$ 21,142,217

*See accompanying independent auditor's report*

	Permanent Trust Funds					
	Other Permanent Trust Funds	Cemetery Perpetual Care	Gift of Sarah Potter	Sylvia H.G. Wilks	Total Permanent Trust Funds	Total Nonmajor Governmental Funds
<b>ASSETS</b>						
Cash and investments, unrestricted	\$ 1,372,750	\$ 1,342,576	\$ 1,032,554	\$ 537,864	\$ 4,285,744	\$ 50,344,944
Cash and investments, restricted	260,663	4,016,748	250,000	600,000	5,127,411	5,127,411
Receivables, net:						
Federal & state grants receivable	-	-	-	-	-	11,280,361
Loans receivable	-	-	-	-	-	1,471,458
Other receivables	-	-	-	-	-	674,837
Due from other funds	-	-	-	-	-	2,872,483
Land inventory	-	-	-	-	-	246,918
Total assets	1,633,413	5,359,324	1,282,554	1,137,864	9,413,155	72,018,412
<b>DEFERRED OUTFLOWS OF RESOURCES</b>						
None	-	-	-	-	-	-
Total deferred outflows of resources	-	-	-	-	-	-
Total assets and deferred outflows of resources	\$ 1,633,413	\$ 5,359,324	\$ 1,282,554	\$ 1,137,864	\$ 9,413,155	\$ 72,018,412
<b>LIABILITIES</b>						
Warrants, accounts and accrued expenses payable	150	26,192	-	-	26,342	8,512,543
Retainage payable	-	-	-	-	-	1,377,562
Bonds and notes payable	-	-	-	-	-	22,424,825
Due to other funds	-	-	-	56	56	19,374
Deposits held	-	-	-	-	-	(114)
Due to other governments	-	-	-	-	-	209
Other liabilities	-	-	-	-	-	20
Total liabilities	150	26,192	-	56	26,398	32,334,419
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Deferred departmental and other receipts	-	-	-	-	-	175,245
Unearned grant income	-	-	-	-	-	2,935,515
Unearned loan income	-	-	-	-	-	1,471,458
Total deferred inflows of resources	-	-	-	-	-	4,582,218
<b>FUND BALANCE</b>						
Nonspendable	260,663	4,016,748	250,000	600,000	5,127,411	5,374,329
Restricted	1,372,600	1,316,384	1,032,554	537,808	4,259,346	39,378,455
Committed	-	-	-	-	-	1,647,956
Assigned	-	-	-	-	-	-
Unassigned	-	-	-	-	-	(11,298,965)
Total fund balance	1,633,263	5,333,132	1,282,554	1,137,808	9,386,757	35,101,775
Total liabilities, deferred inflows of resources and fund balance	\$ 1,633,413	\$ 5,359,324	\$ 1,282,554	\$ 1,137,864	\$ 9,413,155	\$ 72,018,412

*See accompanying independent auditor's report*

# Non-Major Governmental Funds - Combining Statement of Revenues, Expenditures and Changes in Fund Balance – For the Year Ending June 30, 2019

	Special Revenue Funds							
	Highway Improvements	Revolving	Reserve for Appropriation	Donations	City Grants	School Grants	Other Community Development	Total Special Revenue
<b>REVENUES</b>								
Federal grants	\$ 28,122	\$ 9,409,092	\$ -	\$ -	\$ 1,932,528	\$ 12,683,640	\$ 4,522,300	\$ 28,575,682
State grants	2,443,352	3,218,299	190,505	-	4,667,337	2,168,948	-	12,688,441
Investment income	-	6,099	55,263	2,582	1,647	-	1,575	67,166
Charges for services	-	1,537,514	44,123	-	-	-	-	1,581,637
Miscellaneous and other revenues	64,489	789,685	3,443,402	348,488	1,953,611	1,301,368	261,809	8,162,852
Total revenues	2,535,963	14,960,689	3,733,293	351,070	8,555,123	16,153,956	4,785,684	51,075,778
<b>EXPENDITURES</b>								
Current:								
General government	-	362,540	1,086,778	25,000	939,969	-	-	2,414,287
Public safety	-	245,738	3,194	818	3,043,159	-	-	3,292,909
Public works	2,627,431	346,044	-	7,869	1,126,281	-	-	4,107,625
Education	-	11,546,530	-	26,854	-	16,997,441	-	28,570,825
Community and economic development	-	-	-	-	-	-	4,953,689	4,953,689
Health and human services	-	247,482	23,992	10,931	997,891	-	-	1,280,296
Municipal airport	-	-	-	-	665,048	-	-	665,048
Culture and recreation	-	456,286	-	147,668	1,229,491	-	-	1,833,445
Debt Service:								
Principal payments	-	-	-	-	49,000	-	-	49,000
Interest payments	-	-	-	-	-	-	-	-
Total expenditures	2,627,431	13,204,620	1,113,964	219,140	8,050,839	16,997,441	4,953,689	47,167,124
Excess (deficiency) of revenue over (under) expenditures	(91,468)	1,756,069	2,619,329	131,930	504,284	(843,485)	(168,005)	3,908,654
<b>OTHER FINANCING SOURCES (USES)</b>								
Special item - proceeds from insurance recovery	-	92,649	-	-	-	-	-	92,649
Transfers in	-	-	-	-	491,766	-	72,491	564,257
Transfers out	-	(44,820)	(12,000)	-	-	-	(72,491)	(129,311)
Total other financing sources (uses)	-	47,829	(12,000)	-	491,766	-	-	527,595
Change in fund balance	(91,468)	1,803,898	2,607,329	131,930	996,050	(843,485)	(168,005)	4,436,249
Fund balance - beginning of year	71,924	14,585,890	4,946,830	383,651	6,161,080	1,394,258	1,027,963	28,571,596
Fund balance - end of year	\$ (19,544)	\$ 16,389,788	\$ 7,554,159	\$ 515,581	\$ 7,157,130	\$ 550,773	\$ 859,958	\$ 33,007,845

See accompanying independent auditor's report

	Capital Project Funds				City-Owned Building Funds	Total Capital Project Funds
	Other Funds	Public Works Funds	Education Funds	Airport Funds		
<b>REVENUE</b>						
MSBA assistance	\$ -	\$ -	\$ 2,806,745	\$ -	\$ -	2,806,745
Intergovernmental - capital grants	10,934	20,359,507	-	4,190,940	-	24,561,381
Miscellaneous	349,449	-	-	-	-	349,449
Total revenues	<u>360,383</u>	<u>20,359,507</u>	<u>2,806,745</u>	<u>4,190,940</u>	<u>-</u>	<u>27,717,575</u>
<b>EXPENDITURES</b>						
Capital outlay:						-
General government	3,437,892	-	-	-	3,024,752	6,462,644
Public safety	194,000	-	-	-	-	194,000
Education	-	-	2,832,973	-	681,088	3,514,061
Public works	40,236	23,100,988	-	-	1,582,191	24,723,415
Municipal airport	-	-	-	4,473,442	-	4,473,442
Culture and recreation	6,857	-	-	-	40,175	47,032
Debt service:						
Principal payments	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-
Total expenditures	<u>3,678,985</u>	<u>23,100,988</u>	<u>2,832,973</u>	<u>4,473,442</u>	<u>5,328,206</u>	<u>39,414,594</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(3,318,602)</u>	<u>(2,741,481)</u>	<u>(26,228)</u>	<u>(282,502)</u>	<u>(5,328,206)</u>	<u>(11,697,019)</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Bond issuance	1,000,000	-	7,274,951	417,857	1,792,192	10,485,000
Bond premiums	21,015	-	365,598	19,092	118,241	523,946
Transfers in	1,404,946	-	-	-	-	1,404,946
Transfers out	-	-	-	-	-	-
Total other financing sources and uses	<u>2,425,961</u>	<u>-</u>	<u>7,640,549</u>	<u>436,949</u>	<u>1,910,433</u>	<u>12,413,892</u>
Change in fund balance	(892,641)	(2,741,481)	7,614,321	154,447	(3,417,773)	716,873
Fund balance - beginning of year	<u>1,022,564</u>	<u>1,134,509</u>	<u>(9,859,953)</u>	<u>(268,298)</u>	<u>(38,522)</u>	<u>(8,009,700)</u>
Fund balance - end of year	<u>\$ 129,923</u>	<u>\$ (1,606,972)</u>	<u>\$ (2,245,632)</u>	<u>\$ (113,851)</u>	<u>\$ (3,456,295)</u>	<u>\$ (7,292,827)</u>

*See accompanying independent auditor's report*

	Permanent Trust Funds				Total Permanent Trust Funds	Total Nonmajor Governmental Funds
	Other Permanent Trust Funds	Cemetery Perpetual Care	Gift of Sarah Potter	Sylvia H.G. Wilks		
<b>REVENUE</b>						
MSBA assistance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,806,745
Investment income	121,571	416,105	137,993	74,704	750,373	817,539
Intergovernmental - operating grants	-	-	-	-	-	41,264,123
Intergovernmental - capital grants	-	-	-	-	-	24,561,381
Charges for services	-	-	-	-	-	1,581,637
Miscellaneous	3,845	323,493	-	-	327,338	8,839,639
Total revenues	<u>125,416</u>	<u>739,598</u>	<u>137,993</u>	<u>74,704</u>	<u>1,077,711</u>	<u>79,871,064</u>
<b>EXPENDITURES</b>						
Current:						
General government	50	-	-	-	50	2,414,337
Public safety	-	-	-	-	-	3,292,909
Education	2,010	-	-	-	2,010	28,572,835
Public works	-	310,365	-	-	310,365	4,417,990
Community and economic developme	-	-	-	-	-	4,953,689
Health and human services	-	-	-	-	-	1,280,296
Culture and recreation	35,566	-	71,828	23,385	130,779	1,964,224
Intergovernmental:						
State and county charges	-	-	-	-	-	-
Capital outlay:						
General government	-	-	-	-	-	6,462,647
Public safety	-	-	-	-	-	194,000
Education	-	-	-	-	-	3,514,060
Public works	-	-	-	-	-	24,723,414
Municipal airport	-	-	-	-	-	5,138,490
Culture and recreation	-	-	-	-	-	47,031
Debt service:						
Principal payments	-	-	-	-	-	49,000
Interest and fiscal charges	-	-	-	-	-	-
Total expenditures	<u>37,626</u>	<u>310,365</u>	<u>71,828</u>	<u>23,385</u>	<u>443,204</u>	<u>87,024,922</u>
Excess (deficiency) of revenues over (under) expenditures	<u>87,790</u>	<u>429,233</u>	<u>66,165</u>	<u>51,319</u>	<u>634,507</u>	<u>(7,153,858)</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Bond issuance	-	-	-	-	-	10,485,000
Bond premiums	-	-	-	-	-	523,946
Special item - insurance proceeds	-	-	-	-	-	92,649
Transfers in	-	-	56,398	-	56,398	2,025,601
Transfers out	(56,398)	-	-	-	(56,398)	(185,709)
Total other financing sources and u	<u>(56,398)</u>	<u>-</u>	<u>56,398</u>	<u>-</u>	<u>-</u>	<u>12,941,487</u>
Change in fund balance	31,392	429,233	122,563	51,319	634,507	5,787,629
Fund balance - beginning of year	<u>1,601,871</u>	<u>4,903,899</u>	<u>1,159,991</u>	<u>1,086,489</u>	<u>8,752,250</u>	<u>29,314,146</u>
Fund balance - end of year	<u>\$ 1,633,263</u>	<u>\$ 5,333,132</u>	<u>\$ 1,282,554</u>	<u>\$ 1,137,808</u>	<u>\$ 9,386,757</u>	<u>\$ 35,101,775</u>

See accompanying independent auditor's report

## Proprietary Funds

Proprietary funds consist of enterprise funds and internal service funds as follows:

### Enterprise funds

Enterprise funds are used to account for the operations for which a fee is charged to external users for goods and services; including operations financed with debt that is solely secured by a pledge of net revenues, has third party requirements that the cost of providing services, including capital costs, be recovered with fees and charges.

The three enterprise funds established by the City are:

- **Water:**  
This fund accounts for operations of the City's water collection, treatment, and distribution system.
- **Airport:**  
This fund accounts for operations of the City's municipal airport.
- **Downtown Parking:**  
This fund accounts for operations of two parking garages, as well as other parking spaces located within a specific district of the City's downtown area.

### Internal service fund

This fund accounts for all medical claims and health plan administrative fees incurred by the self-insured health plans provided to employees and retirees of the City and certain agencies of the City. This fund also accounts for the employer and employee contributions that completely fund those claims and fees on a monthly basis.



*This page was left intentionally blank*

*See accompanying independent auditor's report*

**Water Enterprise Fund Budgetary Comparison Schedule – For the Year Ending June 30, 2019**

	<u>Original Budget</u>		<u>Additional Appropriations and Transfers</u>	<u>Available for Current Year Expenditures</u>	<u>Actual</u>	<u>Encumbrances Carried Forward</u>		<u>Variance</u>
	<u>Encumbrances Carried Forward</u>	<u>Budget As Adopted</u>						
Revenues:								
Charges for services	\$ -	\$15,060,128	\$ -	\$ 15,060,128	\$15,493,692	\$ -		\$ 433,564
Utility liens and penalties	-	150,000	-	150,000	94,186	-		(55,814)
Intergovernmental revenues	-	100,000	-	100,000	-	-		(100,000)
Other	-	26,500	-	26,500	99,070	-		72,570
Total Revenues	-	15,336,628	-	15,336,628	15,686,948	-		350,320
Expenditures:								
Salaries and wages	-	4,349,631	(330,000)	4,019,631	3,973,636	-		45,995
Purchase of services	75,784	2,161,740	(400,000)	1,837,524	1,647,672	65,200		124,652
Materials and supplies	21,656	1,323,659	100,000	1,445,315	1,286,614	-		158,701
Capital outlay	276,572	779,998	630,000	1,686,570	847,623	-		838,947
Debt service and Other Uses	-	6,721,600	434,358	7,155,958	6,476,110	-		679,848
Total Expenditures	374,012	15,336,628	434,358	16,144,998	14,231,655	65,200		1,848,143
Excess (deficiency) of revenues over expenditures	(374,012)	-	(434,358)	(808,370)	1,455,293	(65,200)		2,198,463
Other financing sources and (uses):								
From Free Cash	-	-	808,370	808,370	-	-		(808,370)
Total other financing sources and (uses)	-	-	808,370	808,370	-	-		(808,370)
Excess (deficiency) of revenues and other sources over expenditures and other uses	\$ (374,012)	\$ -	\$ 374,012	\$ -	\$ 1,455,293	\$ (65,200)		\$ 1,390,093
Budgetary fund balance - beginning fund balance					3,217,246			
Budgetary fund balance - ending fund balance					<u>\$ 4,672,539</u>			

*See accompanying independent auditor's report*

**Airport Enterprise Fund Budgetary Comparison Schedule – For the Year Ending June 30, 2019**

	<u>Original Budget</u>		Additional Appropriations and Transfers	Available for Current Year Expenditures	Actual	Encumbrances	
	Encumbrances Carried Forward	Budget As Adopted				Carried Forward	Variance
Revenues:							
Charges for services	\$ -	\$ 979,267	\$ -	\$ 979,267	\$ 883,068	\$ -	\$ (96,199)
Total Revenues	-	979,267	-	979,267	883,068	-	(96,199)
Expenditures:							
Salaries and wages	-	400,070	-	400,070	363,319	-	36,751
Charges and services	-	149,812	-	149,812	126,984	-	22,828
Materials and supplies	-	29,369	-	29,369	23,545	-	5,824
Debt service and other uses	-	400,016	-	400,016	394,462	-	5,554
Total Expenditures	-	979,267	-	979,267	908,310	-	70,957
Excess (deficiency) of revenues and other sources over expenditures and other uses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	\$ (25,242)	<u>\$ -</u>	<u>\$ (25,242)</u>
Budgetary Fund Balance - beginning of year					111,572		
Budgetary Fund Balance - end of year					<u>\$ 86,330</u>		

*See accompanying independent auditor's report*

**Downtown Parking Enterprise Fund Budgetary Comparison Schedule – For the Year Ending June 30, 2019**

	<u>Original Budget</u>		<u>Additional Appropriations and Transfers</u>	<u>Available for Current Year Expenditures</u>	<u>Actual</u>	<u>Encumbrances</u>	
	<u>Encumbrances Carried Forward</u>	<u>Budget As Adopted</u>				<u>Carried Forward</u>	<u>Variance</u>
Revenues:							
Charges for services	\$ -	\$ 866,341	\$ -	\$ 866,341	\$ 992,443	\$ -	\$ 126,102
Other	-	12,000	-	12,000	57,667	-	45,667
Total Revenues	-	878,341	-	878,341	1,050,110	-	171,769
Expenditures:							
Salaries and Wages	-	233,800	-	233,800	226,380	-	7,420
Purchase of Services	-	131,134	60,000	191,134	113,533	13,966	77,601
Materials and Supplies	-	105,000	-	105,000	11,798	-	93,202
Capital Outlay	-	-	100,000	100,000	-	100,000	100,000
Debt Service and Other Uses	-	408,407	-	408,407	360,091	-	48,316
Total Expenditures	-	878,341	160,000	1,038,341	711,802	113,966	326,539
Excess (deficiency) of revenues and other sources over expenditures and other uses	\$ -	\$ -	\$ -	\$ -	\$ 338,308	\$ (113,966)	\$ 338,308
Budgetary Fund Balance - beginning					149,957		
Budgetary Fund Balance - ending					\$ 488,265		

*See accompanying independent auditor's report*

### Notes to the Supplementary Information - Explanation of Differences Between Budgetary Inflows and Outflows and GAAP Revenue and Expenditures

The accompanying Combined Statement of Revenues, Expenditures or Expenses - Budget and Actual (Non-GAAP Budgetary Basis) - for the Water, Airport and Downtown Parking Enterprise Funds 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, 2019 are as follows:

	<b>Proprietary Funds</b>		
	<b>Water</b>	<b>Airport</b>	<b>Downtown Parking</b>
Revenues and other financing sources:			
GAAP Basis	\$ 25,759,243	\$ 883,811	\$ 6,589,357
Adjustments:			
Change in deferred revenue	20,854	-	-
MWPAT subsidy payments (GAAP only)	(126,319)	-	-
MWPAT debt "swap" reducing principal due	(95,415)	-	-
Stabilization fund - income statement activity	(867,542)	(743)	-
Miscellaneous GAAP adjustments	16	-	-
Change in the allowance for bad debts	83,201	-	-
Change in long-term receivable (MWPAT) - GAAP basis only	39,559	-	-
Transfer of governmental fund expenditures to enterprise capital assets - GAAP basis	(9,126,649)	-	(5,539,247)
Budgetary Basis	<u>\$ 15,686,948</u>	<u>\$ 883,068</u>	<u>\$ 1,050,110</u>
Expenditures and other financing uses:			
GAAP Basis	\$ 15,670,629	\$ 3,533,052	\$ 6,138,096
Adjustments:			
MWPAT subsidy payments (GAAP only)	(126,319)	-	-
Change in compensated absences	209,496	17,461	35,127
GAAP inventory adjustment	(155,942)	-	-
Principal paid on long-term debt	2,097,387	40,000	-
Additions to capital assets	807,862	-	(4,945,692)
Unbudgeted long-term debt acquired (GAAP only)	-	(417,857)	-
Unbudgeted transfers to other funds (GAAP only)	-	(136,370)	(108,532)
Depreciation expense	(2,806,658)	(1,845,293)	(187,479)
Change in net pension liability (GAAP only)	(594,211)	(195,625)	(89,130)
Change in net OPEB liability (GAAP only)	(870,588)	(87,058)	(130,588)
Budgetary Basis	<u>\$ 14,231,656</u>	<u>\$ 908,310</u>	<u>\$ 711,802</u>

*See accompanying independent auditor's report*

## **Fiduciary Funds and Similar Component Units**

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 position and changes in net position and they are reported using accounting principles similar to proprietary funds.

### **NEW BEDFORD CONTRIBUTORY RETIREMENT SYSTEM**

The New Bedford Contributory Retirement System is a defined benefit contributory retirement plan covering the employees of the City of New Bedford, the New Bedford Housing Authority, the Greater New Bedford Regional Vocational Technical High School, the Greater New Bedford Regional Refuse Management District and the Southeastern Regional Transit Authority. The System is subject to benefit provisions and financing requirement set forth primarily in Chapter 32 of the Massachusetts General Laws.

### **OPEB TRUST FUND**

The City owns units (or shares) in the Pension Reserves Investment Trust (PRIT) as a fiduciary fund in the City's basic financial statements. These units (or shares) are reported at net asset value (NAV) at fiscal year-end. The investments are irrevocable and invested solely to provide funding for the City's post-employment benefits.

### **PRIVATE PURPOSE TRUST FUNDS**

Private purpose trust funds are used to report any trust arrangement not otherwise classified as pension or benefit trusts, or an investment trust fund "under which principal and income benefit individuals, private organizations, or other governments."

### **AGENCY FUNDS**

These funds are used to account for assets held in a purely custodial capacity.

## **Non-Major Discretely Presented Component Units**

Discretely presented component units are legally separate from the City but are included because the City is financially accountable for the organizations. The following non-major component units of the City are presented for additional analysis:

- Greater New Bedford Workforce Investment Board
- New Bedford Redevelopment Authority

**Statement of Changes in Assets and Liabilities – Agency Funds - For the Year Ending June 30, 2019**

	<b>Balance (Deficit)</b> <b>at July 1,</b>		<b>Interest</b>		<b>Balance (Deficit)</b> <b>at June 30,</b>
	<b>2018</b>	<b>Additions</b>	<b>Earned</b>	<b>Deletions</b>	<b>2019</b>
School TSA W-H - Local	\$ 18,432	\$ 2,112,436	\$ -	\$ (2,112,504)	\$ 18,364
Auditors Agency	3,976	-	109	-	4,085
Retirement Salaries	(22,132)	284,843	-	(264,497)	(1,786)
Reserve for Hunting-Fishg	2	-	-	-	2
Suspense Fund UnidD Rcpts	82	-	-	-	82
Retired Police Id Agcy Fd	115	75	-	-	190
Engineering Deposits Held	384,208	35,479	-	(20,979)	398,708
Urban Tax Services	26,264	433,500	-	(428,892)	30,872
Colby Village LLC- Escrow	41	-	-	-	41
Land Taking-Solicitors	2	-	2	-	4
White Meadows Perform Bond	5,707	-	74	-	5,781
Student Activity	259,369	348,616	3,504	(329,092)	282,397
Eminent Domain Checks	53,656	-	681	-	54,337
Heritage State Park	109	-	-	-	109
Employee Health W-H	6,181,707	14,745,784	48,045	(13,809,708)	7,165,828
Savings Bond	4,759	-	-	-	4,759
CD Redevelopment Agency	556	-	8	-	564
Bismark Meadows Perf Bond	14,255	-	-	-	14,255
Registry of Deeds-Webster Agcy	37,136	75,000	-	(99,109)	13,027
Utility Bills-Webster Agcy Fnd	(2,650)	1,262,170	56	(1,265,707)	(6,131)
Whaler's Woods Surety Fund	(1,731)	-	-	-	(1,731)
City Agency Fund	622	-	-	-	622
Cardinal Place Surety Fund	26,214	-	333	-	26,547
Whalers Place Surety Fund	41,717	-	530	-	42,247
Treas Credit Advice Clearg	(12,513)	-	-	-	(12,513)
School Revolving	178,961	103,175	2,598	(90,643)	194,091
Deposits Held-Curbing	20,750	8,790	-	(5,387)	24,153
	<u>\$ 7,219,614</u>	<u>\$ 19,409,868</u>	<u>\$ 55,940</u>	<u>\$ (18,426,518)</u>	<u>\$ 8,258,904</u>

*See accompanying independent auditor's report*

**Non-Major Discretely Presented Component Units Combining Statements of Net Position – June 30, 2019**

	<b>Greater New Bedford Workforce Investment Board</b>	<b>New Bedford Redevelopment Authority</b>	<b>Total Non Major Component Units</b>
<b>ASSETS</b>			
Current assets			
Unrestricted cash and investments	\$ 166,037	\$ 41,809	\$ 207,846
Accounts receivable, net of allowance	-	17,700	17,700
Due from other governments	856,200	-	856,200
Inventories and prepaid expenses	8,131	761	8,892
	<u>1,030,368</u>	<u>60,270</u>	<u>1,090,638</u>
Total current assets			
Capital assets			
Land (and investments in property)	-	736,479	736,479
	<u>-</u>	<u>736,479</u>	<u>736,479</u>
Total capital assets			
	<u>-</u>	<u>736,479</u>	<u>736,479</u>
Total assets	<u>1,030,368</u>	<u>796,749</u>	<u>1,827,117</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
None	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Total deferred outflows of resources			
	<u>-</u>	<u>-</u>	<u>-</u>
Total assets and deferred outflows of resources	<u>\$ 1,030,368</u>	<u>\$ 796,749</u>	<u>\$ 1,827,117</u>
<b>LIABILITIES</b>			
Current liabilities			
Accounts payable and accrued expenses	\$ 544,088	\$ 110,649	\$ 654,737
Intra-entity payable	-	650,931	650,931
Deposits held	-	15,000	15,000
	<u>544,088</u>	<u>776,580</u>	<u>1,320,668</u>
Total current liabilities			
Non-current liabilities			
None	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Total non-current liabilities			
	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>544,088</u>	<u>776,580</u>	<u>1,320,668</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Income not yet earned	228,955	-	228,955
	<u>228,955</u>	<u>-</u>	<u>228,955</u>
Total deferred inflows of resources			
	<u>228,955</u>	<u>-</u>	<u>228,955</u>
<b>NET POSITION</b>			
Net investment in capital assets	-	736,479	736,479
Unrestricted	257,325	(716,310)	(458,985)
	<u>257,325</u>	<u>20,169</u>	<u>277,494</u>
Total net position			
	<u>257,325</u>	<u>20,169</u>	<u>277,494</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 1,030,368</u>	<u>\$ 796,749</u>	<u>\$ 1,827,117</u>

*See accompanying independent auditor's report*



**Non-Major Discretely Presented Component Units Combining Statements of Activities – For the Year Ending June 30, 2019**

	<b>Greater New Bedford Workforce Investment Board</b>	<b>New Bedford Redevelopment Authority</b>	<b>Total Non Major Component Units</b>
<b>Program Revenues:</b>			
Charges for services	\$ -	\$ 6,750	\$ 6,750
Operating grants and contributions	3,223,147	-	3,223,147
Total program revenues	3,223,147	6,750	3,229,897
<b>Expenses:</b>	3,188,735	73,615	3,262,350
Net (Expense) Revenue and Changes in Net Position	34,412	(66,865)	(32,453)
<b>General Revenues:</b>			
Investment income	783	145	928
Total general revenues	783	145	928
<b>Transfers/Special Items:</b>			
None	-	-	-
Total transfers/special items:	-	-	-
Changes in net position	35,195	(66,720)	(31,525)
Net position - beginning of year	222,130	86,889	309,019
Net position - end of year	<u>\$ 257,325</u>	<u>\$ 20,169</u>	<u>\$ 277,494</u>

*See accompanying independent auditor's report*



## *Statistical* Section (Unaudited)

This part of the City of New Bedford's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government's overall financial health.

*Sources:* Unless otherwise noted, the information in the following schedules within the statistical section is derived from the annual and/or the comprehensive annual financial reports for the relevant year.

## Table of Contents

	Pages
<b>Financial trends</b> These tables contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	<b>118 – 131</b>
<b>Revenue capacity</b> These tables contain information to help the reader assess the City's most significant local revenue source, the property tax.	<b>132 – 135</b>
<b>Debt capacity</b> These tables contain information to help the reader assess the affordability of the City's current level of outstanding debt and the City's ability to issue additional debt in the future.	<b>136 – 138</b>
<b>Demographic and economic information</b> These tables offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	<b>139 – 140</b>
<b>Operating information</b> These tables contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.	<b>141 - 143</b>

**General Government Expenditures by Function (GAAP Basis\*) – Last Ten Fiscal Years**

Function	Fiscal Year:				
	2019	2018	2017	2016	2015
General Government	\$ 9,060,015	\$ 8,154,151	\$ 7,440,154	\$ 7,166,581	\$ 7,166,773
% of Total	2.49%	2.32%	2.19%	2.29%	2.39%
% Change	11.11%	9.60%	3.82%	0.00%	5.19%
Public Safety	48,851,876	47,364,612	45,910,534	43,932,773	41,900,942
% of Total	13.45%	13.45%	13.54%	14.01%	13.96%
% Change	3.14%	3.17%	4.50%	4.85%	4.99%
Education	171,318,903	165,174,490	160,139,955	143,733,307	134,364,453
% of Total	47.17%	46.92%	47.24%	45.84%	44.75%
% Change	3.72%	3.14%	11.41%	6.97%	-9.14%
Public Works	13,689,367	14,869,355	14,140,751	13,493,814	15,338,626
% of Total	3.77%	4.22%	4.17%	4.30%	5.11%
% Change	-7.94%	5.15%	4.79%	-12.03%	6.06%
Health & Human Services	4,870,591	4,000,886	4,129,869	4,215,198	4,325,026
% of Total	1.34%	1.14%	1.22%	1.34%	1.44%
% Change	21.74%	-3.12%	-2.02%	-2.54%	2.24%
Culture & Recreation	4,836,877	4,957,716	4,513,546	4,134,050	4,160,382
% of Total	1.33%	1.41%	1.33%	1.32%	1.39%
% Change	-2.44%	9.84%	9.18%	-0.63%	-0.85%
Pension Benefits	28,817,471	27,741,711	26,724,377	25,734,949	23,204,752
% of Total	7.93%	7.88%	7.88%	8.21%	7.73%
% Change	3.88%	3.81%	3.84%	10.90%	-2.06%
Health & Other Insurance	40,277,703	41,119,096	39,767,304	37,842,585	38,008,103
% of Total	11.09%	11.68%	11.73%	12.07%	12.66%
% Change	-2.05%	3.40%	5.09%	-0.44%	3.28%
Miscellaneous	10,574,534	9,673,308	9,670,903	8,972,342	9,599,109
% of Total	2.91%	2.75%	2.85%	2.86%	3.20%
% Change	9.32%	0.02%	7.79%	-6.53%	8.80%
State & County Charges	19,063,095	17,759,974	15,141,498	13,624,678	12,149,703
% of Total	5.25%	5.04%	4.47%	4.34%	4.05%
% Change	7.34%	17.29%	11.13%	12.14%	18.51%
Debt Service	11,825,635	11,248,659	11,415,719	10,723,661	10,031,498
% of Total	3.26%	3.20%	3.37%	3.42%	3.34%
% Change	5.13%	-1.46%	6.45%	6.90%	3.49%
Total Expenditures	\$ 363,186,067	\$ 352,063,958	\$ 338,994,610	\$ 313,573,938	\$ 300,249,367
% of Total	100.00%	100.00%	100.00%	100.00%	100.00%
% Change	3.16%	3.86%	8.11%	4.44%	-2.12%

\*General fund only

Fiscal Year:										
2014		2013		2012		2011		2010		Function
\$	6,813,441	\$	6,509,251	\$	6,123,547	\$	5,412,605	\$	8,735,973	General Government
	2.22%		2.17%		2.14%		1.92%		3.07%	% of Total
	4.67%		6.30%		13.13%		-38.04%		33.27%	% Change
	39,908,731		37,827,386		35,776,919		37,361,457		37,845,282	Public Safety
	13.01%		12.61%		12.50%		13.25%		13.30%	% of Total
	5.50%		5.73%		-4.24%		-1.28%		-8.95%	% Change
	147,876,203		146,979,124		138,705,071		134,589,936		137,847,243	Education
	48.21%		48.99%		48.48%		47.71%		48.46%	% of Total
	0.61%		5.97%		3.06%		-2.36%		5.12%	% Change
	14,461,623		13,042,250		13,177,260		12,039,271		14,828,235	Public Works
	4.71%		4.35%		4.61%		4.27%		5.21%	% of Total
	10.88%		-1.02%		9.45%		-18.81%		-11.31%	% Change
	4,230,272		5,163,611		4,308,234		4,274,537		4,085,111	Health & Human Services
	1.38%		1.72%		1.51%		1.52%		1.44%	% of Total
	-18.08%		19.85%		0.79%		4.64%		3.59%	% Change
	4,196,196		3,928,783		4,229,805		3,875,883		3,862,809	Culture & Recreation
	1.37%		1.31%		1.48%		1.37%		1.36%	% of Total
	6.81%		-7.12%		9.13%		0.34%		-14.77%	% Change
	23,692,690		22,629,695		22,246,981		22,079,203		22,224,935	Pension Benefits
	7.72%		7.54%		7.78%		7.83%		7.81%	% of Total
	4.70%		1.72%		0.76%		-0.66%		10.50%	% Change
	36,800,963		36,322,214		35,442,224		37,578,611		38,995,217	Health & Other Insurance
	12.00%		12.11%		12.39%		13.32%		13.71%	% of Total
	1.32%		2.48%		-5.69%		-3.63%		1.97%	% Change
	8,822,341		8,572,875		8,947,755		9,056,400		-	Miscellaneous
	2.88%		2.86%		3.13%		3.21%		0.00%	% of Total
	2.91%		-4.19%		-1.20%		100.00%		-100.00%	% Change
	10,252,470		9,581,904		8,613,392		7,046,706		6,687,713	State & County Charges
	3.34%		3.19%		3.01%		2.50%		2.35%	% of Total
	7.00%		11.24%		22.23%		5.37%		5.54%	% Change
	9,693,294		9,456,289		8,554,134		8,756,273		9,358,695	Debt Service
	3.16%		3.15%		2.99%		3.10%		3.29%	% of Total
	2.51%		10.55%		-2.31%		-6.44%		-5.13%	% Change
\$	306,748,224	\$	300,013,382	\$	286,125,322	\$	282,070,882	\$	284,471,213	Total Expenditures
	100.00%		100.00%		100.00%		100.00%		100.00%	% of Total
	2.24%		4.85%		1.44%		-0.84%		1.88%	% Change

\*General fund only

**General Government Revenues by Source (GAAP Basis) – Last Ten Fiscal Years**

Source	Fiscal Year:				
	2019	2018	2017	2016	2015
Real Estate & Personal Property	\$ 122,238,616	\$ 117,726,504	\$ 111,158,506	\$ 106,305,255	\$ 97,468,071
% of Total	33.90%	34.01%	33.14%	33.82%	33.21%
% Change	3.83%	5.91%	4.57%	9.07%	4.85%
Motor Vehicle & Other Excises	9,762,254	9,579,711	9,328,894	8,651,851	8,312,974
% of Total	2.71%	2.77%	2.78%	2.75%	2.83%
% Change	1.91%	2.69%	7.83%	4.08%	8.29%
Tax Liens & Foreclosures	1,823,442	2,080,055	3,473,296	4,596,216	2,387,623
% of Total	0.51%	0.60%	1.04%	1.46%	0.81%
% Change	-12.34%	-40.11%	-24.43%	92.50%	17.88%
Payment in Lieu of Taxes	364,357	294,465	304,394	266,764	284,753
% of Total	0.10%	0.09%	0.09%	0.08%	0.10%
% Change	23.74%	-3.26%	14.11%	-6.32%	-11.47%
Intergovernmental	205,244,939	197,704,315	188,661,201	174,650,101	164,728,080
% of Total	56.92%	57.11%	56.25%	55.57%	56.13%
% Change	3.81%	4.79%	8.02%	6.02%	-8.86%
Charges For Services	15,279,480	13,862,640	15,790,498	12,422,024	14,296,798
% of Total	4.24%	4.00%	4.71%	3.95%	4.87%
% Change	10.22%	-12.21%	27.12%	-13.11%	0.50%
Penalties, Interest & Fines	1,566,951	1,861,120	2,575,776	3,031,422	1,292,527
% of Total	0.43%	0.54%	0.77%	0.96%	0.44%
% Change	-15.81%	-27.75%	-15.03%	134.53%	-7.65%
Investment Income	1,221,339	509,946	390,836	172,281	100,500
% of Total	0.34%	0.15%	0.12%	0.05%	0.03%
% Change	139.50%	30.48%	126.86%	71.42%	-38.90%
Licenses & Permits	2,876,492	2,402,917	2,653,606	2,576,211	2,312,112
% of Total	0.80%	0.69%	0.79%	0.82%	0.79%
% Change	19.71%	-9.45%	3.00%	11.42%	6.12%
Other	218,739	166,961	1,073,424	1,633,833	2,291,209
% of Total	0.06%	0.05%	0.32%	0.52%	0.78%
% Change	31.01%	-84.45%	-34.30%	-28.69%	22.98%
Total Revenues	\$ 360,596,609	\$ 346,188,634	\$ 335,410,431	\$ 314,305,958	\$ 293,474,647
% of Total	100.00%	100.00%	100.00%	100.00%	100.00%
% Change	4.16%	3.21%	6.71%	7.10%	-3.32%

\*General fund only

Fiscal Year:					
2014	2013	2012	2011	2010	Source
\$ 92,959,921	\$ 91,935,611	\$ 91,509,765	\$ 88,635,177	\$ 88,855,232	Real Estate & Personal Property
30.62%	30.94%	31.44%	31.99%	31.69%	% of Total
1.11%	0.47%	3.24%	-0.25%	3.05%	% Change
7,676,637	7,495,147	7,238,544	6,389,451	5,660,486	Motor Vehicle & Other Excises
2.53%	2.52%	2.49%	2.31%	2.02%	% of Total
2.42%	3.54%	13.29%	12.88%	-1.63%	% Change
2,025,500	2,373,605	2,005,909	1,564,609	1,675,949	Tax Liens & Foreclosures
0.67%	0.80%	0.69%	0.56%	0.60%	% of Total
-14.67%	18.33%	28.21%	-6.64%	-18.03%	% Change
321,660	281,810	286,155	243,203	208,854	Payment in Lieu of Taxes
0.11%	0.09%	0.10%	0.09%	0.07%	% of Total
14.14%	-1.52%	17.66%	16.45%	-9.67%	% Change
180,739,920	171,731,263	167,578,151	160,471,647	163,336,693	Intergovernmental
59.54%	57.79%	57.57%	57.92%	58.26%	% of Total
5.25%	2.48%	4.43%	-1.75%	2.28%	% Change
14,225,613	14,942,109	15,234,506	14,900,008	14,978,510	Charges For Services
4.69%	5.03%	5.23%	5.38%	5.34%	% of Total
-4.80%	-1.92%	2.24%	-0.52%	-1.09%	% Change
1,399,610	1,572,860	1,486,132	1,354,458	1,541,818	Penalties, Interest & Fines
0.46%	0.53%	0.51%	0.49%	0.55%	% of Total
-11.01%	5.84%	9.72%	-12.15%	-15.58%	% Change
164,478	160,173	157,504	87,805	143,933	Investment Income
0.05%	0.05%	0.05%	0.03%	0.05%	% of Total
2.69%	1.69%	79.38%	-39.00%	-71.70%	% Change
2,178,801	2,228,837	2,337,636	2,043,090	2,289,056	Licenses & Permits
0.72%	0.75%	0.80%	0.74%	0.82%	% of Total
-2.24%	-4.65%	14.42%	-10.75%	14.46%	% Change
1,863,119	4,440,628	3,253,233	1,351,209	1,690,748	Miscellaneous and Other
0.61%	1.49%	1.12%	0.49%	0.60%	% of Total
-58.04%	36.50%	140.76%	-20.08%	18.44%	% Change
\$ 303,555,259	\$ 297,162,043	\$ 291,087,535	\$ 277,040,657	\$ 280,381,279	Total Revenues
100.00%	100.00%	100.00%	100.00%	100.00%	% of Total
2.15%	2.09%	5.07%	-1.19%	2.01%	% Change

\*General fund only

**Net Position by Component – Last Ten Fiscal Years**

	<b>Fiscal Year</b>				
	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
<b>Governmental activities:</b>					
Net investment in capital assets	\$ 279,293,487	\$ 255,849,397	\$ 223,596,765	\$ 175,951,450	\$ 168,323,625
Restricted	43,530,629	48,214,482	38,790,029	31,303,068	24,738,122
Unrestricted	(707,250,456)	(685,846,907)	(381,467,229)	(347,579,168)	(323,855,964)
<b>Total governmental activities net position</b>	<b>(384,426,340)</b>	<b>(381,783,028)</b>	<b>(119,080,435)</b>	<b>(140,324,650)</b>	<b>(130,794,217)</b>
<b>Business-type activities:</b>					
Net investment in capital assets	49,815,556	42,507,626	51,937,955	53,776,776	56,076,992
Restricted	6,506,368	5,815,153	3,665,721	4,490,037	4,832,301
Unrestricted	(37,654,143)	(37,545,649)	(13,326,486)	(12,261,169)	(13,525,686)
<b>Total business-type activities net position</b>	<b>18,667,781</b>	<b>10,777,130</b>	<b>42,277,190</b>	<b>46,005,644</b>	<b>47,383,607</b>
<b>Primary government:</b>					
Net investment in capital assets	329,109,043	298,357,023	275,534,720	229,728,226	224,400,617
Restricted	50,036,997	54,029,635	42,455,750	35,793,105	29,570,423
Unrestricted	(744,904,599)	(723,392,556)	(394,793,715)	(359,840,337)	(337,381,650)
<b>Total primary government net position</b>	<b>\$ (365,758,559)</b>	<b>\$ (371,005,898)</b>	<b>\$ (76,803,245)</b>	<b>\$ (94,319,006)</b>	<b>\$ (83,410,610)</b>



	<b>Fiscal Year</b>				
	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>
<b>Governmental activities:</b>					
Net investment in capital assets	\$ 175,040,568	\$ 122,667,159	\$ 109,836,290	\$ 93,682,092	\$ 91,139,940
Restricted	21,614,231	21,214,642	36,128,571	33,284,547	6,554,307
Unrestricted	(51,074,772)	(40,827,126)	(37,457,503)	(19,749,784)	16,709,878
<b>Total governmental activities net position</b>	<b>145,580,027</b>	<b>103,054,675</b>	<b>108,507,358</b>	<b>107,216,855</b>	<b>114,404,125</b>
<b>Business-type activities:</b>					
Net investment in capital assets	47,259,222	42,174,987	34,639,149	32,876,583	30,204,707
Restricted	4,740,697	3,885,863	-	-	-
Unrestricted	(132,497)	70,310	4,446,251	4,365,580	2,633,091
<b>Total business-type activities net position</b>	<b>51,867,422</b>	<b>46,131,160</b>	<b>39,085,400</b>	<b>37,242,163</b>	<b>32,837,798</b>
<b>Primary government:</b>					
Net investment in capital assets	222,299,790	164,842,146	144,475,439	126,558,675	121,344,647
Restricted	26,354,928	25,100,505	36,128,571	33,284,547	6,554,307
Unrestricted	(51,207,269)	(40,756,816)	(33,011,252)	(15,384,204)	19,342,969
<b>Total primary government net position</b>	<b>\$ 197,447,449</b>	<b>\$ 149,185,835</b>	<b>\$ 147,592,758</b>	<b>\$ 144,459,018</b>	<b>\$ 147,241,923</b>

*See accompanying independent auditor's report*

**Changes in Net Position – Last Ten Fiscal Years**

	<b>Fiscal Year</b>				
	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
<b>Expenses:</b>					
Governmental Activities:					
General government	\$ 34,193,184	\$ 35,071,869	\$ 30,786,610	\$ 8,839,182	\$ 16,068,463
Public safety	75,446,794	70,423,916	70,242,636	73,006,134	67,315,497
Public works	29,112,869	33,305,316	26,467,868	34,771,249	32,245,284
Health and human services	7,471,083	4,109,248	8,154,854	8,155,432	6,946,019
Education	304,672,642	282,997,939	279,231,909	230,778,684	201,478,727
Community and economic development	6,272,336	6,280,645	6,448,382	5,293,557	6,232,160
Culture and recreation	8,626,036	8,809,505	7,662,237	7,795,457	7,664,014
Municipal airport	5,138,490	3,812,339	73,228	3,073,279	-
Pension benefits	-	-	-	-	24,789,517
Health and other insurance	-	-	-	-	-
Miscellaneous	-	-	-	8,972,342	9,599,109
State and county charges	-	-	-	13,624,678	12,149,703
Debt service:					
Interest and fiscal charges	6,667,615	7,344,303	7,237,267	7,312,597	7,141,982
Total governmental activities	477,601,049	452,155,080	436,304,991	401,622,591	391,630,475
Business-type activities:					
Downtown Parking	873,944	729,847	611,024	573,285	713,144
Water	11,982,764	11,344,596	9,325,716	10,391,744	9,858,365
Airport	2,669,381	2,509,395	2,511,937	2,260,833	2,201,245
Total business-type activities	15,526,089	14,583,838	12,448,677	13,225,862	12,772,754
Total primary government expenses	\$ 493,127,138	\$ 466,738,918	\$ 448,753,668	\$ 414,848,453	\$ 404,403,229
<b>Program Revenues:</b>					
Governmental activities:					
Fees, fines, and charges for services:					
Public safety	\$ 12,654,176	\$ 12,285,261	\$ 11,041,992	\$ 6,934,127	\$ 13,204,409
Public works	25,076,724	23,394,904	22,092,522	21,753,631	21,056,137
Education	9,366,223	9,897,482	9,266,219	9,927,937	8,937,024
Other	11,425,366	9,483,909	14,443,547	13,148,570	10,674,695
Operating grants and contributions <sup>(1)</sup>	222,870,636	213,580,397	202,594,871	186,105,062	180,766,856
Capital grants and contributions	31,998,877	28,557,748	39,122,840	16,772,965	19,328,858
Total governmental activities program revenues	313,392,002	297,199,701	298,561,991	254,642,292	253,967,979
Business-type activities:					
Fees, fines, and charges for services:					
Downtown Parking	992,443	874,758	859,712	856,450	805,292
Water	15,480,410	13,880,952	12,293,768	12,771,001	11,854,102
Airport	883,065	891,329	842,110	778,644	686,443
Operating grants and contributions	86,760	94,552	103,266	112,737	-
Capital grants and contributions	-	-	-	-	-
Total business-type activities program revenues	17,442,678	15,741,591	14,098,856	14,518,832	13,345,837
Total primary government program revenues	\$ 330,834,680	\$ 312,941,292	\$ 312,660,847	\$ 269,161,124	\$ 267,313,816

**Notes to Changes in Net Position:**

- <sup>(1)</sup> Beginning in fiscal year 2013, school building assistance and distribution of school aid were reclassified from general revenues to program revenues.

	Fiscal Year				
	2014	2013	2012	2011	2010
<b>Expenses:</b>					
Governmental Activities:					
General government	\$ 15,141,811	\$ 16,153,044	\$ 10,178,439	\$ 7,301,858	\$ 8,092,547
Public safety	74,704,868	76,832,178	65,363,621	62,233,060	62,830,473
Public works	35,035,623	31,476,749	41,259,377	43,441,860	42,424,262
Health and human services	5,711,823	7,692,498	8,830,055	9,808,893	9,668,681
Education	222,311,813	232,119,911	234,289,836	234,870,891	239,945,952
Community and economic development	5,892,790	6,322,976	7,398,389	11,810,060	7,660,218
Culture and recreation	8,273,031	8,553,876	6,266,979	7,421,876	7,028,715
Municipal airport	-	-	7,489	19,131	3,996
Pension benefits	-	-	-	-	-
Health and other insurance	-	-	-	-	-
Miscellaneous	8,822,341	8,572,875	8,947,755	9,056,400	-
State and county charges	10,252,470	9,581,904	8,613,392	7,046,706	6,687,713
Debt service:					
Interest and fiscal charges	7,567,178	8,714,439	8,361,891	8,622,421	9,462,456
Total governmental activities	393,713,748	406,020,450	399,517,223	401,633,156	393,805,013
Business-type activities:					
Downtown Parking	-	-	-	-	-
Water	9,695,886	9,858,564	9,277,526	8,927,363	8,694,380
Airport	1,416,730	1,103,774	983,548	830,488	850,492
Total business-type activities	11,112,616	10,962,338	10,261,074	9,757,851	9,544,872
Total primary government expenses	\$ 404,826,364	\$ 416,982,788	\$ 409,778,297	\$ 411,391,007	\$ 403,349,885
<b>Program Revenues:</b>					
Governmental activities:					
Fees, fines, and charges for services:					
Public safety	\$ 11,710,026	\$ 11,833,220	\$ 6,080,383	\$ 8,221,095	\$ 6,597,672
Public works	21,145,569	20,683,998	19,111,009	19,500,463	17,990,023
Education	8,969,722	10,055,571	1,762,884	3,582,992	3,923,994
Other	6,283,092	14,749,635	10,240,986	10,699,893	11,449,367
Operating grants and contributions <sup>(1)</sup>	193,410,279	195,026,746	92,141,368	91,297,826	83,185,782
Capital grants and contributions	9,119,991	18,498,806	6,484,528	16,383,975	15,217,856
Total governmental activities program revenues	250,638,679	270,847,976	135,821,158	149,686,244	138,364,694
Business-type activities:					
Fees, fines, and charges for services:					
Downtown Parking	-	-	-	-	-
Water	11,249,641	11,103,063	10,985,169	11,474,583	9,385,876
Airport	696,532	730,784	752,014	727,514	684,091
Operating grants and contributions	-	-	-	-	-
Capital grants and contributions	(30,135)	-	-	-	-
Total business-type activities program revenues	11,916,038	11,833,847	11,737,183	12,202,097	10,069,967
Total primary government program revenues	\$ 262,554,717	\$ 282,681,823	\$ 147,558,341	\$ 161,888,341	\$ 148,434,661

	<b>Fiscal Year</b>				
	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
<b>Primary Government Net (Expense) Revenue:</b>					
Governmental activities	\$ (164,209,047)	\$ (154,955,379)	\$ (137,743,000)	\$ (146,980,299)	\$ (137,662,496)
Business-type activities	1,916,589	1,157,753	1,650,179	1,292,970	573,083
<b>Total primary government net expense</b>	<b>\$ (162,292,458)</b>	<b>\$ (153,797,626)</b>	<b>\$ (136,092,821)</b>	<b>\$ (145,687,329)</b>	<b>\$ (137,089,413)</b>
<b>General Revenues and Other Changes in Net Position:</b>					
Governmental activities:					
Real estate and personal property, net of reserve for abatements	\$ 124,062,114	\$ 118,005,007	\$ 108,897,622	\$ 102,644,537	\$ 98,308,125
Motor vehicle and other excise taxes	8,347,292	9,560,934	7,878,858	8,491,077	8,376,223
School building assistance <sup>(1)</sup>	-	-	-	-	-
Distribution - school aid <sup>(1)</sup>	-	-	-	-	-
Grants and contributions not restricted	23,803,946	22,980,913	22,118,299	21,206,423	20,803,123
Exemptions	-	2,120,591	2,254,878	2,803,303	2,243,702
State owned land	-	13,658	13,670	13,835	13,833
Earnings on investments	2,400,940	777,004	878,332	668,425	375,916
Tax foreclosures	1,743,948	2,045,892	3,458,518	4,596,216	4,891,263
Penalties and interest on taxes	1,216,014	1,776,721	2,510,437	2,596,564	1,136,906
Fines and forfeitures	-	-	-	-	-
Payments in lieu of taxes	364,357	294,465	304,394	266,764	284,753
Contributions and donations	-	-	-	-	-
Miscellaneous and other	4,911,691	2,116,090	4,048,109	3,474,794	4,827,654
Transfers and special items	(5,284,567)	7,353,921	6,624,098	(9,312,072)	(10,378,058)
<b>Total governmental activities</b>	<b>161,565,735</b>	<b>167,045,196</b>	<b>158,987,215</b>	<b>137,449,866</b>	<b>130,883,440</b>
Business-type activities:					
Miscellaneous	689,495	39,652	58,298	112,807	233,578
Transfers and special items	5,284,567	(11,757,350)	(5,436,931)	(2,783,740)	8,898,744
<b>Total business-type activities</b>	<b>5,974,062</b>	<b>(11,717,698)</b>	<b>(5,378,633)</b>	<b>(2,670,933)</b>	<b>9,132,322</b>
<b>Total primary government</b>	<b>\$ 167,539,797</b>	<b>\$ 155,327,498</b>	<b>\$ 153,608,582</b>	<b>\$ 134,778,933</b>	<b>\$ 140,015,762</b>
<b>Changes in Net Position:</b>					
Primary Government:					
Governmental activities	(2,643,312)	12,089,817	21,244,215	(9,530,433)	(6,779,056)
Business-type activities	7,890,651	(10,559,945)	(3,728,454)	(1,377,963)	9,705,405
<b>Total change in primary government net position</b>	<b>\$ 5,247,339</b>	<b>\$ 1,529,872</b>	<b>\$ 17,515,761</b>	<b>\$ (10,908,396)</b>	<b>\$ 2,926,349</b>

	Fiscal Year				
	2014	2013	2012	2011	2010
<b>Primary Government Net (Expense) Revenue:</b>					
Governmental activities	\$ (143,075,069)	\$ (135,172,474)	\$ (263,696,065)	\$ (251,946,912)	\$ (255,440,319)
Business-type activities	803,422	871,509	1,476,109	2,444,246	525,095
<b>Total primary government net expense</b>	<b>\$ (142,271,647)</b>	<b>\$ (134,300,965)</b>	<b>\$ (262,219,956)</b>	<b>\$ (249,502,666)</b>	<b>\$ (254,915,224)</b>
<b>General Revenues and Other Changes in Net Position:</b>					
Governmental activities:					
Real estate and personal property, net of reserve for abatements	\$ 92,873,411	\$ 91,591,832	\$ 90,598,652	\$ 89,879,911	\$ 89,256,010
Motor vehicle and other excise taxes	7,805,742	7,712,745	7,262,504	6,442,709	5,821,484
School building assistance <sup>(1)</sup>	-	-	10,029,155	6,412,464	24,404,955
Distribution - school aid <sup>(1)</sup>	-	-	111,804,537	106,123,635	108,732,371
Grants and contributions not restricted	19,917,179	19,457,251	18,050,411	19,457,251	20,267,970
Exemptions	2,368,153	2,398,844	520,047	528,703	538,592
State owned land	15,765	15,459	15,454	14,921	29,817
Earnings on investments	903,140	802,801	203,593	1,113,707	1,331,764
Tax foreclosures	3,597,795	4,842,778	2,843,336	2,685,756	3,326,222
Penalties and interest on taxes	1,200,406	1,389,535	1,308,064	1,171,587	1,340,464
Fines and forfeitures	-	-	178,068	182,871	201,354
Payments in lieu of taxes	321,660	281,810	286,155	243,203	208,854
Contributions and donations	-	-	11,948,013	13,096,027	14,282,430
Miscellaneous and other	5,160,582	6,914,236	11,037,970	3,912,012	5,572,855
Transfers and special items	(5,271,593)	(6,311,800)	(438,716)	(1,757,978)	7,521,520
<b>Total governmental activities</b>	<b>128,892,240</b>	<b>129,095,491</b>	<b>265,647,243</b>	<b>249,506,779</b>	<b>282,836,662</b>
Business-type activities:					
Miscellaneous	338,136	248,498	327,643	241,748	226,299
Transfers and special items	4,137,262	5,925,753	39,485	1,757,978	(6,951,520)
<b>Total business-type activities</b>	<b>4,475,398</b>	<b>6,174,251</b>	<b>367,128</b>	<b>1,999,726</b>	<b>(6,725,221)</b>
<b>Total primary government</b>	<b>\$ 133,367,638</b>	<b>\$ 135,269,742</b>	<b>\$ 266,014,371</b>	<b>\$ 251,506,505</b>	<b>\$ 276,111,441</b>
<b>Changes in Net Position:</b>					
Primary Government:					
Governmental activities	(14,182,829)	(6,076,983)	1,951,178	(2,440,133)	27,396,343
Business-type activities	5,278,820	7,045,760	1,843,237	4,443,972	(6,200,126)
<b>Total change in primary government net position</b>	<b>\$ (8,904,009)</b>	<b>\$ 968,777</b>	<b>\$ 3,794,415</b>	<b>\$ 2,003,839</b>	<b>\$ 21,196,217</b>

**Fund Balances of Governmental Funds – Last Ten Fiscal Years**

	<b>Fiscal Year</b>				
	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
<b>General Fund:</b>					
Nonspendable	\$ 6,778,230	\$ 7,521,415	\$ 1,500,816	\$ 1,550,816	\$ 1,900,816
Restricted	-	-	-	-	-
Committed	11,655,603	8,709,209	9,671,585	9,088,239	9,452,780
Assigned	697,553	925,022	143,081	26,106	8,505
Unassigned	9,476,753	9,968,585	16,662,603	17,244,879	11,878,945
<b>Total general fund</b>	<b>\$ 28,608,139</b>	<b>\$ 27,124,231</b>	<b>\$ 27,978,085</b>	<b>\$ 27,910,040</b>	<b>\$ 23,241,046</b>
<b>All other Governmental Funds:</b>					
Nonspendable	5,400,702	5,153,784	5,153,784	5,153,784	5,409,660
Restricted	45,544,497	43,087,071	33,662,618	26,175,657	19,610,711
Committed	7,266,911	5,488,710	4,977,177	3,436,877	6,023,049
Assigned	113,391	37,646	8,623	5,967	-
Unassigned	(11,298,965)	(14,537,308)	(20,524,308)	(19,743,746)	(18,182,553)
<b>Total all other governmental funds</b>	<b>\$ 47,026,536</b>	<b>\$ 39,229,903</b>	<b>\$ 23,277,894</b>	<b>\$ 15,028,539</b>	<b>\$ 12,860,867</b>
<b>General Fund:</b>					
Reserved for:					
Encumbrances	N/A	N/A	N/A	N/A	N/A
Debt service	N/A	N/A	N/A	N/A	N/A
Other specific purposes	N/A	N/A	N/A	N/A	N/A
Designated for subsequent years expenditures	N/A	N/A	N/A	N/A	N/A
Unreserved/undesignated	N/A	N/A	N/A	N/A	N/A
<b>Total general fund</b>					
<b>All other Governmental Funds:</b>					
Reserved for:					
Encumbrances	N/A	N/A	N/A	N/A	N/A
Debt service	N/A	N/A	N/A	N/A	N/A
Non expendable bequests	N/A	N/A	N/A	N/A	N/A
Inventory	N/A	N/A	N/A	N/A	N/A
Other specific purposes	N/A	N/A	N/A	N/A	N/A
Unreserved:	N/A	N/A	N/A	N/A	N/A
Undesignated:					
Special revenue	N/A	N/A	N/A	N/A	N/A
Capital projects	N/A	N/A	N/A	N/A	N/A
Reported in permanent funds	N/A	N/A	N/A	N/A	N/A
<b>Total all other governmental funds</b>					

*Note:* For the fiscal year ended June 30, 2011, the City implemented GASB Statement No. 54, *Fund Balance Reporting and Other Governmental Fund Type Definitions*. Statement No. 54 requires the use of new fund balance classifications that compose a hierarchy primarily based upon the extent to which the City is bound to follow constraints on the use of governmental fund resources. These classifications are described in Note 1 to the financial statements.

	<b>Fiscal Year</b>				
	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011*</b>	<b>2010</b>
<b>General Fund:</b>					
Nonspendable	\$ 1,900,816	\$ 1,900,816	\$ 1,959,143	\$ 1,990,321	N/A
Restricted	-	-	-	-	N/A
Committed	9,417,934	8,841,931	6,884,927	5,726,798	N/A
Assigned	1,301,724	1,063,133	639,281	7,519	N/A
Unassigned	15,407,340	16,830,138	19,230,621	12,445,904	N/A
<b>Total general fund</b>	<b>\$ 28,027,814</b>	<b>\$ 28,636,018</b>	<b>\$ 28,713,972</b>	<b>\$ 20,170,542</b>	<b>\$ -</b>
<b>All other Governmental Funds:</b>					
Nonspendable	5,429,761	5,446,189	5,313,219	5,445,805	N/A
Restricted	16,486,820	16,087,231	11,240,433	15,207,830	N/A
Committed	8,689,775	8,501,817	5,280,315	4,905,165	N/A
Assigned	-	-	4,811,253	1,109	N/A
Unassigned	(8,996,126)	(14,039,518)	(16,407,079)	(28,960,709)	N/A
<b>Total all other governmental funds</b>	<b>\$ 21,610,230</b>	<b>\$ 15,995,719</b>	<b>\$ 10,238,141</b>	<b>\$ (3,400,800)</b>	<b>\$ -</b>
<b>General Fund:</b>					
Reserved for:					
Encumbrances	N/A	N/A	N/A	N/A	\$ 2,039
Debt service	N/A	N/A	N/A	N/A	-
Other specific purposes	N/A	N/A	N/A	N/A	595,984
Designated for subsequent years expenditures	N/A	N/A	N/A	N/A	-
Unreserved/undesignated	N/A	N/A	N/A	N/A	16,958,461
<b>Total general fund</b>					<b>\$ 17,556,484</b>
<b>All other Governmental Funds:</b>					
Reserved for:					
Encumbrances	N/A	N/A	N/A	N/A	\$ -
Debt service	N/A	N/A	N/A	N/A	2,900,576
Non expendable bequests	N/A	N/A	N/A	N/A	5,127,411
Inventory	N/A	N/A	N/A	N/A	-
Other specific purposes	N/A	N/A	N/A	N/A	1,635,918
Unreserved:	N/A	N/A	N/A	N/A	2,664,335
Undesignated:					
Special revenue	N/A	N/A	N/A	N/A	12,807,587
Capital projects	N/A	N/A	N/A	N/A	(16,525,571)
Reported in permanent funds	N/A	N/A	N/A	N/A	1,443,601
<b>Total all other governmental funds</b>					<b>\$ 10,053,857</b>

**Changes in Fund Balances of Governmental Funds – Last Ten Fiscal Years**

	<b>Fiscal Year</b>				
	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
<b>Revenues:</b>					
Real estate and personal property taxes	\$ 122,238,616	\$ 117,726,504	\$ 111,158,506	\$ 106,305,255	\$ 97,468,071
Motor vehicle and other excise taxes	9,762,254	9,579,711	9,328,894	8,651,851	8,312,974
School Building Authority Reimbursement	5,266,306	11,920,791	31,191,301	9,056,821	6,599,997
Tax liens and foreclosures	1,969,831	2,257,336	3,972,612	5,074,797	2,585,724
Penalties interest on taxes	1,409,963	1,731,458	2,575,776	2,820,472	1,136,906
Licenses and permits	2,876,492	2,402,917	2,653,606	2,576,211	2,312,112
Fines and forfeitures	156,988	129,662	98,528	210,950	155,621
Investment income	2,373,876	731,185	867,176	681,245	367,181
Intergovernmental - operating grants	244,797,625	240,516,330	227,743,082	213,211,658	206,353,407
Intergovernmental - capital grants	29,408,897	16,511,674	11,573,866	10,080,871	15,094,883
Charges for services	40,813,382	37,527,160	38,608,394	34,066,659	35,724,239
Other - indirects	813,895	1,058,744	959,384	646,482	1,455,715
Special assessments & betterments	19,013	22,085	17,231	15,264	30,539
Payments in lieu of taxes	364,357	294,465	304,394	266,764	284,753
Miscellaneous	9,132,609	9,639,049	6,774,911	5,854,964	4,831,390
<b>Total revenues</b>	<b>471,404,104</b>	<b>452,049,071</b>	<b>447,827,661</b>	<b>399,520,264</b>	<b>382,713,512</b>
<b>Expenditures:</b>					
General government	17,936,999	17,546,058	11,648,859	11,950,710	11,900,981
Public safety	52,338,785	52,205,563	49,803,351	49,304,433	50,275,256
Education	203,405,798	207,382,752	228,265,703	178,895,302	168,278,869
Public works	56,878,600	43,721,970	38,863,915	48,096,589	42,870,611
Community and economic development	6,123,702	6,072,128	6,227,151	5,066,579	5,986,424
Health & human services	6,150,887	5,119,943	6,688,499	6,290,357	5,838,094
Municipal airport	5,138,490	3,812,339	1,323,943	3,073,277	8,556,574
Culture and recreation	6,848,132	7,426,403	6,803,544	6,213,591	6,209,223
Pension benefits	28,817,471	27,741,711	26,724,377	25,734,949	23,204,752
Health and other insurances	40,277,703	41,119,096	39,767,304	37,842,585	38,008,103
Miscellaneous	10,574,534	9,673,308	9,670,903	8,972,342	9,599,109
State and county charges	19,063,095	17,759,974	15,141,498	13,624,678	12,149,703
Debt service:					
Principal payments	16,904,235	16,290,857	16,119,765	15,117,303	14,287,694
Interest and fiscal charges	6,296,672	6,264,299	6,724,646	6,937,764	7,360,484
Debt administrative fees	491,187	650,530	558,602	427,189	295,060
<b>Total Expenditures</b>	<b>477,246,290</b>	<b>462,786,931</b>	<b>464,332,060</b>	<b>417,547,648</b>	<b>404,820,937</b>
<b>Deficiency of revenues under expenditures</b>	<b>(5,842,186)</b>	<b>(10,737,860)</b>	<b>(16,504,399)</b>	<b>(18,027,384)</b>	<b>(22,107,425)</b>
<b>Other Financing Sources (Uses):</b>					
Bond proceeds	11,012,297	21,969,977	18,748,277	22,325,124	7,948,000
Special items	92,649	78,630	782,935	230,140	99,416
Transfers, net	4,017,781	3,787,408	5,290,587	2,308,786	523,878
<b>Total other financing sources (uses)</b>	<b>15,122,727</b>	<b>25,836,015</b>	<b>24,821,799</b>	<b>24,864,050</b>	<b>8,571,294</b>
<b>Net change in fund balances</b>	<b>\$ 9,280,541</b>	<b>\$ 15,098,155</b>	<b>\$ 8,317,400</b>	<b>\$ 6,836,666</b>	<b>\$ (13,536,131)</b>
Debt services as a percentage of noncapital expenditures	5.41%	5.47%	5.71%	5.90%	5.87%



	<b>Fiscal Year</b>				
	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>
<b>Revenues:</b>					
Real estate and personal property taxes	\$ 92,959,921	\$ 91,935,611	\$ 91,509,765	\$ 88,635,177	\$ 88,855,232
Motor vehicle and other excise taxes	7,676,637	7,495,147	7,238,544	6,389,451	5,660,486
School Building Authority Reimbursement	1,754,667	2,583,007	10,029,155	6,412,464	24,404,955
Tax liens and foreclosures	2,142,591	2,616,215	2,005,909	1,564,609	1,675,949
Penalties interest on taxes	1,200,406	1,389,535	1,308,064	1,171,587	1,340,464
Licenses and permits	2,178,801	2,228,837	2,337,636	2,043,090	2,289,056
Fines and forfeitures	199,204	183,325	178,068	182,871	201,354
Investment income	892,853	792,833	161,999	1,105,358	1,331,764
Intergovernmental - operating grants	214,769,403	216,769,916	221,677,750	215,146,275	212,607,762
Intergovernmental - capital grants	12,825,701	15,917,874	6,514,411	16,355,832	15,219,351
Charges for services	35,739,020	36,026,684	34,235,684	36,509,490	35,526,152
Other - indirects	1,326,399	1,511,236	1,738,171	1,058,366	1,065,500
Special assessments & betterments	26,752	40,428	595	442	291
Payments in lieu of taxes	321,660	281,810	286,155	243,203	208,854
Miscellaneous	5,238,522	6,887,971	11,072,271	3,930,895	5,602,065
<b>Total revenues</b>	<b>379,252,537</b>	<b>386,660,429</b>	<b>390,294,177</b>	<b>380,749,110</b>	<b>395,989,235</b>
<b>Expenditures:</b>					
General government	9,913,579	8,899,518	11,114,721	7,553,366	10,848,643
Public safety	46,916,727	47,090,156	44,887,339	42,757,687	42,110,700
Education	172,724,226	173,342,593	175,272,983	179,895,589	198,474,578
Public works	31,618,117	33,363,631	42,928,402	44,598,487	40,101,931
Community and economic development	5,728,310	6,048,771	7,121,079	11,581,020	7,671,419
Health & human services	4,913,853	5,939,571	5,223,018	5,424,406	5,244,520
Municipal airport	7,155,263	9,064,427	1,900,951	3,775,917	599,251
Culture and recreation	5,899,311	5,512,175	4,867,945	4,749,249	4,664,364
Pension benefits	23,692,690	22,629,695	22,246,981	22,079,203	22,224,935
Health and other insurances	36,800,963	36,322,214	35,442,224	37,578,611	38,995,217
Miscellaneous	8,822,341	8,572,875	8,947,755	9,056,400	-
State and county charges	10,252,470	9,581,904	8,613,392	7,046,706	6,687,713
Debt service:					
Principal payments	14,034,910	12,846,284	12,336,355	12,032,130	12,189,150
Interest and fiscal charges	7,474,751	8,051,813	8,135,819	8,759,412	9,387,837
Debt administrative fees	226,868	494,872	-	-	-
<b>Total Expenditures</b>	<b>386,174,379</b>	<b>387,760,499</b>	<b>389,038,964</b>	<b>396,888,183</b>	<b>399,200,258</b>
<b>Deficiency of revenues under expenditures</b>	<b>(6,921,842)</b>	<b>(1,100,070)</b>	<b>1,255,213</b>	<b>(16,139,073)</b>	<b>(3,211,023)</b>
<b>Other Financing Sources (Uses):</b>					
Bond proceeds	10,000,000	4,373,000	19,612,962	6,628,741	15,521,000
Special items	9,063	80,645	-	-	-
Transfers, net	1,919,086	2,326,049	1,974,871	1,998,808	1,990,491
<b>Total other financing sources (uses)</b>	<b>11,928,149</b>	<b>6,779,694</b>	<b>21,587,833</b>	<b>8,627,549</b>	<b>17,511,491</b>
<b>Net change in fund balances</b>	<b>\$ 5,006,307</b>	<b>\$ 5,679,624</b>	<b>\$ 22,843,046</b>	<b>\$ (7,511,524)</b>	<b>\$ 14,300,468</b>
Debt services as a percentage of noncapital expenditures	5.83%	5.77%	5.55%	5.67%	5.97%

**Assessed and Estimated Actual Value of All Taxable Property – Last Ten Fiscal Years**

<b>Fiscal Year</b>	<b>Real Property</b>			<b>Personal Property</b>	<b>Total Assessed Value <sup>(1)</sup></b>	<b>Total Direct Tax Rate <sup>(b) &amp; (c)</sup></b>
	<b>Residential Value <sup>(a)</sup></b>	<b>Commercial Value</b>	<b>Industrial Value</b>	<b>Assessed Value</b>		
2019	\$ 5,045,567,632	\$ 652,471,668	\$ 316,332,960	\$ 242,332,960	\$ 6,256,705,220	\$ 20.03
2018	4,730,607,557	639,662,193	288,675,100	229,731,170	5,888,676,020	20.37
2017	4,423,238,525	632,504,675	278,142,100	206,010,660	5,539,895,960	20.59
2016	4,235,421,917	632,951,083	273,241,100	193,375,530	5,334,989,630	20.48
2015	4,159,548,043	617,099,037	272,483,400	188,082,010	5,237,212,490	19.40
2014	4,130,253,323	619,997,827	279,247,500	196,935,110	5,226,433,760	18.50
2013	4,381,853,008	635,661,832	278,138,700	183,916,080	5,479,569,620	17.38
2012	4,565,293,028	643,561,772	275,829,200	190,843,230	5,675,527,230	16.63
2011	4,900,928,982	639,983,918	277,269,600	189,461,030	6,007,643,530	15.51
2010	5,383,751,302	645,622,398	280,345,900	175,044,950	6,484,764,550	14.21

<sup>(1)</sup> The assessed valuation of taxable property reflects 100% of the full and fair cash value.

<sup>(a)</sup> Exempt residential properties not included

<sup>(b)</sup> Tax rates are per \$1,000 of assessed value

<sup>(c)</sup> Total direct tax rate is the weighted average calculation of the residential and commercial values.

Source: City of New Bedford Assessing Department

**Property Tax Rates – Direct and Overlapping Governments – Last Ten Fiscal Years**

<b>Fiscal Year <sup>(1)</sup></b>	<b>Class <sup>(2)</sup></b>	<b>City General</b>	<b>Total</b>	<b>% Change</b>	<b>Total Direct <sup>(3)</sup></b>
2019	Residential	\$ 16.47	\$ 16.47	-0.96%	\$ 20.03
	C.P.	34.84	34.84	-2.27%	
2018	Residential	16.63	16.63	-0.36%	20.37
	C.P.	35.65	35.65	-1.05%	
2017	Residential	16.69	16.69	1.21%	20.59
	C.P.	36.03	36.03	0.56%	
2016	Residential	16.49	16.49	4.83%	20.48
	C.P.	35.83	35.83	6.76%	
2015	Residential	15.73	15.73	3.76%	19.40
	C.P.	33.56	33.56	7.98%	
2014	Residential	15.16	15.16	5.79%	18.50
	C.P.	31.08	31.08	5.21%	
2013	Residential	14.33	14.33	4.14%	17.38
	C.P.	29.54	29.54	3.87%	
2012	Residential	13.76	13.76	6.83%	16.63
	C.P.	28.44	28.44	4.79%	
2011	Residential	12.88	12.88	7.07%	15.51
	C.P.	27.14	27.14	9.13%	
2010	Residential	12.03	12.03	5.07%	14.21
	C.P.	24.87	24.87	5.56%	

<sup>(1)</sup> Per the initiatives of Proposition 2 ½ adopted by the Commonwealth of Massachusetts, the City cannot levy more than 2.5 percent of the total full and fair cash value of all taxable real and personal property. The City's levy is also limited in that it cannot increase more than 2.5 percent from the prior year, with certain exceptions for new growth or through overrides and exclusions adopted by voters.

<sup>(2)</sup> Real and personal property tax rates are per \$1,000 of assessed value.  
C.P. = Commercial and personal property

<sup>(3)</sup> Total direct tax rate is the weighted average calculation of the residential, commercial and personal property values.

**Largest Principle Taxpayers – Current Year and Nine Years Ago**

Taxpayer	2019				2010			
	Taxable Assessed Value	Rank	% of Total Taxable Assessed Value	Total Tax Liability	Taxable Assessed Value	Rank	% of Total Taxable Assessed Value	Total Tax Liability
ACORN MANAGEMENT COMPANY	\$ 38,082,900	1	0.61%	\$ 1,326,808				
CEDAR-FIELDSTONE LLC	31,400,700	2	0.50%	1,094,000				
PATRICK CARNEY/CLAREMONT CORP	30,798,200	3	0.49%	1,073,009				
NSTAR (EVERSOURCE)	17,371,900	4	0.28%	605,237				
MELVILLE HSG ASSOCIATION	15,308,900	5	0.24%	533,362				
AFC CABLE SYSTEMS INC	13,729,500	6	0.22%	478,336				
BLUE HARVEST RE HOLDING LLC	12,094,500	7	0.19%	421,372				
ACUSHNET COMPANY	11,317,200	8	0.18%	394,291				
DEMOULAS SUPERMARKETS	11,022,900	9	0.18%	384,038				
OLIVEIRA, RONALD "TRUSTEE"	10,962,600	10	0.18%	381,937				
PATRICK CARNEY/CLAREMONT CORP					\$ 30,770,100	1	0.47%	\$ 765,252
CEDAR - FIELDSTONE LLC					30,640,000	2	0.46%	762,017
MULTILAYER COATING TECHNOLOGIES					19,264,400	3	0.29%	479,106
WAMSUTTA LLC					16,744,600	4	0.25%	416,438
COMPASS BANK/SOVEREIGN BANK					11,911,600	5	0.18%	296,241
NSTAR					10,601,500	6	0.16%	263,659
AFC CABLE SYSTEMS					10,577,000	7	0.16%	263,050
ACUSHNET COMPANY					9,701,700	8	0.15%	241,281
MARITIME TERMINAL INC					9,465,200	9	0.14%	235,400
MEDICAL PROPERTIES TRUST, INC					9,379,500	10	0.14%	233,268
Total City Taxable Assessed Valuation:	<u>\$ 6,256,407,460</u>		<u>3.07%</u>		<u>\$ 6,594,831,510</u>		<u>2.41%</u>	

*Note:* The largest taxpayers table includes entities with a fiscal year 2019 tax liability greater than \$325,000. The methodology used in creating the table involves the search of the title holder(s) of all major parcels of property in the City. This methodology does not necessarily locate all parcels owned by affiliates nor does it differentiate between percentage ownership in the particular parcel.

*Source:* City of New Bedford Assessing and Treasury Departments

## Property Tax Levies and Collections – Last Ten Fiscal Years

Fiscal Year	Tax Levy			Tax Levy Collected within Year of Levy			Tax Levy Net of Refunds Collected as of June 30, 2019		
	Gross	Net <sup>(1)</sup>	Net % Gross	Gross Amount	% Gross Amount	% Net Levy	Net Amount	% Gross Levy	% Net Levy
2019	\$ 125,286,158	\$ 124,099,292	99.05%	\$121,718,750	97.15%	98.08%	\$121,718,750	97.15%	98.08%
2018	119,955,144	118,770,443	99.01%	116,846,957	97.41%	98.38%	116,846,957	97.41%	98.38%
2017	114,057,032	112,865,716	98.96%	110,250,334	96.66%	97.68%	110,250,334	96.66%	97.68%
2016	109,239,619	108,032,112	98.89%	104,699,832	95.84%	96.92%	104,699,832	95.84%	96.92%
2015	101,596,110	100,427,401	98.85%	96,744,598	95.22%	96.33%	98,445,618	96.90%	98.03%
2014	96,683,928	94,532,243 *	97.77%	91,596,294	94.74%	96.89%	93,182,785	96.38%	98.57%
2013	95,218,502	93,765,659	98.47%	90,161,708	94.69%	96.16%	91,991,945	96.61%	98.11%
2012	94,393,493	92,842,127	98.36%	89,104,284	94.40%	95.97%	90,886,830	96.29%	97.89%
2011	93,160,198	91,735,835	98.47%	88,316,833	94.80%	96.27%	88,316,833	94.80%	96.27%
2010	92,148,727	90,847,260	98.59%	86,712,074	94.10%	95.45%	88,950,646	96.53%	97.91%

\* - Revaluation year

<sup>(1)</sup> – net after deductions of overlay for abatements

Source: City of New Bedford Treasury Departments

**Ratios of Outstanding Debt by Type – Last Ten Fiscal Years**

<b>Governmental Activities</b>					
<b>Fiscal Year</b>	<b>General Obligation Bonds Outstanding</b>	<b>Notes Payable<sup>(1)</sup></b>	<b>Interim Loan Payable</b>	<b>Capital Lease Agreements</b>	
2019	\$ 169,576,517	\$ 22,424,826	\$ -	\$ 20,783,246	
2018	180,263,886	20,388,582	-	20,778,426	
2017	182,819,693	35,696,514	-	17,781,082	
2016	181,782,528	33,818,882	14,005,722	16,688,491	
2015	177,961,607	33,484,658	15,279,605	3,043,001	
2014	184,772,649	25,183,346	2,000,000	1,562,249	
2013	190,718,338	22,750,000	483,175	667,322	
2012	200,004,247	26,929,625	483,175	350,141	
2011	192,727,630	30,005,125	11,060,061	62,665	
2010	198,179,029	28,431,250	-	-	

<b>Business-Type Activities</b>					
<b>Fiscal Year</b>	<b>General &amp; Special Obligation Bonds</b>	<b>Capital Lease Agreements</b>	<b>Total Primary Government</b>	<b>% of Total Personal Income<sup>(2)</sup></b>	<b>Per Capita<sup>(3)</sup></b>
2019	\$ 34,343,630	\$ 320,332	\$ 247,448,551	11.77%	\$ 2,596
2018	31,215,884	398,176	253,044,954	12.30%	2,664
2017	25,479,875	57,164	261,834,328	13.00%	2,754
2016	25,910,773	389,540	272,595,936	13.61%	2,866
2015	27,616,658	482,292	257,867,821	12.70%	2,711
2014	29,596,150	27,289	243,141,683	11.86%	2,557
2013	29,614,510	165,850	244,399,195	12.58%	2,573
2012	30,566,699	218,683	258,552,570	13.04%	2,725
2011	32,292,316	22,384	266,170,181	13.69%	2,800
2010	33,905,313	-	260,515,592	14.03%	2,740

*Note:* Details regarding the City's outstanding debt can be found in the notes to the financial statements

- <sup>(1)</sup> – Includes only bond anticipation notes
- <sup>(2)</sup> – See page 139 for the City's total personal income data
- <sup>(3)</sup> – See page 139 for the City's population data

**Ratio of Net General Obligation Bonded Debt to Assessed Value and Net Bonded Per Capita – Last Ten Fiscal Years**

<b>Fiscal Year</b>	<b>Net General Bonded Debt Outstanding</b>	<b>Assessed Value <sup>(1)</sup></b>	<b>Ratio of General Bonded Debt to Assessed Value</b>	<b>General Bonded Debt per Capita <sup>(2)</sup></b>
2019	\$ 169,576,517	\$ 6,256,705,220	2.71%	\$ 1,779
2018	180,263,886	5,888,676,020	3.06%	1,898
2017	182,819,693	5,539,895,960	3.30%	1,923
2016	181,782,528	5,334,989,630	3.41%	1,911
2015	177,961,607	5,237,212,490	3.40%	1,871
2014	184,772,649	5,226,433,760	3.54%	1,943
2013	190,718,338	5,479,569,620	3.48%	2,008
2012	200,004,247	5,675,527,230	3.52%	2,108
2011	192,727,630	6,007,643,530	3.21%	2,028
2010	198,179,029	6,484,764,550	3.06%	2,085

<sup>(1)</sup> – See page 132 for the City's total assessed value of property

<sup>(2)</sup> – See page 139 for the City's population data

*See accompanying independent auditor's report*

**Legal Debt Margin Information – Last Ten Fiscal Years**

<b>Fiscal Year Ending</b>	<b>Equalized Valuation as of January 1</b>	<b>Debt limit <sup>(1)</sup></b>	<b>Outstanding Debt at June 30</b>	<b>Debt Authorized But Not Yet Issued</b>	<b>Debt Outside Debt Limit (MGL 44:8)</b>	<b>Total Net Debt Applicable to Limit</b>	<b>Legal Debt Margin</b>	<b>Total Net Debt Applicable to the Limit as a Percentage of Debt Limit</b>
2019	\$ 6,079,471,600	\$ 303,973,580	\$ 154,820,046	\$ 286,340,161	\$(289,828,791)	\$ 151,331,416	\$ 152,642,164	49.78%
2018	5,618,295,200	280,914,760	156,119,668	372,930,114	(371,460,798)	157,588,984	123,325,776	56.10%
2017	5,618,295,200	280,914,760	146,849,466	407,974,626	(375,872,822)	178,951,270	101,963,490	63.70%
2016	5,366,953,500	268,347,675	138,263,757	323,760,167	(316,884,630)	145,139,294	123,208,381	54.09%
2015	5,366,953,500	268,347,675	129,368,263	290,095,355	(302,297,920)	117,165,698	151,181,977	43.66%
2014	5,818,718,300	290,935,915	135,638,799	271,115,803	(308,398,052)	98,356,550	192,579,365	33.81%
2013	5,818,718,300	290,935,915	136,162,848	266,834,278	(316,074,062)	86,923,064	204,012,851	29.88%
2012	6,474,455,300	323,722,765	141,120,946	261,903,903	(216,670,987)	186,353,862	137,368,903	57.57%
2011	6,474,455,300	323,722,765	130,449,956	268,036,677	(203,928,172)	194,558,461	129,164,304	60.10%
2010	7,140,048,800	357,002,440	134,544,342	299,750,229	(343,590,017)	90,704,554	266,297,886	25.41%

- <sup>(1)</sup> – The laws of the Commonwealth of Massachusetts provide for general debt limits for the city, consisting of a Normal Debt Limit and a Double Debt Limit. The Normal Debt Limit (above) is 5.0% of the assessed valuation of taxable property in the City as last equalized by the State Department of Revenue, and may authorize debt up to this limit without State approval. The City may also authorize debt up to twice this amount (the Double Debt Limit) with the approval of the State Commonwealth's Secretary of Administration and Finance.

**Legal Debt Margin Calculation for Fiscal Year****2019 (MGL Chapter 44 Section 10)**

Equalized Valuation at January 1, 2019	\$ 6,079,471,600
Normal Debt Limit (5% of Equalized Valuation)	<u>\$ 303,973,580</u>
 Total Outstanding Debt at June 30, 2019	 154,820,046
Add: Debt Authorized But Not Yet Issued <sup>(2)</sup>	<u>286,340,161</u>
Equals: Gross Debt	441,160,207
 Less: Debt Outside the Debt Limit (MGL Chapter 44 Section 8)	 <u>(289,828,791)</u>
Equals: Net Debt Subject to Debt Limit	<u>\$ 151,331,416</u>
 Remaining Borrowing Capacity	 <u>\$ 152,642,164</u>

- <sup>(2)</sup> – The Debt authorized but unissued as of June 30, 2019 and City Council authorizations during fiscal year 2019 are reported for the purposes of the computation of legal debt margin within the Normal Debt Limit.



**Demographic and Economic Statistics – Last Ten Fiscal Years**

<b>Fiscal Year</b>	<b>Population<sup>(1)</sup></b>	<b>Civilian Labor Force<sup>(2)</sup></b>	<b>Unemployment Rate<sup>(3)</sup></b>		<b>Per Capita Income<sup>(2)</sup></b>	<b>Households</b>		
			<b>New Bedford<sup>(3)</sup></b>	<b>MA Statewide<sup>(3)</sup></b>		<b>Number of Households<sup>(2)</sup></b>	<b>Median Income<sup>(2)</sup></b>	<b>Mean Income<sup>(2)</sup></b>
2019	95,315	48,691	7.1%	4.4%	\$ 22,056	(4)	(4)	(4)
2018	94,990	46,783	6.4%	4.0%	21,665	37,910	48,762	60,294
2017	95,070	47,212	8.4%	5.2%	21,181	39,377	45,784	63,632
2016	95,111	47,084	10.0%	6.0%	21,056	39,425	43,241	55,946
2015	95,132	47,477	12.7%	7.3%	21,343	38,826	36,808	51,410
2014	95,073	46,870	11.9%	6.9%	21,558	38,046	39,387	50,618
2013	94,997	46,158	11.9%	7.6%	20,447	41,489	33,098	45,696
2012	94,886	46,761	12.8%	8.4%	20,899	39,719	35,555	46,430
2011	95,056	42,563	12.8%	8.3%	20,447	38,670	37,737	50,986
2010	95,072	41,537	8.7%	5.6%	19,526	38,741	31,616	44,018

**Sources:**

- (1) U.S. Census Bureau, Population Division. 2010 data per 2010 census as of April 1, 2010. 2011-2019 data as of July 1 of each fiscal year per Annual Estimates of the Resident Population: April 1, 2010 to July 1, 2018
- (2) U.S. Census Bureau, American Community Survey for the one-year period ending December 31 of each fiscal year; schedules 'Income in the Past 12 Months' and 'Per Capita Income In the Past 12 Months'
- (3) Massachusetts Executive Office of Labor and Workforce Development, Labor Market Information as of June 30 of each fiscal year (unadjusted)
- (4) 2019 data not yet published by the U.S. Census Bureau

**Principal Employers – Current Fiscal Year and Nine Years Before**

<b>Employer <sup>(1)</sup></b>	<b>2019</b>			<b>Employer <sup>(1)</sup></b>	<b>2010</b>		
	<b>Employees (2)</b>	<b>Rank</b>	<b>Percentage of Total City Employment</b>		<b>Employees</b>	<b>Rank</b>	<b>% of Total City Employment</b>
Joseph Abboud	500-999	1		Southcoast Health System	5,584	1	13.13%
Acushnet Company	500-999	2		Acushnet Company	2,300	2	5.41%
Ahead Inc.	250-499	3		Joseph Abboud	497	3	1.17%
Bristol County Savings Bank	250-499	4		Tremblay's Bus Co, Inc.	400	4	0.94%
Brittany Dyeing & Printing Co.	250-499	5		Lifestream, Inc.	335	5	0.79%
Community Health Center	250-499	6		Ahead Inc.	301	6	0.71%
Sacred Heart Home	250-499	7		Precix, Inc.	274	7	0.64%
Sid Wainer & Son Speciality	250-499	8		Friendly Fruit/Sid Wainer	250	8	0.59%
St. Luke's Hospital	250-499	9		Olin Aegis	240	9	0.56%
Symmetry Medical	250-499	10		Aerovox Div/Parallax Power	229	10	0.54%
Total Labor Force	<u>48,896</u>				<u>42,525</u>		<u>24.48%</u>

Notes: (1) Excludes Federal, State and City employers

(2) Massachusetts Executive Office of Labor and Workforce Development only provides range of employees

Source: Massachusetts Executive Office of Labor and Workforce Development

**City Government Employees by Department – Last Ten Fiscal Years**

	Fiscal Year <sup>(1)</sup>									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Education <sup>(2)</sup> :										
Teachers	932	922	901	835	849	816	877	861	887	879
Other	772	732	687	602	651	668	686	684	681	750
Total	1,704	1,654	1,588	1,436	1,500	1,484	1,563	1,545	1,568	1,629
Public safety:										
Police	296	297	302	301	307	308	317	307	299	298
Fire	207	218	212	219	226	235	239	242	238	202
Other	48	59	60	59	52	66	74	63	54	73
Total public safety	551	574	574	579	585	609	630	612	591	573
Public works	93	107	110	109	122	121	81	66	59	48
Other governmental-type	309	364	382	367	373	358	405	375	381	385
Total governmental-type	2,657	2,699	2,654	2,491	2,580	2,572	2,679	2,598	2,599	2,635
Business-type:										
Water	79	83	75	71	66	73	67	74	70	69
Airport	6	8	7	6	8	8	7	9	6	7
Downtown Parking	7	6	11	9	9	-	-	-	-	-
Total business-type	92	97	93	86	83	81	74	83	76	76
Total City Employees	2,749	2,796	2,747	2,577	2,663	2,653	2,753	2,681	2,675	2,711

**Notes to City Government Employees by Department:**

<sup>(1)</sup> All employee totals are based on the last payroll of each fiscal year unless otherwise noted below (only FTE).

<sup>(2)</sup> Education employee totals are based on Department of Elementary and Secondary Education (DESE) statistics as of October 1.

## Operating Indicators by Function – Last Ten Fiscal Years

Function/Program	Fiscal Year <sup>(1)</sup>									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
<b>Public Education:</b>										
Student enrollment as of June 30 <sup>(2)</sup>	12,845	12,626	12,640	12,681	12,565	12,744	12,616	12,551	12,538	12,636
<b>Public safety:</b>										
Violent crimes reported <sup>(3)</sup>	579	633	819	1,094	1,199	1,039	1,030	1,093	1,160	1,184
Property crimes reported <sup>(3)</sup>	2,167	2,752	2,946	3,394	3,382	3,457	3,209	3,359	3,628	3,273
Police calls dispatched	90,212	77,400	90,459	89,914	92,560	86,971	84,937	86,291	85,055	89,934
Police citations issued	7,435	8,341	6,412	6,989	9,312	6,298	5,511	6,681	6,987	7,229
Arrests made	3,910	3,819	3,841	3,755	4,328	4,589	4,251	4,507	4,228	4,220
Accidents reported	4,510	5,825	5,627	5,584	5,886	5,166	5,045	5,157	5,243	5,450
Fires reported	456	447	457	471	443	362	n/a	n/a	n/a	n/a
Fire calls responded to	2,921	2,786	2,632	265	2,463	2,352	n/a	n/a	n/a	n/a
Emergency medical calls responded to <sup>(4)</sup>	n/a	15,680	14,938	15,812	14,783	15,184	13,695	13,476	13,054	n/a
Emergency medical calls	n/a	18,582	17,373	18,784	16,681	17,847	16,131	16,041	14,908	n/a
Fire inspections conducted	4,044	4,567	4,376	4,549	(4)	n/a	n/a	n/a	n/a	n/a
Parking tickets issued	9,826	4,650	7,662	3,631	4,446	5,753	4,841	7,682	5,411	2,127
<b>Inspectional Services</b>										
Building permits issued	3,353	3,430	3,180	3,035	2,691	2,402	2,440	2,452	2,098	1,516
Building permit value (000s)	\$ 134,528	\$ 63,599	\$ 79,168	\$ 69,321	\$ 59,852	\$ 46,194	\$ 46,428	\$ 53,996	\$ 38,421	\$ 76,338
Food establishment inspections conducted <sup>(4)</sup>	n/a	1669	947	900	987	n/a	n/a	n/a	n/a	n/a
<b>Public Works:</b>										
Municipal solid waste collected (tons)	28,268	27,704	27,275	27,034	25,576	n/a	n/a	n/a	n/a	n/a
Recycled materials collected (tons)	13,075	13,941	13,148	12,898	11,697	n/a	n/a	n/a	n/a	n/a
Facilities work orders completed	1,560	1,608	1,205	1,521	1,428	(4)	n/a	n/a	n/a	n/a
Fleet work orders completed	2,906	4,703	5,659	4,348	(4)	n/a	n/a	n/a	n/a	n/a
Potholes repaired	10,142	9,886	11,815	12,567	9,961	9,086	3,919	3,655	13,506	n/a
Trees planted	678	470	415	874	468	650	n/a	n/a	n/a	n/a
<b>Culture &amp; recreation:</b>										
Library physical circulation	325,953	237,625	237,756	248,629	257,215	283,728	304,255	275,545	275,609	273,670
Library electronic circulation	30,834	15,343	13,148	15,623	10,038	7,894	5,109	2,786	2,722	1,896
Seasonal parks and recreation staff employed	257	102	116	81	121	120	111	55	n/a	n/a
Supportive recreational program participants	8,811	1,310	2,602	3,427	1,694	1,466	2,738	n/a	n/a	n/a
Summer recreational program participants	1,422	1,902	2,190	2,550	2,204	2,000	1,799	1,135	1,619	1,160
Summer meals served	95,470	85,458	94,092	92,588	88,146	80,000	76,000	69,774	77,968	58,369
Recreational facility rental contracts	244	153	228	727	769	175	102	n/a	n/a	n/a
Buttonwood Park Zoo attendance	147,057	147,527		567,862	499,663	485,036	467,862	n/a	n/a	n/a
<b>Water:</b>										
Water treated (CCF)	4,346,919	5,211,697	5,146,406	5,650,558	5,771,195	6,462,535	5,463,197	6,114,741	5,345,023	6,234,584
Water consumed (billed CCF)	3,987,156	4,682,913	4,870,580	5,596,312	4,694,285	4,642,548	4,655,791	4,486,862	4,697,679	5,252,014
<b>Airport:</b>										
Aircraft operations, total	53,204	57,248	47,117	52,115	43,983	49,520	52,837	56,418	53,427	67,750
Aircraft operations, jet service only	1,361	1,269	1,221	1,072	961	392	n/a	n/a	n/a	n/a
Passenger enplanements	6,518	7,057	6,646	7,461	7,068	9,773	11,474	11,919	11,406	11,984
<b>Downtown Parking:</b>										
Parking tickets issued <sup>(5)</sup>	51,089	19,239	19,536	28,435	24,536	23,044	21,884	28,203	28,853	31,213

### Notes to Operating Indicators By Function:

<sup>(1)</sup> All operational data was furnished by City departments unless otherwise noted below.

<sup>(2)</sup> Student enrollment data is from the Massachusetts Department of Elementary and Secondary Education (DESE) as of October 1 of each fiscal year.

<sup>(3)</sup> Crime statistics have been aggregated by City-Data.com from the Federal Bureau of Investigation's Uniform Crime Reporting (UCR) Program for years ending December 31.

<sup>(4)</sup> Data for 2019 not available due to corrupted files that have not yet been restored. Emergency medical calls not responded to by the City were responded to by private rescue services or municipalities under mutual aid agreements.

<sup>(5)</sup> Effective July 1, 2014, the City established a Downtown Parking enterprise fund, to which revenues generated by parking spaces within a defined geographic area that include its two parking garages are designated. Although parking ticket fees are recorded as General Fund revenue, tickets issued have been segregated as either Public Safety or Downtown Parking in order to measure the enforcement activity associated with generating revenue. Tickets issued prior to July 1, 2014 have been restated to reflect the current designation of spaces.

## Capital Asset Statistics by Department – Last Ten Fiscal Years

Function/Program	Fiscal Year <sup>(1)</sup>									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
<b>Public Education:</b>										
Elementary schools	19	19	19	19	19	19	19	19	19	19
Middle schools	3	3	3	3	3	3	3	3	3	3
High schools	1	1	1	1	1	1	1	1	1	1
<b>Public safety:</b>										
Police stations	4	4	4	4	4	4	4	4	4	4
Uniformed police force <sup>(2)</sup>	266	253	255	259	257	261	253	249	253	261
Police vehicles, marked	88	71	69	69	69	63	63	63	61	64
Police vehicles, total fleet	156	146	120	122	124	132	132	132	130	133
Fire stations	7	7	7	7	7	7	7	7	6	6
Uniformed firefighting force <sup>(2)</sup>	216	216	216	215	222	222	236	236	200	189
Total fire apparatus	10	10	10	10	10	10	10	10	8	8
Emergency rescues	8	7	5	4	4	4	4	4	4	4
Metered parking spaces <sup>(3)</sup>	214	214	214	214	214	214	214	214	214	214
<b>Public Works:</b>										
City-owned buildings <sup>(4)</sup>	89	89	77	77	77	n/a	n/a	n/a	n/a	n/a
Vehicle fleet <sup>(4)</sup>	594	582	389	351	375	n/a	n/a	n/a	n/a	n/a
Public roadways (miles)	331	337	337	336	336	335	335	335	334	334
Sidewalks (miles)	662	674	674	672	672	670	670	670	668	668
Streetlights	11,000	10,664	10,664	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Trees	11,000	10,458	9,988	9,573	8,699	8,231	7,581	n/a	n/a	n/a
Wastewater pump stations	29	29	29	29	29	29	29	29	29	29
Sewage collection system (miles)	435	435	435	434	434	433	433	433	432	432
<b>Culture &amp; recreation:</b>										
Library volumes	435,260	373,267	385,754	380,915	409,786	438,439	451,934	486,053	484,574	459,025
Library special collections	2,181	2,181	2,833	2,852	2,991	2,480	1,479	2,469	1,479	1,754
Total parks & beaches	44	37	37	37	36	35	34	34	n/a	n/a
Accessible green space (acres)	830	830	830	722	719	628	614	614	n/a	n/a
Walking trails (miles)	8.5	6.5	6.5	4.5	3.5	2.0	2.0	2.0	2.0	2.0
Buttonwood Park Zoo exhibits	32	30	30	24	24	24	24	24	24	24
Buttonwood Park Zoo animals	2,368	976	1,079	769	556	1,030	1,039	508	225	238
<b>Water:</b>										
Treatment plant capacity (million gallons per day)	45.0	45.0	45.0	45.0	45.0	45.0	45.0	45.0	45.0	45.0
Water distribution system (miles)	308.0	308.0	308.0	287.0	287.0	287.0	287.0	287.0	286.5	286.5
<b>Airport:</b>										
Based Aircraft	108	110	107	102	98	138	100	112	107	121
Runway Length (linear feet)	10,400	10,400	10,400	10,400	10,400	10,400	10,000	10,000	10,000	10,000
<b>Downtown Parking:</b>										
Parking garage capacity (in spaces)	1,373	1,373	1,373	1,373	1,373	1,373	1,373	1,373	1,373	1,373
Metered parking spaces <sup>(3)</sup>	879	879	879	784	784	784	784	784	784	784

### Notes to Capital Asset Statistics By Department:

<sup>(1)</sup> All capital asset information was furnished by City departments.

<sup>(2)</sup> Uniformed police and firefighting forces include both filled and vacant positions as of June 30 of each fiscal year.

<sup>(3)</sup> Effective July 1, 2014, the City established a Downtown Parking enterprise fund, to which revenues generated by parking spaces within a defined geographic area that include its two parking garages are designated. Metered parking spaces have been segregated as either governmental or business-type, with spaces prior to July 1, 2014 restated to reflect the current designation.

<sup>(4)</sup> Excludes buildings and vehicles reported under Public Safety.



**CITY OF NEW BEDFORD**

MASSACHUSETTS

OFFICE OF THE TREASURER

**Mark P. Fuller**  
Assistant Treasurer

**Carole Days**  
Deputy Treasurer

**R. Renee Fernandes**  
Treasurer – Collector

TO: Linda Morad, Finance Committee Chair  
Members of the Finance Committee

FROM: R. Renee Fernandes, Treasurer 

DATE: February 4, 2021

RE: Certificate of Awards for February 4, 2021 Note Sale

The successful bidder of the \$18,245,364 Note Sale held today was BNY Mellon Capital Markets with a Coupon Rate of 2.00% and a premium of \$393,187.60 - resulting in a net interest cost of 0.1484%. The notes will mature in April, 2022. The City received 6 bids competitive bids.

Included with this correspondence is a copy of vote to be taken by the finance committee at the February 8, 2021 meeting.

Please feel free to contact me, should you have any questions.

Thank you.

## VOTE OF THE COMMITTEE ON FINANCE

I, the Clerk of the Committee on Finance of the City Council of the City of New Bedford, Massachusetts, certify that at a meeting of the Committee held February 8, 2021, of which meeting all members of the Committee were duly notified and at which a quorum was present, the following votes were passed by a vote of \_\_\_ in favor and \_\_\_ against, all of which appears in the official records of the Committee in my custody:

Voted: to approve the sale of the City's \$18,245,364 2.00% percent General Obligation Bond Anticipation Notes dated February 16, 2021 (the "Notes") and payable April 15, 2022 to BNY Mellon Capital Markets at par and accrued interest, if any, plus a premium of \$393,187.60.

Further Voted: that in connection with the marketing and sale of the Notes, the preparation and distribution of a Notice of Sale and Preliminary Official Statement dated January 29, 2021, and a final Official Statement dated February 4, 2021, each in such form as may be approved by the City Treasurer, be and hereby are ratified, confirmed, approved and adopted.

Further Voted: that we authorize and direct the Treasurer to establish post issuance federal tax compliance procedures in such form as the Treasurer and bond counsel deem sufficient, or if such procedures are currently in place, to review and update said procedures, in order to monitor and maintain the tax-exempt status of the Notes.

Further Voted: that any certificates or documents relating to the Notes (collectively, the "Documents"), may be executed in several counterparts, each of which shall be regarded as an original and all of which shall constitute one and the same document; delivery of an executed counterpart of a signature page to a Document by electronic mail in a ".pdf" file or by other electronic transmission shall be as effective as delivery of a manually executed counterpart signature page to such Document; and electronic signatures on any of the Documents shall be deemed original signatures for the purposes of the Documents and all matters relating thereto, having the same legal effect as original signatures.

Further Voted: that the Mayor, the City Clerk and the Treasurer be and hereby are, authorized to take any and all such actions, and execute and deliver such certificates, receipts or other documents as may be determined by them, or any of them, to be necessary or convenient to carry into effect the provisions of the foregoing vote.

I further certify that the votes were taken at a meeting open to the public, that no vote was taken by secret ballot, that a notice stating the place, date, time and agenda for the meeting (which agenda included the adoption of the above votes) was filed with the City Clerk and a copy thereof posted in a manner conspicuously visible to the public at all hours in or on the municipal building that the office of the City Clerk is located or, if applicable, in accordance with an alternative method of notice prescribed or approved by the Attorney General as set forth in 940 CMR 29.03(2)(b), at least 48 hours, not including Saturdays, Sundays and legal holidays,

prior to the time of the meeting and remained so posted at the time of the meeting, that no deliberations or decision in connection with the sale of the bonds were taken in executive session, all in accordance with G.L. c.30A, §§18-25 as amended, and as further suspended, supplemented or modified by the Executive Order of the Governor of The Commonwealth of Massachusetts Suspending Certain Provisions of the Open Meeting Law, Chapter 30A, §20 dated March 12, 2020.

Dated: February 8, 2021

---

Clerk of the Committee on Finance

91260805v.1





Item Title:

COMM re STA & TIE/HDIP Applications

Item Detail:

2. COMMUNICATION, Derek Santos, Executive Director, New Bedford Economic Development Council, to Council President Lopes and Members of the City Council, submitting two proposed STA applications approved by the Tax Increment Financing Board for a five (5) year Agreement for The Atlantic Red Crab Company LLC and Eastern Fisheries, Inc. and one proposed TIE/HDIP application for 2135 and 319 Commercial Street and 10 Front Street – National Downtown Club LLC. (Copies provided and distributed to all Councillors on December 02, 2020.) (Ref'd 12/09/2020)

2a. RESOLUTION, approving Certified Project Application and Special Tax Assessment Agreement with Atlantic Red Crab Company LLC. (Ref'd 12/09/2020)

2b. RESOLUTION, approving Certified Project Application and Special Tax Assessment Agreement with Eastern Fisheries, Inc. (Ref'd 12/09/2020)

2c. TAX INCREMENT EXEMPTION/HOUSING DEVELOPMENT INCENTIVE PROGRAM, National Downtown Club 2135 & 319 Commercial Street and 10 Front Street. (Ref'd 12/09/2020)

Additional Information:

ATTACHMENTS:

Description	Type
2. COMM re STA & TIE-HDIP Applications	Cover Memo
2a. STA - Atlantic Red Crab Company	Cover Memo
2b. STA - Eastern Fisheries	Cover Memo
2c. TIE-HDIP - National Downtown Club	Cover Memo
Resolution - National Downtown Club	Cover Memo

December 2, 2020

Joseph Lopes, President  
New Bedford City Council  
133 William Street  
New Bedford, MA 02740

RE: **New Bedford Tax Increment Financing Program**

Council President Lopes,

The Tax Increment Financing Board approved the two proposed STA applications and one proposed TIE/HDIP application at their 11.18.20 meeting. The two STA proposals represent a total of \$15 million of new investment in the City and will be responsible for the retention of 314 and the creation of at least 78 new jobs. The proposed TIE/HDIP project will create 28 residential and 2 commercial units and represents an investment of \$13 million.

The following proposed projects are now ready for submission to City Council:

- Proposed STA for The Atlantic Red Crab Company LLC, - 5 year agreement
- Proposed STA for Eastern Fisheries Inc., - 5 year agreement
- Proposed TIE/HDIP for 2135 & 319 Commercial St. & 10 Front St. - National Downtown Club LLC

On behalf of the TIF Board and the project applicants, we are requesting that these items be placed on the City Council agenda for referral to the Finance Committee.

Relative to the proposed STA agreements, attached are 12 copies of the project overviews, hypothetical calculations, and City Council Resolutions, for the City Council's review. For the proposed TIE/HDIP project attached please find 12 copies of an overview of the Massachusetts DHCD Housing Development Incentive Program as well as a summary of the proposed project, also for the City Council's review.

Should any City Councilor request to visit the sites we would be pleased to arrange the details with the company representatives.

Thank you and please do not hesitate to call with any questions.

Sincerely,

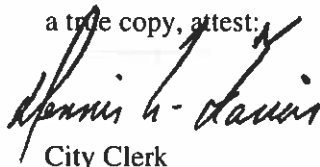


Derek Santos  
Executive Director

Cc: New Bedford City Council  
Mayor Mitchell's Office

IN CITY COUNCIL, December 9, 2020

Referred to the Committee on Finance – Yeas 11, Nays 0. Dennis W. Farias, City Clerk  
a true copy, attest:



City Clerk

**Resolution Approving Certified Project Application and Special Tax Assessment  
Agreement with Atlantic Red Crab Company LLC**

**Whereas**, Atlantic Red Crab Company LLC has applied for designation as a Certified Project under the Massachusetts Economic Development Incentive Program created by Chapter 23A of Massachusetts General Laws; within an Economic Opportunity Area ("EOA") within the New Bedford Economic Target Area ("ETA") for a period of 5 years ending June 30, 2026 pursuant to the authority granted by and meeting the requirements of 402 C.M.R. 2.10(3).

**Whereas**, Atlantic Red Crab Company LLC meets the minimum standards and is consistent with the Economic Development Incentive Program and the local economic development goals and criteria established as part of the documents creating the Greater New Bedford Economic Target Areas shall be expected to benefit significantly from inclusion in said ETA:

**Whereas**, the proposed Certified Project is located at Parcel 66 138A on 48 Antonio L. Costa Blvd. New Bedford, MA and shown on the City of New Bedford's real property assessment database on July 1, 2020;

**Whereas**, the project, together with all other projects previously certified and located in the same expansion project EOA will not overburden the City's infrastructure and utilities servicing the EOA;

**Whereas**, the City of New Bedford has agreed to offer Atlantic Red Crab Company LLC a Special Tax Assessment Agreement, for the project described in the application proposal that will have a reasonable chance of increasing employment opportunities for residents of the expansion project area, ETA. Said Agreement is hereby approved by the City Council and the STA Plan is incorporated by reference herein;

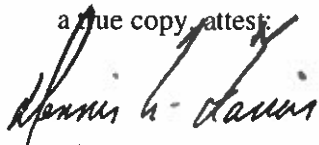
**Whereas**, Atlantic Red Crab Company LLC is going to invest at least \$3,000,000 in the acquisition of the facility, renovations and other capital expenditures, and will retain 39 permanent full time jobs and create 28 new permanent full time jobs over a period of five years;

**Now Therefore be it Resolved** that the City Council of the City of New Bedford approves the Certified Project application of Atlantic Red Crab Company LLC and forward said application for certification to the Massachusetts Economic Assistance Coordinating Council for its approval and endorsement.

**Further**, the City Council of the City of New Bedford authorizes the Mayor to enter into a Special Tax Assessment Agreement between the City of New Bedford and Atlantic Red Crab Company LLC. Said Agreement will provide for an exemption on property taxes on the full assessed valuation of the property at 95% for year one, 75% for year two, 50% for year three, 25% for year four, 5% for year five of a five-year Agreement according to the requirements and regulations established which govern the implementation of such Special Tax Assessment Agreements. The Agreement will be in effect as of FY2022 through FY2026.

IN CITY COUNCIL, December 9, 2020

Referred to the Committee on Finance – Yeas 11, Nays 0. Dennis W. Farias, City Clerk  
a true copy attests:

  
City Clerk



**CITY OF NEW BEDFORD**  
**TAX INCREMENT FINANCING BOARD**

1213 Purchase Street  
New Bedford, MA 02740

Tel. (508)991-3122  
Fax (508)991-7372

Jonathan F. Mitchell, Mayor

**TIF/STA PROJECT OVERVIEW**

**Project:**

STA - proposed 5 -year agreement

Atlantic Red Crab Company LLC  
48 Antonio L. Costa Blvd.  
New Bedford, MA 02740

**Contact Information:**

Jonathan Williams, Owner  
jwilliams@atlanticredcrab.com

132 Herman Melville Blvd.  
New Bedford, MA 02740

**Company Background**

The Atlantic Red Crab Company was founded with a single boat by Jon Williams in 1996. In 2008, the company purchased its current facility at 132 Herman Melville Blvd., and has since called the historic port of New Bedford, MA its home. Its namesake product, the Atlantic Red Crab has an average weight of one-pound, is known for its delicious, sweet taste and red-tinted meat. Red crab is recommended by both the Monterrey Bay Aquarium's Seafood Watch and the New England Aquarium.

Through self-imposed regulation and routine assessment, the company quickly became renowned for its sustainable practices. The company has a well-known reputation for industry preservation, fisheries management support and year-round employment.

Over the years, the company has not only grown in volume, it has grown in people, employing approximately 80 people both full and part-time.

**Current Employment**

Currently, over 125 people are proud to call The Atlantic Red Crab Company LLC and its affiliates their Massachusetts home.

**Proposed Project**

This project includes the acquisition, renovation, and equipping of 48 Antonio L. Costa Blvd. The property has suffered from deferred maintenance over the years and requires external repairs as well as internal upgrades. This expansion project will also require the purchase of new machinery and equipment the addition of a blast freezer as well as improvements to the Company's other two facilities in New Bedford.

The company plans to complete renovations and streamline operations across its properties then complete the move into the new facility by the end of Q1 2021.

**Proposed Investment**

The proposal requires an investment of approximately \$3MM. The acquisition price was \$1.2MM, renovations are budgeted at \$2M, and equipment, machinery, and furniture are budgeted at \$1.6MM.

The property has a total assessed value of \$918,800 (FY20).

**Employment Projections**

The project proposes the retention of 39 full time equivalent Atlantic Red Crab Company jobs as well as an additional 50 jobs at its affiliates.

The Atlantic Red Crab Company will create 28 new jobs over the next 5 years consisting of:

Job Category	Number	Average Salary
Management	2	\$85,000
Professional	2	\$50,000
Skilled labor	2	\$45,000
Unskilled labor	22	\$27,000

The company does offer health insurance to its employees.

**EDIP Participation**

- Local real estate tax incentive beneficiary (hypothetical calculation is attached)
- EDIP State Income Tax Credits

COMMONWEALTH OF MASSACHUSETTS  
ECONOMIC ASSISTANCE COORDINATING COUNCIL  
MASSACHUSETTS OFFICE OF BUSINESS DEVELOPMENT

**EDIP Supplemental Application Exhibit 2: Local Incentive Valuation for The Atlantic Red Crab Company, LLC (New Bedford)**

<b>FY</b>	<b>Municipal Tax Rate Per Thousand</b>	<b>Incremental Assessed Value</b>	<b>Projected Annual RE Property Tax Bill for Incremental Assessed Value</b>	<b>TIF/STA Yearly Exemption %</b>	<b>Exempted Annual RE Property Taxes</b>	<b>Exempted Annual Personal Property Taxes</b>	<b>Total Yearly Value of Local Tax Incentives</b>
2022	\$33.59	\$918,800.00	\$30,862.49	95%	\$29,319.37	\$0.00	\$29,319.37
2023	\$33.59	\$918,800.00	\$30,862.49	75%	\$23,146.87	\$0.00	\$23,146.87
2024	\$33.59	\$918,800.00	\$30,862.49	50%	\$15,431.25	\$0.00	\$15,431.25
2025	\$33.59	\$918,800.00	\$30,862.49	25%	\$7,715.62	\$0.00	\$7,715.62
2026	\$33.59	\$0.00	\$0.00	5%	\$0.00	\$0.00	\$0.00
<b>TOTALS</b>					<b>\$75,613.11</b>	<b>\$0.00</b>	<b>\$75,613.11</b>

Note: In Massachusetts, Proposition 2½ operates at the level of a municipality's total tax levy. Due to Proposition 2½, it is impossible to make reliable projections for individual parcels, whose taxes may increase much more or much less than the municipality's total taxes. As a result, this spreadsheet does not include an assumed increase in either the tax rate or the assessed value. This spreadsheet is intended to provide an estimate of the total value of property tax exemption as a result of the yearly TIF or STA exemption percentage negotiated between a company and a municipality.

Total Yearly Value of Local Tax Incentives minus PILOT = \_\_\_\_\_

**Location:** 48 ANTONIO L COSTA BLV**Parcel ID:** 66 138A**Zoning:** WI**Fiscal Year:** 2020**Current Owner Information:**

NB PROPERTIES LLC  
C/O MARDER NORTH REALTY LLC  
28 UNION STREET

NEW BEDFORD, MA 02740

**Current Sales Information:****Sale Date:**

09/11/2009

**Sale Price:**

\$0.00

Card No. 1 of 1

**Legal Reference:**

9500-21

**Grantor:**

DOLINSKY, MARVIN

This Parcel contains 0.8631 acres of land mainly classified for assessment purposes as MFG with a(n) Fish Processing Plant style building, built about 1987, having Metal exterior, Metal and Tin roof cover and 14224 Square Feet, with 1 unit(s), total room(s), total bedroom(s) total bath(s), 0 3/4 baths, and 5 total half bath(s).

**Building Value:**

739800

**Land Value:**

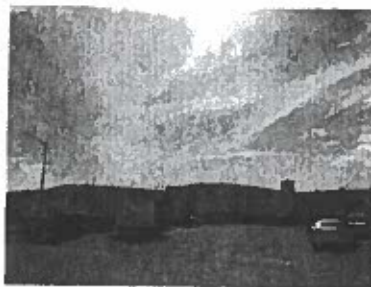
171800

**Yard Items Value:**

7200

**Total Value:**

918800

**Fiscal Year 2020**

Tax Rate Res.: 16.16  
Tax Rate Com.: 33.59  
Property Code: 400  
Total Bldg Value: 739800  
Total Yard Value: 7200  
Total Land Value: 171800  
**Total Value:** 918800  
**Tax:** \$30,862.49

**Fiscal Year 2019**

Tax Rate Res.: 16.47  
Tax Rate Com.: 34.84  
Property Code: 400  
Total Bldg Value: 769500  
Total Yard Value: 7200  
Total Land Value: 171800  
**Total Value:** 948500  
**Tax:** \$33,045.74

**Fiscal Year 2018**

Tax Rate Res.: 16.63  
Tax Rate Com.: 35.65  
Property Code: 400  
Total Bldg Value: 558200  
Total Yard Value: 7200  
Total Land Value: 171800  
**Total Value:** 737200  
**Tax:** \$26,281.18

Disclaimer: Classification is not an indication of uses allowed under city zoning.  
This information is believed to be correct but is subject to change and is not warranted.

**Resolution Approving Certified Project Application and Special Tax Assessment  
Agreement with Eastern Fisheries, Inc.**

**Whereas,** Eastern Fisheries Inc., have applied for designation as a Certified Project under the Massachusetts Economic Development Incentive Program created by Chapter 23A of Massachusetts General Laws; within an Economic Opportunity Area ("EOA") within the New Bedford Economic Target Area ("ETA") for a period of 5 years ending June 30, 2026 pursuant to the authority grandy by and meeting the requirements of 402 C.M.R. 2.10(3).

**Whereas,** Eastern Fisheries Inc., meet the minimum standards and is consistent with the Economic Development Incentive Program and the local economic development goals and criteria established as part of the documents creating the Greater New Bedford Economic Target Areas shall be expected to benefit significantly from inclusion in said ETA:

**Whereas,** the proposed Certified Project is located at Parcel 133 55 on 214 Samuel Barnet Blvd. New Bedford, MA and shown on the City of New Bedford's real property assessment database on July 1, 2020;

**Whereas,** the project, together with all other projects previously certified and located in the same expansion project EOA will not overburden the City's infrastructure and utilities servicing he EOA;

**Whereas,** the City of New Bedford has agreed to offer Eastern Fisheries Inc., a Special Tax Assessment Agreement, for the project described in the application proposal that will have a reasonable chance of increasing employment opportunities for residents of the expansion project area, ETA. Said Agreement is hereby approved by the City Council and the STA Plan is incorporated by reference herein;

**Whereas,** Eastern Fisheries Inc., is going to invest at least \$13,000,000 in the acquisition of the facility, renovations and other capital expenditures, and will retain 275 permanent full time jobs and create 50 new permanent full time jobs over a period of five years;

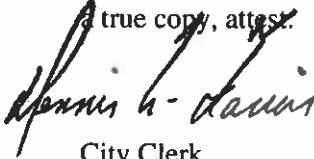
**Now Therefore be it Resolved** that the City Council of the City of New Bedford approves the Certified Project application of Eastern Fisheries Inc., and forward said application for certification to the Massachusetts Economic Assistance Coordinating Council for its approval and endorsement.

**Further,** the City Council of the City of New Bedford authorizes the Mayor to enter into a Special Tax Assessment Agreement between the City of New Bedford and Eastern Fisheries Inc.,. Said Agreement will provide for an exemption on property taxes on the full assessed valuation of the property at 100% for year one, 75% for year two, 50% for year three, 25% for year four, 5% for year five of a five-year Agreement according to the requirements and regulations established which govern the implementation of such Special Tax Assessment Agreements. The Agreement will be in effect as of FY2022 through FY2026.

**IN CITY COUNCIL, December 9, 2020**

Referred to the Committee on Finance – Yeas 11, Nays 0. Dennis W. Farias, City Clerk

A true copy, attest:

  
City Clerk





## CITY OF NEW BEDFORD TAX INCREMENT FINANCING BOARD

1213 Purchase Street  
New Bedford, MA 02740

Tel. (508)991-3122  
Fax (508)991-7372

Jonathan F. Mitchell, Mayor

### TIF/STA PROJECT OVERVIEW

**Project:**  
STA - proposed 5 -year agreement

Eastern Fisheries Inc.  
214 Samuel Barnett Blvd.  
New Bedford, MA 02745

**Contact Information:**  
Benjamin Alego, CFO  
benjamin@easternfisheries.com

14 Hervey Tichon Ave.  
New Bedford, MA 02740

#### Company Background

Eastern Fisheries, headquartered in New Bedford, MA is a global supply leader in the seafood industry and a trusted seafood source to some of the largest retailers, food service distributors and wholesalers in the world. Founded in 1978 by Roy Enoksen and Frank O'Hara, Eastern Fisheries harvests, imports, and distributes premium seafood worldwide. Today, Eastern owns and operates the largest scallop fleet in the industry and operates facilities in the U.S.A , China, Europe and Japan.

Eastern Fisheries is a privately owned, family operated, vertically integrated seafood company. Founded in 1978, Eastern is the world's largest harvester, importer and processor of scallops and has become a globally recognized and trusted seafood source for retailers and food service companies world-wide. The company's vertically integrated business approach manages to ensure the highest quality control, cost effectiveness and availability of products while minimizing logistic issues.

Eastern currently buys, processes, and sells over 50 million pounds of seafood per year.

#### Current Employment

Eastern Fisheries Inc., currently employs 275 full time employees.

#### Proposed Project

This project includes the acquisition and renovation of 214 Samuel Barnett Blvd. that will enable the relocation and expansion of Eastern Fisheries' operations. This location, the former Rhinehart facility, has remained vacant for a number of years and has suffered from deferred maintenance. Renovations to be completed include the upgrading and repairs of buildings roof, mechanical systems, electric, HVAC, refrigeration, as well as bathrooms and break areas.

The company plans to complete renovations in Q1 2021, start moving equipment into the new facility in Q2 2021, and begin full production at the new location by May 1, 2021.

#### Proposed Investment

The proposal requires an investment of approximately \$12MM. The acquisition price was \$8MM, renovations are budgeted at \$2MM, and equipment, machinery, and furniture are budgeted at \$2MM.

The property has a total assessed value of \$4,913,900 (FY20).

**Employment Projections**

The project proposes the retention of 275 FTE jobs and the creation of 50 new jobs over the next 5 years.

Job Creation will consist of:

Job Category	Number	Average Salary
Management	2	\$130,000
Professional	2	\$98,000
Skilled labor	5	\$76,000
Unskilled labor	41	\$42,000

The company does offer health insurance as well as a 401k/IRA to its employees.

**EDIP Participation**

- Local real estate tax incentive beneficiary (hypothetical calculation is attached)
- Abandoned building tax credit
- EDIP State Income Tax Credits

## EDIP Supplemental Application Exhibit 2: Local Incentive Valuation for Eastern Fisheries, Inc. (New Bedford)

Note: In Massachusetts, Proposition 2½ operates at the level of a municipality's total tax levy. Due to Proposition 2½, it is impossible to make reliable projections for individual parcels, whose taxes may increase much more or much less than the municipality's total taxes. As a result, this spreadsheet does not include an assumed increase in either the tax rate or the assessed value. This spreadsheet is intended to provide an estimate of the total value of property tax exemption as a result of the yearly TIF or STA exemption percentage negotiated between a company and a municipality.

Total Yearly Value of Local Tax Incentives minus PILOT =

**Location:** 214 SAMUEL BARNETT BLVD**Parcel ID:** 133 55**Zoning:** IC**Fiscal Year:** 2020**Current Owner Information:**

LONE OAK - NEW BEDFORD, LLC  
C/O REYES HOLDINGS, LLC  
6250 NORTH RIVER ROAD

ROSEMONT, IL 60018

**Current Sales Information:****Sale Date:**

10/22/2007

**Sale Price:**

\$8,000,000.00

**Legal Reference:**

8832-265

**Grantor:**

DISTRIBUTION REALTY LLC,

Card No. 1 of 1

This Parcel contains 9.4 acres of land mainly classified for assessment purposes as IND WHS with a(n) WareHouse style building, built about 1999, having Metal exterior, Rubber Sheathing roof cover and 112587 Square Feet, with 1 unit(s), total room(s), total bedroom(s) total bath(s), 0 3/4 baths, and 0 total half bath(s).

**Building Value:**

4231000

**Land Value:**

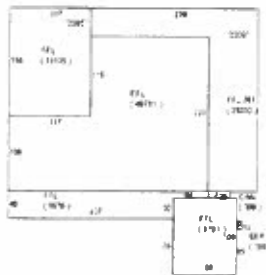
601200

**Yard Items Value:**

81700

**Total Value:**

4913900

**Fiscal Year 2020**

Tax Rate Res.: 16.16  
Tax Rate Com.: 33.59  
Property Code: 401  
Total Bldg Value: 4231000  
Total Yard Value: 81700  
Total Land Value: 601200  
**Total Value:** 4913900  
**Tax:** \$165,057.90

**Fiscal Year 2019**

Tax Rate Res.: 16.47  
Tax Rate Com.: 34.84  
Property Code: 401  
Total Bldg Value: 4105600  
Total Yard Value: 81700  
Total Land Value: 601200  
**Total Value:** 4788500  
**Tax:** \$166,831.34

**Fiscal Year 2018**

Tax Rate Res.: 16.63  
Tax Rate Com.: 35.65  
Property Code: 401  
Total Bldg Value: 3927100  
Total Yard Value: 81700  
Total Land Value: 431800  
**Total Value:** 4440600  
**Tax:** \$158,307.39



## CITY OF NEW BEDFORD TAX INCREMENT FINANCING BOARD

1213 Purchase Street  
New Bedford, MA 02740

Tel. (508) 991-3122  
Fax (508) 991-7372

Jonathan F. Mitchell, Mayor

### TIE/HDIP PROJECT OVERVIEW

<b>Project:</b> National Downtown Club LLC Eighteen and Union 2135 & 319 Commercial Street and 10 Front Street, New Bedford, MA	<b>Contact Information:</b> Sean LaFrance, Director of Facilities LaFrance Hospitality Telephone: 508.294.7097 Email: sean@lafrancehospitality.com
<b>Prepared By:</b> Patrick J. Sullivan Director Office of Housing and Community Development	<b>Date:</b> October 13, 2020
<b>Company Background:</b> LaFrance Hospitality began in 1955 when it opened a family restaurant in Westport, MA, named it White's. Richard LaFrance took over operations and in 1985 created the addition of the Grand Salon at the restaurant which added 9,800 square feet, and greater flexibility to the business.  LaFrance Hospitality Company took a step in a new direction in 1989, with the opening of it's first limited service Hampton Inn hotel, adjacent to White's of Westport. This Hampton Inn was joined by two more in 1995 and 2000, respectively, with the Fairhaven/New Bedford Hampton Inn and the Franklin, MA Hampton Inn. With the sale of the Fairhaven and Franklin Hampton Inn properties in 2007 to the Claremont Company, LaFrance launched its first non-owned Hotel Service Contracts.  The restaurant/banquet side of the business expanded, also, with the purchase of what was to become Bittersweet Farm Restaurant and Tavern in Westport, in 1998 and Rachel's Lakeside, a banquet/function facility in Dartmouth, MA in 2002.  LaFrance Hospitality Company has opened hotels in: Comfort Inn and Suites, in Dover, New Hampshire. a 122 room Hampton Inn & Suites in Plymouth, MA, Comfort Inn & Suites in Wilton, Maine, Hampton Inn and the Homewood Suites, the Fairfield Inn & Suites by Marriott & Waypoint Event Center, New Bedford, MA, Holiday Inn Express in Milford, Massachusetts, TownePlace Suites by Marriott Wareham Buzzards Bay hotel at Rosebrook Place: a mixed-use development by the A.D. Makepeace Company just off I-495/I-195 in Wareham, MA. The hotels have received many awards from local and international organizations, including "Best Hotel Opening" from Marriott International, and Economic Impact Awards from Boston based MassECON, and the New Bedford Area Chamber of Commerce.  In addition to the company's New England hotel properties, LaFrance Hospitality also acquired four hotel properties in Florida through various partnerships while assuming management control in a select few.  LaFrance Hospitality sold their Dover, NH Hampton Inn in 2015, and later, in 2016, the Comfort Inn & Suites, Dover, NH hotel to the same company. In 2016, LaFrance Hospitality added three new hotel properties within six months of each other. Courtyard by Marriott Boston Littleton, located at The Point in Littleton, MA, a mixed-use retail destination on I-495, opened in May of 2016 and soon after, a Fairfield Inn & Suites hotel in Plymouth, NH, opened in September 2016, the company acquired the Residence Inn North Conway hotel in New Hampshire from True North Hotel Group.	

**Proposed Project**

The project is located within the downtown New Bedford Historic District on lower Union Street. The project named "Eighteen and Union", is proposing to completely renovate three separate, but contiguous buildings. The frame building is particularly historically significant, built in 1783 with the second and third buildings build between 1843 and 1845.

The project will involve the substantial rehabilitation of these three buildings resulting in a total of 28 residential units - 23 market rate units, 5 affordable units, and 2 commercial spaces. The apartments will be structured as follows: 20 – two (2) bedroom units, and 8 – one (1) bedroom units. The proposed use for the commercial spaces is for a barber and restaurant.

The apartments will be structured as follows: 18 – two (2) bedroom units, and 8 – one (1) bedroom units. The proposed use for the commercial spaces is for a barber and restaurant. The project is estimated to cost \$13 million and will total 26,788 square feet. The proposed construction start date is September 2020 with a project completion date of September 2021.

The owner of the project will be a newly created LLC named; National Development LLC. The Development team includes: Developer – LaFrance Hospitality, General Partner -Lanagan and Associates, Development Consultant – WHALE, Architect – Newport Collaborative, Construction Manager – LaFrance Hospitality, Management Agent – Lanagan & Associates, Attorney – Klein Hornig, Syndicator – Dorfman Financial.

The project is fully permitted with the Zoning Board, Planning Board, and Historic Commission. The City of New Bedford, through the Office of Housing and Community Development will be providing federal HOME funding to support the project.

**Financing Summary:****SOURCES OF FUNDS**

Owner Mortgage	\$5,519,885
Opportunity Zone	\$1,700,000
State Historic Tax Credits	\$1,727,189
Federal Historic Tax Credits	\$2,007,857
HDIP	\$1,840,000
City HOME	\$ 500,000

**TOTAL SOURCES** **\$13,294,930**

**USES OF FUNDS**

Acquisition	\$2,350,000
Construction Frame Building	\$2,643,124
Construction Masonry Bldg	\$4,057,890
Construction National Club	\$1,138,960
Contingency	\$ 700,000
Acquisition and Construction:	\$10,889,974
Subtotal Soft Costs:	\$1,404,956
Developer Overhead and Fee	\$1,000,000

**TOTAL USES** **\$13,294,930**

### **Rehabilitation Investment**

The project proposes to renovate three historic buildings utilizing several funding sources identified in the Development Budget including State and Federal Historic Tax Credits. The Beckman buildings consist of a stone building (21-35 Commercial Street) and a wood framed building (11-19 Commercial Street) that were constructed in three phases between 1843-1851.

The Project will restore and rehabilitate the Beckman buildings into a mix of 26 affordable and market rate one-and – two -bedroom units, as well as one commercial space. The stone building will contain solely residential spaces. The building will be re-roofed, and dormers will be added. Original doors and windows will be restored wherever possible. The interior will be partitioned into residential apartments and townhomes. All mechanical, electrical, plumbing, fire protection systems will be replaced with new code-compliant systems. The Frame building will be primarily residential with one commercial space on the first story of the eastern portion of the building. The frame building presents multiple structural challenges and will require some restructuring and reconstruction to render the building sound, habitable and compliant with building codes. Following structural repairs, the Framed building will be renovated utilizing original windows, siding and doors whenever possible. An elevator will be installed to provide accessibility to both the Framed and the Stoned building.

The estimated construction costs total \$8,539,974 (including a \$700,000 contingency). In accordance with the HDIP requirements, I have requested, from the developer, a breakdown of the actual eligible construction costs associated with the market rate residential units only. The 5 affordable units and the commercial space construction costs will have to be subtracted from the total construction cost of the project.

### **Proposed Tax Increment Exemption**

The developer is requesting a TIE for a term of 10 years. The TIE Tax Exemption % would begin at 100% the first year and then would be at 20% for years 1-5. The TIE exemption would then increase by 10% for years 6-10 resulting in 100% after the ten years. The current assessed tax of the buildings is \$49,471 based on a current appraised value of \$1,472,800. The proposed construction costs totaling \$8,539,974 and the current value of \$1,472,800 are being utilized to compute the new assessment totaling \$8,652,256. The new tax derived from the proposed renovations and the base value would total \$290,169 in year 2. Based on the proposed TIE agreement, the developer would pay the base value of the property each year plus the new assessed value less TIE exemption. The tax would increase by TIE percentages outlined above until the property would become fully taxed in 15 years.

Attached to this summary is the proposed Tax Increment Exemption Schedule, as well as site and building plans for the project.



National Downtown Club, LLC  
18 & Union  
New Bedford, MA  
TIE Calculation

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(10)	(12)	(13)	(14)	(15)	(16)	(17)	(18)
Fiscal Year	Base Value	Improvement Value	New Assessment	Base Tax @ 100%	New Investment Tax @ 100%	Total Tax	TIE %	TIE Tax	Tax Paid By National Downtown Club on New Investment	Exemption %	Tax Paid By Tax Benefit to National Downtown Club on New Investment	Average Local Annual Special (based upon 28 years)	Local Tax	Tax Benefit to City of New Bedford			
2020	Base	\$1,472,800	\$5,395,000	\$6,867,256	\$33.59	\$49,471	100%	\$0	\$0	0%	\$0	\$0	\$0	\$0	\$0	\$0	\$49,471
2021	1	\$1,502,256	\$5,502,900	\$7,035,201	\$33.59	\$231,679	20%	\$38,244	\$144,974	80%	\$147,874	\$86,704	\$144,974	\$336,000	\$23,520	\$110,224	
2022	2	\$1,532,301	\$5,612,958	\$7,175,905	\$33.59	\$236,312	20%	\$38,988	\$147,874	80%	\$147,874	\$88,438	\$147,874	\$342,720	\$23,980	\$112,428	
2023	3	\$1,562,947	\$5,725,217	\$7,319,423	\$33.59	\$241,039	20%	\$37,708	\$150,831	80%	\$150,831	\$90,207	\$150,831	\$348,574	\$24,470	\$114,877	
2024	4	\$1,594,206	\$5,838,722	\$7,465,812	\$33.59	\$245,859	20%	\$36,402	\$153,848	80%	\$153,848	\$92,011	\$153,848	\$356,566	\$24,960	\$116,971	
2025	5	\$1,626,090	\$5,956,516	\$7,615,128	\$33.59	\$250,777	20%	\$35,231	\$156,925	80%	\$156,925	\$93,852	\$156,925	\$363,697	\$25,456	\$119,310	
2026	6	\$1,658,812	\$6,075,646	\$7,767,431	\$33.59	\$255,792	20%	\$34,081	\$160,040	50%	\$100,040	\$155,752	\$100,040	\$370,971	\$25,986	\$121,700	
2027	7	\$1,691,784	\$6,197,159	\$7,922,779	\$33.59	\$260,808	60%	\$32,964	\$163,163	40%	\$81,632	\$179,276	\$81,632	\$378,391	\$26,487	\$124,131	
2028	8	\$1,725,620	\$6,321,102	\$8,081,235	\$33.59	\$265,126	70%	\$31,826	\$166,126	30%	\$145,714	\$203,677	\$82,448	\$385,958	\$27,017	\$126,564	
2029	9	\$1,760,132	\$6,447,524	\$8,242,859	\$33.59	\$270,448	80%	\$30,713	\$169,081	20%	\$189,891	\$228,984	\$42,465	\$393,678	\$27,557	\$128,951	
2030	10	\$1,795,335	\$6,447,524	\$8,242,859	\$33.59	\$276,878	90%	\$29,624	\$184,816	10%	\$21,857	\$255,220	\$21,857	\$401,551	\$28,109	\$128,328	
TOTALS																	
		\$602,003	\$1,984,287	\$2,586,290							\$921,691	\$1,062,696	\$1,523,594	\$1,062,696	\$3,679,106	\$257,537	\$1,761,131

46% 54%

IN CITY COUNCIL, December 9, 2020  
Referred to the Committee on Finance – Years 11, Nays 0.

Dennis W. Farias, City Clerk

a true copy, attest:

*Dennis W. Farias*  
City Clerk





## **City of New Bedford, Massachusetts**

### **Office of Housing & Community Development**

**Patrick J. Sullivan, Director**

#### **HOUSING DEVELOPMENT INCENTIVE PROGRAM**

The City of New Bedford is seeking to expand residential development within its downtown business district by creating an incentive zone utilizing the newly developed program offered through the state of Massachusetts Department of Housing and Community Development.

The Housing Development Incentive Program (HDIP), established as M.G.L., Chapter 40V, provides Gateway Cities with a development tool to increase residential growth, expand diversity of housing stock, support economic development, and promote neighborhood stabilization in designated geographic target areas.

The program provides two tax incentives to developers to undertake substantial rehabilitation of properties for lease or sale as multi-unit market rate housing:

- 1) A local-option tax exemption on increased property values
- 2) A State tax credit of up to 10 percent of qualified rehabilitation costs.

#### **Project Specifics:**

Substantial rehabilitation of an existing property resulting in:

- Two or more units for sale or lease as market rate housing
- Minimum of 80% of total units as market rate
- One or more buildings on one or more contiguous parcels of land permitted and financed as single undertaking. May be mixed-use, including commercial
- No restrictions on size of HD Projects
- Must be substantial rehabilitation of an existing property

HD Tax Increment Exemption Agreement authorizes annual exemption from local property tax

- Exemption percentage of 10-100% of incremental value of market rate units
- % may vary among HD Projects
- % may change from year-to-year for individual HD Projects
- Duration of Agreement 5-20 years
- Effective as of the 1st fiscal year following DHCD's certification of HD Project and approval of Agreement
- DHCD will also approve Agreements for HD Projects not seeking/not awarded HD Tax Credits

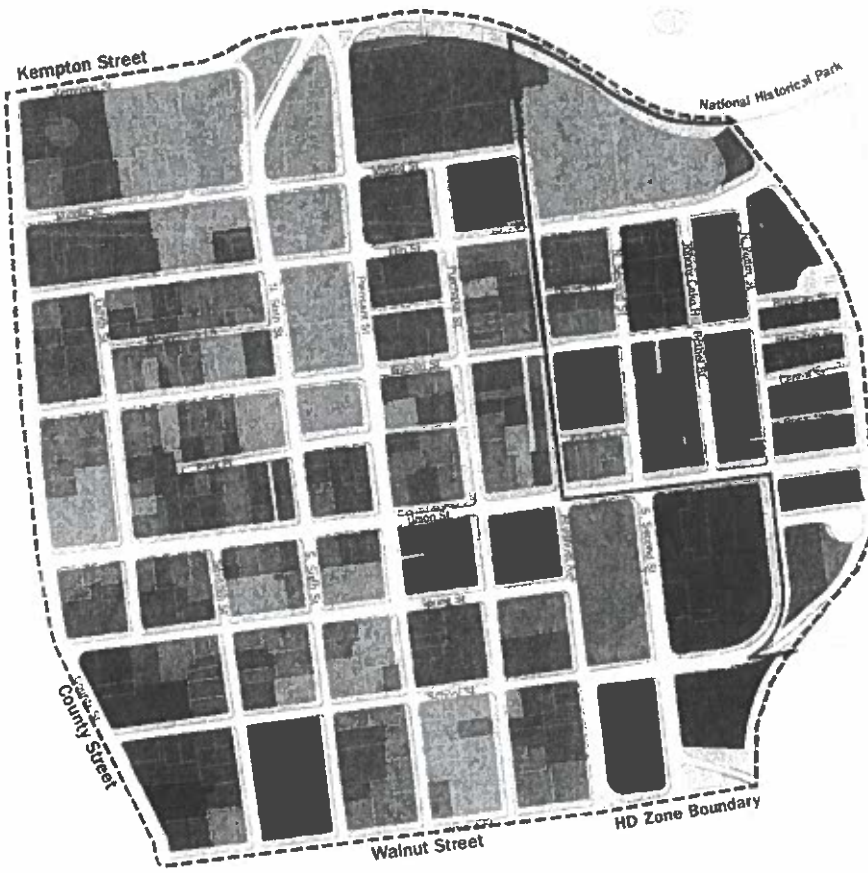
State Investment Tax Credit up to 10% of qualified substantial rehabilitation costs of market rate units

- Credit of up to \$2M for individual HD Projects
- Credit allowed in taxable year in which project completed and certified by DHCD
- Credit is transferable and can be carried forward for up to 5 years
- Total annual program cap of \$10M

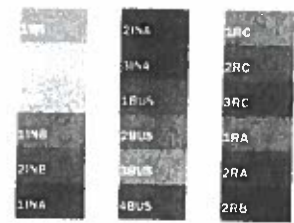
---

#### **HOUSING DEVELOPMENT INCENTIVE PROGRAM**

The City's HD Zone constitutes the core of New Bedford's downtown. It is bounded on the east by Route 18; on the south by Walnut Street; on the west by County Street; and on the north by Kempton Street.



Existing Zoning



**Resolution Approving the Tax Increment Exemption Housing Development Incentive  
Program and Agreement for the Downtown National Club LLC**

**Whereas,** the Downtown National Club LLC has submitted a Housing Development Incentive Program (HDIP) application to the City of New Bedford and is seeking certification under the Massachusetts Housing Development Incentive program created by Chapter 40V of Massachusetts General Laws and promulgated thereunder at 760CMR 66.00, and

**Whereas,** Downtown National Club LLC proposes to develop 23 market rate residential units, 5 affordable residential units and plans to invest an estimated \$13.2 million in said development located at Eighteen and Union Street, 2135 & 319 Commercial Street and 10 Front Street, New Bedford, Massachusetts, and

**Whereas,** the project proposed by Downtown National Club LLC meets the minimum requirements of the Housing Development Incentive Program and the local objectives of the City of New Bedford's Housing Development Zone Plan;

**Whereas,** the proposed project is located at Eighteen and Union Street, 2135 & 319 Commercial Street and 10 Front Street and encompassing parcels, New Bedford, Massachusetts is within the boundaries of the City of New Bedford's designated Housing Development Zone;

**Whereas,** the Downtown National Club LLC is seeking a Local Tax Increment Incentive as part of the Certified Project approval and Housing Development Tax Credit and meets the minimum requirements of 760 CMR 66.00, and

**Whereas,** approval of the Downtown National Club Housing Development Incentive Program Application in accordance with the above referenced laws, rules and regulations of the Commonwealth of Massachusetts is hereby accepted by the City Council,

**Now Therefore be it Resolved** that the City Council of the City of New Bedford approves the Certified Project application of Downtown National Club LLC and forward said application to the Massachusetts Department of Housing and Community Development for its approval and endorsement.

**Further,** the City Council of the City of New Bedford authorizes the Mayor to execute the Tax Increment Exemption Agreement between the City of New Bedford and Downtown National Club LLC. Said agreement will provide for an exemption on property taxes based on the growth portion in the residential assessed valuation of the property at 100% for the first year, 20% for years 2-5, 10% for years 6-10 of a ten-year agreement according to the requirements and regulations established which govern the implementation of such Tax Increment Exemption Agreements. The Agreement will be in effect as of FY2020 and will extend through FY2029.



Item Title:  
ACCESSIBILITY STATEMENT

Item Detail:

***In accordance with the Americans with Disabilities Act (ADA), if any accommodations are needed, please contact the Clerk of Committees Office at 508-979-1482. Requests should be made as soon as possible but at least 48 hours prior to the scheduled meeting.***

Additional Information: