

This Preliminary Official Statement and the information contained herein are subject to completion or amendment. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation, or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction.

PRELIMINARY OFFICIAL STATEMENT AND NOTICE OF SALE DATED MARCH 7, 2024

Rating: See "Rating" herein.
S&P Global Ratings:

New Issue

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 Bonds is excluded from gross income for federal income tax purposes under the Internal Revenue Code of 1986, as amended (the "Code"). Interest on the Bonds will not be included in computing the alternative minimum taxable income of individuals. However, interest on the Bonds will be included in the "adjusted financial statement income" of certain corporations that are subject to the alternative minimum tax under Section 55 of the Code. Under existing law, interest on the Bonds is exempt from Massachusetts personal income taxes, and the Bonds 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 Bonds. See "Tax Exemption" herein. The Bonds will not be designated as "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Code.

CITY OF NEW BEDFORD, MASSACHUSETTS
\$18,805,000* GENERAL OBLIGATION STATE QUALIFIED
MUNICIPAL PURPOSE LOAN OF 2024 BONDS

DATED
Date of Delivery

DUE
April 1
(as shown below)

The Bonds are issuable only in fully registered form, registered in the name of Cede & Co., as Bondowner and nominee for The Depository Trust Company ("DTC"), New York, New York. DTC will act as securities depository for the Bonds. Purchases of the Bonds will be made in book-entry form in the denomination of \$5,000, or any integral multiple thereof. (See "THE BONDS - Book-Entry Transfer System" herein.)

Principal of the Bonds will be payable April 1 of the years in which the Bonds mature. Interest on the Bonds will be payable April 1 and October 1, commencing October 1, 2024. Principal and semiannual interest on the Bonds will be paid by the Treasurer and Receiver-General of The Commonwealth of Massachusetts, as Paying Agent. So long as DTC or its nominee, Cede & Co., is the Bondowner, such payments will be made directly to such Bondowner. Disbursement of such payments to the DTC Participants is the responsibility of DTC and disbursement of such payments to the Beneficial Owners is the responsibility of the DTC Participants and Indirect Participants, as more fully described herein.

The Bonds will be subject to redemption prior to their stated maturity dates as described herein.

An opinion of Bond Counsel will be delivered with the Bonds to the effect that the Bonds are valid general obligations of the City of New Bedford, Massachusetts, and that the principal of and interest on the Bonds are payable from taxes that may be levied upon all the property within the territorial limits of the City, subject to the limit imposed by Chapter 59, Section 21C of the General Laws.

MATURITIES, AMOUNTS*, RATES, PRICES OR YIELDS AND CUSIPS

| Due April 1 | Principal Amount* | Interest Rate | Price/ Yield | CUSIP 642170 | Due April 1 | Principal Amount* | Interest Rate | Price/ Yield | CUSIP 642170 |
|----------------|----------------------|------------------|-----------------|-----------------|----------------|----------------------|------------------|-----------------|-----------------|
| 2025 | \$ 875,000 | % | % | | 2040 | \$ 460,000 | % | % | |
| 2026 | 885,000 | | | | 2041 | 485,000 | | | |
| 2027 | 940,000 | | | | 2042 | 500,000 | | | |
| 2028 | 525,000 | | | | 2043 | 520,000 | | | |
| 2029 | 560,000 | | | | 2044 | 540,000 | | | |
| 2030 | 585,000 | | | | 2045 | 560,000 | | | |
| 2031 | 610,000 | | | | 2046 | 585,000 | | | |
| 2032 | 650,000 | | | | 2047 | 610,000 | | | |
| 2033 | 680,000 | | | | 2048 | 625,000 | | | |
| 2034 | 635,000 | | | | 2049 | 660,000 | | | |
| 2035 | 660,000 | | | | 2050 | 675,000 | | | |
| 2036 | 685,000 | | | | 2051 | 710,000 | | | |
| 2037 | 715,000 | | | | 2052 | 735,000 | | | |
| 2038 | 735,000 | | | | 2053 | 380,000 | | | |
| 2039 | 710,000 | | | | 2054 | 310,000 | | | |

THE BONDS ARE BEING OFFERED FOR SALE AT 11:00 A.M. (EASTERN TIME) ON WEDNESDAY, MARCH 13, 2024 VIA PARITY IN THE MANNER SET FORTH IN THE NOTICE OF SALE. REFERENCE IS MADE TO THE NOTICE OF SALE DATED MARCH 7, 2024 FOR THE CONDITIONS OF SUCH SALE.

The Bonds are offered subject to the final approving opinion of Locke Lord LLP, Boston, Massachusetts, Bond Counsel, as aforesaid, and to certain other conditions referred to herein and in the Notice of Sale. Hilltop Securities Inc., Boston, Massachusetts has acted as Municipal Advisor to the City of New Bedford, Massachusetts, with respect to the Bonds. The Bonds in definitive form will be delivered to DTC, or its custodial agent, on or about April 10, 2024, against payment to the City in federal funds.

*Preliminary, subject to change.

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The Official Statement is not to be construed as a contract or agreement between the City and the purchasers or holders of any of the Bonds. Any statements made in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended merely as opinion and not as representations of fact. The information and expressions of opinion herein are subject to change without notice and neither the delivery of this Official Statement nor any sale of the bonds described herein shall, under any circumstances, create any implication that there has been no change in the affairs of the City of New Bedford, since the date hereof.

SUMMARY STATEMENT

The information set forth below is qualified in its entirety by the information and financial statements appearing elsewhere in the Official Statement.

| | |
|---------------------------------------|--|
| Date of Sale: | Wednesday, March 13, 2024, 11:00 A.M. (Eastern Time). |
| Location of Sale: | Hilltop Securities Inc., 54 Canal Street, 3rd Floor, Boston, Massachusetts 02114. |
| Issuer: | City of New Bedford, Massachusetts. |
| Issue: | \$18,805,000* General Obligation State Qualified Municipal Purpose Loan of 2024 Bonds, see "THE BONDS - Book-Entry Transfer System" herein. |
| Preliminary Official Statement Dated: | March 7, 2024. |
| Dated Date of the Bonds: | As of their date of delivery. |
| Principal Due: | Serially April 1, 2025 through April 1, 2054 as detailed herein. |
| Interest Payable: | Semiannually on April 1 and October 1, commencing October 1, 2024. |
| Purpose and Authority: | The Bonds are authorized by the City for various municipal purposes under provisions of the Massachusetts General Laws as detailed herein. |
| Redemption: | The Bonds will be subject to redemption prior to their stated maturity dates as detailed herein. |
| Security for the Bonds: | The Bonds are valid general obligations of the City of New Bedford, Massachusetts, and the principal of and interest on the Bonds are payable from taxes that may be levied upon all taxable property within the territorial limits of the City, subject to the limit imposed by Chapter 59, Section 21C of the General Laws. |
| State Qualified Bonds: | The Bonds will be issued as State Qualified Bonds under Chapter 44A of the Massachusetts General Laws ("Chapter 44A"). Pursuant to Chapter 44A, the State Treasurer shall pay debt service on the City's State Qualified Bonds and after payment shall withhold from distributable aid (as defined in Chapter 44A) payable to the City an amount which will be sufficient to pay the debt service on such State Qualified Bonds or, if the amount of such distributable aid in any year is insufficient for the purpose, from any other amounts payable by The Commonwealth of Massachusetts (the "Commonwealth") to the City under any provision of law. From the time withheld by the State Treasurer, all such distributable aid or other amounts so withheld and paid shall be exempt from being levied upon, taken, sequestered, or applied toward paying the debts of the City other than for payment of debt service on such State Qualified Bonds. Nothing in Chapter 44A shall be construed to pledge the credit and assets of the Commonwealth to the support of any State Qualified Bonds or to guarantee payment or stand as surety to the payment of any State Qualified Bonds. See "THE BONDS-State Qualified Bonds" herein. |
| Credit Rating: | The City has applied to S&P Global Ratings for a rating on the Bonds. |
| Bond Insurance: | The City has not contracted for the issuance of any policy of municipal bond insurance or any other credit enhancement facility. |
| Basis of Award: | Lowest True Interest Cost (TIC), as of the dated date. <u>NO BID OF LESS THAN PAR PLUS A PREMIUM OF AT LEAST \$120,000 WILL BE ACCEPTED.</u> |
| Tax Exemption: | Refer to "THE BONDS - Tax Exemption" herein and Appendix B, "Proposed Form of Legal Opinion." |
| Continuing Disclosure: | Refer to "THE BONDS - Continuing Disclosure" herein and Appendix C, "Proposed Form of Continuing Disclosure Certificate." |
| Bank Qualification: | The Bonds <u>are not</u> designated by the City as "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended. |
| Paying Agent: | Treasurer and Receiver-General of The Commonwealth of Massachusetts. |
| Legal Opinion: | Locke Lord LLP, Boston, Massachusetts. |
| Municipal Advisor: | Hilltop Securities Inc., Boston, Massachusetts. |
| Delivery and Payment: | It is expected that delivery of the Bonds in book-entry only form will be made to The Depository Trust Company, or to its custodial agent, on or about April 10, 2024, against payment in federal funds. |
| Additional Information: | Questions concerning the Official Statement should be addressed to Mr. John Taxiarchos, Interim Treasurer, City of New Bedford, Massachusetts telephone: (508) 979-1430 or Cinder McNerney, Regional Managing Director, Hilltop Securities Inc., Boston, Massachusetts Telephone (617) 619-4408. |

*Preliminary, subject to change.

The New Bedford Way

New Bedford City Government STATEMENT OF VALUES

As public servants, we pride ourselves on our efforts to earn and maintain the public's trust by ensuring that our actions represent the highest standards of integrity and professional ethics.

Integrity: We hold ourselves to the highest ethical and performance standards and are professional and honest in our working relationships. We strive for equity and fairness in our decision making and in our treatment of one another. We honor our commitments and are committed to a transparent process that ensures the highest level of trust in our decisions and methods.

Accountability: We accomplish with integrity, honesty, and conscientiousness, our defined and assigned tasks within a reasonable time in order to fulfill our goals.

Innovation: In pursuit of continuous improvement, we take bold action with a shared sense of purpose and a creative approach to problem-solving. We are proactive visionaries who will use our knowledge, skills and abilities to seize opportunities and confront challenges to ensure the highest level of service to the community.

Teamwork: Our success depends upon a cooperative effort and the ability to perform as one highly effective team. We value an atmosphere of mutual respect, support and cooperation that provides a positive work environment for our employees, encourages individual creativity, and produces the highest quality of services for our residents.

Respect: We value and celebrate the diversity of our community, appreciate differing viewpoints, respond with empathy to the concerns of our residents and encourage active civic engagement as we work to provide a welcoming environment in which to conduct the People's business. We are committed to the respectful and dignified treatment of all people and to the development of meaningful and productive working relationships with our colleagues and the residents we serve.

NOTICE OF SALE

CITY OF NEW BEDFORD, MASSACHUSETTS

\$18,805,000* GENERAL OBLIGATION STATE QUALIFIED MUNICIPAL PURPOSE LOAN OF 2024 BONDS

The City of New Bedford, Massachusetts (the "City") will receive electronic (as described herein) proposals until 11:00 A.M., Eastern Time, Wednesday, March 13, 2024, for the purchase of the following described General Obligation State Qualified Municipal Purpose Loan of 2024 Bonds of the City (the "Bonds"):

\$18,805,000* General Obligation State Qualified Municipal Purpose Loan of 2024 Bonds payable April 1 of the years and in the amounts as follows:

| Due April 1 | Principal Amount* | Due April 1 | Principal Amount* |
|----------------|----------------------|----------------|----------------------|
| 2025 | \$ 875,000 | 2040 | \$ 460,000 |
| 2026 | 885,000 | 2041 | 485,000 |
| 2027 | 940,000 | 2042 | 500,000 |
| 2028 | 525,000 | 2043 | 520,000 |
| 2029 | 560,000 | 2044 | 540,000 |
| 2030 | 585,000 | 2045 | 560,000 |
| 2031 | 610,000 | 2046 | 585,000 |
| 2032 | 650,000 | 2047 | 610,000 |
| 2033 | 680,000 | 2048 | 625,000 |
| 2034 | ** 635,000 | 2049 | 660,000 |
| 2035 | ** 660,000 | 2050 | 675,000 |
| 2036 | ** 685,000 | 2051 | 710,000 |
| 2037 | ** 715,000 | 2052 | 735,000 |
| 2038 | ** 735,000 | 2053 | 380,000 |
| 2039 | ** 710,000 | 2054 | 310,000 |

*Preliminary, subject to change.

**Callable maturities. May be combined into not more than three Term Bonds as described herein.

The Bonds will be dated their date of delivery. Principal of the Bonds will be payable on April 1 of the years in which the Bonds mature. Interest will be payable on April 1 and October 1, commencing October 1, 2024.

The Bonds will be issued by means of a book-entry system with no physical distribution of the Bonds made to the public. One certificate for each maturity of the Bonds will be issued to The Depository Trust Company, New York, New York ("DTC"), and immobilized in its custody. Ownership of the Bonds in principal amounts of \$5,000 or integral multiples thereof, will be evidenced by a book-entry system with transfers of ownership effected on the records of DTC and its Participants pursuant to rules and procedures established by DTC and its Participants. The winning bidder, as a condition to delivery of the Bonds, shall be required to deposit the Bonds with DTC, registered in the name of Cede & Co. Interest and principal on the Bonds will be payable to DTC or its nominee as registered owner of the Bonds. Transfer of principal and interest payments to participants of DTC will be the responsibility of DTC. Transfer of principal and interest payments to beneficial owners will be the responsibility of such participants and other nominees of beneficial owners. The City will not be responsible or liable for maintaining, supervising or reviewing the records maintained by DTC, its participants or persons acting through such participants.

The original Bonds to be immobilized at DTC will be prepared under the supervision of Hilltop Securities Inc., Boston, Massachusetts and their legality will be approved by Locke Lord LLP, Boston, Massachusetts, whose opinion will be furnished to the purchaser without charge.

The Bonds maturing on and before April 1, 2033 are not subject to redemption prior to their stated maturity dates. Bonds maturing on and after April 1, 2034 are subject to redemption prior to their stated maturity dates, at the option of the City, on and after April 1, 2033, either in whole or in part at any time, and if in part, by lot within a maturity, **at the par amount of the Bonds to be redeemed**, plus accrued interest to the date set for redemption.

For Bonds maturing on and after April 1, 2034, bidders may specify that all of the principal amount of such Bonds in any two or more consecutive years may, in lieu of maturing in each such year, be combined to comprise a Term Bond, and shall be subject to mandatory redemption or mature a par, as described above, in each of the years and in the principal amounts specified in the foregoing maturity schedule. Each mandatory redemption shall be allocated to the payment of the Term Bond maturing in the nearest subsequent year. Bidders may specify no more than three Term Bonds.

Term Bonds, if any, shall be subject to mandatory redemption on April 1 of the year or years immediately prior to the stated maturity of such Term Bond (the particular Bonds of such maturity to be redeemed to be selected by lot) as indicated in the foregoing maturity schedule at the principal amount thereof plus accrued interest to the redemption date, without premium.

Principal of and semiannual interest on the Bonds will be paid by The Treasurer and Receiver-General of The Commonwealth of Massachusetts, or its successor, as Paying Agent for the Bonds. So long as DTC or its nominee, Cede and Co., is the Bondowner, such payments will be made directly to DTC. The disbursement of such payments to the DTC Participants is the responsibility of DTC, and the disbursement of such payments to the Beneficial Owners is the responsibility of the DTC Participants and the Indirect Participants, as more fully described herein.

Bidding Parameters

Bidders shall state the rate or rates of interest per annum which the Bonds are to bear in a multiple of 1/20 or 1/8 of one percent, but shall not state (a) more than one interest rate for any Bonds having a like maturity, (b) any interest rate which exceeds the interest rate stated for any other Bonds by more than 3 percent or (c) **any coupon in excess of 5.0%. NO BID OF LESS THAN PAR PLUS A PREMIUM OF \$120,000 WILL BE CONSIDERED.**

The Bond structure does not reflect any premium. After determination of the winning bid, the City reserves the right to decrease the aggregate principal amount of the Bonds by the net premium to be received and to restructure the Bonds to essentially mirror the current amortization schedule, after first applying premium to eliminate or reduce, the shortest purposes first. **THE SUCCESSFUL BIDDER MAY NOT WITHDRAW ITS BID OR CHANGE THE INTEREST RATES BID OR THE INITIAL REOFFERING PRICES, AS A RESULT OF ANY CHANGES MADE TO THE ANNUAL PRINCIPAL AMOUNTS WITHIN THESE LIMITS.** The dollar amount bid for the Bonds by the winning bidder will be adjusted, if applicable, to reflect changes in the dollar amount of the amortization schedule. Any price that is adjusted will reflect changes in the dollar amount of the underwriter's discount and original issue premium, if any, but will not change the per bond underwriter's discount (net of insurance premium, if any, provided in such bid. Nor will it change the interest rate specified for each maturity. Any such adjustments will be communicated to the winning bidder for the Bonds by 4 p.m. Eastern Time on the day of the sale.

Bids must be submitted electronically via Parity in accordance with this Notice of Sale. 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 Municipal Advisor to the City or I-deal at 40 West 23rd Street, 5th Floor, New York, NY 10010 (212) 404-8102. An electronic bid made in accordance with this Notice of Sale shall be deemed an offer to purchase the Bonds 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.

As between proposals which comply with this Notice of Sale, the award will be to the bidder who offers to purchase all the Bonds at the lowest net effective interest rate to the City. Such interest rate shall be determined on a true interest cost (TIC) basis, which shall mean that rate which, as of April 10, 2024, discounts semi-annually all future payments on account of principal and interest to the price bid, not including interest accrued, if any, which accrued interest shall be paid by the successful bidder. The award of the Bonds to the winning bidder will not be effective until the bid has been approved by the City Treasurer, the Mayor, and the Committee on Finance.

In the event that two or more bidders submit the same lowest true interest cost for the Bonds, the Treasurer shall determine the successful bidder by lot from among all such proposals. The right is reserved to reject all bids and to reject any bid not complying with this Notice of Sale and, so far as permitted by law, to waive any irregularity with respect to any proposal.

The City of New Bedford has not contracted for the issuance of any policy of municipal bond insurance for the Bonds. If the Bonds qualify for issuance of any such policy or commitment therefor, any purchase of such insurance or commitment shall be at the sole option and expense of the bidder. Proposals shall not be conditioned upon the issuance of any such policy or commitment. Any failure of the Bonds to be so insured or of any such policy or commitment to be issued shall not in any way relieve the purchaser of its contractual obligations arising from the acceptance of its proposal for the purchase of the Bonds. Should the bidder purchase municipal bond insurance, all expenses associated with such policy or commitment will be borne by the bidder, except for the fee paid S&P Global Ratings for a rating on the Bonds. Any such fee paid to S&P Global Ratings would be borne by the City.

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

The Bonds are not designated as "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Internal Revenue Code of 1986 as amended (the "Code").

It shall be a condition to the obligation of the Successful Bidder to accept delivery of and pay for the Bonds that it shall be furnished, without cost, with (a) the approving opinion of the firm of Locke Lord, LLP, Boston, Massachusetts, substantially in the form appearing as Appendix B of the Preliminary Official Statement dated March 7, 2024, (b) a certificate in the form satisfactory to Bond Counsel dated as of the date of delivery of the Bonds and receipt of payment therefor to the effect that there is no litigation pending or, to the knowledge of the signers thereof, threatened which affects the validity of the Bonds or the power of the City to levy and collect taxes to pay them, (c) a certificate of the City Treasurer to the effect that, to the best of his knowledge and belief, as of its date and the date of sale the Preliminary Official Statement did not, and as of its date and the date of the delivery of the Bonds, the Final Official Statement did not and does not, contain any untrue statement of a material fact and did not and does not omit to state a material fact necessary to make the statements made therein, in the light of the circumstances under which they were made, not misleading, and (d) a Continuing Disclosure Certificate in the form appearing as Appendix C of the Preliminary Official Statement.

Establishment of Issue Price

The Successful Bidder shall assist the City in establishing the issue price of the Bonds 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 prices to the public or the sales price of the Bonds 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 Bonds may be taken on behalf of the City by Hilltop Securities Inc. (the “Municipal Advisor”) and any notice or report to be provided to the City may be provided to the Municipal 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 Bonds) have been satisfied, the City will furnish to the Successful Bidder on the Closing Date a certificate of the Municipal 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 Bonds to the bidder who submitted a firm offer to purchase the Bonds 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 Bonds, as specified in the bid. Unless a bidder notifies the City prior to submitting its bid by contacting the Municipal Advisor, telephone (617) 619-4400, and affirming in writing via email, or in its bid submitted via Parity, that it will NOT be an “underwriter” (as defined below) of the Bonds, 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 Bonds, in submitting a bid, each bidder is deemed to acknowledge that it is an “underwriter” that intends to reoffer the Bonds 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 Bonds 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 Bonds to the public, the Successful Bidder may, as its option, use the first price at which 10% of a maturity of the Bonds (the “10% Test”) is sold to the public as the issue price of that maturity, applied on a maturity-by-maturity basis, of the Bonds. The Successful Bidder shall advise the Municipal Advisor if any maturity of the Bonds satisfies the 10% Test as of the date and time of the award of the Bonds. 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 each maturity of the Bonds or all of the Bonds are sold to the public, the Successful Bidder agrees to promptly report to the Municipal Advisor the prices at which the unsold Bonds of each maturity 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 each maturity of the Bonds or until all the Bonds of a maturity have been sold. The Successful Bidder shall be obligated to report each sale of Bonds to the Municipal Advisor until notified in writing by the City or the Municipal Advisor that it no longer needs to do so. If the Successful Bidder uses Option A the Successful Bidder shall provide to the City on or before the Closing Date, the certificate attached to this Notice of Sale as Exhibit 1 – Option A.

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 third party distribution agreement (to which the bidder is a party) relating to the initial sale of the Bonds 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 third party distribution agreement, as applicable, to report the prices at which it sells to the public the unsold Bonds of each maturity allotted to it until it is notified by the Successful Bidder that either the 10% Test has been satisfied as to the Bonds of that maturity or all Bonds of that maturity 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 Bonds to the public, together with the related pricing wires, contains or will contain language obligating each underwriter that is a party to a third party distribution agreement to be employed in connection with the initial sale of the Bonds to the public to require each broker-dealer that is a party to such third party distribution agreement to report the prices at which it sells to the public the unsold Bonds of each maturity 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 Bonds of that maturity or all Bonds of that maturity 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 Bonds 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, including the Successful Bidder, 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 Bonds 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 Bonds to the public (including a member of a selling group or a party to a third party distribution agreement participating in the initial sale of the Bonds to the public), and
3. a purchaser of any of the Bonds is a “related party” to an underwriter if the underwriter and the purchaser are subject, directly or indirectly, to (i) more than 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 Bonds to the Public and Agrees to Hold the Price of Maturities of Bonds 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 Municipal Advisor in writing, which may be by email (the “Hold the Price Notice”), not later than 4:00 p.m. Eastern Time on the Sale Date, that it has not sold 10% of the maturities of the Bonds 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 Municipal Advisor, the Successful Bidder must provide to the Issuer on or before the Closing Date, in addition to the certification described in Option A above, a certificate in the form attached to this Notice of Sale as Exhibit 1 – Option B, including evidence that each underwriter of the Bonds, including underwriters in an underwriting syndicate or selling group, has agreed in writing to hold the price of the Unsold Maturities in the manner described in the preceding sentence.

The Successful Bidder Does Not Intend to Reoffer the Bonds to the Public – Option C. If the Successful Bidder has purchased the Bonds for its own account and will not distribute or resell the Bonds 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 Bonds was made.

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

Additional information concerning the City of New Bedford and the Bonds is contained in the Preliminary Official Statement dated March 7, 2024, to which prospective bidders are directed. The Preliminary Official Statement is provided for informational purposes only and is not a part of this Notice of Sale. Said Preliminary Official Statement is deemed final by the City except for the omission of the reoffering price(s), interest rate(s), delivery date, the identity of the underwriter(s), and any other pertinent terms of the Bonds depending on such matters, but is subject to change without notice to completion or amendment in a Final Official Statement. Copies of the Preliminary Official Statement may be obtained from Hilltop Securities Inc., 54 Canal Street, Boston, Massachusetts 02114 (Telephone: 617-619-4400). Within seven (7) business days following the award of the Bonds in accordance herewith, 5 copies of the Final Official Statement will be available from Hilltop Securities Inc. to the Successful Bidder for use in reoffering the Bonds. Upon request, additional copies will be provided at the expense of the requester.

The Bonds in definitive form will be delivered to The Depository Trust Company or its custodial agent on or about April 10, 2024 for settlement in federal funds.

CITY OF NEW BEDFORD, MASSACHUSETTS
/s/ John Taxiarchos, Interim City Treasurer

March 7, 2024

**Issue Price Certificate for Use If the Competitive
Sale Requirements Are Met
\$18,805,000*
City of New Bedford, Massachusetts
General Obligation State Qualified Municipal Purpose Loan of 2024 Bonds
Dated April 10, 2024**

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 "Bonds") 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 Bonds 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 Bonds used by the Successful Bidder in formulating its bid to purchase the Bonds. Attached as Schedule B is a true and correct copy of the bid provided by the Successful Bidder to purchase the Bonds.

(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 Bonds.

2. Defined Terms.

(a) *Maturity* means Bonds with the same credit and payment terms. Bonds with different maturity dates, or Bonds 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 Bonds. The Sale Date of the Bonds is March 13, 2024.

(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 Bonds 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 Bonds to the Public (including a member of a selling group or a party to a third party distribution agreement participating in the initial sale of the Bonds to the Public).

3. Receipt. The Successful Bidder hereby acknowledges receipt from the Issuer of the Bonds and further acknowledges receipt of all certificates, opinion and other documents required to be delivered to the Successful Bidder, before or simultaneously with the delivery of such Bonds, 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 Bidder'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 Bonds, and by Locke Lord LLP in connection with rendering its opinion that the interest on the Bonds 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 Bonds.

Dated: _____, 2024

[Successful Bidder]

By: _____

Name:

Title:

*Preliminary, subject to change.

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 10% Test to Apply**

\$18,805,000*

City of New Bedford, Massachusetts

General Obligation State Qualified Municipal Purpose Loan of 2024 Bonds

Dated April 10, 2024

ISSUE PRICE CERTIFICATE AND RECEIPT

The undersigned, on behalf of _____ (the ["Successful Bidder"] ["Representative"], on behalf of itself and [NAMES OF OTHER UNDERWRITER]) hereby certifies as set forth below with respect to the sale and issuance of the above-captioned obligations (the "Bonds") by the City of New Bedford, Massachusetts (the "Issuer").

1. Sale of the Bonds. As of the date of this certificate, [except as set forth in the paragraph below,] for each Maturity of the Bonds, the first price at which at least 10% of such Maturity of the Bonds 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 Bonds have not been sold for one or more Maturities of Bonds as of the Closing Date.]

For each Maturity of the Bonds as to which no price is listed in Schedule A, as set forth in the Notice of Sale for the Bonds, until at least 10% of each such Maturity of the Bonds is sold to the Public (the "10% Test") or all of the Bonds are sold to the Public, the [Successful Bidder] ["Representative"] agrees to promptly report to the Issuer's municipal advisor, Hilltop Securities Inc. (the "Municipal Advisor") the prices at which the unsold Bonds 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 Bonds or until all the Bonds of a Maturity have been sold. The [Successful Bidder] ["Representative"] shall continue to report each sale of Bonds to the Municipal Advisor until notified by email or in writing by the State or the Municipal Advisor that it no longer needs to do so.

2. Defined Terms.

(a) *Maturity* means Bonds with the same credit and payment terms. Bonds with different maturity dates, or Bonds 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 Bonds 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 Bonds to the Public (including a member of a selling group or a party to a third party distribution agreement participating in the initial sale of the Bonds to the Public).

3. Receipt. The [Successful Bidder] ["Representative"] hereby acknowledges receipt from the Issuer of the Bonds 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 such Bonds, 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 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 Bonds, and by Locke Lord LLP in connection with rendering its opinion that the interest on the Bonds 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 Bonds.

Dated: _____, 2024

[SUCCESSFUL BIDDER] ["REPRESENTATIVE"]

By: _____

Name:

Title:

*Preliminary, subject to change.

SALE PRICES
[(To Be Attached)]

SCHEDULE A

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

\$18,805,000*

City of New Bedford, Massachusetts

General Obligation State Qualified Municipal Purpose Loan of 2024 Bonds

Dated April 10, 2024

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 “Bonds”) by the City of New Bedford, Massachusetts (the “Issuer”).

1. Sale of the Bonds. As of the date of this certificate, [except as set forth in the paragraph below,] for each Maturity of the Bonds, the first price at which at least 10% of such Maturity of the Bonds 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 Bonds as to which no price is listed in Schedule A (the “Unsold Maturities”), as set forth in the Notice of Sale for the Bonds, the [Successful Bidder][Representative] and any other Underwriter did not reoffer the Unsold Maturities until the earlier of (i) _____, 2024 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 Bonds with the same credit and payment terms. Bonds with different maturity dates, or Bonds 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 Bonds 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 Bonds to the Public (including a member of a selling group or a party to a third party distribution agreement participating in the initial sale of the Bonds to the Public).

3. Receipt. The [Successful Bidder][Representative] hereby acknowledges receipt from the Issuer of the bonds if the Issuer 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 such bonds of the Issue, 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 Bonds, and by Locke Lord LLP in connection with rendering its opinion that the interest on the Bonds 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 Bonds.

Dated: _____, 2024

[SUCCESSFUL BIDDER] [REPRESENTATIVE]

By: _____

Name:

Title:

*Preliminary, subject to change.

[SCHEDULE A
SALE PRICES
(To be Attached)]

OFFICIAL STATEMENT

CITY OF NEW BEDFORD, MASSACHUSETTS

\$18,805,000* GENERAL OBLIGATION STATE QUALIFIED MUNICIPAL PURPOSE LOAN OF 2024 BONDS

This Official Statement is provided for the purpose of presenting certain information relating to the City of New Bedford, Massachusetts (the "City") in connection with the sale of \$18,805,000* stated principal amount of its General Obligation State Qualified Municipal Purpose Loan of 2024 Bonds (the "Bonds"). The information contained herein has been furnished by the City, except information attributed to another source.

THE BONDS

Description of the Bonds

The Bonds will be dated their date of delivery and will bear interest payable on October 1, 2024 and semiannually thereafter on April 1 and October 1 of each year until maturity, or redemption prior to maturity. The Bonds shall mature on April 1 of the years and in the principal amounts as set forth on the cover page of this Official Statement.

The Bonds are issuable only in fully registered form in the name of Cede & Co., as Bondowner and nominee for The Depository Trust Company ("DTC"), New York, New York. DTC will act as securities depository for the Bonds. Purchases of the Bonds will be made in book-entry form, in the denomination of \$5,000, or any integral multiple thereof. Purchasers will not receive certificates representing their interests in Bonds purchased. So long as Cede & Co. is the Bondowner, as nominee of DTC, references herein to the Bondowners or registered owners shall mean Cede & Co., as aforesaid, and shall not mean the Beneficial Owners (as defined herein) of the Bonds. (See "THE BONDS - Book-Entry Transfer System" herein.)

Principal of and semiannual interest on the Bonds will be paid by The Treasurer and Receiver-General of The Commonwealth of Massachusetts, or its successor, as paying agent for the Bonds. So long as DTC or its nominee, Cede & Co., is the Bondowner, such payments will be made directly to DTC. Disbursement of such payments to the DTC Participants is the responsibility of DTC and disbursements of such payments to the Beneficial Owners is the responsibility of the DTC Participants and the Indirect Participants, as more fully described herein.

Redemption Provisions

Optional Redemption

Bonds maturing on or prior to April 1, 2033 shall not be subject to redemption prior to their stated maturity dates. Bonds maturing on or after April 1, 2034 shall be subject to redemption prior to maturity, at the option of the City, on or after April 1, 2033, either in whole or in part at any time, and if in part, by lot within a maturity, at the par amount of the Bonds to be redeemed, plus accrued interest to the date set for redemption.

Mandatory Redemption

If the Successful Bidder designated principal amounts of the Bonds to be combined into one, two or three Term Bonds (which may be done only for principal amounts in consecutive years and only with respect to Bonds maturing on and after April 1, 2034), each such Term Bond shall be subject to mandatory redemption commencing on April 1 of the first year which has been combined to form such Term Bonds and continuing on April 1 in each year thereafter until the stated maturity date of that Bond. The amount redeemed or paid at maturity in any year shall be equal to the principal amount for that year set forth in the schedule contained in the Notice of Sale dated March 7, 2024 relating to the Bonds (subject to change as provided herein). Principal amounts to be redeemed in any year by mandatory redemption shall be redeemed at par (without premium), plus accrued interest to the redemption date, and shall be selected by lot from among the Bonds then subject to redemption. The City Treasurer may credit against any mandatory redemption requirement Term Bonds which have been purchased and cancelled by the City or have been redeemed and not therefore applied as a credit against any mandatory redemption requirement.

*Preliminary, subject to change.

Notice of Redemption

Notice of any redemption of Bonds, prior to their dates of maturity, specifying the Bonds (or the portions thereof) to be redeemed shall be mailed to DTC or sent in such other manner acceptable to DTC not more than 60 days nor less than 30 days prior to the redemption date. Any failure on the part of DTC to notify the Direct Participants of the redemption or failure on the part of DTC's Participants, Indirect Participants or of a nominee of a Beneficial Owner having received notice from a DTC Participant or otherwise to notify the Beneficial Owners shall not affect the validity of the redemption.

Record Date

The record date for each payment of interest is the fifteenth day of the month preceding the interest payment date, provided however, if such date is not a business day, the record date will be the following business day provided and provided further, that with respect to overdue interest, the Paying Agent may establish a special record date. The special record date may not be more than twenty (20) days before the date set for payment. The Paying Agent will mail notice of a special record date to the Bondowners at least ten (10) days before the special record date.

State Qualified Bonds

The Bonds constitute "qualified bonds" pursuant to Chapter 44A of the General Laws. Pursuant to Chapter 44A the City Treasurer shall at the delivery date of the Bonds certify to the State Treasurer the maturity schedule, interest rates, and dates of payment of debt service on such qualified bonds. The State Treasurer shall pay the debt service on qualified bonds and after payment shall withhold from the distributable aid (as defined in Chapter 44A) payable to the City an amount which will be sufficient to pay the debt service on the qualified bonds or, if the amount of such distributable aid in any year is insufficient for the purpose, from any other amounts payable by the Commonwealth to the City under any provision of law. From the time withheld by the State Treasurer, all such distributable aid or amounts so withheld and paid shall be exempt from being levied upon, taken, sequestered, or applied toward paying the debts of the City other than for payment of debt service on such qualified bonds.

The Commonwealth covenants in Section 8 of Chapter 44A with the purchasers, holders and owners, from time to time, of qualified bonds that it will not repeal, revoke, rescind, modify, or amend the above described provisions so as to create any lien or charge on or pledge, assignment, diversion, withholding of payment, or other use of or deduction from any distributable aid or other amounts to be paid to any holder of qualified bonds which is prior in time or superior in right to the payment required by said provisions; provided, however, that nothing therein contained shall be deemed or construed to require the Commonwealth to continue to make payments of distributable aid or other amounts or to limit or prohibit the Commonwealth from repealing or amending any law heretofore or hereafter enacted for the payment or apportionment of such aid or other amounts, or of the manner, time, or amount thereof.

Chapter 44A also provides that the certification to the State Treasurer as to the amount payable in any year for debt service on qualified bonds shall be fully conclusive as to such qualified bonds from and after the time of issuance of such qualified bonds, notwithstanding any irregularity, omission, or failure as to compliance with any of the provisions of Chapter 44A with respect to such qualified bonds.

Chapter 44A further provides that nothing therein shall be construed to relieve the City of the obligation imposed on it by law to appropriate and to include in its annual tax levy amounts necessary to pay, in each year, the principal and interest maturing and becoming due on any qualified bonds issued by the City; provided, however, that to the extent of the amounts of distributable aid or other amounts payable to the City which have been or are to be applied to the payment of such qualified bonds, the State Treasurer shall certify to the City Auditor the amounts so withheld and thereafter such amounts shall be credited to the appropriations of the City for the current fiscal year; and provided, further that to the extent to which distributable aid is not appropriated by the Commonwealth in any fiscal year, such appropriated amounts of the City shall be used to pay the debt service maturing and becoming due in such year on such qualified bonds of the City.

Nothing in Chapter 44A shall be construed to pledge the credit and assets of the Commonwealth to the support of any qualified bonds or to guarantee payment or stand as surety for the payment of any qualified bonds.

See "INDEBTEDNESS--Coverage of Qualified Debt Service" for a discussion of the projected coverage of qualified debt service by state aid.

Book-Entry Transfer System

The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the Bonds. The Bonds 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 certificate will be issued for each maturity of the Bonds, each in the aggregate principal amount of such maturity, 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 rating from S&P Global Ratings of AA+. 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.

Purchases of securities under the DTC system 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 by 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 by 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.

Redemption notices shall be sent to DTC. If less than all of the Bonds are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in the Bonds to be redeemed.

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 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 deposited with 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 City 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 DTC.

The City 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 DTC.

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.

Authorization of the Bonds and Use of Proceeds

The following sets forth the purposes, principal amounts, amounts originally authorized, bond anticipation notes outstanding, statutory authorizations, and dates of City approval for the current offering of Bonds. Proceeds of the Bonds may be transferred or re-appropriated to other capital projects to the extent projects are completed or abandoned and such proceeds remain unspent.

| This Issue * | Purpose | Original Bond Authorization | Bond Anticipation Notes Outstanding (1) | Statutory Reference | Date of Authorization |
|------------------------|--|-----------------------------------|--|----------------------|--------------------------|
| \$ 342,057 (5) | Hannigan School Construction | \$ 36,747,197 | \$ 1,436,318 (2) | Ch. 70B | 9/18/2015 |
| 3,700,000 | City Yard Campus Renovation | 3,700,000 | 3,700,000 | C. 44 s. 7(1) | 6/1/2021 |
| 1,000,000 | Sassaquin Pond Water Quality Improvements | 1,500,000 | 1,000,000 | C. 44 s. 7(7) | 6/1/2021 |
| 240,000 | DeValles & Congdon Elementary School Feasibility Study | 1,200,000 | 700,000 (3) | Ch. 70B | 9/21/2021 |
| 2,000,000 | Elwyn G. Campbell Elementary School Repairs | 7,924,694 | 4,500,000 (4) | Ch. 70B | 12/7/2021 |
| 1,700,000 | Water Phase 1 - High Service Area Improvements | 22,200,000 | 1,700,000 | C. 44 s. 8(4) & 8(5) | 12/7/2021 |
| 3,000,000 | Road Improvements | 3,000,000 | - | C. 44 s. 7(1) | 9/15/2022 |
| 1,700,000 | Buttonwood Zoo Improvements | 1,700,000 | - | C. 44 s. 7(1) | 9/15/2022 |
| 700,000 | MIS - Communications Radio Tower | 700,000 | 700,000 | C. 44 s. 7(1) | 9/15/2022 |
| 550,000 | Police - Public Safety Equipment | 550,000 | 550,000 | C. 44 s. 7(1) | 9/15/2022 |
| 215,000 | Hillman Street Complex Renovations | 215,000 | - | C. 44 s. 7(1) | 10/18/2023 |
| 3,657,943 | School Land Acquisition (651 Orchard St.) | 3,657,943 | - | C. 44 s. 7(1) | 12/4/2023 |
| <u>\$ 18,805,000 *</u> | | | <u>\$ 14,286,318</u> | | |

*Preliminary, subject to change.

(1) Payable April 11, 2024. To be retired with Bond proceeds, except as noted below.

(2) Payable April 11, 2024. To be retired, in part, with Bond proceeds and \$1,089,984 unspent note proceeds.

(3) Payable April 11, 2024. To be retired, in part, with Bond proceeds and \$460,000 note proceeds to be issued concurrently with the Bonds.

(4) Payable April 11, 2024. To be retired, in part, with Bond proceeds and \$2,500,000 note proceeds to be issued concurrently with the Bonds.

(5) Final pricing will include \$346,334 of proceeds before resizing.

Principal Payments by Purpose*

| Year | General* | School* | Water* | Total* |
|-------|----------------------|---------------------|---------------------|----------------------|
| 2025 | \$ 402,943 | \$ 117,057 | \$ 355,000 | \$ 875,000 |
| 2026 | 400,000 | 120,000 | 365,000 | 885,000 |
| 2027 | 425,000 | 130,000 | 385,000 | 940,000 |
| 2028 | 445,000 | 45,000 | 35,000 | 525,000 |
| 2029 | 470,000 | 50,000 | 40,000 | 560,000 |
| 2030 | 490,000 | 55,000 | 40,000 | 585,000 |
| 2031 | 515,000 | 55,000 | 40,000 | 610,000 |
| 2032 | 545,000 | 60,000 | 45,000 | 650,000 |
| 2033 | 570,000 | 65,000 | 45,000 | 680,000 |
| 2034 | 520,000 | 65,000 | 50,000 | 635,000 |
| 2035 | 545,000 | 65,000 | 50,000 | 660,000 |
| 2036 | 560,000 | 70,000 | 55,000 | 685,000 |
| 2037 | 590,000 | 70,000 | 55,000 | 715,000 |
| 2038 | 610,000 | 70,000 | 55,000 | 735,000 |
| 2039 | 570,000 | 80,000 | 60,000 | 710,000 |
| 2040 | 315,000 | 85,000 | 60,000 | 460,000 |
| 2041 | 330,000 | 90,000 | 65,000 | 485,000 |
| 2042 | 345,000 | 90,000 | 65,000 | 500,000 |
| 2043 | 355,000 | 95,000 | 70,000 | 520,000 |
| 2044 | 375,000 | 95,000 | 70,000 | 540,000 |
| 2045 | 385,000 | 100,000 | 75,000 | 560,000 |
| 2046 | 400,000 | 105,000 | 80,000 | 585,000 |
| 2047 | 420,000 | 110,000 | 80,000 | 610,000 |
| 2048 | 430,000 | 110,000 | 85,000 | 625,000 |
| 2049 | 450,000 | 120,000 | 90,000 | 660,000 |
| 2050 | 465,000 | 120,000 | 90,000 | 675,000 |
| 2051 | 485,000 | 130,000 | 95,000 | 710,000 |
| 2052 | 505,000 | 130,000 | 100,000 | 735,000 |
| 2053 | 295,000 | 85,000 | - | 380,000 |
| 2054 | 310,000 | - | - | 310,000 |
| Total | <u>\$ 13,522,943</u> | <u>\$ 2,582,057</u> | <u>\$ 2,700,000</u> | <u>\$ 18,805,000</u> |

*Preliminary, subject to change.

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 Bonds 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 Bonds will not be included in computing the alternative minimum taxable income of Bondholders who are individuals. However, interest on the Bonds will be included in the "adjusted financial statement income" of certain corporations that are subject to the alternative minimum tax under Section 55 of the Code. 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 Bonds. The Bonds 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 Bonds. Failure to comply with these requirements may result in interest on the Bonds being included in gross income for federal income tax purposes, possibly from the date of original issuance of the Bonds. The City has covenanted to comply with such requirements to ensure that interest on the Bonds 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 Bonds is exempt from Massachusetts personal income taxes, and the Bonds are exempt from Massachusetts personal property taxes. Bond Counsel has not opined as to other Massachusetts tax consequences arising with respect to the Bonds. Prospective Bondholders should be aware, however, that the Bonds are included in the measure of Massachusetts estate and inheritance taxes, and the Bonds 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 Bonds or the income therefrom or any other tax consequences arising with respect to the Bonds under the laws of any state other than Massachusetts. A complete copy of the proposed form of opinion of Bond Counsel is set forth in Appendix B hereto.

To the extent the issue price of any maturity of the Bonds is less than the amount to be paid at maturity of such Bonds (excluding amounts stated to be interest and payable at least annually over the term of such Bonds), the difference constitutes "original issue discount," the accrual of which, to the extent properly allocable to each owner thereof, is treated as interest on the Bonds 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 Bonds 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 Bonds is sold to the public, as applicable. The original issue discount with respect to any maturity of the Bonds accrues daily over the term to maturity of such Bonds 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 Bonds to determine taxable gain or loss upon disposition (including sale, redemption, or payment on maturity) of such Bonds. Bondholders should consult their own tax advisors with respect to the tax consequences of ownership of Bonds with original issue discount, including the treatment of purchasers who do not purchase such Bonds 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 Bonds is sold to the public.

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

Although Bond Counsel is of the opinion that interest on the Bonds 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 Bonds may otherwise affect the federal or state tax liability of a Bondholder. Among other possible consequences of ownership or disposition of, or the accrual or receipt of interest on, the Bonds, the Code requires recipients of certain social security and certain railroad retirement benefits to take into account receipts or accruals of interest on the Bonds 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 Bondholder or the Bondholder's other items of income, deduction, or exclusion. Bond Counsel expresses no opinion regarding any such other tax consequences, and Bondholders 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 Bonds. There can be no assurance that legislation enacted or proposed, or actions by a court, after the date of issuance of the Bonds will not have an adverse effect on the tax status of interest on the Bonds or the market value or marketability of the Bonds. 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 Bonds from gross income for federal or state income tax purposes for all or certain taxpayers. Additionally, Bondholders 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 Bonds for federal income tax purposes for all or certain taxpayers. In all such events, the market value of the Bonds may be affected and the ability of Bondholders to sell their Bonds in the secondary market may be reduced. The Bonds are not subject to special mandatory redemption, and the interest rates on the Bonds are not subject to adjustment, in the event of any such change in the tax treatment of interest on the Bonds.

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

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 above (see “Serial Bonds and Notes” under “INDEBTEDNESS - 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.) Upon certification by the city solicitor or town council that no appeal can or will be taken, or as otherwise required by a municipality’s charter, ordinances, or by-laws, judgments may also be paid from available funds without appropriation and included in the next tax levy unless other provision is made. Any such payments shall be reported to the city or town’s assessors by the city or town’s auditor or accountant (or other officer having similar duties). The assessors shall include amounts of such payments in the aggregate appropriations assessed in the determination of the next subsequent annual tax rate.

Court Proceedings. Massachusetts 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, 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 for such activity. 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 “INDEBTEDNESS - 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 Water Pollution Abatement or 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 currently 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, 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, 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 purchaser will be furnished the legal opinion of the firm of Locke Lord LLP, Boston, Massachusetts (“Bond Counsel”). The opinion will be dated and given on and will speak only as of the date of original delivery of the Bonds to the Successful Bidder. The opinion will be substantially in the form presented in Appendix B.

Other than as to matters expressly set forth herein as the opinion of Bond Counsel, Bond Counsel is not passing upon and does not assume any responsibility for the accuracy or adequacy of the statements made in this Official Statement and makes no representation that they have independently verified the same.

Rating

The City has applied to S&P Global Ratings for a rating on the Bonds. If obtained, the rating will only reflect the rating agency’s views and will be subject to revision or withdrawal, which could affect the price and marketability of the Bonds.

Municipal Advisory Services of Hilltop Securities Inc.

Hilltop Securities Inc., Boston, Massachusetts serves as Municipal Advisor to the City.

Continuing Disclosure

In order to assist the Underwriters in complying with Rule 15c2-12(b)(5) promulgated by the Securities and Exchange Commission (the “Rule”), the City will covenant for the benefit of owners of the Bonds to provide certain financial information and operating data relating to the City by not later than 270 days after the end of each fiscal year (the “Annual Report”), and to provide notices of the occurrence of certain enumerated events. Other than the City, there are no obligated persons with respect to the Bonds within the meaning of the Rule. The covenants will be contained in a Continuing Disclosure Certificate, the proposed form of which is provided in Appendix C. The Certificate will be executed by the signers of the Bonds, and incorporated by reference in the Bonds.

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 101,079 (2020 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 2028 |
| Chief Financial Officer | Robert Ekstrom | October 2023 | October 2027 |
| Interim Treasurer/Collector | John Taxiarchos | November 2023 | (1) |
| City Clerk | Dennis Farias | August 2014 | (1) |
| City Auditor | Emily Arpke | July 2022 | (1) |

(1) Not applicable since employee serves at will without an employment contract.

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 respiratory disease caused by a novel coronavirus not previously 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 enabled disaster funds to be made available to states to fight the pandemic. The Governor removed the remaining COVID-19 restrictions and the state of emergency in The Commonwealth expired on May 11, 2023. The national emergency and public health emergency also ended on May 11, 2023.

In response to the COVID-19 pandemic, federal and state legislation was signed into law that provides various forms of financial assistance and other relief to state and local governments. For example, the U.S. Congress enacted the Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act") which includes various forms of financial relief. The City has incurred \$8,542,435 in COVID expenses to date and has received \$8,518,015 for eligible funds from the CARES Act.

Another action at the federal level was the enactment of the American Rescue Plan Act of 2021 ("ARPA"). Among other provisions, one of the key components of ARPA is the Coronavirus State and Local Fiscal Recovery Fund ("CSLFR"), which committed \$350 billion to state and local governments to mitigate the fiscal disruptions created by the pandemic. A portion of these funds may be used to replace revenues lost or reduced as a result of the pandemic and fund COVID-related costs, among other purposes. The City was directly allocated \$64,729,754; to date \$14,081,758 has been spent, \$24,764,815 has been contractually obligated but not spent, and \$25,883,181 has been approved for spending but is not currently contractually obligated. Additionally, the City expects to receive an estimated \$17,243,480 from the county government, which represents the City's per capita share of Bristol County's CSLFRF allocation, less administrative costs. Of the City's county allocation, the City has received and spent \$3,864,135, and is awaiting reimbursement for an additional \$6,469,683 in expenditures. The full \$17,243,480 from Bristol County is expected to be fully expended by May 1, 2024. In total, the City will be receiving and applying approximately \$82 million in CSLFRF grant funds for the statutory purposes of responding to the COVID-19 public health crisis, hastening the City's economic recovery from the pandemic, making improvements to public infrastructure, and placing the City on improved financial footing.

Funding priorities were set in a collaborative process involving an extensive review of the City's many strategic planning documents; input from Department Heads with purview over areas such as Public Health, Housing and Community Development, Parks, Recreation, & Beaches, Public Infrastructure, Environmental Stewardship, and Emergency Management; public forum hosted by community partners; a public survey; and review and approval by the City Council. Combining the County and City allocations, the total approved projects of \$78,929,885 at this point in time has leveraged \$4.02 for every \$1.00 of ARPA funds. Additionally, 78% of the funding for approved projects is for physical improvements on public and privately owned properties citywide, and/or for associated design or preparatory work for construction.

New Bedford has opted to take advantage of the standard \$10 million revenue replacement provision that was added to the U.S. Treasury's Final Rule regulating the expenditure of CSLFRF funds as an alternative to calculating revenue loss. With only \$3,043,349 in funding remaining to allocate, less than \$2.0 million of the revenue replacement provision has been utilized. Across fiscal years 2022, 2023, and 2024, the City has utilized a total of \$7.2 million of ARPA funds as revenue to offset expenditures due to the increasing cost of services and goods. All these expenditures have been anticipated and ARPA eligible, not requiring utilization of revenue replacement dollars. CSLFRF funds must be obligated by the end of December 2024 and expended by the end of December 2026.

The City has managed the economic situation resulting from the pandemic 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 Fiscal Year 2021 budget incorporated conservative assumptions by eliminating 40 vacant positions, including 36 supported by the General Fund, and incorporated a significant reduction in local receipts. The impact of projected revenue reductions has been carried forward through the long-range planning period.

The Fiscal Year 2022 budget included the addition of 11 positions in the General Fund and 5 positions in the Enterprise Funds, the Fiscal Year 2023 budget included additional 17 positions in the General Fund and 3 positions in the Enterprise Funds, and the Fiscal Year 2024 budget included 9 additional in the General Fund and 2 in the Enterprise Funds, more than fully restoring the positions that were eliminated from the budget during the Fiscal Year 2021 budget cycle. These positions are targeted at maintaining operations, enabling the City government to respond effectively to the gradual return of tourism, economic development and business activity, and to maintain compliance with Federal directives regarding the maintenance of the City's utility infrastructure.

The impact on revenues and expenditures could be felt broadly across City government. The City has continued a cautious, conservative approach to budgeting since fiscal year 2021. The City has been able to successfully manage the fiscal emergency because of its willingness to make tough decisions that are in the interest of the City's long-term fiscal health. Working together with the City Council, the City has taken a surgical approach to expenditure reductions that has not jeopardized public safety or decimated essential services relied on by its residents. In addition, the ongoing distribution of an effective vaccine means that the City can begin to take measures aimed at rejuvenating the local economy, and the Federal government has appropriated significant aid to state and local governments to aid in that process.

The City's audited Statements of Revenue, Expenditures, and Changes in Fund Balance for its Governmental Funds for the fiscal year ended June 30, 2022, incorporate management's expectations for a (\$3.7) million excess of General Fund expenditures over revenues and other financing sources. The City saw \$2.4 million in excess revenues over expenditures, however, there was a recorded (\$6.1) million decrease in fund balance as a result of the payment of retroactive payments to police and fire personnel, which net with the \$2.4 million increase mentioned to the (\$3.7) million decrease. This brought the General Fund's fund balance to \$29.0 million as of June 30, 2022, of which \$20.2 million is unassigned and an additional \$8.8 million is held in stabilization funds. The City made a commitment to replace the full \$6.1 million taken from Stabilization from the next fiscal year certification of Free Cash by the Department of Revenue, in addition to its financial policy of 25% of certified Free Cash being added to Stabilization each year. During the fiscal year ending June 30, 2023, the City was able to hold to its commitment to replace the funds taken from Stabilization and added an additional \$3.2 million from Free Cash.

The City has continued to rebound from the effects of the pandemic, issuing 5,240 building permits in fiscal year 2023, a 48.7% increase over the previous year, with permitted construction values increasing 264%. Additionally, lodging and meals tax receipts, a strong indicator of tourism, have each increased by 41% from fiscal year 2020. Due to the healthy return of economy the City of New Bedford has seen at this time post-COVID, there was \$10.0 million excess of General Fund revenues and other financing sources over expenditures.

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 2 charter schools: Alma del Mar Charter School and Global Learning Charter Public School. Charter school enrollment for the school year beginning October 1, 2023 was 1,543 students.

Public School Enrollments – October 1

| | Actual | | | | |
|---------------------|---------------|---------------|---------------|---------------|---------------|
| | 2019 | 2020 | 2021 | 2022 | 2023 |
| Pre-School | 481 | 286 | 500 | 538 | 539 |
| Elementary | 6,670 | 6,334 | 6,120 | 6,112 | 6,099 |
| Middle School (6-8) | 3,166 | 3,073 | 2,885 | 2,797 | 2,739 |
| High School (9-12) | 2,563 | 2,872 | 2,999 | 3,075 | 3,111 |
| Total | <u>12,880</u> | <u>12,565</u> | <u>12,504</u> | <u>12,522</u> | <u>12,488</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.

New Bedford has proven resilient and adaptable in an ever-changing economic landscape for mid-sized American cities. Today, the City remains the number one commercial fishing port in America and is home to nearly 3,700 businesses. Prior to COVID-19, those businesses supported more than 48,000 jobs with an unemployment rate that ranged between 4.1% and 5.5%. While New Bedford's unemployment rate spiked to 24.2% at the height of the pandemic, it has fallen back to 5.6% by December 2023.

There is significant private sector interest in New Bedford—from real estate development, to expanding businesses, and entrepreneurs alike. During the past year the City's pipeline of 84 business and real estate development projects is now stronger than ever. In total, this pipeline represents more than \$402 million in development value, as many as 3,111 jobs being created or retained, and as many as 684 new residential units to be constructed. While many of these projects have had to deal with supply-chain delays or early inflationary pressures, they continued nonetheless throughout the City. Highlights from the past year include:

- The City celebrated the groundbreaking and ribbon cutting of the state-of-the-art Tonix Pharmaceuticals Advanced Development Center for accelerated research, development and analytical capabilities. The 45,000 square foot facility will employ up to 70 researchers, scientists, manufacturing and technical support staff.
- Efforts to reimagine New Bedford State Pier in partnership with MassDevelopment and the City led to the release of a request for proposals for comprehensive redevelopment in the spring 2022. Several proposals were submitted to MassDevelopment and an award is expected in FY23.
- Eighteen & Union is a redevelopment project on the lower block of Union Street facing Route 18 that began construction in 2022. This \$10 million investment by LaFrance Hospitality will rehabilitate three historic structures and create 28 units of new housing and two commercial spaces.
- In 2022 City hosted a delegation of Belgian companies to explore opportunities for investment in the region's growing offshore wind market. The Belgian delegation was the third foreign trade mission to visit New Bedford this year with an interest in forging relationships with local stakeholders and learning about the City's marketplace assets and advantages in offshore wind. City representatives also visited the UK as part of the Northern Powerhouse Trade Mission organized by the Department of International Trade. The trip provided an opportunity to tour several locations in northern England key to the UK's thriving offshore wind industry and deepen business relationships.
- With all state and local approvals in hand, in the spring of 2022 the City released a request for proposals for a new 100-acre advanced manufacturing campus on a portion of the municipal golf course at the strategic intersection of I-195 and Route 140.
- As a result of planning work undertaken in fiscal year 2022, two city-owned properties, long associated with the New Bedford Harbor Superfund Site, could soon be the key anchors of the Upper Harbor River Walk project.
- TOD district zoning efforts for SouthCoast Rail were begun as construction activities in the Church Street area also continued. Planning for the new pedestrian bridge over Route 18 also was in full swing as a signature element serving as a gateway to the downtown.
- The City launched NBForward! and NB100! – two new programs to help finance the dreams of existing and aspiring small businesses in New Bedford. In total, \$3.3 million in SBA and municipal ARPA funding was made available to the NBEDC to support local businesses and entrepreneurs.
- During fiscal year 2022, the \$107,600 from the City's Arts, Culture, and Tourism fund leveraged an additional total amount of \$1,173,816 from Arts Midwest, Barr Foundation, Bristol County Savings Bank, MassDevelopment/TDI, Mass Cultural Council, New Bedford Local Cultural Council, New England Foundation for the Arts, SouthCoast Community Foundation, Southeastern Massachusetts Visitors Bureau, and grantees of Wicked Cool Places and Art is Everywhere!

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 annually 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 offers a wide variety of recreational facilities including 35 parks and playgrounds, 3.5 miles of beaches, over 4 miles of wooded nature trails, 20 outdoor basketball courts, 19 outdoor tennis courts, and an 18-hole municipal golf course.

The City’s cultural attractions are highlighted by the 1,200-seat Zeiterion Performing Arts Center in the downtown area, which dates back to 1923. The theater maintained a full booking of live shows until it closed in early 2023 to undergo \$31 million in restorations before reopening during its 2025 season. The nine-acre Buttonwood Park Zoo is an Association of Zoos and Aquariums-accredited public zoo featuring 30 exhibits with over 240 species of animals. The New Bedford Whaling Museum, another major downtown destination features 11 permanent galleries and draws 70,000 visitors annually.

As the table below indicates, total visitations to all City attractions nearly doubled in 2023 and has now surpassed pre-pandemic levels.

| Fiscal Year | Number of Visits (1) |
|----------------|-------------------------|
| 2023 | 843,739 |
| 2022 | 424,616 |
| 2021 | 207,573 (2) |
| 2020 | 420,779 (3) |
| 2019 | 593,326 |

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.
(2) Incomplete data due to recording issues.
(3) Reflects impact of the COVID-19 pandemic.

Population, Income and Wealth Levels

According to the 2020 federal census, median family income for the City of New Bedford was \$61,449 compared with \$106,526 for the state as a whole. The median age for the City was 37.8 years as compared to 39.9 for the state as a whole. The following table compares the 2020, 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 | | | |
| 2020 | 37.8 | 39.9 | 38.8 |
| 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 | | | |
| 2020 | \$61,449 | \$106,526 | \$80,069 |
| 2010 | 45,347 | 81,165 | 62,982 |
| 2000 | 35,708 | 61,664 | 50,046 |
| 1990 | 28,373 | 44,367 | 35,225 |
| 1980 | 14,930 | 21,166 | 19,908 |
| Per Capita Income | | | |
| 2020 | \$26,788 | \$45,555 | \$35,384 |
| 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>2020</u> | <u>2010</u> | <u>2000</u> | <u>1990</u> | <u>1980</u> |
|-------------|-------------|-------------|-------------|-------------|
| 101,079 | 95,072 | 93,768 | 99,922 | 98,478 |

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 | | | | |
|-------------------------------------|-----------------------|------------------|------------------|------------------|------------------|
| | 2018 | 2019 | 2020 | 2021 | 2022 |
| Natural Resources and Mining | 1,005 | 887 | 930 | 1,037 | 899 |
| Construction | 1,189 | 1,213 | 1,168 | 1,271 | 1,265 |
| Manufacturing | 5,441 | 5,059 | 4,263 | 4,528 | 4,680 |
| Trade, Transportation and Utilities | 5,964 | 6,094 | 5,644 | 5,700 | 5,763 |
| Information | 181 | 180 | 212 | 208 | 197 |
| Financial Activities | 1,044 | 1,049 | 990 | 932 | 922 |
| Professional and Business Services | 3,259 | 3,618 | 3,505 | 3,932 | 4,623 |
| Education and Health Services | 12,674 | 12,904 | 12,094 | 12,116 | 12,146 |
| Leisure and Hospitality | 3,076 | 3,140 | 2,660 | 3,066 | 3,289 |
| Other Services | 1,160 | 1,198 | 1,063 | 1,150 | 1,185 |
| Public Administration | 1,972 | 1,992 | 2,078 | 1,811 | 1,793 |
| Total Employment | 36,965 | 37,334 | 34,607 | 35,751 | 36,762 |
| Number of Establishments | 3,698 | 3,654 | 3,675 | 3,741 | 3,834 |
| Average Weekly Wages | \$ 955 | \$ 937 | \$ 995 | \$ 1,061 | \$ 1,096 |
| Total Wages | \$ 1,834,840,253 | \$ 1,819,165,816 | \$ 1,790,558,520 | \$ 1,972,977,284 | \$ 2,094,342,452 |

SOURCE: Massachusetts Executive Office 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 Sustum | Hospital | 1,500 - 2,500 |
| Joseph Abboud | Manufacturing | 250 - 499 |
| Brittany Dyeing & Printing Co. | Printing | 250 - 499 |
| Cintas Uniforms & Apparel | Apparel | 250 - 499 |
| Community Health Center | Hospital | 250 - 499 |
| Polaroid Corp | Manufacturing | 250 - 499 |
| Sacred Heart Home | Nursing Home | 250 - 499 |
| Sid Wainer & Son Specialty | Specialty Foods | 250 - 499 |

SOURCE: Massachusetts Executive Office of Labor and Workforce Development.

Labor Force, Employment and Unemployment Rate

The Massachusetts Executive Office of Labor and Workforce Development reported that, in December 2023, the City had a total labor force of 46,733, of which 44,112 were employed and 2,621, or 5.6% were unemployed, as compared with 3.5% for the Commonwealth (unadjusted).

| Year | City of New Bedford | | Massachusetts | U.S. |
|------|---------------------|-------------------|-------------------|-------------------|
| | Labor Force | Unemployment Rate | Unemployment Rate | Unemployment Rate |
| 2022 | 47,032 | 6.1% | 3.8% | 3.6% |
| 2021 | 47,461 | 8.8 | 5.7 | 5.4 |
| 2020 | 46,998 | 13.2 | 8.9 | 8.1 |
| 2019 | 47,944 | 5.1 | 2.9 | 3.5 |
| 2018 | 45,036 | 6.1 | 3.3 | 3.9 |

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.

Building Permits Issued

| Fiscal Year | No. | Value |
|-------------|-------|---------------|
| 2023 | 5,240 | \$593,072,625 |
| 2022 | 3,523 | 156,994,431 |
| 2021 | 3,742 | 112,133,793 |
| 2020 | 3,068 | 72,100,844 |
| 2019 | 3,353 | 134,528,719 |

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.

Climate Resiliency

The City of New Bedford's Climate Action and Adaptation Plan: 'NB Resilient', is a proactive plan to address climate change and sea level rise from both mitigative and adaptive approaches. The 'NB Resilient Dashboard' is an interactive tool that the public can use to learn about each of the plan's focus areas and the importance of action to shape outcomes. The 'NB Resilient Action Plan' outlines specific goals and actions that the city is taking and or will take to maximize resilience. Since 2018, the Commonwealth of Massachusetts has awarded the City over \$1M to implement many of the actions outlined in NB Resilient including conducting a Designated Port Area Vulnerability Assessment and Structural Evaluation. New Bedford was the first municipality in the Commonwealth to utilize the Massachusetts Coastal Flood Risk Model (MC-FRM) to evaluate the implications of sea level rise relative to its fishing port which has been rated #1 in the nation for the past 20 years.

New Bedford completed a Green Infrastructure Master Strategy and Implementation Roadmap in 2022 and is in the process of implementing several priority initiatives to manage stormwater using natural solutions. New Bedford is currently updating its Multi-Hazard Mitigation Plan for FEMA approval by the end of 2024.

In both 2022 and 2023, the international group CDP Cities (the Carbon Disclosure Project) awarded the City of New Bedford a score of A, which “recognizes cities that have received the highest score for their transparency and bold climate action, and celebrates their achievements, vision and commitment in the fight against climate change.”

Cybersecurity

The City’s IT department continues to implement several cyber security solutions that have greatly improved the security of the City’s network, servers, and end users. With remediation practices in place, the City’s network and security team, along with its managed security service provider (“MSSP”) and virtual Chief Information Security Officer (“vCISO”), can detect and eliminate suspicious activities and malicious attacks in the form of malware, ransomware, phishing before they can cause damage.

Economic Development Initiatives

Industry and Developer Recruitment

In 2022 the City has had 41 active pipeline projects in the recruitment and pre-development phase, with a total investment value of \$128 million, an estimated 2,439 new jobs, and 467 new housing units. This recruitment pipeline represents a wide variety of project type, investment value, and location.

Notable examples of the City’s efforts to bring in future development include:

- The redevelopment of New Bedford State Pier in partnership with MassDevelopment and the City led to the release of an RFP for comprehensive redevelopment in the spring. Several proposals were submitted to MassDevelopment and review of those proposal is currently ongoing.
- The Quest Center & Armory District as a key area within a new TOD district, specifically the redevelopment of the Glaser Glass site by New Bedford Research and Robotics who entered into a P&S for the site.

Existing Business Expansion Support

The City continued to see that much of its potential new growth is attributable to the expansion of existing businesses that already call New Bedford home. In 2022 the City actively worked with 29 such businesses or developers on projects with a total value of just over \$114 million. These projects created more than 633 new jobs and added 217 new housing units.

Examples include:

- Eighteen & Union is a redevelopment project on the lower block of Union Street facing Route 18. This \$10 million investment by LaFrance Hospitality began construction in fiscal year 2022 and will rehabilitate three historic structures, create 28 units of new housing, and two commercial spaces.
- Shoreline Marine’s redevelopment of the former Revere Copper site created a 13-acre marine industrial complex on a long vacant and blighted waterfront site. The City worked closely with the Quinn family in permitting, incentives for investment and critical grant support.

Start-up Cultivation and Assistance

In 2022 the City worked with 14 new business ventures ready to bring ideas to reality in New Bedford. With a combined investment value of \$300,000, these start-ups will also bring more than 39 new jobs into the City. The launch of the NB100! program is expected to drive this growth to all-time highs in the year ahead.

New Bedford Ocean Cluster

The New Bedford Ocean Cluster’s (NBOC) mission is to leverage New Bedford’s coastal position, marine knowledge base, and landside capacity to drive employment and wealth creation for residents. The NBOC seeks to leverage and enhance the City and Port of New Bedford’s existing maritime strengths, while advancing innovative programs, start-ups, and technology partnerships. In 2022 the NBOC recruited its first executive director, began implementing robust business-to-business events, and hosted several foreign delegations to the port, underscoring the City’s position as the epicenter of offshore wind in America.

- In late 2021, the NBOC announced the launch of the Act Local program in partnership with Vineyard Wind. The program is designed to maximize the positive economic impacts of the growing offshore wind industry in greater New Bedford by connecting Original Equipment Manufacturers (OEMs) and Tier 1 companies with local businesses interested and able to participate in the offshore wind industry supply chain.

- To develop further economic growth and address gaps in the local supply chain, the NBOC works to attract businesses and foreign direct investment to New Bedford. Serving as a one-stop-shop and first point of contact, the NBOC is providing information and support to both domestic and international companies interested in expanding their business to New Bedford. The NBOC hosted a delegation of Belgian companies to explore opportunities for investment in the region's growing offshore wind market. The Belgian delegation was the third foreign trade mission to visit New Bedford this year with an interest in forging relationships with local stakeholders and learning about the City's marketplace assets and advantages in offshore wind. The NBOC also visited the UK as part of the Northern Powerhouse Trade Mission organized by the Department of International Trade. The trip provided an opportunity to tour several locations in northern England key to the UK's thriving offshore wind industry and deepen business relationships.
- In front of Gov. Charlie Baker, Her Royal Highness Princess Astrid of Belgium and Flanders Minister-President Jan Jambon, the NBOC signed a Memorandum of Understanding with the Belgium Blue Cluster to formally express both parties' intent to explore collaboration, and foster innovation and international trade. The signing was part of an event at the Greentown Labs in Somerville to celebrate leadership in offshore wind development in Massachusetts.

The Advanced Manufacturing Campus at the Golf Course

With all state and local approvals in hand, in the spring of 2022 the City released the request for proposals for 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. Proposals were due fall of 2022. This new campus would support 1,000 new jobs that would yield more than \$33 million in total wages. The first release of the RFP for site resulted in more than 60 requests for the RFP from the regional development community, but no formal proposals were submitted by the fall deadline. After a comprehensive review of why there was such high interest but no formal responses, it became clear that the unexpected and dramatic changes in economic conditions played a role (i.e., war in Ukraine, spiked inflation, rising interest rates, political uncertainties). A full market analysis is currently underway with the support of MassDevelopment and a revised RFP will be released in 2023 to best time greater stability in market conditions.

Upper Harbor Site Redevelopment Planning

As a result of planning work undertaken in 2022, two City-owned properties long associated with the New Bedford Harbor Superfund Site could soon be the key anchors of the Upper Harbor River Walk project. The former AVX site at 740 Belleville Avenue was the source of much of the harbor contamination, but is more than half-way through a remediation process that will enable City to reuse the 10-acre site. EPA, which has been the City's tenant at the Sawyer Street facility near Market Basket, is nearing the end of its decade's long cleanup of the harbor and is slated to turn the site back over to the City by 2025.

With funding from the City's settlement with AVX, it has worked with the architecture and planning firm Utile to develop potential reuse concepts for both sites that will enhance the River Walk project with added public access that will complement each neighborhood.

SouthCoast Rail Transit Oriented Development

Gateway cities such as New Bedford, Fall River, and Taunton offer excellent 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 SouthCoast to Boston.

The TOD district zoning efforts of both areas were begun this year as construction activities in the Church Street area also continued. Planning for the new pedestrian bridge over Route 18 was a signature element serving as a gateway to the downtown. Commuter rail service to Boston is scheduled to begin by the end of 2023.

Tax Increment Financing Program

Since the City's inception of the Tax Increment Financing Program in 1996, a total of 119 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.

- 12 such agreements remained active and compliant with the program's reporting requirements. These projects have added more than \$81 million in new private sector investment, have created more than 462 new jobs, and have ensured that more than 826 jobs have been retained in the City.
- While several companies seeking expansion had inquired about the program, one project for Island Creek Oysters was submitted to participate in the program this past year with final approval expected in fiscal year 2023. This project represents nearly \$1 million in new investment and would create as many as 10 new jobs.

COVID-19 Aid for Small Businesses

In 2020 the City and the NBEDC developed a program designed specifically to provide working capital for existing businesses to assist in surviving the unknown duration of and recovering from the COVID-19 crisis. Utilizing federal CARES Act funding, the City offered grant financing through the NBEDC COVID-19 Business Assistance program. The program offered grants of up to \$10,000 in conjunction with matching financing to businesses operating in the City that have been negatively affected by the outbreak of the COVID-19 virus. Over the past two years, a total of 45 businesses received grant funding for \$440,000. Funding for this vital program was provided by COVID-19 Community Development Block Grant Program and Office of Attorney General Maura Healey. In fiscal year 2022 as the program ended, the City committed \$4.9 million in ARPA funding to continue providing similar support to small businesses through NBForward!, NB100!, Wicked Cool Places, Art is Everywhere, and ARTnet.

In fiscal year 2022, the NBEDC funded 18 grants to small businesses for \$180,000. Over the past two years, a total of 45 businesses received grant funding for \$440,000. Funding for this vital program was provided by COVID-19 Community Development Block Grant Program and Office of Attorney General Maura Healey. In fiscal year 2022 the program ended pending the City's receiving new ARPA funding.

Newly Launched NB100! and NBForward! Business Support Programs

With the firm belief that strong entrepreneurial ecosystems strengthen businesses, close access gaps and help build community wealth, in June 2022 the City launched NBForward! and NB100! – two new programs to help finance the dreams of existing and aspiring small businesses in New Bedford. The new programs had dozens of early applications submitted at the close of the year and are made possible through the US Small Business Administration (SBA) Community Navigator Program supported by the City's American Rescue Plan Act (ARPA) funding package. In total, \$3.3 million in funding was made available to the NBEDC to support local businesses and entrepreneurs.

NBForward!

This program offers at least 100 grants of up to \$20,000 in conjunction with matching loan financing from other, non-ARPA sources, and with payments deferred for three months – along with technical assistance including business planning, resource guidance, and best practices. This program provides resources for businesses to get through the challenges of the next phase of our pandemic recovery, while looking toward investing in and preparing for greater future success. The program at this time has now supported 54 small businesses with over \$1.0 million in capital.

NB100!

This new program aims to promote entrepreneurship, grow local wealth, and strengthen community bonds by helping 100 new businesses get off the ground while having positive impacts on the City's neighborhoods. NB100! will be specifically tailored to the spirit of innovation and creativity which characterizes entrepreneurship in New Bedford. Indeed, a critical part of NB100! is activating the network of partners who have founded New Bedford SourceLink in order to create connections which will set businesses up for greater success in both the near and long-term. Through NB100!, one hundred eligible businesses may receive grants up to a maximum of \$10,000 – but engagement and support will continue long after grant awards are made. At this time, NB100! has funded 22 entrepreneurs, with an additional 22 in process.

Quest Center Collaborative Workspace

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

- The incubator spaces at Quest Center are at full functional capacity with 83 entrepreneurs that are associated with Groundwork and 38 public sector employees from various agencies.
- There are three entrepreneurial/workforce/economic development agencies with a presence at the Quest Center that hosted dozens of workshops, training sessions, and partnership meetings both online and in person throughout the year.
- Fiscal year 2022 activity generated income of \$23,400 to the City and the construction was completed for the MassDevelopment funded build-out of the expansion of the Groundwork program in unfinished space in the rear of the second floor. The work was largely accomplished by the talented City craftsmen of the Department of Facilities and Fleet management with assistance from local suppliers and contractors. At the close of fiscal year 2022 this new space was already at near capacity.
- The NBEDC and City began exploring opportunities for the re-use of the vacant areas of the third floor, as the building's close location to the waterfront, downtown, and South Coast Rail proved to be attractive assets sought by private sector interests.

Arts + Culture Plan

The 24-member volunteer leaders of New Bedford Creative Consortium oversee the execution of the City's first-ever arts and culture strategic plan, New Bedford Creative: Our Art, Our Culture, Our Future. Fiscal year 2022, the third year of the approximate 10-year plan, included dozens of projects, three of which are highlighted below:

- Facilitating the final year of being the pilot city for MassDevelopment's TDI Creative Cities to support arts-based economic development, enrich urban life, and expedite the strategies in New Bedford's arts and culture plan.
- Implementing the fourth round of the City's creative placemaking and placekeeping grant program Wicked Cool Places, which aims to make or keep a place where things are happening and people want to be that involve and impact residents, visitors and/or businesses in New Bedford's neighborhoods.
- Launching the first-ever place-based pilot of Creating Connection, a national initiative to make creative expression a recognized, valued, and expected part of everyday life.

TDI Creative Cities

Funded by MassDevelopment and the Barr Foundation, highlights of the final year of TDI Creative Cities included:

- The City's first-ever citywide arts festival 20mi2, a call to co-create, activate, and celebrate all twenty square miles of New Bedford, with a focus on creative entrepreneurship.
- Launching the professional training and development series Peer-to-Peer Sessions, which focused on grant finding, grant writing, marketing, and promotion.
- The third round of the grant program Art Is Everywhere, whereby projects directly impact a current challenge facing residents, visitors and/or businesses in New Bedford's neighborhoods by mobilizing its arts, creativity and culture. Upon receiving 28 applications, the City invested \$70,000 in seven projects city-wide.

Wicked Cool Places

Wicked Cool Places has been a continual creative placemaking and place-keeping grant program, that has seen more demand than funding can keep up with. In the most recent round of funding, 81 applications were received with a total requested funding of \$726,470. To date, 31 of these projects have been completed with \$294,280, with an additional 30 pending now with a value of \$475,000. These projects have been funded by the City's ARPA funds and Arts, Culture and Tourism Fund, with additional support from Bristol County Savings Bank, Mass Cultural Council, and MassDevelopment.

Creating Connection

New Bedford Creative was selected as the lead partner on a year-long training and grant program supported by the Barr Foundation. Creating Connection, a national initiative directed by Minneapolis-based Arts Midwest, draws on data-driven strategies to expand audiences and support for the arts by helping organizations deepen relevance and learn new messaging strategies.

Since January 2022, eight New Bedford nonprofit organizations have been learning how to connect their messages and programs to existing community values. Those organizations include 3rd EyE Youth Empowerment, BuyBlackNB, Cape Verdean Association in New Bedford, the Co-Creative Center, Massachusetts Design Art & Technology Institute (DATMA), New Bedford Art Museum/Artworks!, New Bedford Historical Society, and New Bedford Symphony Orchestra.

Activities of the Seaport Cultural District

Since 2014 the downtown Seaport Cultural District, an official designation by the Massachusetts Cultural Council, has served as a center of cultural, artistic and economic activity. In fiscal year 22, the activities of the district included:

- Seaport Art Walk, the district's annual temporary public art installation, partnered with DATMA's SHELTER 2022 to present five new artworks along the waterfront with the theme "Open Spaces."
- Maintained a strong 160+ partnership with four successful partner meetings in collaboration with the New Bedford Whaling National Historical Park and AHA!
- Press for the partnership organizations included features in Art New England, Artscope Magazine, The Arts Fuse, The Boston Globe, Boston Magazine, Boston Public Radio, CommonWealth Magazine, The National Review, The New York Times, The Public's Radio, SouthCoast Today, The South Coast Insider, The South Coast Almanac, The Wall Street Journal, WGBH Radio and TV, and many 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 2020 | Fiscal 2021 | Fiscal 2022 | Fiscal 2023 | Fiscal 2024 |
|-----------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Total Appropriations (1) | \$ 379,473,123 | \$ 391,443,063 | \$ 405,261,717 | \$ 435,515,529 | \$ 483,581,674 |
| Other Local Expenses | 288,935 | 402,963 | 705,235 | 703,989 | 822,163 |
| State & County Assessments | 23,579,011 | 22,288,574 | 26,918,021 | 31,526,652 | 34,677,703 |
| Overlay for Current Year | 1,162,176 | 988,110 | 317,635 | 2,204,899 | 1,188,424 |
| Gross Amount to be Raised | <u>404,503,245</u> | <u>415,122,710</u> | <u>433,202,608</u> | <u>469,951,069</u> | <u>520,269,963</u> |
| Offsets: | | | | | |
| Estimated Receipts from State (2) | 193,194,759 | 198,203,283 | 206,823,902 | 237,128,127 | 261,882,943 |
| Local Estimated Receipts | 77,076,748 | 77,840,128 | 81,203,045 | 82,166,216 | 92,787,946 |
| Free Cash | 4,534,264 | 1,322,511 | 1,058,000 | - | 12,870,818 |
| Other | 144,244 | 3,503,036 | 2,643,104 | 3,795,642 | 177,043 |
| Total Offsets | <u>274,950,015</u> | <u>280,868,958</u> | <u>291,728,051</u> | <u>323,089,985</u> | <u>367,718,750</u> |
| Tax Levy | <u>\$ 129,553,230</u> | <u>\$ 134,253,752</u> | <u>\$ 141,474,557</u> | <u>\$ 146,861,084</u> | <u>\$ 152,551,213</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 four classes of taxable property: (1) residential real property, (2) open space land, (3) commercial and (4) industrial. Within limits, cities and towns are given the option of determining the share of the annual levy to be borne by each of the categories. The share required to be borne by residential real property is at least 50 per cent of its share of the total taxable valuation; the effective rate for open space must be at least 75 per cent 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 35 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 five years, or pursuant to a revised schedule as may be issued by the Commissioner.

Related statutes provide that certain 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.

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 his own redetermination of the fair cash value of the taxable property in each municipality. This is known as the “equalized value”. See “DEBT LIMITS” above.

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 2007, 2010, 2014, 2017, and 2021. The next professional update of the valuation is scheduled to take place in fiscal year 2025.

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) |
| 2024 | \$ 10,130,478,469 | \$ 443,811,530 | \$ 10,574,289,999 | \$ 152,551,213 | \$ 12.00 | \$ 24.96 |
| 2023 | 8,194,386,618 | 406,097,440 | 8,600,484,058 | 146,861,084 | 14.29 | 29.88 |
| 2022 | 6,993,344,479 | 395,020,130 | 7,388,364,609 | 141,474,557 | 15.54 | 33.51 |
| 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 |

(1) Commercial, industrial and personal property.

(2) Revaluation year.

Classification of Property

The following is a breakdown of the City’s total assessed valuation in fiscal years 2024, 2023, and 2022.

| Classification | Assessed Valuation | | Assessed Valuation | | Assessed Valuation | |
|-------------------|--------------------|---------|--------------------|---------|--------------------|---------|
| | Fiscal 2024 | % | Fiscal 2023 | % | Fiscal 2022 | % |
| Real Estate: | | | | | | |
| Residential | \$ 8,594,372,307 | 81.3 % | \$ 7,063,590,736 | 82.1 % | \$ 5,904,815,861 | 79.9 % |
| Commercial | 1,009,822,462 | 9.5 | 757,454,232 | 8.8 | 721,683,418 | 9.8 |
| Industrial | 526,283,700 | 5.0 | 373,341,650 | 4.3 | 366,845,200 | 5.0 |
| Total Real Estate | 10,130,478,469 | 95.8 | 8,194,386,618 | 95.3 | 6,993,344,479 | 94.7 |
| Personal Property | 443,811,530 | 4.2 | 406,097,440 | 4.7 | 395,020,130 | 5.3 |
| Valuation | \$ 10,574,289,999 | 100.0 % | \$ 8,600,484,058 | 100.0 % | \$ 7,388,364,609 | 100.0 % |

Largest Taxpayers

The following table sets forth the ten largest taxpayers in the City of New Bedford based on assessed valuations for fiscal 2024. All the taxpayers listed are current with their payments.

| <u>Name</u> | <u>Nature of Business</u> | <u>Fiscal 2024 Assessed Valuation</u> | <u>% of Total Assessed Value</u> |
|--------------------------|---------------------------|---|--|
| NSTAR Electric | Utility | \$ 190,122,610 | 1.80 % |
| NSTAR Gas | Utility | 177,668,230 | 1.68 |
| Wamsutta LLC | Housing Development | 37,442,200 | 0.35 |
| Cedar-Fieldstone LLC | Retail Properties | 40,781,300 | 0.39 |
| AFC Cable Systems Inc. | Manufacturing | 20,554,600 | 0.19 |
| Melville HSG | Housing Development | 24,447,800 | 0.23 |
| Rockdale West | Housing Development | 26,862,100 | 0.25 |
| Comcast Of Southern N.E. | Utility | 16,035,180 | 0.15 |
| Bayberry @ New Bedford | Housing Development | 22,706,800 | 0.21 |
| Verizon New England Inc. | Utility | 16,686,000 | 0.16 |
| Total | | <u>\$ 573,306,820</u> | <u>5.42 %</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> |
|-------------------|--------------------------------------|
| 2022 | \$ 8,074,839,600 |
| 2020 | 6,947,603,100 |
| 2018 | 6,079,471,600 |
| 2016 | 5,618,295,200 |
| 2014 | 5,366,953,500 |

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 required to be added to the next tax levy.

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.

In 2016, the Commonwealth enacted the Municipal Modernization Act which, among other things, provided for the establishment of a single overlay reserve account, effective as of November 7, 2016 and thereafter. Previously, a municipality had to maintain separate overlay reserves for each fiscal year and could not use the surplus from one year to cover another year's deficit without undergoing a multistep approval process. With a single overlay reserve, municipalities may now cover the costs of potential abatements or exemptions across multiple fiscal years, thereby avoiding deficits that formerly occurred when abated or exempted amounts exceeded the balance in the overlay account for a particular fiscal year.

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, 2023 |
|-------------|------------------|-------------------|--------------------|---|
| | Net Tax Levy (1) | Dollar Amount (3) | | |
| 2023 | \$ 144,656,185 | \$ 2,204,899 | 1.52 % | \$ 750,307 |
| 2022 | 141,156,922 | 317,635 | 0.23 | 815,781 |
| 2021 (2) | 133,265,642 | 988,110 | 0.74 | 430,916 |
| 2020 | 128,391,054 | 1,162,176 | 0.91 | 704,971 |
| 2019 | 124,099,292 | 1,186,867 | 0.96 | 1,102,273 |

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

(2) Revaluation year.

(3) In approving the City's annual tax rate, the Commissioner of Revenue must determine whether the current overlay reserve account balance is reasonable (i.e., adequate to cover anticipated abatements and exemptions and property tax receivables for all fiscal years). See Chapter 59, Section 25 of the Massachusetts General Laws. In making this determination, the Commissioner considers the following factors: (i) the account balance as of the previous fiscal year; (ii) abatements and exemptions granted and payments made for prior fiscal years; (iii) the average of granted abatements and exemptions and outstanding receivables for the five previous fiscal years; (iv) whether local assessments are scheduled for review and certification before the Department of Revenue; (v) the potential abatement liability in any pending cases; and (vi) other significant factors known to the Commissioner. As of June 30, 2022, the balance in the City's overlay reserve account was \$2,826,858.

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. (In addition, real property is subject to a lien for certain unpaid municipal charges or fees.) 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, 2023 (2) | |
|-------------|----------------|--------------------------------|------------------|---|----------|-------------------------------------|----------|
| | | | | \$ Amount | % of Net | \$ Amount | % of Net |
| 2023 | \$ 146,861,084 | \$ 2,204,899 | \$ 144,656,185 | \$ 131,742,264 | 91.1 % | \$ 131,742,264 | 91.1 % |
| 2022 | 141,474,557 | 317,635 | 141,156,922 | 136,649,632 | 96.8 | 136,649,632 | 96.8 |
| 2021 | 134,253,752 | 988,110 | 133,265,642 | 129,819,685 | 97.4 | 131,407,648 | 98.6 |
| 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 | 121,718,750 | 98.1 |

(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> |
|------------------------|---|
| 2023 | \$14,443,376 |
| 2022 | 15,199,326 |
| 2021 | 20,459,718 |
| 2020 | 19,402,597 |
| 2019 | 18,718,181 |

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 2½ percent of the full and fair cash value. If a city or town exceeds the primary limitation, it must reduce its tax levy by at least 15 percent annually until it is in compliance, provided that the reduction can be reduced in any year to not less than 7½ percent by majority vote of the voters, or to less than 7½ 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 2½ percent, subject to exceptions 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 a 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".

The statute 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.

Voters may also exclude from the Proposition 2½ limits the amount required to pay specified capital outlay expenditures or 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 if required, or the board of selectmen or the town council of a town may vote to exclude from the Proposition 2½ 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 or 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.

In addition, Proposition 2½ 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) 2½ percent 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 Proposition 2½ any State law to take effect on or after January 1, 1981 imposing a direct service or cost obligation on a city or town will become effective only if accepted or voluntarily funded by the city or town or if 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 | Maxium Levy Limit | Actual Levy | Under (Over) Primary Levy Limit | Under (Over) Maximum Levy Limit |
|-------------|------------------------------|--------------------|-------------------|----------------|---------------------------------|---------------------------------|
| 2024 | \$ 10,574,289,999 | \$ 264,357,250 | \$ 157,307,008 | \$ 152,551,213 | \$ 111,806,037 | \$ 4,755,795 |
| 2023 | 8,600,484,058 | 215,012,101 | 150,317,691 | 146,861,084 | 68,151,017 | 3,456,607 |
| 2022 | 7,388,364,609 | 184,709,115 | 144,944,059 | 141,474,557 | 43,234,558 | 3,469,502 |
| 2021 | 7,090,489,291 | 177,262,232 | 139,232,805 | 134,253,752 | 43,008,480 | 4,979,053 |
| 2020 | 6,256,407,460 | 166,818,438 | 134,165,825 | 129,553,230 | 37,265,208 | 4,612,595 |

(1) Reflects local assessed valuations.

Pledged Taxes

Taxes on 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 (see "Economic Development Initiatives – Tax Increment Financing Program" above).

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 community 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 TAX” 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, 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 on the real property tax levy and any other revenue dedicated pursuant to the CPA. 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 real property taxes, the amounts of other dedicated revenues and the amounts 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 community 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 other 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> |
|--------------------|--------------------------------------|-------------------------------------|
| 2023 | \$ 1,394,691 | \$ 497,463 |
| 2022 | 1,279,090 | 526,711 |
| 2021 | 1,200,732 | 331,059 |
| 2020 | 1,124,171 | 257,800 |
| 2019 | 1,109,398 | 190,505 |

The balance in the CPA Fund as of June 30, 2022 was \$4,505,190.

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.

| | FY20 Budget | FY21 Budget | FY22 Budget | FY23 Budget | FY24 Budget |
|---|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| EXPENDITURES: | | | | | |
| Debt | \$ 11,992,826 | \$ 11,771,047 | \$ 8,562,757 | \$ 8,562,757 | \$ 8,878,652 |
| Insurance and Pension | 73,699,072 | 50,565,056 (1) | 52,276,502 | 55,522,172 | 59,604,528 |
| General Government | 27,338,857 | 28,712,543 | 30,023,779 | 32,032,525 | 29,711,933 |
| Public Safety | 48,412,893 | 47,399,545 | 48,423,772 | 52,274,957 | 54,079,520 |
| Highways and Streets | 5,775,569 | 5,728,405 | 5,599,418 | 5,508,360 | 5,922,143 |
| Sanitation | 741,999 | 744,680 | 734,556 | 749,865 | 768,393 |
| Inspectional Services | 1,034,640 | 1,046,292 | 1,168,917 | 1,108,726 | 1,214,253 |
| Education - School Dept. NSS | 146,750,000 | 179,162,500 (1) | 192,237,500 | 215,072,811 | 237,896,368 |
| Education - Vocational | 5,789,401 | 5,877,970 (1) | 6,400,222 | 6,072,764 | 6,534,285 |
| Human Services | 4,933,851 | 4,948,463 | 4,677,218 | 4,731,407 | 4,982,899 |
| Culture and Recreation | 5,083,825 | 5,031,907 | 5,346,930 | 5,180,811 | 5,905,125 |
| TOTAL APPROPRIATIONS | \$ 331,552,933 | \$ 340,988,408 | \$ 355,451,571 | \$ 386,817,155 | \$ 415,498,099 |
| Airport | 1,025,350 | 1,019,221 | 1,067,429 | 1,126,892 | 1,199,149 |
| Arts & Cultural Special Revenue | 104,244 | 106,433 | 107,604 | 113,953 | 122,043 |
| CCw/D Special Revenue | 40,000 | 41,000 | 33,500 | 30,000 | 45,000 |
| Water | 16,800,704 | 17,176,817 | 17,548,635 | 17,631,337 | 18,765,874 |
| Wastewater | 24,176,843 | 25,089,972 | 27,704,020 | 28,579,887 | 32,360,403 |
| Downtown Parking | 1,033,588 | 997,329 | 1,046,314 | 997,669 | 1,085,203 |
| Cable Access Enterprise Fund | 1,362,558 | 1,198,069 | 1,297,754 | 1,298,116 | 1,403,610 |
| TOTAL APPROPRIATIONS - ALL FUNDS | \$ 376,096,220 | \$ 386,617,249 | \$ 404,256,827 | \$ 436,595,009 | \$ 470,479,381 |

(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.

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.

| Fiscal Year | Room Occupancy Tax Revenue |
|----------------|----------------------------------|
| 2023 | \$ 517,210 |
| 2022 | 456,631 |
| 2021 | 275,469 |
| 2020 | 355,533 |
| 2019 | 366,743 |

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. A portion of the total local room occupancy tax collected by the City is deposited to the Fund. 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 was to be deposited into the Fund and future allocations were to 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, 2023 was \$0. As part of the FY2024 budget, the City appropriated \$122,043 to this fund.

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.

| Fiscal Year | Meals Tax Revenue |
|----------------|----------------------|
| 2023 | \$ 1,669,175 |
| 2022 | 1,550,778 |
| 2021 | 1,221,572 |
| 2020 | 1,186,432 |
| 2019 | 1,287,332 |

Marijuana Excise Tax: In November 2016, voters of the Commonwealth approved a law legalizing and regulating the cultivation, manufacture, processing, distribution, sale, possession, testing and use of recreational marijuana, which was amended by the legislature in July 2017. The local adoption statute permits a municipality to impose an excise tax of up to 3% on local sales of marijuana and marijuana products by marijuana retailers operating within the community. The City adopted this local option in July 2018. The City's first marijuana dispensary opened in early 2023. The City has not collected any marijuana excise taxes at this time.

The City has received payments for the Community Impact Fees. Cities and towns were also able to elect to impose a Community Impact Fee in a Host Community Agreement with the retailers, to cover costs imposed upon the municipality by the operation of the Marijuana Establishment or Medical Marijuana Treatment Center. The fee cannot amount to more than 3% of the gross sales of the Marijuana Establishment or Medical Marijuana Treatment Center and may not be in effect for longer than five years. The trend in host community impact fee revenue is shown in the table below.

| Fiscal Year | Marijuana Host Community Impact Fee Revenue |
|----------------|--|
| 2023 | \$ 205,215 |
| 2022 | 222,509 |
| 2021 | 166,163 |

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.

The range of reimbursement rates for new project grant applications submitted to the Authority is between 31% and 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, §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 §54 of Chapter 44, which permits a broader range of investments than §55, including any bonds or notes that are legal investments for savings banks in the Commonwealth. The restrictions imposed by §§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 FY2029.

City of New Bedford General Fund Projections

| | Budget FY 2024 | Projected FY 2024 | Projected FY 2025 | Projected FY 2026 | Projected FY 2027 | Projected FY 2028 | Projected FY 2029 |
|--------------------------------------|-------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| Fund balance, beginning unassigned | \$ 19,754,964 | \$ 19,754,964 | \$ 22,807,255 | \$ 25,424,313 | \$ 26,936,630 | \$ 27,624,026 | \$ 27,570,406 |
| Revenue: | | | | | | | |
| Property taxes | 147,014,720 | 152,551,113 | 158,864,891 | 165,436,513 | 172,272,426 | 179,379,237 | 186,763,718 |
| Local receipts | 33,782,958 | 34,016,390 | 34,696,718 | 35,390,652 | 36,098,465 | 36,820,434 | 37,556,843 |
| State aid | 261,378,926 | 261,882,943 | 273,667,675 | 287,351,059 | 301,718,612 | 316,804,543 | 332,644,770 |
| Federal and state grants | 3,000,000 | 3,000,000 | 1,500,000 | - | - | - | - |
| Indirect cost reimbursements | 6,937,246 | 6,937,246 | 7,197,393 | 7,467,295 | 7,747,319 | 8,037,843 | 8,339,262 |
| Total revenue | 452,113,850 | 458,387,692 | 475,926,677 | 495,645,519 | 517,836,822 | 541,042,057 | 565,304,593 |
| Expenditures: | | | | | | | |
| Salaries & wages | 73,786,840 | 70,986,840 | 74,181,248 | 76,777,592 | 79,464,808 | 82,246,076 | 85,124,689 |
| Charges & services | 13,670,589 | 13,670,589 | 14,217,413 | 14,643,935 | 15,083,253 | 15,535,751 | 16,001,824 |
| Supplies & materials | 4,674,879 | 4,674,879 | 4,815,125 | 4,959,579 | 5,108,366 | 5,261,617 | 5,419,466 |
| Capital expenditures | 2,721,271 | 2,721,271 | 3,000,000 | 3,150,000 | 3,307,500 | 3,472,875 | 3,646,519 |
| Solid waste collection & disposal | 6,727,172 | 8,555,760 | 8,766,648 | 8,982,072 | 9,422,172 | 9,651,732 | 9,886,272 |
| Education | 244,430,653 | 244,430,653 | 254,696,740 | 267,431,577 | 280,803,156 | 294,843,314 | 309,585,480 |
| Debt service | 8,878,652 | 8,878,652 | 9,911,259 | 9,086,712 | 9,186,712 | 9,336,712 | 9,500,000 |
| Health & life insurance | 21,698,553 | 21,698,553 | 22,566,495 | 23,469,155 | 24,407,921 | 25,384,238 | 26,399,608 |
| Pension contributions | 37,905,975 | 37,905,975 | 40,667,436 | 43,180,683 | 45,849,250 | 48,682,734 | 51,691,327 |
| State & county assessments | 35,184,144 | 35,253,861 | 36,840,285 | 38,682,299 | 40,616,414 | 42,647,235 | 44,779,597 |
| Reserves | 1,035,122 | 1,035,122 | 900,000 | 950,000 | 1,000,000 | 1,050,000 | 1,100,000 |
| Total expenditures | 450,713,850 | 449,812,155 | 470,562,649 | 491,313,604 | 514,249,552 | 538,112,284 | 563,134,782 |
| Excess of revenue over expenditures | 1,400,000 | 8,575,537 | 5,364,028 | 4,331,915 | 3,587,270 | 2,929,773 | 2,169,811 |
| Other financing uses: | | | | | | | |
| Transfers to Stabilization Fund | | (3,096,301) | (1,176,407) | (1,228,284) | (1,285,624) | (1,345,281) | (1,407,837) |
| Transfers to OPEB Trust Fund | (200,000) | (1,238,521) | (470,563) | (491,314) | (514,250) | (538,112) | (563,135) |
| Transfers to Overlay Reserve | (1,200,000) | (1,188,424) | (1,100,000) | (1,100,000) | (1,100,000) | (1,100,000) | (1,100,000) |
| Increase in fund balance, unassigned | - | 3,052,291 | 2,617,058 | 1,512,317 | 687,396 | (53,620) | (901,161) |
| Fund balance, ending unassigned | \$ 19,754,964 | \$ 22,807,255 | \$ 25,424,313 | \$ 26,936,630 | \$ 27,624,026 | \$ 27,570,406 | \$ 26,669,245 |

Notes:

- Long range plan incorporates conservative assumptions regarding state revenue and local receipts.
- Health insurance expenses projected at +5% annual increase.
- Debt service estimates correlate with Hilltop financial model.
- 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 D, "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 1,739 entities nationwide, received the award in the last six years including 2020. 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 2023 by Hague, Sahady & Co., P.C., Certified Public Accountants, New Bedford, Massachusetts.

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, 2023, June 30, 2022 and June 30, 2021 and Statements of Revenues, Expenditures and Changes in Fund Balances for the fiscal years ended June 30, 2023, through June 30, 2019. Said statements are excerpts from the City's audited financial statements.

CITY OF NEW BEDFORD, MASSACHUSETTS

Balance Sheet
Governmental Funds
June 30, 2023 (1)

| | General Fund | Wastewater | HOME Investment Program | American Rescue Plan Act (ARPA) | West End Pressure 2nd Treatment | Non-Major Governmental Funds | Total Governmental Funds |
|--|-----------------------|----------------------|-------------------------------|---------------------------------------|---------------------------------------|------------------------------------|--------------------------------|
| ASSETS | | | | | | | |
| Cash and investments, unrestricted | \$ 49,402,130 | \$ 12,697,551 | \$ 3,000,557 | \$ 57,833,689 | \$ 7,246,370 | \$ 101,454,232 | \$ 231,634,529 |
| Cash, restricted | 15,366,708 | 3,981,861 | - | - | - | 5,127,411 | 24,475,980 |
| Receivables, net: | | | | | | | |
| Real estate and personal property taxes | 6,024,071 | - | - | - | - | - | 6,024,071 |
| Tax liens and foreclosures | 15,068,783 | - | - | - | - | - | 15,068,783 |
| Motor vehicle and boat excise | 3,439,867 | - | - | - | - | - | 3,439,867 |
| User charges receivables | - | 2,226,447 | - | - | - | - | 2,226,447 |
| Departmental and other | 9,030,407 | 41,869 | - | - | - | - | 9,072,276 |
| Loans receivable | - | - | 17,878,624 | - | - | 1,532,931 | 19,411,555 |
| Other receivables | 2,666,686 | 2,237 | - | - | - | 2,988,924 | 5,657,847 |
| Special assessments | 47,656 | 123,858 | - | - | - | - | 171,514 |
| Due from federal or state government | - | - | - | - | - | 19,628,195 | 19,628,195 |
| Intraentity receivable | 1,200,790 | - | - | - | - | - | 1,200,790 |
| Inventories | - | 26,373 | - | - | - | - | 26,373 |
| Prepaid Assets | 260,000 | - | - | - | - | - | 260,000 |
| Land inventory | - | - | - | - | - | 246,918 | 246,918 |
| Total assets | <u>\$ 102,507,098</u> | <u>\$ 19,100,196</u> | <u>\$ 20,879,181</u> | <u>\$ 57,833,689</u> | <u>\$ 7,246,370</u> | <u>\$ 130,978,611</u> | <u>\$ 338,545,145</u> |
| Deferred Outflows of Resources | | | | | | | |
| None | - | - | - | - | - | - | - |
| Total Deferred Outflows of Resources | - | - | - | - | - | - | - |
| Total Assets and Deferred Outflows of Resources | <u>\$ 102,507,098</u> | <u>\$ 19,100,196</u> | <u>\$ 20,879,181</u> | <u>\$ 57,833,689</u> | <u>\$ 7,246,370</u> | <u>\$ 130,978,611</u> | <u>\$ 338,545,145</u> |
| LIABILITIES AND FUND BALANCES | | | | | | | |
| Liabilities: | | | | | | | |
| Warrants, accounts and accrued expenses payable | \$ 31,700,128 | \$ 2,088,265 | \$ 6,690 | \$ 322,576 | \$ 395,072 | \$ 11,092,524 | \$ 45,605,255 |
| Retainage payable | - | - | - | - | 21,182 | 206,637 | 227,819 |
| Bonds and notes payable | - | - | - | - | 1,700,000 | 14,675,551 | 16,375,551 |
| Deposits held | 533,297 | 36,345 | - | - | - | - | 569,642 |
| Due to other governments | - | - | - | - | - | 209 | 209 |
| Payroll withholdings | 59,700 | - | - | - | - | - | 59,700 |
| Unearned revenue | - | - | - | 57,511,113 | - | - | 57,511,113 |
| Other liabilities | 927,120 | 40,786 | - | - | - | 8,760,925 | 9,728,831 |
| Total liabilities | <u>33,220,245</u> | <u>2,165,396</u> | <u>6,690</u> | <u>57,833,689</u> | <u>2,116,254</u> | <u>34,735,846</u> | <u>130,078,120</u> |
| Deferred Inflows Of Resources | | | | | | | |
| Deferred Property and excise tax revenues | 21,682,512 | - | - | - | - | - | 21,682,512 |
| Deferred departmental and other receipts | 8,606,976 | - | - | - | - | 417,398 | 9,024,374 |
| Deferred user fees, fines and charges for services | - | 2,350,304 | - | - | - | - | 2,350,304 |
| Deferred frant income | - | - | - | - | - | 4,247,540 | 4,247,540 |
| Deferred loan income | - | - | 17,878,624 | - | - | 1,532,931 | 19,411,555 |
| Total Deferred Inflows of Resources | <u>30,289,488</u> | <u>2,350,304</u> | <u>17,878,624</u> | <u>-</u> | <u>-</u> | <u>6,197,869</u> | <u>56,716,285</u> |
| Fund Balance | | | | | | | |
| Nonspendable | 1,460,790 | 26,373 | - | - | - | 5,374,329 | 6,861,492 |
| Restricted | - | 5,610,449 | 2,993,867 | - | 5,130,116 | 87,829,922 | 101,564,354 |
| Committed | 15,366,708 | 8,746,571 | - | - | - | 1,553,760 | 25,667,039 |
| Assigned | 2,414,903 | 201,103 | - | - | - | - | 2,616,006 |
| Unassigned | 19,754,964 | - | - | - | - | (4,713,115) | 15,041,849 |
| Total Fund Balance | <u>38,997,365</u> | <u>14,584,496</u> | <u>2,993,867</u> | <u>-</u> | <u>5,130,116</u> | <u>90,044,896</u> | <u>151,750,740</u> |
| Total Liabilities, Deferred Inflows of Resources and fund balance | <u>\$ 102,507,098</u> | <u>\$ 19,100,196</u> | <u>\$ 20,879,181</u> | <u>\$ 57,833,689</u> | <u>\$ 7,246,370</u> | <u>\$ 130,978,611</u> | <u>\$ 338,545,145</u> |

(1) Extracted from audited financial statements.

CITY OF NEW BEDFORD, MASSACHUSETTS

Balance Sheet
Governmental Funds
June 30, 2022 (1)

| | General Fund | Wastewater | HOME Investment Program | American Rescue Plan Act (ARPA) | West End Pressure 2nd Treatment | Non-Major Governmental Funds | Total Governmental Funds |
|---|----------------------|----------------------|-------------------------------|---------------------------------------|---------------------------------------|------------------------------------|--------------------------------|
| ASSETS | | | | | | | |
| Cash and investments, unrestricted | \$ 45,213,659 | \$ 9,718,612 | \$ 3,040,261 | \$ 64,483,433 | \$ 11,078,451 | \$ 68,795,304 | \$ 202,329,720 |
| Cash, restricted | 5,832,967 | 3,769,083 | - | - | - | 5,127,411 | 14,729,461 |
| Receivables, net: | | | | | | | |
| Real estate and personal property taxes | 4,439,404 | - | - | - | - | - | 4,439,404 |
| Tax liens and foreclosures | 15,192,379 | - | - | - | - | - | 15,192,379 |
| Motor vehicle and boat excise | 3,632,648 | - | - | - | - | - | 3,632,648 |
| User charges receivables | - | 2,697,813 | - | - | - | - | 2,697,813 |
| Departmental and other | 7,054,806 | 103,246 | - | - | - | - | 7,158,052 |
| Loans receivable | - | - | 17,493,326 | - | - | 1,515,284 | 19,008,610 |
| Other receivables | 1,144,396 | 2,237 | - | - | - | 1,030,240 | 2,176,873 |
| Special assessments | 45,823 | 123,869 | - | - | - | - | 169,692 |
| Due from federal or state government | - | - | - | - | - | 14,050,728 | 14,050,728 |
| Intraentity receivable | 1,250,790 | - | - | - | - | - | 1,250,790 |
| Inventories | - | 26,373 | - | - | - | - | 26,373 |
| Prepaid Assets | 260,000 | - | - | - | - | - | 260,000 |
| Land inventory | 1,527,775 | - | - | - | - | 246,918 | 1,774,693 |
| Total assets | <u>\$ 85,594,647</u> | <u>\$ 16,441,233</u> | <u>\$ 20,533,587</u> | <u>\$ 64,483,433</u> | <u>\$ 11,078,451</u> | <u>\$ 90,765,885</u> | <u>\$ 288,897,236</u> |
| Deferred Outflows of Resources | | | | | | | |
| None | - | - | - | - | - | - | - |
| Total Deferred Outflows of Resources | - | - | - | - | - | - | - |
| Total Assets and Deferred Outflows of Resources | <u>\$ 85,594,647</u> | <u>\$ 16,441,233</u> | <u>\$ 20,533,587</u> | <u>\$ 64,483,433</u> | <u>\$ 11,078,451</u> | <u>\$ 90,765,885</u> | <u>\$ 288,897,236</u> |
| LIABILITIES AND FUND BALANCES | | | | | | | |
| Liabilities: | | | | | | | |
| Warrants, accounts and accrued expenses payable | \$ 27,187,072 | \$ 1,667,254 | \$ 1,221 | \$ 1,131,270 | \$ - | \$ 9,062,822 | \$ 39,049,639 |
| Retainage payable | - | - | - | - | - | 506,649 | 506,649 |
| Bonds and notes payable | - | - | - | - | 10,900,000 | 26,922,432 | 37,822,432 |
| Deposits held | 457,041 | 78,834 | - | - | - | - | 535,875 |
| Due to other governments | - | - | - | - | - | 209 | 209 |
| Payroll withholdings | 62,431 | - | - | - | - | - | 62,431 |
| Other liabilities | 841,563 | 28,071 | - | - | - | 8,632,879 | 9,502,513 |
| Total liabilities | <u>28,548,107</u> | <u>1,774,159</u> | <u>1,221</u> | <u>1,131,270</u> | <u>10,900,000</u> | <u>45,124,991</u> | <u>87,479,748</u> |
| Deferred Inflows Of Resources | | | | | | | |
| Deferred Property and excise tax revenues | 21,726,569 | - | - | - | - | - | 21,726,569 |
| Deferred departmental and other receipts | 6,305,873 | - | - | - | - | 326,404 | 6,632,277 |
| Deferred user fees, fines and charges for services | - | 2,955,208 | - | - | - | - | 2,955,208 |
| Unearned grant income | - | - | - | 63,352,163 | - | 10,311,296 | 73,663,459 |
| Unearned loan income | - | - | 17,493,326 | - | - | 1,515,284 | 19,008,610 |
| Total Deferred Inflows of Resources | <u>28,032,442</u> | <u>2,955,208</u> | <u>17,493,326</u> | <u>63,352,163</u> | <u>-</u> | <u>12,152,984</u> | <u>123,986,123</u> |
| Fund Balance | | | | | | | |
| Nonspendable | 2,778,565 | 26,373 | - | - | - | 5,374,329 | 8,179,267 |
| Restricted | - | 5,298,939 | 3,039,040 | - | 178,451 | 39,998,212 | 48,514,642 |
| Committed | 5,832,967 | 5,083,837 | - | - | - | 1,666,533 | 12,583,337 |
| Assigned | 1,779,756 | 1,302,717 | - | - | - | - | 3,082,473 |
| Unassigned | 18,622,810 | - | - | - | - | (13,551,164) | 5,071,646 |
| Total Fund Balance | <u>29,014,098</u> | <u>11,711,866</u> | <u>3,039,040</u> | <u>-</u> | <u>178,451</u> | <u>33,487,910</u> | <u>77,431,365</u> |
| Total Liabilities, Deferred Inflows of Resources and fund balance | <u>\$ 85,594,647</u> | <u>\$ 16,441,233</u> | <u>\$ 20,533,587</u> | <u>\$ 64,483,433</u> | <u>\$ 11,078,451</u> | <u>\$ 90,765,885</u> | <u>\$ 288,897,236</u> |

(1) Extracted from audited financial statements.

CITY OF NEW BEDFORD, MASSACHUSETTS

Balance Sheet
Governmental Funds
June 30, 2021 (1)

| | General Fund | Wastewater | HOME Investment Program | American Rescue Plan Act (ARPA) | South Public Safety Center | Non-Major Governmental Funds | Total Governmental Funds |
|--|----------------------|----------------------|-------------------------------|---------------------------------------|----------------------------------|------------------------------------|--------------------------------|
| ASSETS | | | | | | | |
| Cash and investments, unrestricted | \$ 49,291,907 | \$ 9,294,033 | \$ 3,176,741 | \$ 32,368,105 | \$ 2,214,913 | \$ 46,087,651 | \$ 142,433,350 |
| Cash, restricted | 11,967,948 | 3,814,198 | - | - | - | 5,127,411 | 20,909,557 |
| Receivables, net: | | | | | | | |
| Real estate and personal property taxes | 4,538,114 | - | - | - | - | - | 4,538,114 |
| Tax liens and foreclosures | 14,487,007 | - | - | - | - | - | 14,487,007 |
| Motor vehicle and boat excise | 1,927,709 | - | - | - | - | - | 1,927,709 |
| User charges receivables | - | 3,177,070 | - | - | - | - | 3,177,070 |
| Departmental and other | 6,264,535 | 88,740 | - | - | - | - | 6,353,275 |
| Loans receivable | - | - | 17,504,453 | - | - | 1,422,860 | 18,927,313 |
| Other receivables | 1,952,717 | 2,237 | - | - | - | 693,139 | 2,648,093 |
| Special assessments | 41,162 | 123,929 | - | - | - | - | 165,091 |
| Due from federal or state government | - | - | - | - | - | 10,896,215 | 10,896,215 |
| Due from other funds | 1,181,414 | 195,163 | - | - | - | 2,872,539 | 4,249,116 |
| Intraentity receivable | 1,300,790 | - | - | - | - | - | 1,300,790 |
| Inventories | - | 26,373 | - | - | - | - | 26,373 |
| Prepaid Assets | 260,000 | - | - | - | - | - | 260,000 |
| Land inventory | 3,045,431 | - | - | - | - | 246,918 | 3,292,349 |
| Total assets | <u>\$ 96,258,734</u> | <u>\$ 16,721,743</u> | <u>\$ 20,681,194</u> | <u>\$ 32,368,105</u> | <u>\$ 2,214,913</u> | <u>\$ 67,346,733</u> | <u>\$ 235,591,422</u> |
| Deferred Outflows of Resources | | | | | | | |
| None | - | - | - | - | - | - | - |
| Total Deferred Outflows of Resources | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total Assets and Deferred Outflows of Resources | <u>\$ 96,258,734</u> | <u>\$ 16,721,743</u> | <u>\$ 20,681,194</u> | <u>\$ 32,368,105</u> | <u>\$ 2,214,913</u> | <u>\$ 67,346,733</u> | <u>\$ 235,591,422</u> |
| LIABILITIES AND FUND BALANCES | | | | | | | |
| Liabilities: | | | | | | | |
| Warrants, accounts and accrued expenses payable | \$ 34,365,061 | \$ 1,779,710 | \$ 4,253 | \$ - | \$ 1,143,470 | \$ 7,580,681 | \$ 44,873,175 |
| Retainage payable | - | - | - | - | 326,611 | 915,426 | 1,242,037 |
| Bonds and notes payable | - | - | - | - | 4,500,000 | 13,745,363 | 18,245,363 |
| Due to other funds | 2,944,289 | 1,304,390 | - | - | - | 437 | 4,249,116 |
| Deposits held | 383,937 | 57,482 | - | - | - | - | 441,419 |
| Due to other governments | - | - | - | - | - | 209 | 209 |
| Payroll withholdings | 90,457 | - | - | - | - | - | 90,457 |
| Other liabilities | 1,059,739 | 27,536 | - | - | - | 570 | 1,087,845 |
| Total liabilities | <u>38,843,483</u> | <u>3,169,118</u> | <u>4,253</u> | <u>-</u> | <u>5,970,081</u> | <u>22,242,686</u> | <u>70,229,621</u> |
| Deferred Inflows Of Resources | | | | | | | |
| Deferred Property and excise tax revenues | 19,235,703 | - | - | - | - | - | 19,235,703 |
| Deferred departmental and other receipts | 5,456,186 | - | - | - | - | 288,824 | 5,745,010 |
| Deferred user fees, fines and charges for services | - | 3,300,999 | - | - | - | - | 3,300,999 |
| Unearned grant income | - | - | - | 32,368,105 | - | 5,875,456 | 38,243,561 |
| Unearned loan income | - | - | 17,504,453 | - | - | 1,422,860 | 18,927,313 |
| Total Deferred Inflows of Resources | <u>24,691,889</u> | <u>3,300,999</u> | <u>17,504,453</u> | <u>32,368,105</u> | <u>-</u> | <u>7,587,140</u> | <u>85,452,586</u> |
| Fund Balance | | | | | | | |
| Nonspendable | 4,346,221 | 26,373 | - | - | - | 5,374,329 | 9,746,923 |
| Restricted | - | 5,288,335 | 3,172,488 | - | - | 41,861,616 | 50,322,439 |
| Committed | 11,967,948 | 4,236,134 | - | - | - | 1,578,075 | 17,782,157 |
| Assigned | 1,975,081 | 700,784 | - | - | - | - | 2,675,865 |
| Unassigned | 14,434,112 | - | - | - | (3,755,168) | (11,297,113) | (618,169) |
| Total Fund Balance | <u>32,723,362</u> | <u>10,251,626</u> | <u>3,172,488</u> | <u>-</u> | <u>(3,755,168)</u> | <u>37,516,907</u> | <u>79,909,215</u> |
| Total Liabilities, Deferred Inflows of Resources and Fund Balance | <u>\$ 96,258,734</u> | <u>\$ 16,721,743</u> | <u>\$ 20,681,194</u> | <u>\$ 32,368,105</u> | <u>\$ 2,214,913</u> | <u>\$ 67,346,733</u> | <u>\$ 235,591,422</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, 2023 (1)

| | General Fund | Wastewater | HOME Investment Program | American Rescue Plan Act (ARPA) | West End Pressure 2nd Treatment | Non-major Governmental Funds | Total Governmental Funds |
|---|--------------------|-------------------|-------------------------------|---------------------------------------|---------------------------------------|------------------------------------|--------------------------------|
| REVENUE | | | | | | | |
| Real estate and personal property taxes | \$ 143,220,778 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 143,220,778 |
| Motor vehicle and other excise taxes | 11,019,338 | - | - | - | - | - | 11,019,338 |
| MSBA assistance | - | - | - | - | - | 2,554,018 | 2,554,018 |
| Tax liens and foreclosures | 2,331,149 | 210,528 | - | - | - | - | 2,541,677 |
| Penalties and interest on taxes | 1,914,665 | - | - | - | - | - | 1,914,665 |
| Licenses and permits | 3,221,438 | - | - | - | - | - | 3,221,438 |
| Fines and forfeitures | 176,811 | - | - | - | - | - | 176,811 |
| Investment income | 2,996,226 | 514,868 | 81,021 | 1,850,958 | - | 935,999 | 6,379,072 |
| Intergovernmental - operating grants | 67,618,883 | - | 340,934 | 5,901,050 | - | 65,458,837 | 139,319,704 |
| Intergovernmental - operating grant - Chapter 70 | 199,087,321 | - | - | - | - | - | 199,087,321 |
| Intergovernmental - capital grants | - | 4,300,902 | - | - | - | 2,766,651 | 7,067,553 |
| Charges for services | 15,845,388 | 27,853,636 | - | - | - | 1,844,681 | 45,543,705 |
| Other - indirects | 591,506 | - | - | - | - | - | 591,506 |
| Special assessments and betterments | - | 10,215 | - | - | - | - | 10,215 |
| Payment in lieu of taxes | 442,101 | - | - | - | - | - | 442,101 |
| Miscellaneous | 107,014 | 31,015 | 264,917 | - | 50,000 | 24,520,423 | 24,973,369 |
| TOTAL REVENUES | 448,572,618 | 32,921,164 | 686,872 | 7,752,008 | 50,000 | 98,080,609 | 588,063,271 |
| EXPENDITURES | | | | | | | |
| Current: | | | | | | | |
| General Government | 12,041,059 | - | - | 7,478,259 | - | 19,256,363 | 38,775,681 |
| Public Safety | 52,645,795 | - | - | - | - | 4,292,323 | 56,938,118 |
| Education | 248,953,582 | - | - | - | - | 50,539,735 | 299,493,317 |
| Public works | 17,938,701 | 15,371,624 | - | - | - | 4,532,398 | 37,842,723 |
| Community and economic development | - | - | 732,045 | - | - | 5,438,170 | 6,170,215 |
| Health and human services | 4,154,347 | - | - | - | - | 3,052,196 | 7,206,543 |
| Culture and recreation | 5,194,474 | - | - | - | - | 917,223 | 6,111,697 |
| Pension benefits | 35,867,124 | - | - | - | - | - | 35,867,124 |
| Health and other insurance | 16,259,025 | - | - | - | - | - | 16,259,025 |
| Miscellaneous | 13,551,205 | - | - | - | - | - | 13,551,205 |
| Intergovernmental: | | | | | | | |
| State and county charges | 31,095,718 | - | - | - | - | - | 31,095,718 |
| Capital outlay: | | | | | | | |
| General government | - | - | - | - | - | 1,723,027 | 1,723,027 |
| Public Safety | - | - | - | - | - | 498,862 | 498,862 |
| Education | - | - | - | - | - | 4,920,992 | 4,920,992 |
| Public works | - | 395,024 | - | - | 4,298,335 | 13,305,740 | 17,999,099 |
| Culture and creation | - | - | - | - | - | (19,489) | (19,489) |
| Debt service: | | | | | | | |
| Principal payments | 4,114,422 | 9,878,794 | - | - | - | - | 13,993,216 |
| Short-term note interest | 1,477,496 | - | - | - | - | - | 1,477,496 |
| Bond interest costs | 3,227,542 | 2,238,843 | - | - | - | - | 5,466,385 |
| TOTAL EXPENDITURES | 446,520,490 | 27,884,285 | 732,045 | 7,478,259 | 4,298,335 | 108,457,540 | 595,370,954 |
| Excess (deficiency) of Revenues Over Expenditures | 2,052,128 | 5,036,879 | (45,173) | 273,749 | (4,248,335) | (10,376,931) | (7,307,683) |
| OTHER FINANCING SOURCES (Uses) | | | | | | | |
| Bond issuance | - | - | - | - | 8,897,542 | 63,800,894 | 72,698,436 |
| Bond premiums | 281,372 | - | - | - | 302,458 | 1,543,500 | 2,127,330 |
| Insurance proceeds | - | - | - | - | - | 342,273 | 342,273 |
| Issuance of leases | 2,771,981 | - | - | - | - | - | 2,771,981 |
| Transfers in | 15,305,105 | 7,061,678 | - | - | - | 1,342,698 | 23,709,481 |
| Transfers out | (10,427,319) | (9,225,927) | - | (273,749) | - | (95,448) | (20,022,443) |
| Total Other Financing Sources and Uses | 7,931,139 | (2,164,249) | - | (273,749) | 9,200,000 | 66,933,917 | 81,627,058 |
| Change in Fund Balance | 9,983,267 | 2,872,630 | (45,173) | - | 4,951,665 | 56,556,986 | 74,319,375 |
| Fund Balance - beginning of year (restated) | 29,014,098 | 11,711,866 | 3,039,040 | - | 178,451 | 33,487,910 | 77,431,365 |
| Fund Balance - end of year | \$ 38,997,365 | \$ 14,584,496 | \$ 2,993,867 | \$ - | \$ 5,130,116 | \$ 90,044,896 | \$ 151,750,740 |

(1) Extracted from audited financial statements.

CITY OF NEW BEDFORD, MASSACHUSETTS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
June 30, 2022 (1)

| | General Fund | Wastewater | HOME Investment Program | American Rescue Plan Act (ARPA) | West End Pressure 2nd Treatment | Non-major Governmental Funds | Total Governmental Funds |
|---|--------------------|-------------------|-------------------------------|---------------------------------------|---------------------------------------|------------------------------------|--------------------------------|
| REVENUE | | | | | | | |
| Real estate and personal property taxes | \$ 138,325,449 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 138,325,449 |
| Motor vehicle and other excise taxes | 10,196,929 | - | - | - | - | - | 10,196,929 |
| MSBA assistance | - | - | - | - | - | 808,755 | 808,755 |
| Tax liens and foreclosures | 2,040,212 | 165,497 | - | - | - | - | 2,205,709 |
| Penalties and interest on taxes | 1,373,894 | - | - | - | - | - | 1,373,894 |
| Licenses and permits | 2,734,951 | - | - | - | - | - | 2,734,951 |
| Fines and forfeitures | 169,704 | - | - | - | - | - | 169,704 |
| Investment income | 201,582 | 140,083 | 6,217 | 43,560 | - | 164,434 | 555,876 |
| Intergovernmental - operating grants | 54,706,755 | - | 144,636 | 1,439,469 | - | 60,557,286 | 116,848,146 |
| Intergovernmental - operating grant - Chapter | 173,746,586 | - | - | - | - | - | 173,746,586 |
| Intergovernmental - capital grants | - | 4,458,648 | - | - | - | 11,360,760 | 15,819,408 |
| Charges for services | 14,281,581 | 26,397,294 | - | - | - | 1,493,110 | 42,171,985 |
| Other - indirects | 542,862 | - | - | - | - | - | 542,862 |
| Special assessments and betterments | - | 11,219 | - | - | - | - | 11,219 |
| Payment in lieu of taxes | 353,869 | - | - | - | - | - | 353,869 |
| Miscellaneous | 298,670 | 63,055 | 335,561 | - | - | 20,679,151 | 21,376,437 |
| TOTAL REVENUES | 398,973,044 | 31,235,796 | 486,414 | 1,483,029 | - | 95,063,496 | 527,241,779 |
| EXPENDITURES | | | | | | | |
| General Government | 9,659,427 | - | - | 1,483,029 | - | 20,428,141 | 31,570,597 |
| Public Safety | 54,720,894 | - | - | - | - | 5,429,994 | 60,150,888 |
| Education | 221,325,644 | - | - | - | - | 47,229,718 | 268,555,362 |
| Public works | 15,448,367 | 14,713,642 | - | - | - | 2,372,136 | 32,534,145 |
| Community and economic development | - | - | 619,862 | - | - | 7,136,834 | 7,756,696 |
| Health and human services | 4,049,185 | - | - | - | - | 2,297,150 | 6,346,335 |
| Culture and recreation | 5,125,450 | - | - | - | - | 1,165,316 | 6,290,766 |
| Pension benefits | 33,887,885 | - | - | - | - | - | 33,887,885 |
| Health and other insurance | 18,173,137 | - | - | - | - | - | 18,173,137 |
| Miscellaneous | 13,068,476 | - | - | - | - | - | 13,068,476 |
| Intergovernmental: | | | | | | | - |
| State and county charges | 26,493,234 | - | - | - | - | - | 26,493,234 |
| Capital outlay: | | | | | | | |
| General government | - | - | - | - | - | 2,658,327 | 2,658,327 |
| Public Safety | - | - | - | - | - | 3,146,904 | 3,146,904 |
| Education | - | - | - | - | - | 715,719 | 715,719 |
| Public works | - | 764,925 | - | - | - | 9,605,731 | 10,370,656 |
| Culture and creation | - | - | - | - | - | 218,767 | 218,767 |
| Debt service: | | | | | | | |
| Principal payments | 4,735,200 | 9,608,065 | - | - | - | - | 14,343,265 |
| Short-term note interest | 397,280 | - | - | - | - | - | 397,280 |
| Bond interest costs | 3,416,408 | 2,509,981 | - | - | - | - | 5,926,389 |
| TOTAL EXPENDITURES | 410,500,587 | 27,596,613 | 619,862 | 1,483,029 | - | 102,404,737 | 542,604,828 |
| Excess (deficiency) of Revenues Over Expenditures | (11,527,543) | 3,639,183 | (133,448) | - | - | (7,341,241) | (15,363,049) |
| OTHER FINANCING SOURCES (Uses) | | | | | | | |
| Bond issuance | - | - | - | - | - | 7,235,000 | 3,178,524 |
| Bond premiums | 3,553 | - | - | - | 178,451 | 1,010,673 | 602,553 |
| Insurance proceeds | - | - | - | - | - | 92,678 | 92,678 |
| Issuance of capital leases | 774,505 | - | - | - | - | - | 774,505 |
| Transfers in | 13,211,911 | 6,701,805 | - | - | - | 41,805 | 19,955,521 |
| Transfers out | (6,171,690) | (8,880,748) | - | - | - | (1,312,744) | (16,365,182) |
| Total Other Financing Sources and Uses | 7,818,279 | (2,178,943) | - | - | 178,451 | 7,067,412 | 3,792,797 |
| Change in Fund Balance | (3,709,264) | 1,460,240 | (133,448) | - | 178,451 | (273,829) | 60,215,820 |
| Fund Balance - beginning of year (restated) | 32,723,362 | 10,251,626 | 3,172,488 | - | - | 33,761,739 | 79,909,215 |
| Fund Balance - end of year | \$ 29,014,098 | \$ 11,711,866 | \$ 3,039,040 | \$ - | \$ 178,451 | \$ 33,487,910 | \$ 77,431,365 |

(1) Extracted from audited financial statements.

CITY OF NEW BEDFORD, MASSACHUSETTS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
June 30, 2021 (1)

| | General Fund | Wastewater | HOME Investment Program | South Public Safety Center | Non-major Governmental Funds | Total Governmental Funds |
|---|--------------------|-------------------|-------------------------------|----------------------------------|------------------------------------|--------------------------------|
| REVENUE | | | | | | |
| Real estate and personal property taxes | \$ 131,700,885 | \$ - | \$ - | \$ - | \$ - | \$ 131,700,885 |
| Motor vehicle and other excise taxes | 10,258,304 | - | - | - | - | 10,258,304 |
| MSBA assistance | 2,459,561 | - | - | - | 336,716 | 2,796,277 |
| Tax liens and foreclosures | 1,928,602 | 281,620 | - | - | - | 2,210,222 |
| Penalties and interest on taxes | 1,700,421 | - | - | - | - | 1,700,421 |
| Licenses and permits | 2,549,131 | - | - | - | - | 2,549,131 |
| Fines and forfeitures | 133,675 | - | - | - | - | 133,675 |
| Investment income | 424,926 | 266,662 | 4,280 | - | 1,405,854 | 2,101,722 |
| Intergovernmental - operating grants | 73,401,442 | - | 227,657 | - | 50,167,775 | 123,796,874 |
| Intergovernmental - capital grant - Chapter 70 | 166,091,901 | - | - | - | - | 166,091,901 |
| Intergovernmental - capital grants | - | 4,598,022 | - | - | 15,879,381 | 20,477,403 |
| Charges for services | 11,761,353 | 23,112,720 | - | - | 1,960,922 | 36,834,995 |
| Other - indirects | 588,019 | - | - | - | - | 588,019 |
| Special assessments and betterments | - | 12,367 | - | - | - | 12,367 |
| Payment in lieu of taxes | 479,275 | - | - | - | - | 479,275 |
| Miscellaneous | 241,738 | 73,664 | 711,456 | - | 6,135,578 | 7,162,436 |
| TOTAL REVENUES | 403,719,233 | 28,345,055 | 943,393 | - | 75,886,226 | 508,893,907 |
| EXPENDITURES | | | | | | |
| General Government | 9,641,356 | - | - | - | 2,042,136 | 11,683,492 |
| Public Safety | 50,255,289 | - | - | - | 11,472,896 | 61,728,185 |
| Education | 230,614,144 | - | - | - | 32,964,866 | 263,579,010 |
| Public works | 17,858,445 | 14,917,802 | - | - | 2,550,950 | 35,327,197 |
| Community and economic development | - | - | 356,115 | - | 5,163,159 | 5,519,274 |
| Health and human services | 3,962,970 | - | - | - | 1,624,580 | 5,587,550 |
| Culture and recreation | 4,911,793 | - | - | - | 1,340,606 | 6,252,399 |
| Pension benefits | 32,201,554 | - | - | - | - | 32,201,554 |
| Health and other insurance | 16,564,506 | - | - | - | - | 16,564,506 |
| Miscellaneous | 11,600,717 | - | - | - | - | 11,600,717 |
| Intergovernmental: | | | | | | |
| State and county charges | 22,763,165 | - | - | - | - | 22,763,165 |
| Capital outlay: | | | | | | |
| General government | - | - | - | - | 6,987,490 | 6,987,490 |
| Public Safety | - | - | - | - | 178,330 | 178,330 |
| Education | - | - | - | - | 2,579,189 | 2,579,189 |
| Public works | - | 217,238 | - | 9,185,550 | 29,818,987 | 39,221,775 |
| Culture and recreation | - | - | - | - | 34,176 | 34,176 |
| Debt service: | | | | | | |
| Principal payments | 8,505,400 | 8,884,813 | - | - | - | 17,390,213 |
| Short-term note interest | 384,065 | - | - | - | - | 384,065 |
| Bond interest costs | 2,672,821 | 2,719,432 | - | - | - | 5,392,253 |
| TOTAL EXPENDITURES | 411,936,225 | 26,739,285 | 356,115 | 9,185,550 | 96,757,365 | 544,974,540 |
| Excess (deficiency) of Revenues Over Expenditures | (8,216,992) | 1,605,770 | 587,278 | (9,185,550) | (20,871,139) | (36,080,633) |
| OTHER FINANCING SOURCES (Uses) | | | | | | |
| Bond issuance | - | - | - | 14,500,000 | 25,846,617 | 40,346,617 |
| Bond premiums | 6,136 | - | - | 90,098 | 1,744,115 | 1,840,349 |
| Insurance proceeds | - | - | - | - | 516,814 | 516,814 |
| Issuance of capital leases | 4,031,233 | - | - | - | - | - |
| Transfers in | 5,985,932 | 7,649,212 | - | - | 255,620 | 13,890,764 |
| Transfers out | (565,797) | (9,734,327) | - | - | (157,371) | (10,457,495) |
| Total Other Financing Sources and Uses | 9,457,504 | (2,085,115) | - | 14,590,098 | 28,205,795 | 50,168,282 |
| Change in Fund Balance | 1,240,512 | (479,345) | 587,278 | 5,404,548 | 7,334,656 | 14,087,649 |
| Fund Balance - beginning of year (restated) | 31,482,850 | 10,730,971 | 2,585,210 | (9,159,716) | 30,182,251 | 65,821,566 |
| Fund Balance - end of year | \$ 32,723,362 | \$ 10,251,626 | \$ 3,172,488 | \$ (3,755,168) | \$ 37,516,907 | \$ 79,909,215 |

(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 |
|---|--------------------|-------------------|-------------------------------|----------------------------------|------------------------------------|--------------------------------|
| REVENUE | | | | | | |
| 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 |
| TOTAL REVENUES | 384,931,490 | 27,930,236 | 1,087,280 | 181 | 71,710,270 | 485,659,457 |
| EXPENDITURES | | | | | | |
| 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 |
| TOTAL EXPENDITURES | 386,870,737 | 25,094,999 | 672,815 | 7,492,757 | 83,708,047 | 503,839,355 |
| Excess (deficiency) of Revenues Over Expenditures | (1,939,247) | 2,835,237 | 414,465 | (7,492,576) | (11,997,777) | (18,179,898) |
| OTHER FINANCING SOURCES (Uses) | | | | | | |
| 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 Fund Balance | 2,874,711 | 976,954 | 414,465 | (7,492,576) | (6,296,287) | (9,522,733) |
| Fund Balance - beginning of year (restated) | 28,608,139 | 9,754,017 | 2,170,745 | (1,667,140) | 36,478,538 | 75,344,299 |
| Fund Balance - end of year | \$ 31,482,850 | \$ 10,730,971 | \$ 2,585,210 | \$ (9,159,716) | \$ 30,182,251 | \$ 65,821,566 |

(1) Extracted from audited financial statements.

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 |
|---|--------------------|-------------------|-------------------------------|------------------------------------|--------------------------------|
| REVENUE | | | | | |
| 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 |
| TOTAL REVENUES | 360,596,609 | 29,278,741 | 1,657,690 | 79,871,064 | 471,404,104 |
| EXPENDITURES | | | | | |
| 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 Expenditures | (2,589,458) | 3,413,453 | 487,677 | (7,153,858) | (5,842,186) |
| OTHER FINANCING SOURCES (Uses) | | | | | |
| 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 |
| 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 |

(1) Extracted from audited financial statements.

Free Cash and General Fund Balance

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.

The following table sets forth the trend in Free Cash as certified by the Bureau of Accounts and Unassigned and Total General Fund Balance as contained in the City's annual audited financial statements.

| Year | Free Cash as of July 1 | | | | | | General Fund Balance as of June 30 | |
|------|------------------------|---------------|--------------|--------------|------------------|------------|------------------------------------|----------------------------|
| | General | Water | Wastewater | Airport | Downtown Parking | Cable | Unassigned General Fund Balance | Total General Fund Balance |
| 2023 | \$ 12,652,732 | \$ 8,958,644 | \$ 8,255,455 | \$ (118,002) | \$ 82,385 | \$ 905,505 | \$ 19,754,964 | \$ 38,997,365 |
| 2022 | 12,870,818 (1) | 5,445,321 (1) | 6,807,079 | (53,592) | 74,301 | 526,771 | 18,622,810 | 29,014,098 |
| 2021 | 7,306,456 | 1,084,049 | 4,013,485 | (332,419) | 174,760 | 237,937 | 14,434,112 | 32,723,362 |
| 2020 | 2,297,796 | 1,274,520 | - | (226,528) | (129,128) | 145,768 | 12,312,126 | 31,482,850 |
| 2019 | 3,893,036 | 1,686,699 | - | (18,154) | 489,174 | - | 9,476,753 | 28,608,139 |
| 2018 | 4,534,264 | 439,358 | - | 14,209 | 272,834 | - | 9,968,585 | 27,124,231 |

(1) Increase attributable to prior year certified Free Cash not appropriated, as well as in unexpected rate of return on local receipts while recovering from COVID-19.

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 |
|---------|--------------------|----------------------|---------------------|-----------------------|
| 2023 | \$ 13,823,854 | \$ 1,542,855 | \$ 3,636,740 | \$ 53,986 |
| 2022 | 4,328,426 | 1,504,543 | 3,546,541 | 52,645 |
| 2021 | 10,392,505 | 1,575,442 | 5,876,551 | 51,761 |
| 2020 | 9,840,614 | 1,483,811 | 6,677,318 | 51,756 |
| 2019 | 10,213,327 | 1,442,276 | 6,506,368 | 51,182 |

INDEBTEDNESS

Authorization Procedure and Limitations

Serial bonds and notes are authorized by vote of two thirds of all the members of the city council (subject to the mayor's veto where the mayor has a veto power) or a two thirds vote of the town meeting. Provision is made in some cities and towns for a referendum on the borrowing authorization if there is a timely filing of a petition bearing the requisite number of signatures. Refunding bonds and notes are authorized by the city council, the selectmen or either the prudential committee or the commissioners of a district if there is no prudential committee. 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 debt 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 incurred by the treasurer with the approval of the selectmen, mayor or city manager as the case may be.

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 if such debt is authorized by a two-thirds vote of the city or town and such debt is payable within the periods so specified in Mass. Gen. Laws. c. 44, §8. Among others, these exempt categories include revenue anticipation notes and grant anticipation notes; emergency loans; loans exempted by special laws; water bonds, certain school bonds, certain sewer bonds, solid waste disposal facility bonds and economic development bonds supported by tax increment financing, bonds for housing, urban renewal and economic development (subject to various debt limits), and electric, gas, community antenna television systems, and telecommunications systems. 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. Bonds or notes may be made callable and redeemed prior to their maturity, and a redemption premium may be paid. Refunding 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 end of the fiscal year in which any of the bonds or notes being refunded thereby is payable, 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. 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 since fiscal year 2013.

Grant Anticipation Notes. These are issued for temporary financing in anticipation of federal grants and state and county reimbursements for any purpose for which the city or town may incur debt that may be payable over a term of five years or longer. 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 which are members of the New England Power Pool may issue electric revenue bonds, and notes in anticipation of such bonds, subject to the approval of the Department of Public Utilities.

**General Obligation Direct Debt Summary
As of June 30, 2023, Including Subsequent Issue**

General Obligation Bonds:

Outstanding as of June 30, 2023, Including Subsequent Issue

| | | |
|-------------------|--------------------|----------------|
| School (1) | \$ 45,856,000 | |
| Water (2) | 15,915,542 | |
| Sewer (2) | 38,040,000 | |
| MCWT (3) | 100,452,370 | |
| General (4) | 68,968,458 | |
| Airport (5) | 1,270,000 | |
| Parking | 4,570,000 | |
| Total Outstanding | <u>275,072,370</u> | \$ 275,072,370 |

This Issue of Bonds to be dated April 10, 2024

18,805,000 *

Temporary Loans:

| | | |
|--|------------------|--|
| Bond Anticipation Notes Outstanding (6) | 16,375,551 | |
| To be retired with Bond Proceeds | (10,236,334) | |
| To be retired with Unspent Note Proceeds | (1,300,975) | |
| Pending Issue of New Money Bond Anticipation Notes (7) | 971,758 | |
| Total Short-Term Outstanding after This Issue (7) | <u>5,810,000</u> | |

Total Direct Debt after This Issue

\$ 299,687,370

*Preliminary, subject to change.

- (1) \$27,966,000 principal amount is outside the City's debt limit.
- (2) Not subject to the City's general debt limit. Self-supporting.
- (3) Issued to Massachusetts Clean Water Trust (the "Trust"). Not subject to the City's general debt limit. Self-supporting.
- (4) \$5,695,958 principal amount is outside the City's debt limit.
- (5) Outside the City's debt limit.
- (6) Payable April 11, 2024.
- (7) To be issued concurrently with the Bonds, payable April 10, 2025.

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 |
|--------------------|--|----------------|----------------------------|--------------------|--|
| 2023 | \$ 273,322,370 | 101,079 | \$ 8,074,839,600 | \$ 2,704 | 3.38 % |
| 2022 | 211,977,135 | 101,079 | 6,947,603,100 | 2,097 | 3.05 |
| 2021 | 216,793,767 | 101,079 | 6,947,603,100 | 2,145 | 3.12 |
| 2020 | 171,993,514 | 101,079 | 6,079,471,600 | 1,702 | 2.83 |
| 2019 | 154,820,046 | 101,079 | 6,079,471,600 | 1,532 | 2.55 |

(1) 2020 U.S. Bureau of the Census.

(2) 2018 equalized valuation used for fiscal 2019 and 2020; 2020 equalized valuation used for fiscal 2021 and 2022; 2022 equalized valuation used for fiscal 2023.

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 Clean Water Trust ("MCWT") to pay portion of such debt service.

**CITY OF NEW BEDFORD
GENERAL OBLIGATION BONDS (1)
As of June 30, 2023, Including Subsequent Issue**

| Fiscal Year | Outstanding | | Less MCWT Subsidies | Total Net Debt Service |
|----------------|-----------------------|-----------------------|------------------------|---------------------------|
| | Principal | Interest | | |
| 2024 | \$ 10,868,230 | \$ 9,525,431 | \$ (177,060) | \$ 20,216,602 |
| 2025 | 11,663,824 | 8,390,937 | (192,756) | 19,862,005 |
| 2026 | 11,807,600 | 8,052,201 | (126,885) | 19,732,916 |
| 2027 | 11,840,011 | 7,653,366 | (121,471) | 19,371,905 |
| 2028 | 11,118,050 | 7,245,617 | (115,847) | 18,247,819 |
| 2029 | 11,256,676 | 6,848,264 | (110,065) | 17,994,874 |
| 2030 | 11,186,661 | 6,450,949 | (104,073) | 17,533,537 |
| 2031 | 11,429,977 | 6,064,364 | (93,138) | 17,401,203 |
| 2032 | 11,320,469 | 5,688,547 | - | 17,009,017 |
| 2033 | 10,978,200 | 5,321,862 | - | 16,300,062 |
| 2034 | 11,144,394 | 4,981,382 | - | 16,125,776 |
| 2035 | 11,319,163 | 4,641,964 | - | 15,961,127 |
| 2036 | 10,846,270 | 4,300,679 | - | 15,146,949 |
| 2037 | 10,911,635 | 3,962,497 | - | 14,874,132 |
| 2038 | 10,267,996 | 3,614,382 | - | 13,882,378 |
| 2039 | 10,521,424 | 3,288,272 | - | 13,809,697 |
| 2040 | 9,984,766 | 2,967,929 | - | 12,952,695 |
| 2041 | 9,512,370 | 2,672,833 | - | 12,185,203 |
| 2042 | 8,974,848 | 2,395,907 | - | 11,370,755 |
| 2043 | 9,110,856 | 2,122,361 | - | 11,233,217 |
| 2044 | 8,340,642 | 1,855,074 | - | 10,195,716 |
| 2045 | 8,092,171 | 1,600,960 | - | 9,693,130 |
| 2046 | 8,026,492 | 1,345,822 | - | 9,372,314 |
| 2047 | 6,462,622 | 1,091,821 | - | 7,554,442 |
| 2048 | 6,369,993 | 888,336 | - | 7,258,329 |
| 2049 | 6,254,698 | 688,391 | - | 6,943,089 |
| 2050 | 6,020,466 | 493,155 | - | 6,513,621 |
| 2051 | 3,701,866 | 317,931 | - | 4,019,797 |
| 2052 | 2,920,000 | 184,200 | - | 3,104,200 |
| 2053 | 2,820,000 | 65,500 | - | 2,885,500 |
| | <u>\$ 275,072,370</u> | <u>\$ 114,720,934</u> | <u>\$ (1,041,297)</u> | <u>\$ 388,752,007</u> |

(1) Does not include debt service on the \$22,225,000 outstanding sewer revenue bonds issued to the MCWT, the debt service on which is and is expected to be self-supporting.

Principal Payments by Purpose

The following table sets forth the principal payments by purpose on outstanding issues of general obligation bonds of the City as of June 30, 2023, including subsequent issue.

| Fiscal Year | School (1) | Water (2) | Sewer (2) | MCWT (3) | General (4) | Airport (5) | Parking | Total |
|-------------|----------------------|----------------------|----------------------|-----------------------|----------------------|---------------------|---------------------|-----------------------|
| 2024 | \$ 1,796,000 | \$ 903,542 | \$ 596,000 | \$ 5,053,230 | \$ 2,324,458 | \$ 75,000 | \$ 120,000 | \$ 10,868,230 |
| 2025 | 1,903,000 | 623,000 | 1,294,000 | 5,238,824 | 2,400,000 | 80,000 | 125,000 | 11,663,824 |
| 2026 | 1,767,000 | 660,000 | 1,098,000 | 4,927,600 | 3,140,000 | 80,000 | 135,000 | 11,807,600 |
| 2027 | 1,828,000 | 691,000 | 1,157,000 | 4,855,011 | 3,084,000 | 85,000 | 140,000 | 11,840,011 |
| 2028 | 1,717,000 | 723,000 | 815,000 | 4,568,050 | 3,065,000 | 85,000 | 145,000 | 11,118,050 |
| 2029 | 1,675,000 | 745,000 | 735,000 | 4,676,676 | 3,190,000 | 85,000 | 150,000 | 11,256,676 |
| 2030 | 1,775,000 | 765,000 | 775,000 | 4,296,661 | 3,335,000 | 85,000 | 155,000 | 11,186,661 |
| 2031 | 1,825,000 | 785,000 | 810,000 | 4,394,977 | 3,350,000 | 100,000 | 165,000 | 11,429,977 |
| 2032 | 1,895,000 | 810,000 | 850,000 | 4,195,469 | 3,300,000 | 100,000 | 170,000 | 11,320,469 |
| 2033 | 1,850,000 | 840,000 | 895,000 | 4,293,200 | 2,850,000 | 75,000 | 175,000 | 10,978,200 |
| 2034 | 1,930,000 | 865,000 | 950,000 | 4,274,394 | 2,920,000 | 25,000 | 180,000 | 11,144,394 |
| 2035 | 1,990,000 | 890,000 | 995,000 | 4,374,163 | 2,850,000 | 30,000 | 190,000 | 11,319,163 |
| 2036 | 2,050,000 | 255,000 | 1,045,000 | 4,476,270 | 2,795,000 | 30,000 | 195,000 | 10,846,270 |
| 2037 | 2,125,000 | 265,000 | 1,095,000 | 4,301,635 | 2,895,000 | 30,000 | 200,000 | 10,911,635 |
| 2038 | 2,200,000 | 275,000 | 1,160,000 | 3,742,996 | 2,650,000 | 30,000 | 210,000 | 10,267,996 |
| 2039 | 2,270,000 | 290,000 | 1,165,000 | 3,831,425 | 2,720,000 | 30,000 | 215,000 | 10,521,425 |
| 2040 | 1,725,000 | 305,000 | 1,220,000 | 3,859,766 | 2,625,000 | 30,000 | 220,000 | 9,984,766 |
| 2041 | 1,775,000 | 320,000 | 1,280,000 | 3,662,370 | 2,220,000 | 30,000 | 225,000 | 9,512,370 |
| 2042 | 1,825,000 | 335,000 | 1,330,000 | 2,944,848 | 2,265,000 | 35,000 | 240,000 | 8,974,848 |
| 2043 | 1,895,000 | 350,000 | 1,390,000 | 3,015,856 | 2,180,000 | 35,000 | 245,000 | 9,110,856 |
| 2044 | 1,690,000 | 365,000 | 1,440,000 | 2,295,642 | 2,260,000 | 35,000 | 255,000 | 8,340,642 |
| 2045 | 1,705,000 | 380,000 | 1,500,000 | 2,242,171 | 1,985,000 | 20,000 | 260,000 | 8,092,171 |
| 2046 | 1,595,000 | 395,000 | 1,560,000 | 2,296,492 | 1,890,000 | 20,000 | 270,000 | 8,026,492 |
| 2047 | 655,000 | 405,000 | 1,630,000 | 1,962,622 | 1,700,000 | 20,000 | 90,000 | 6,462,622 |
| 2048 | 500,000 | 425,000 | 1,690,000 | 1,879,993 | 1,760,000 | 20,000 | 95,000 | 6,369,993 |
| 2049 | 490,000 | 440,000 | 1,760,000 | 1,924,698 | 1,640,000 | - | - | 6,254,698 |
| 2050 | 395,000 | 455,000 | 1,835,000 | 1,970,466 | 1,365,000 | - | - | 6,020,466 |
| 2051 | 350,000 | 475,000 | 1,910,000 | 896,866 | 70,000 | - | - | 3,701,866 |
| 2052 | 365,000 | 490,000 | 1,990,000 | - | 75,000 | - | - | 2,920,000 |
| 2053 | 295,000 | 390,000 | 2,070,000 | - | 65,000 | - | - | 2,820,000 |
| | <u>\$ 45,856,000</u> | <u>\$ 15,915,542</u> | <u>\$ 38,040,000</u> | <u>\$ 100,452,370</u> | <u>\$ 68,968,458</u> | <u>\$ 1,270,000</u> | <u>\$ 4,570,000</u> | <u>\$ 275,072,370</u> |

- (1) \$27,966,000 principal amount is outside the City's debt limit.
- (2) Not subject to the City's general debt limit. Self-supporting.
- (3) Issued to Massachusetts Clean Water Trust (the "Trust"). Not subject to the City's general debt limit. Self-supporting.
- (4) \$5,695,958 principal amount is outside the City's debt limit.
- (5) Outside the City's debt limit.

Authorized Unissued Debt and Prospective Financing

Following delivery of the Bonds, the City will have approximately \$401 million of bonds authorized for various school construction/improvement projects (\$19 million), sewer (\$235 million), water (\$90 million), airport (\$15 million), contamination clean-up (\$12 million) and miscellaneous other purposes. The school debt is expected to be eligible for 80-90% 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.

Debt Impact Analysis – Tax Supported Debt Only

| Description | FY 2024 | FY 2025 | FY 2026 | FY2027 |
|---|----------------------|----------------------|----------------------|----------------------|
| Debt Issuance | | | | |
| Existing Debt | \$114,824,458 | \$129,513,277 | \$135,500,277 | \$149,883,277 |
| Plus New Issues | \$18,809,277 | \$11,000,000 | \$20,000,000 | \$16,815,000 |
| Less Retirement | <u>-\$4,120,458</u> | <u>-\$5,013,000</u> | <u>-\$5,617,000</u> | <u>-\$5,502,000</u> |
| Net Outstanding Debt | \$129,513,277 | \$135,500,277 | \$149,883,277 | \$161,196,277 |
| Projected Debt Service(1)(2) | \$8,878,651 | \$10,071,867 | \$10,903,055 | \$11,283,728 |
| Projected Lease Payments(3) | <u>\$2,597,739</u> | <u>\$2,335,515</u> | <u>\$2,441,637</u> | <u>\$2,576,600</u> |
| Total Debt Payments: | \$11,476,390 | \$12,407,382 | \$13,344,692 | \$13,860,328 |
| Debt to Est. Property Value (2% annual growth): < | 1.2% | 1.2% | 1.3% | 1.4% |
| Debt to Per Capita Income (1% annual growth): < 6 | 4.4% | 4.5% | 4.9% | 5.1% |
| Debt Payments to GF Expenditures: < 10% | 2.0% | 2.2% | 2.3% | 2.2% |
| Assessed Valuation | \$10,574,289,999 | \$10,997,261,599 | \$11,437,152,063 | \$11,894,638,145 |
| Per Capita Income | \$30,559 | \$31,476 | \$32,420 | \$33,393 |
| GF Budget | \$450,913,850 | \$474,784,035 | \$493,737,049 | \$513,546,752 |

(1) Includes long-term issues of previously-authorized debt.

(2) Includes estimated short-term BAN debt:

FY 2024: \$543,983
FY 2025: \$290,500
FY 2026: \$290,500
FY 2027: \$0

(3) 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 |
|----------------|---|---------------------|-------------------|
| 2024 | \$ 13,133,194 | \$ 261,882,943 | 19.94 |
| 2025 | 12,762,614 | 267,120,602 | 20.93 |
| 2026 | 12,943,752 | 272,463,014 | 21.05 |
| 2027 | 12,764,067 | 277,912,274 | 21.77 |
| 2028 | 12,030,833 | 283,470,520 | 23.56 |
| 2029 | 11,771,620 | 289,139,930 | 24.56 |
| 2030 | 11,790,231 | 294,922,729 | 25.01 |
| 2031 | 11,652,172 | 300,821,183 | 25.82 |
| 2032 | 11,463,950 | 306,837,607 | 26.77 |
| 2033 | 10,748,840 | 312,974,359 | 29.12 |
| 2034 | 10,685,890 | 319,233,846 | 29.87 |
| 2035 | 10,514,982 | 325,618,523 | 30.97 |
| 2036 | 9,694,398 | 332,130,894 | 34.26 |
| 2037 | 9,690,923 | 338,773,511 | 34.96 |
| 2038 | 9,351,498 | 345,548,982 | 36.95 |
| 2039 | 9,273,095 | 352,459,961 | 38.01 |
| 2040 | 8,471,798 | 359,509,161 | 42.44 |
| 2041 | 7,984,235 | 366,699,344 | 45.93 |
| 2042 | 7,965,156 | 374,033,331 | 46.96 |
| 2043 | 7,822,732 | 381,513,997 | 48.77 |
| 2044 | 7,567,231 | 389,144,277 | 51.42 |
| 2045 | 7,169,613 | 396,927,163 | 55.36 |
| 2046 | 6,845,038 | 404,865,706 | 59.15 |
| 2047 | 5,412,825 | 412,963,020 | 76.29 |
| 2048 | 5,243,038 | 421,222,281 | 80.34 |
| 2049 | 4,924,725 | 429,646,726 | 87.24 |
| 2050 | 4,492,113 | 438,239,661 | 97.56 |
| 2051 | 3,103,200 | 447,004,454 | 144.05 |
| 2052 | 3,104,200 | 455,944,543 | 146.88 |
| 2053 | 2,885,500 | 465,063,434 | 161.17 |
| | <u>\$ 263,263,459</u> | | |

(1) As of June 30, 2023.

(2) Includes total state aid available for coverage based on the City's estimated FY 2024 state aid receipts. State aid is increased at a rate of 2% each year after FY 2024. 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, 2023, the City's gross share of such debt and the fiscal 2024 dollar assessment to the City by each entity.

| <u>Overlapping Entity</u> | <u>Outstanding Debt</u> | <u>New Bedford Estimated Share (1)</u> | <u>2024 Dollar Assessment (2)</u> |
|--|-------------------------|--|-----------------------------------|
| Greater New Bedford Regional Refuse Management District (3) | \$ - | 84.8% | \$768,393 |
| Bristol County (4) | 48,430,653 | 10.1 | 744,671 |
| Southeastern Regional Transportation Authority (5) | - | N.A. | 1,370,699 |
| Greater New Bedford Regional Vocational Technical High School District (6) | 1,955,000 | 76.1 | 6,016,065 |

(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. Legislation has also abolished the county governments of Hampden, Worcester, Hampshire, Essex and Berkshire counties. The state secretary for administration and finance established 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 that are not subject to annual appropriation, 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.

Municipal electric departments have statutory power to enter into long term contracts for joint ownership and operation of generating and transmission facilities and for the purchase or sale of capacity, including contracts requiring payments 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. 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 from November 1, 2020 for a ten year term ending October 31, 2030. The cost of the contract in fiscal 2023 was \$6,625,744 and the budgeted cost for fiscal 2024 is \$7,404,228, which includes repair upgrades in addition to the operating cost of this contract.

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 30, 2031. The price of the contract increased by \$406.87 per dry ton of sludge. The cost of this contract in fiscal 2023 was \$4,489,177 and the budgeted cost for fiscal 2024 is \$4,804,086.

The City has a new contract for solid waste collection with Capitol Waste Services, Inc. that is effective from July 1, 2023 through June 30, 2026. The cost of this contract in fiscal 2023 was \$5,477,172 and the budgeted cost for fiscal 2024 is \$7,235,760.

The City has three 7-year contracts with PNC Equipment Finance and thirteen contracts with All American Investment Group, ranging in length from 2 to 5 years, all for various equipment leases. In the aggregate, the City has approximately \$9.5 million in principal outstanding associated with the various leases, with fiscal 2023 payments of \$2,237,759 and fiscal 2024 payments of \$2,919,786.

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.

| <u>Payment Date</u> | <u>Principal</u> | <u>Interest</u> | <u>Total Payment</u> |
|---------------------|------------------------|------------------------|------------------------|
| 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. 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.

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. Group I (general employees including clerical, administrative, technical, and all other employees not technically classified) hired on or after April 1, 2012 contribute 6% of salary with 30 or more years of creditable service.

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, 2022 there were 1,519 retired persons and surviving beneficiaries and 294 disabled members currently receiving pensions in the system.

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

| Fiscal Year Ending <u>June 30</u> | City <u>Contributions</u> |
|---|------------------------------|
| 2024 (budgeted) | \$37,905,975 |
| 2023 | 35,867,124 |
| 2022 | 33,887,885 |
| 2021 | 32,201,554 |
| 2020 | 30,527,351 |
| 2019 | 28,817,471 |

The City's unfunded actuarial accrued liability at January 1, 2022 is estimated at \$389,467,952 assuming a 7.0% rate of return. The amortization of the City's unfunded pension benefit obligation (as of the January 1, 2022 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 |
|--------------------------|-------------------------|-----------------------------------|--------------------------|------------------------|--------------------------------|---|
| 2023 | \$8,351,870 | \$30,975,819 | \$1,500,000 | \$40,827,689 | | \$389,467,952 |
| 2024 | 8,595,415 | 33,655,425 | 1,100,000 | 43,350,840 | 6.18% | 385,138,176 |
| 2025 | 8,874,766 | 36,055,156 | 1,100,000 | 46,029,922 | 6.18% | 377,772,361 |
| 2026 | 9,163,197 | 38,611,374 | 1,100,000 | 48,874,571 | 6.18% | 367,443,430 |
| 2027 | 9,461,000 | 41,334,020 | 1,100,000 | 51,895,020 | 6.18% | 353,784,362 |
| 2028 | 9,768,482 | 44,233,650 | 1,100,000 | 55,102,132 | 6.18% | 336,392,307 |
| 2029 | 10,085,958 | 47,321,486 | 1,100,000 | 58,507,444 | 6.18% | 314,825,448 |
| 2030 | 10,413,752 | 50,609,452 | 1,100,000 | 62,123,204 | 6.18% | 288,599,596 |
| 2031 | 10,752,199 | 54,110,219 | 1,100,000 | 65,962,418 | 6.18% | 257,184,507 |
| 2032 | 11,101,645 | 57,837,250 | 1,100,000 | 70,038,895 | 6.18% | 219,999,896 |
| 2033 | 11,462,449 | 61,804,850 | 1,100,000 | 74,367,299 | 6.18% | 176,411,128 |
| 2034 | 11,834,978 | 66,028,220 | 1,100,000 | 78,963,198 | 6.18% | 125,724,553 |
| 2035 | 12,219,614 | 70,481,973 | 1,100,000 | 83,801,587 | 6.13% | 67,182,462 |
| 2036 | 12,616,752 | - | 1,100,000 | 13,716,752 | -83.63% | - |
| 2037 | 13,026,797 | - | 1,100,000 | 14,126,797 | 2.99% | - |
| 2038 | 13,450,167 | - | 1,100,000 | 14,550,167 | 3.00% | - |
| 2039 | 13,887,298 | - | 1,100,000 | 14,987,298 | 3.00% | - |
| 2040 | 14,338,635 | - | 1,100,000 | 15,438,635 | 3.01% | - |
| 2041 | 14,804,641 | - | 1,100,000 | 15,904,641 | 3.02% | - |
| 2042 | 15,285,791 | - | 1,100,000 | 16,385,791 | 3.03% | - |
| 2043 | 15,782,580 | - | 1,100,000 | 16,882,580 | 3.03% | - |
| 2044 | 16,295,514 | - | 1,100,000 | 17,395,514 | 3.04% | - |
| 2045 | 16,825,118 | - | 1,100,000 | 17,925,118 | 3.04% | - |
| 2046 | 17,371,935 | - | 1,100,000 | 18,471,935 | 3.05% | - |
| 2047 | 17,936,522 | - | 1,100,000 | 19,036,522 | 3.06% | - |
| 2048 | 18,519,460 | - | 1,100,000 | 19,619,460 | 3.06% | - |
| 2049 | 19,121,342 | - | 1,100,000 | 20,221,342 | 3.07% | - |
| 2050 | 19,742,785 | - | 1,100,000 | 20,842,785 | 3.07% | - |
| 2051 | 20,384,425 | - | 1,100,000 | 21,484,425 | 3.08% | - |
| 2052 | 21,046,919 | - | 1,100,000 | 22,146,919 | 3.08% | - |

SOURCE: January 1, 2022 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 and towns is generally provided on a pay-as-you-go basis. The Governmental Accounting Standards Board ("GASB") promulgated accounting standards that 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 the payment of these costs as the liability for such costs accrues, 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 the cost of 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.

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> |
|------------------------|--------------------------|
| 2024 (estimate)(2) | \$ 15,976,971 |
| 2023 | 15,580,988 |
| 2022 | 16,181,439 |
| 2021 | 15,511,210 |
| 2020 | 14,843,263 |
| 2019 | 17,767,957 |

(1) Excludes annual life insurance costs of approximately \$250,000 to \$275,000 appropriated annually for this purpose. Benefits provided to retirees are not discreetly budgeted.

(2) This estimate is based on the average actual costs from the last five fiscal years.

The Governmental Accounting Standards Board ("GASB") Statement No. 75, "Accounting and Financial Reporting for Post-Employment Benefits Other Than Pensions," replaces the requirements of Statement No. 45, "Accounting and Financial Reporting by Employers for Post-Employment Benefits Other Than Pensions." GASB Statement No. 75 introduces a new actuarial cost method and discount rate as well as new disclosure and methodologies for reporting plan liability and OPEB expenses. It establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expenses/expenditures.

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. The OPEB Trust Fund balance as of June 30, 2023 was \$4,773,238.

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, 2023, the City's OPEB liability was \$553,055,602, assuming a 3.5% investment return on a pay-as-you-go basis, and the actuarially determined contribution was \$22,021,634. 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 February 2024, the City employed approximately 3,786 full- and part-time workers, of whom 2,655 are employed by the School Department, 273 by the Police Department, 222 by the Fire Department, 168 by the Department of Public Infrastructure including Water and Wastewater services, 61 by the Department of Facilities and Fleet Management and the balance of 407 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 3,786 employees, approximately 95% are represented by unions in nine separate bargaining units: Police, Fire, EMS, Teachers, School Administrators, School Paraprofessionals, School Support Staff (clerks, custodians), and General Municipal Employees.

The City of New Bedford has collective bargaining contracts with its police union, fire union, and two AFSCME units. AFSCME Local 851 Unit A, representing general municipal government employees, has a contract in effect through June 30, 2026. The New Bedford Firefighters union, Local 841, has a contract through June 30, 2025. The New Bedford Police Union has a contract through June 30, 2024, after successful contract negotiations that were adopted in July 2023.

The New Bedford School Committee has collective bargaining contracts with its five school unions. AFSCME Local 641, representing building custodians, clerks, and certain food service workers, has a contract with the School Committee through June 30, 2026. The New Bedford Support Specialists Union (NBSSU), representing behavioral assistants, speech language pathologist assistants, wraparound coordinators, student mentors, and certified occupational therapy assistants, has a contract through June 30, 2026. The American Federation of Teachers, representing paraprofessionals and certain food service workers, had a contract through July 31, 2025. The New Bedford Educators Association (NBEA) Unit A representing teachers, and the NBEA Unit B representing school administrators, have contracts through June 30, 2025.

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.

The City notes that there is one pending matter for which the City could be liable for \$100,000 or more which would not be payable by one of the City's insurance carriers. That claim was brought by the former New Bedford Acting Fire Chief, Paul Coderre (now deceased).

The City also notes that in 2021, it received a Notice of Responsibility from the Massachusetts Department of Environmental Protection ("DEP") and a Notice of Potential Liability and Invitation to Perform or Finance Proposed Removal Actions for the Bliss Corner Neighborhood Site in Dartmouth, Massachusetts from the United States Environmental Protection Agency ("EPA") (collectively "the Notices"). The Notices informed the City of its potential liability for lead and PCB soil contamination in the Bliss Corner neighborhood in Dartmouth and invited it to perform or finance removal actions. Upon information and belief, the Town of Dartmouth also received Notices. The City informed DEP and EPA that it was not in a position to assume responsibility for performing the removal actions and stated that the City had not received any specific information to support a reliable determination of liability. EPA and DEP are currently undertaking removal actions at the Bliss Corner site and could seek to recover costs from the City. The City does not know the amount of potential liability, if any, for such removal actions and would, if necessary and appropriate, avail itself all ability to pay policies and any other policies that might offer relief and protection from any cost recovery claims.

CITY OF NEW BEDFORD, MASSACHUSETTS
/s/ John Taxiarchos, Interim City Treasurer

March 7, 2024

City of New Bedford Massachusetts

Annual Comprehensive Financial Report
Fiscal Year Ended June 30, 2023





CITY OF NEW BEDFORD, MASSACHUSETTS

Annual Comprehensive Financial Report

Fiscal Year Ended June 30, 2023

Jonathan F. Mitchell
Mayor

Robert W. Ekstrom
Chief Financial Officer

Emily A. Arpke
City Auditor

*Prepared by:
Office of the City Auditor*

New Bedford After Dark



Above: The Feast of the Blessed Sacrament, which was founded in 1915 by four Madeiran immigrant men who wanted to recreate the religious festivals of their home island and to commemorate their safe passage to America. It's now the largest Portuguese feast in the world and the largest ethnic festival in New England, attracting hundreds of thousands of visitors from around the globe.



Above: Boo At The Zoo, a family event hosted for the past 22 Halloween seasons at the Buttonwood Park Zoo, an Association of Zoos and Aquariums-accredited public zoo featuring 30 exhibits and over 240 species of animals.



Above: The annual July 4th fireworks display over downtown and the harbor, a summertime favorite.

Right: The 1,200-seat Zeiterion Performing Arts Center, the last of what were once 17 theaters hosting live entertainment in downtown New Bedford. The 'Z', which dates back to 1923, maintained a full booking of live shows until it closed earlier in 2023 for a \$31 million restoration that will ready it for the next 100 years. It plans to reopen in 2025.



About the Cover

City lights mix with the day's last rays in an ethereal twilight while the mast and forestay of a moored sloop punctuate the downtown skyline. In New Bedford, dusk is the crossover when admirers of its natural beauty by day become revelers of a nightlife abundant in food, festivities, and hospitality.

As of June 30, 2023, 243 leisure and hospitality establishments employing 3,475 workers were registered within New Bedford. Combined, they generated \$231 million in annual lodging and meals sales, paid wages of over \$83 million, and remitted \$2.2 million in the local option share of sales taxes to the City of New Bedford.

The cover photograph was taken by Denis Tangney of Lowell, MA and has been licensed from iStock / Getty Images. This is the second time Tangney's work has appeared on the cover of the City's Annual Comprehensive Financial Report after debuting in 2021. For more, visit Tangney's website at baystatephotos.com.

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Introductory Section



OFFICE OF THE CITY AUDITOR
Emily A. Arpke, City Auditor

CITY OF NEW BEDFORD

January 31, 2024

Mayor Jonathan F. Mitchell,
Members of the City Council,
and Citizens of New Bedford:

We are pleased to submit the Annual Comprehensive Financial Report (ACFR) for the City of New Bedford (City) as of June 30, 2023 and for the year then ended. The ACFR 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 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 ACFR 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 2022 through 2024. 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 in this ACFR 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

The City of New Bedford lies along the southeastern coast of Massachusetts approximately 56 miles south of Boston, occupying 24.1 square miles that includes 4.1 square miles of water at the convergence of the Acushnet River and Buzzard's Bay. The City also features a natural deep-water harbor and over 11 miles of coastline and riverfront, while being 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 voting wards, and five are elected at-large.

Mayor Jonathan F. Mitchell was first sworn into office as the City's 38th Mayor on January 2, 2012 and is currently serving in his sixth consecutive term - the first four of which were for two years - that will run until January 2028. 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 non-appropriated expenditures such as State and county assessments, contributions to an overlay reserve for future abatements, principal and interest not otherwise provided for, and legal judgments.

The basic financial statements are prepared on the GAAP basis of accounting and include government-wide statements of net position and activity for both governmental and business-type activities, and fund financial statements discretely presenting major funds and aggregating non-major funds by fund-type. 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 are blended and 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.

Demographics

According to the U.S. Census Bureau, New Bedford's population has grown 5.9% over the past twelve years, to 100,682 in 2022, making it the ninth largest city in Massachusetts. It continues to uphold its status as an original Gateway City by anchoring the regional economy with industries offering immigrants a "gateway" to the American Dream. Based on American Community Surveys conducted by the Census Bureau over the most recent five-year period, 20% of New Bedford's inhabitants were born in a foreign country and 38% speak a language other than English at home, compared to 18% and 25%, respectively, for the Commonwealth as a whole.



Dancers participating in Day of Portugal, a three-day celebration of Portuguese culture in New Bedford.

Survey results also indicate that 76% of inhabitants aged 25 years or older graduated high school and 16% graduated college with a bachelor's degree or higher. Another 25% have an associate's degree or have attended college.

Data from the U.S. Census Bureau's 2022 ACS 5-Year Estimates show the average household has 2.4 inhabitants; 60.1% are renter-occupied with a median monthly rent of \$1,026, 45% below the State's median rent of \$1,588. Median household income in New Bedford is \$54,604, an 8% increase over last year, and 77% of the statewide median income of \$96,505. Per capita income is at \$29,591, or 81% of the statewide per capita income of \$53,513, while 19% of individuals are at or below the poverty level, compared to 10% across the Commonwealth.

As tracked by the Massachusetts Executive Office of Labor and Workforce Development, at fiscal year-end the City's labor force was at 46,364 of which 44,477 were employed. New Bedford's seasonally unadjusted unemployment rate, which doubled to 8.2% during the height of the pandemic, returned to a pre-COVID level of 4.1% by the close of fiscal year 2023 but was still running higher than the 2.8% rate for the Commonwealth as a whole.

Local Economy

Positioned for Success

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 the base for sustained growth and an ability to quickly adapt in an ever-changing economic climate. The City remains a preeminent commercial, industrial, and recreational center in southeastern Massachusetts. Tourists revel in New Bedford's historical charm with its 11 combined miles of coastline and riverfront, and its cultural significance as one of the largest Portuguese American communities in America.

Highway connections from both U.S. Interstate Route 195 and Massachusetts Route 140, along with a municipal airport capable of providing jet service, make New Bedford an easy-access destination for commuters. Additionally, in July 2019 the MBTA broke ground on the \$8 billion South Coast Rail Project that will extend passenger rail service to New Bedford in 2024. The project will include a layover yard and two platforms located within the City, one of which will be in the downtown area and connected to inner-City foot traffic by a recently announced \$21 million pedestrian bridge to be constructed by the MBTA.

Diversity of Industries and Workforce

Although it is best-known for its role in the seafood industry, the City of New Bedford has a diverse makeup of industries. The Massachusetts Executive Office of Labor and Workforce Development showed New Bedford had 3,862 businesses at fiscal year-end providing jobs across multiple industries primarily in the services sector, which encompasses 81.7% of the City's employment with an average weekly salary of \$990. Goods-producing sector industries make up the remaining 18.3% of City employment, with an average weekly salary of \$1,451.

The Port of New Bedford

With a landed value of \$443.2 million in 2022, the Port of New Bedford has been the largest commercial fishing port in the United States for 23 consecutive years according to the National Oceanic and Atmospheric Administration. Its lead over the second-largest port grew from 22% in 2021 to 48% in 2022, the most recent year reported. 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. This growth has also fostered the development of a host of skilled labor professions that support the maritime economy, including more than 6,800 workers directly employed by New Bedford's commercial port.

Expanding Tax Base

New Bedford's residential real estate market has continued a steady increase in values since the steep increase that began in 2020. The average median sales price of a single-family residence reached \$355,000 for fiscal year 2023, a 2.6% increase over the \$346,000 median sales price a year earlier according to market data published by the Massachusetts Association of Realtors. A rising real estate market has translated into increased assessed values across each of the City's property classes. Residential properties, which accounted for 68.7% of the City's total assessed value base, increased 19.6% in total value due to the continuously rising valuations based on sales trends. Commercial properties, at 15.4% of total valuations, increased 5%, while industrial, which accounts for 7.6% of total valuations, increased by 1.8%. The remaining 8.3% of valuations are in personal property, rose by 2.8%.

In total, New Bedford's property tax base assessed valuations reached \$8.6 billion for fiscal year 2023, the highest in City history and a 16.4% increase from the year before, its ninth consecutive annual increase. Assessed valuations are now 65% higher than they were nine years ago, with a compounded annual growth rate of 5.7%.

ARPA and Economic Recovery from the Pandemic

In May 2021, the City was awarded \$64.7 million from State and Local Fiscal Recovery Funds (SLFRF) provided under the American Rescue Plan Act of 2021. With those funds, the Mayor proposed, and the City Council adopted, a plan to support nine principal economic initiatives, including \$11.9 million for arts, culture, hospitality, and tourism; \$11.1 million in matching funds for strategic investment; and \$8.7 million for enhancement of open spaces. An additional \$17.3 million of SLFRF funds were subsequently awarded to the City through Bristol County. By June 30, 2023, the City had committed \$51.4 million, or 63% of the \$82.0 million available, toward projects that, when leveraged with other funding sources, would result in nearly \$140 million in civic improvements.

Apart from ARPA funding, the City continued to rebound from the effects of the pandemic, issuing 5,240 building permits in fiscal year 2023, a 48.7% increase over the previous year, with permitted construction values increasing 264%. Additionally, lodging and meals tax receipts, a strong indicator of tourism, have each increased by 41% from fiscal year 2020.

Financial Overview and Policy Compliance

Many of the City's expenditures are governed by State law. 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. The statute does permit the carryforward 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. The City was compliant with all MGL expenditure requirements as of June 30, 2023.

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 DOR commissioner, which is done through the DLS's Bureau of Accounts. The Director of Accounts must certify any General Fund funds available at the end of each fiscal year, commonly known as 'free cash,' before they can be further appropriated. Although utility rates and fees do not require the director's approval, enterprise fund retained earnings must be similarly certified as available, which are referred to as Excess Retained Earnings.

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, as well as the preservation of fund balance. The latter policy is partially achieved through the establishment of stabilization funds within its General Fund, its Wastewater Fund, and three 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 Other Post-Employment Benefits (OPEB) Trust Fund, and 25% of free cash is committed to General Fund stabilization funds. Stabilization fund balances are targeted at between 2% and 6% of the annual operating budget. As of June 30, 2023, General Fund stabilization funds totaling \$15.4 million represented 3.7% of FY 2024's operating budget.

In March 2023, S&P Global Ratings assigned its 'SP-1+' rating to the City's most recent sale of general obligation bond anticipation notes (BANs). This short-term rating reflects S&P's opinion of New Bedford's general creditworthiness and market-risk profile, which they consider low, citing the City's strong legal authority to issue long-term debt to retire the notes and its ongoing disclosures to market participants.

Also in March 2023, S&P Global Ratings affirmed its 'AA-' underlying rating on the City's general obligation debt outstanding. The outlook on the long-term enhanced rating has improved to positive, reflecting the outlook on the state of Massachusetts, and the outlook on the underlying rating has remained stable. S&P cited several factors contributing to the affirmation, including assessments of "Very Strong" management and financial-management practices, "Strong" in institutional framework, consistent finances producing stable reserves despite the recent use of stabilization funds, and the local economy and diversifying property tax base. The City's AA-/Stable bond rating was first awarded in 2014.

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 2023-2027 will require a compounded annual growth rate, or CAGR, of 4.0% to meet operating and capital expenditures and to preserve the General Fund's fund balance.

Following the recommendations of the Massachusetts Department of Revenue, GASB, and the City's rating agencies, New Bedford adopted a formal annual capital improvement program (CIP) in 2014 to coordinate community planning, financial capacity, and physical development requirements.

The 2023-2027 plan identifies 20 capital projects with aggregated expenditures of \$166.3 million, highlighted by \$89.9 million, or 54% of the five-year total, for the City's local share of school renovation and replacement projects that will be leveraged by grants from the Massachusetts School Building Authority (MSBA), bringing the combined cost to \$259 million. Among the largest projects, \$100 million is for construction of a new school to replace the James B. Congdon Elementary School, a 2019 and 2020 recipient of the U.S. Department of Education's National Blue-Ribbon School award, and the John B. DeValles Elementary School. Constructed in 1907 and 1913, respectively, Congdon and DeValles are among the oldest of 19 public elementary schools in the city.

Additionally, an estimated \$150 million in high school renovations has been included for 2027, the final year of the current CIP. Another \$28.9 million will be set aside as part of the City's capital asset preservation program, of which \$15 million will be spent on roadway and public infrastructure improvements.

Nearly 94% of the 2023-2027 CIP will be financed through bonded debt, with the remainder financed by anticipated grants and lease-purchase debt.



Above: Artwork adorns the front entrance of the Congdon Elementary School. Below: Recess at the DeValles Elementary School. Both will be combined into a new school as part of an upcoming capital project.



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, whose members were appointed in May 2016. The City began collecting the CPA surcharge in fiscal year 2016. Total collections through June 30, 2023, were \$11 million, including \$2.1 million from state matching funds, all of which are recorded in a separate special revenue fund. Fund balance was \$4.5 million as of June 30, 2023.

Other Relevant Financial Information

The City of New Bedford had 3,137 City employees at fiscal year-end. Approximately 94% of its total workforce, are represented by one of eight collective bargaining units, four having agreements that had expired the previous fiscal year that were settled by June 30, 2023, with the final expired contract being settled days after fiscal year end. This has brought all collective bargaining units under contract for fiscal year 2023. Additionally, a reclassification study of salaries for the non-union municipal management unit, which are set by City ordinance, was adopted and implemented during fiscal year 2023.

The City of New Bedford has a dedicated history of focusing on performance and results. In 2013, the City developed and implemented a City-wide performance management program. Over the last several years, the Office of the Chief Financial Officer and the finance team has sought to increase New Bedford's use of performance data in and out of the budgeting process. In 2016, the City furthered its transparency efforts by instituting Open Checkbook; accessible via the City Auditor's Office webpage: www.newbedford-ma.gov/auditors-office/opencheckbook. This public-facing portal enhances accountability and builds trust with the community by allowing the general public visual access to most City expenditures. Thanks to improvements in department technology, data collection, and the increased attention to performance outcomes, the City has made strides toward governing with data and understanding the impacts of our programs and services. In doing so, New Bedford is part of a greater movement of forward-thinking governments that are optimizing the power of data and transparency to create better results for their communities.

Awards

The City received its ninth consecutive GFOA Award for Distinguished Budget Presentation for its fiscal year ending June 30, 2024. The 2024 budget was judged to be proficient in several categories as a policy document, financial plan, operations guide, and a communications device. The award reflected management's ongoing efforts to improve business operations and increase transparency in city finances.

Following the success of its budget document, management prepared its sixth ACFR for the fiscal year ended June 30, 2022 in accordance with the rigorous standards published by the GFOA, and was awarded its third consecutive Certificate of Achievement for Excellence in Financial Reporting award. The Certificate of Achievement is the highest form of recognition in the area of governmental accounting and financial reporting.

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 ACFR 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. The professional team at Hague, Sahady & Co., P.C. must be recognized for their many years of counseling, technical assistance, and continued support that have culminated in our receipt of the highest honor in municipal financial reporting. Finally, we wish to thank the many Federal, State, and local recipients of this report for your continued interest in the financial operations of the City.

The City's general-purpose financial statements for fiscal years 2009 through 2016 and its Annual Comprehensive Financial Reports for fiscal years 2017 through 2022 can be found on the Auditor's Office page of the City's website at www.newbedford-ma.gov/auditors-office/annual-financial-reports.

Respectfully submitted,



Emily A. Arpke
City Auditor



Robert W. Ekstrom
Chief Financial Officer



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

City of New Bedford Massachusetts

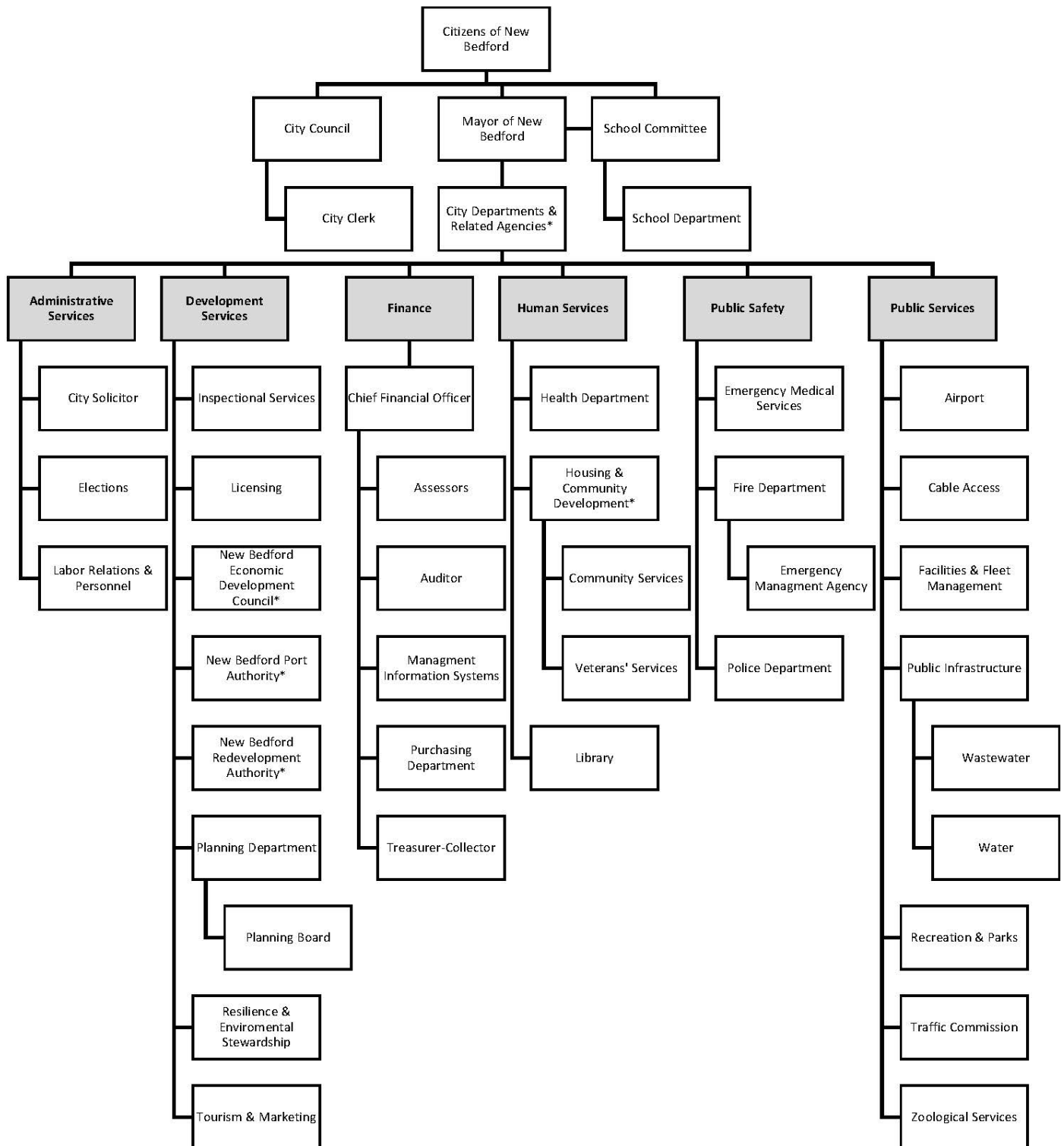
For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2022

Christopher P. Morill

Executive Director/CEO

Organizational Chart of City Government



*Related agencies presented for organizational purposes.

List of Elected and Appointed Officials

as of December 31, 2023

Mayor

Jonathan F. Mitchell

City Council Members

| | |
|---------------------|--|
| Linda M. Morad | City Council President, Councilor at Large |
| Ian Abreu | Councilor at Large |
| Shane Burgo | Councilor at Large |
| Naomi R.A. Carney | Councilor at Large |
| Brian K. Gomes | Councilor at Large |
| William Brad Markey | Councilor, Ward 1 |
| Maria E. Giesta | Councilor, Ward 2 |
| Shawn Oliver | Councilor, Ward 3 |
| Derek Baptiste | Councilor, Ward 4 |
| Scott J. Lima | Councilor, Ward 5 |
| Ryan J. Pereira | Councilor, Ward 6 |

School Committee Members

| | |
|----------------------------|-------------------------|
| Jonathan F. Mitchell | Chairperson, Ex-officio |
| Colleen Dawicki | Vice Chairperson |
| Melissa Costa | Committee Member |
| Christopher A. Cotter | Committee Member |
| Ross M. Grace | Committee Member |
| Joaquim B. Livramento, Jr. | Committee Member |
| Bruce J. Oliveira | Committee Member |

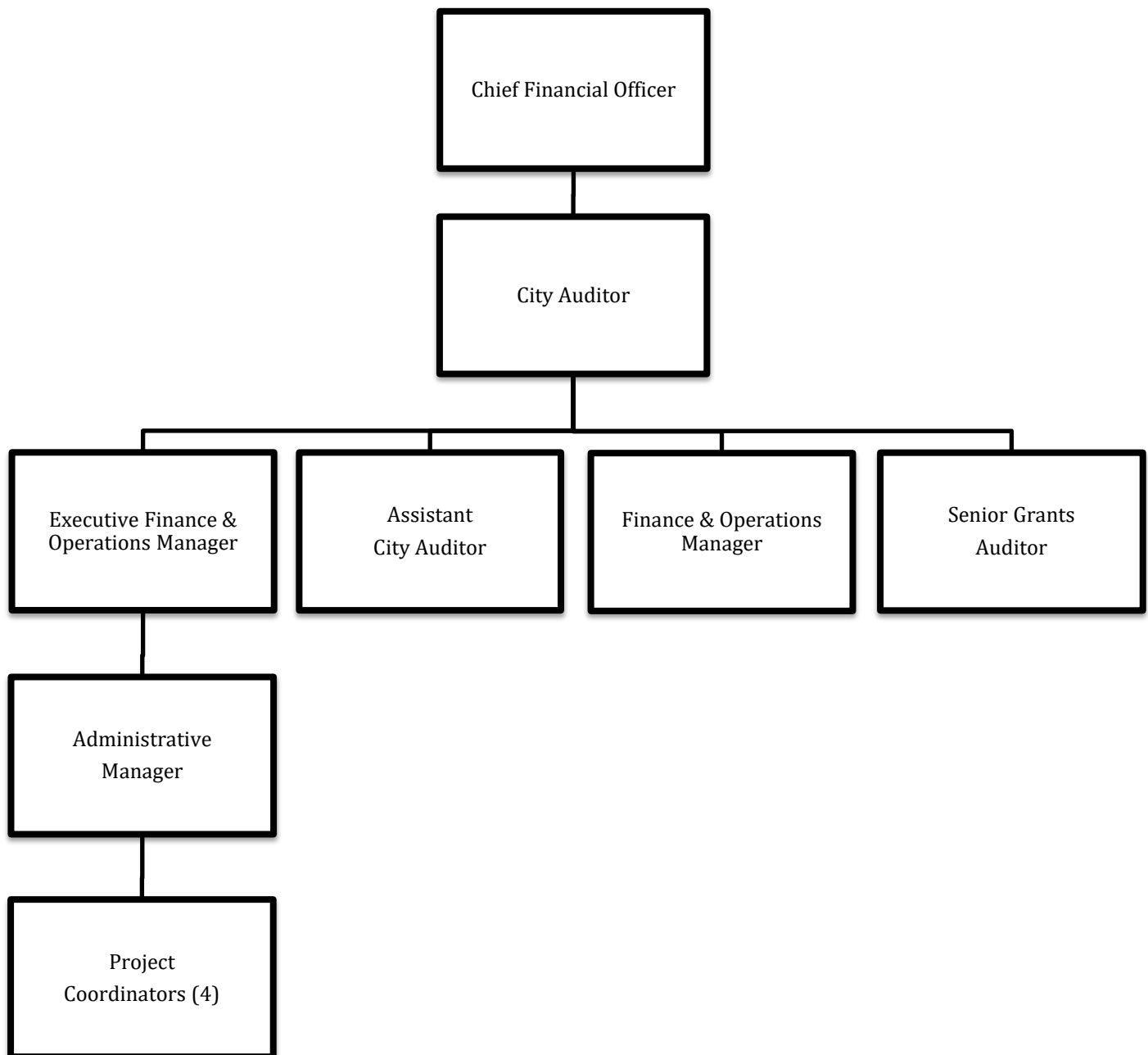
Appointed Administrative Officers, General Government

| | |
|-------------------|-----------------------------------|
| Robert W. Ekstrom | Chief Financial Officer |
| Eric A. Jaikes | City Solicitor |
| Dennis W. Farias | City Clerk |
| Emily A. Arpke | City Auditor |
| John Taxiarchos | Interim City Treasurer- Collector |

Appointed Administrative Officers, School Department

| | |
|-------------------|---|
| Andrew O'Leary | Interim Superintendent of Schools |
| Darcie Aungst | Interim Deputy Superintendent of Schools |
| Barry Rabinovitch | Interim Assistant Superintendent of Finance and Operations |

Organizational Chart of the Office of the City Auditor



List of Office of the City Auditor Personnel

as of December 31, 2023

Emily A. Arpke, City Auditor

| | |
|-------------------|---|
| Brennan Morsette | Assistant City Auditor |
| Geraldine Calheta | Executive Finance and Operations Manager |
| Ana de Barros | Finance and Operations Manager |
| Molly Kivi | Senior Grant Auditor |
| Carissa Frates | Administrative Manager |
| Cheryl Gundersen | Project Coordinator |
| Ryan Paiva | Project Coordinator |
| Kathleen Savage | Project Coordinator |
| Angela Soares | Project Coordinator |

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Financial Section

HAGUE, SAHADY & CO., P.C.

CERTIFIED PUBLIC ACCOUNTANTS
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Fall River, MA 02720
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FAX (508) 675-7859
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 Audit of the Financial Statements

Opinions

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, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

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, as of June 30, 2023, 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.

Basis for Opinions

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

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 is the responsibility of management and, 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.

Supplementary 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 accompanying combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 accompanying combining and individual nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 31, 2024, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's 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's internal control over financial reporting and compliance.

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

Hague, Sahady & Co., CPAs, P.C.
Fall River, Massachusetts
January 31, 2024

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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, 2023. This discussion should be read in conjunction with the information presented within the City's Annual Comprehensive Financial Report (ACFR).

Financial Highlights:

- On a government-wide basis, primary government net position decreased (\$29.4) million during fiscal year 2023, to a deficit of (\$460.0) million as of June 30, 2023, which is principally attributed to the net effect of long-term debt issuance, and to changes in pension OPEB net liabilities, deferred inflows, and deferred outflows.
- The General Fund, which comprises 75% of all governmental fund expenditures, reported a \$10.0 million increase in its fund balance to close at \$39.0 million at June 30, 2023.
- Enterprise funds net position decreased (\$0.2) million, to \$25.3 million at June 30, 2023, due to revisions of the allocation percentages of net pension liability (NPL) and net OPEB liability (NOL) to accurately include the Downtown Parking and Cable Access funds.

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 22-25), fund financial statements (pages 26-37), and notes to the financial statements (pages 38-84). This report also contains other required supplementary information in addition to the basic financial statements (pages 86-102), unaudited combining and individual funds statements (pages 105-131), and unaudited statistical information (pages 133-159).

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, health and human services, community and economic development, culture and recreation, and health and other insurance.

- **Business-type activities**, which are those primarily supported through user charges and fees. These include water treatment and distribution, municipal airport and cable access 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 much like 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 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.

The focus of governmental funds is more narrow than that of the government-wide financial statements, so 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 five major governmental funds are the General, Wastewater, HOME Investment Partnership Program, American Rescue Plan Act (ARPA), and the West End Pressure 2nd Treatment 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 26-31. Combining schedules discretely presented non-major governmental funds are included as non-required supplementary information on pages 108-113.

The General Fund and Wastewater Fund are the only governmental funds for which a budget is legally adopted. These budgets are prepared on a “budgetary” basis instead of 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 revenues and expenditures under the budgetary basis but are not recorded under GAAP. Schedules 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 86-92, followed by a reconciliation of budgetary to GAAP financial statements on page 93.

- **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, cable access, 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 32-35.
- **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 36-37.

Notes to the Financial Statements: The notes on pages 38-84 provide additional information essential to a full understanding of the data provided in the government-wide and funds 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, Cable Access, and Downtown Parking funds.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net Position:

The City's primary government net position was in deficit balances of (\$460.0) million and (\$430.6) million as of June 30, 2023 and 2022, respectively. The table below summarizes net position for both governmental and business-type activities.

| Summary of Net Position as of June 30, 2023 and 2022 (in millions) | | | | | | |
|--|-------------------------|------------|--------------------------|---------|------------|------------|
| | Governmental Activities | | Business-Type Activities | | Total | |
| | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 |
| ASSETS: | | | | | | |
| Current | \$ 335.4 | \$ 285.7 | \$ 17.2 | \$ 13.6 | \$ 352.6 | \$ 299.3 |
| Non-current | 11.6 | 15.1 | 5.9 | 6.0 | 17.5 | 21.2 |
| Capital | 412.1 | 424.0 | 123.4 | 127.0 | 535.5 | 550.9 |
| Total assets | 759.1 | 724.8 | 146.5 | 146.6 | 905.6 | 871.3 |
| DEFERRED OUTFLOWS OF RESOURCES | 76.1 | 75.3 | 4.2 | 3.9 | 80.3 | 79.2 |
| TOTAL ASSETS & DEFERRED OUTFLOWS | 835.2 | 800.1 | 150.7 | 150.5 | 985.9 | 950.6 |
| LIABILITIES: | | | | | | |
| Current | 105.0 | 118.0 | 5.0 | 5.6 | 110.0 | 123.7 |
| Non-current | 1,115.6 | 967.5 | 110.4 | 105.8 | 1,226.1 | 1,073.3 |
| Total liabilities | 1,220.7 | 1,085.5 | 115.4 | 111.4 | 1,336.1 | 1,196.9 |
| DEFERRED INFLOWS OF RESOURCES | 74.5 | 145.2 | 10.0 | 13.6 | 84.5 | 158.8 |
| TOTAL LIABILITIES & DEFERRED INFLOWS | 1,295.2 | 1,230.7 | 125.4 | 125.0 | 1,420.6 | 1,355.7 |
| NET POSITION: | | | | | | |
| Net investment in capital assets | 157.3 | 209.9 | 58.3 | 59.0 | 215.6 | 268.8 |
| Restricted | 106.7 | 53.6 | 3.6 | 3.5 | 110.3 | 57.2 |
| Unrestricted | (724.0) | (694.2) | (36.6) | (37.0) | (760.6) | (731.2) |
| Total net position | \$ (460.0) | \$ (430.6) | \$ 25.3 | \$ 25.5 | \$ (434.7) | \$ (405.1) |
| (Differences may exist due to rounding) | | | | | | |

The largest portion of the City's net position across Governmental and Business-Type activities is the investment in capital assets, net of outstanding debt used to acquire those assets, which totaled \$215.6 million in 2023. The City's investment in capital assets is reported net of related debt, as capital assets are physical items used to provide services to residents and 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 net position balances reported in the City's unrestricted net position for both its governmental and business-type activities are mainly the result of recording liabilities for its proportionate share of the New Bedford Contributory Retirement System's Net Pension Liability (NPL) as prescribed by GASB Statement No. 68 and described further in Note 9 to the financial statements (which begins on page 59), and its Net Other Post-Employment Benefits Liability (NOL) in accordance with GASB Statement No. 75, described in Note 10 (which begins on page 66).

Changes in Net Position:

Governmental Activities decreased the City's net position by (\$29.4) million and *Business-Type Activities* decreased net position by (\$0.2) million in fiscal year 2023, as summarized in the table below.

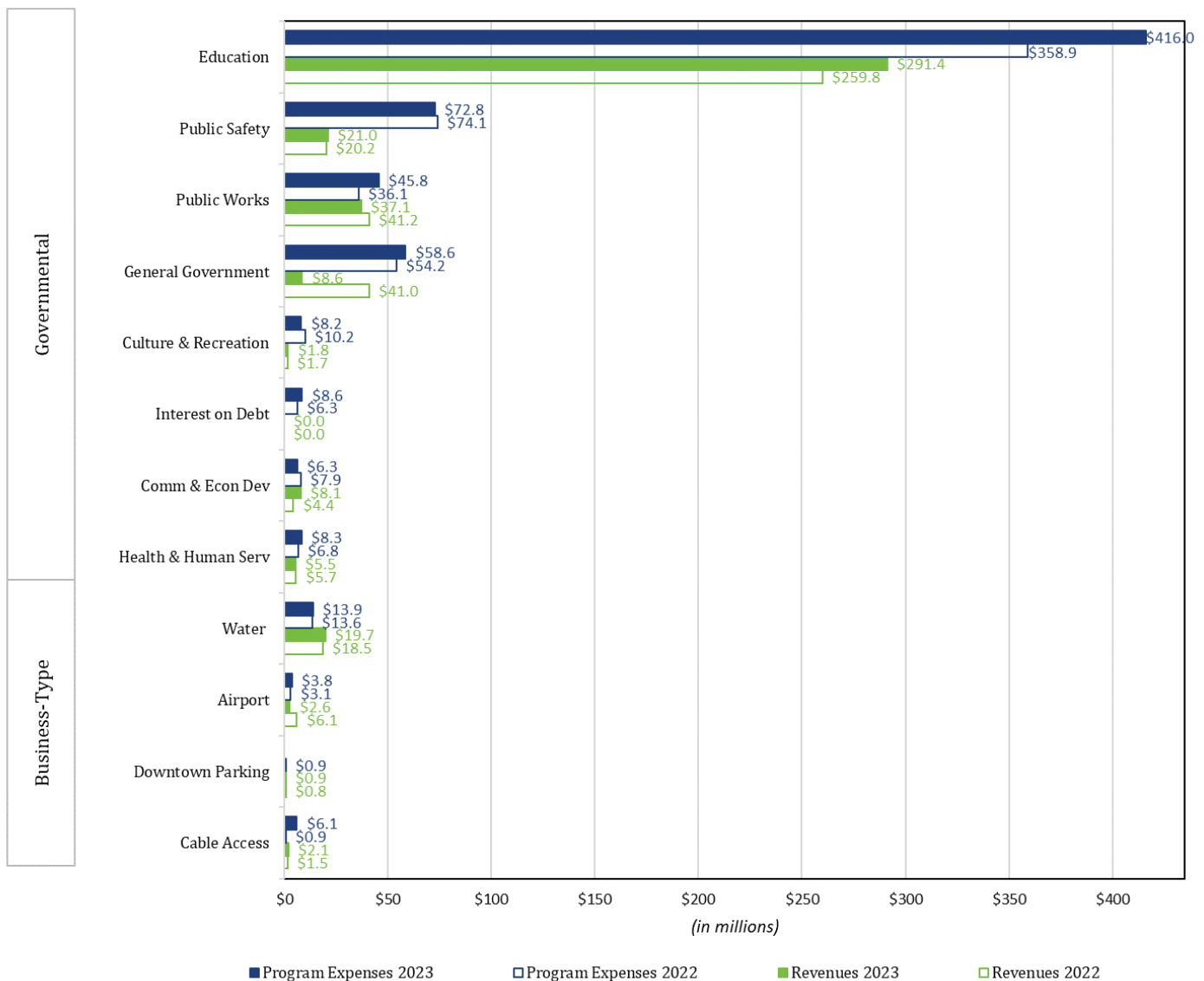
| Summary of Changes in Net Position as of June 30, 2023 and 2022 (in millions) | | | | | | |
|---|-------------------------|------------|--------------------------|---------|------------|------------|
| | Governmental Activities | | Business-Type Activities | | Total | |
| | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 |
| REVENUES: | | | | | | |
| Program revenues: | | | | | | |
| Charges for services | \$ 68.2 | \$ 57.5 | \$ 23.0 | \$ 20.5 | \$ 91.2 | \$ 78.0 |
| Operating grants & contributions | 297.4 | 302.0 | 0.0 | 0.1 | 297.4 | 302.1 |
| Capital grants & contributions | 8.1 | 14.6 | 2.3 | 6.4 | 10.4 | 21.0 |
| General revenues: | | | | | | |
| Property taxes | 145.8 | 141.7 | | | 145.8 | 141.7 |
| Motor vehicle excise taxes | 11.0 | 12.1 | | | 11.0 | 12.1 |
| Tax liens, fines, and other | 4.0 | 2.9 | | | 4.0 | 2.9 |
| Intergovernmental | 28.8 | 23.2 | | | 28.8 | 23.2 |
| Earnings on investments | 6.2 | 0.7 | 0.2 | (0.3) | 6.4 | 0.4 |
| Other | 22.2 | 19.3 | 0.1 | 1.0 | 22.3 | 20.3 |
| Total revenues | 591.7 | 574.0 | 25.6 | 27.6 | 617.3 | 601.6 |
| PROGRAM EXPENSES: | | | | | | |
| General government | 58.6 | 54.5 | | | 58.6 | 54.5 |
| Public safety | 72.8 | 74.1 | | | 72.8 | 74.1 |
| Public works | 45.8 | 36.1 | | | 45.8 | 36.1 |
| Health and human services | 8.3 | 6.8 | | | 8.3 | 6.8 |
| Education | 416.1 | 358.9 | | | 416.1 | 358.9 |
| Community & economic development | 6.3 | 7.9 | | | 6.3 | 7.9 |
| Culture and recreation | 8.2 | 10.2 | | | 8.2 | 10.2 |
| Interest on debt service | 8.6 | 6.3 | | | 8.6 | 6.3 |
| Water | | | 13.9 | 13.6 | 13.9 | 13.6 |
| Airport | | | 3.8 | 3.1 | 3.8 | 3.1 |
| Downtown Parking | | | (1.6) | 0.9 | (1.6) | 0.9 |
| Cable Access | | | 6.1 | 0.9 | 6.1 | 0.9 |
| Total program expenses | 624.7 | 554.8 | 22.1 | 18.5 | 646.9 | 573.3 |
| Change in net position before transfers and special items | (33.0) | 19.2 | 3.4 | 9.1 | (29.7) | 28.3 |
| TRANSFERS AND SEPCIAL ITEMS: | | | | | | |
| Transfers | 3.6 | 3.6 | (3.6) | (3.6) | - | - |
| Changes in net position | (29.4) | 22.8 | (0.2) | 5.5 | (29.6) | 28.3 |
| Net position, beginning of year | (430.6) | (453.5) | 25.5 | 20.0 | (405.1) | (433.4) |
| Net position, end of year | \$ (460.0) | \$ (430.6) | \$ 25.3 | \$ 25.5 | \$ (434.7) | \$ (405.1) |
| (Differences may exist due to rounding) | | | | | | |

The fiscal year 2023 decrease at the Government-Wide level is primarily due to the net change in deferred revenues, current year debt issuances that exceeded principal payments on long-term debt, and changes in the GASB Statement No. 68 (NPL) and GASB Statement No. 75 (NOL) estimates net of the changes in related deferred outflows and deferred inflows based on revised actuarial assumptions.

Activities by Function:

Education continues to be the largest function of City government, accounting for \$416.1 million, or 64.3% of all primary government program expenses. It's also the largest beneficiary of non-tax revenue sources, receiving \$291.4 million, or 70.1% of expenses, from user fees, contributions, and grants. Education net program expenses of \$124.7 million are \$25.6 million, or 25.8%, above last year as the rise in expenses, led by medical and pension expenses, outpaced increases in program revenues.

Program expenses for all other governmental activities totaled \$208.6 million, of which \$82.1 million, or 39.4% of expenses, was funded through non-tax sources. Net program expenses of \$126.4 million was a 55.4% increase from last year, which is a return to normal funding rates after fiscal year 2022 had an increase in capital grants and contributions of 28.7%.



Business-type activities are intended to be self-sufficient. In fiscal year 2023, program and general revenues exceeded program expenses by \$3.2 million, even after restatement of NPL and NOL.

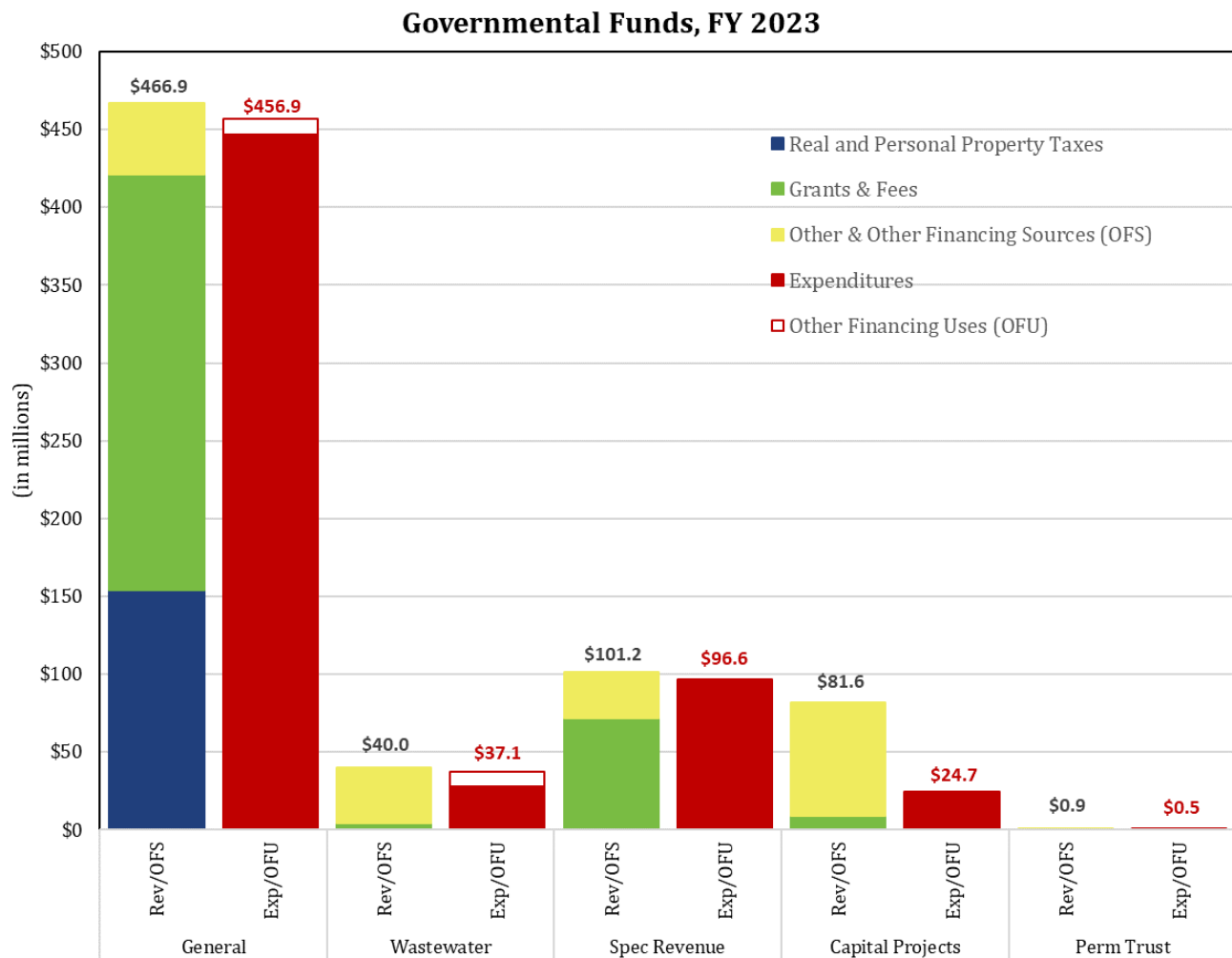
GOVERNMENT FUNDS FINANCIAL ANALYSIS

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.

Revenue and other financing sources (OFS) of \$690.7 million were \$134.3 million, or 24.1%, higher than in 2022, while expenditures and other financing uses (OFU) rose \$56.9 million, or 10.2%, to \$615.8 million. The table below shows fiscal year 2023 activity for each governmental fund.



The combined fund balance of all governmental funds increased \$74.3 million during the year to close at \$151.8 million as of June 30, 2023. Of total fund balance, \$108.4 million is either nonspendable or restricted. Fund balances committed, assigned, and unassigned total \$43.3 million at June 30, 2023. A breakdown of the components within each category of fund balance is presented in Note 16 on page 80 of the financial statements.

The General Fund is the main operating fund of the City, accounting for 67.6% of all governmental funds revenue and OFS and 74.2% of all expenditures and OFU. General Fund revenues and OFS of \$466.9 million were \$54.0 million greater than the prior year. This includes increases across all revenue categories, primarily in grants, while real estate and personal property taxes increased by \$5.7 million and investment income increased \$5.8 million. Expenditures and OFU of \$456.9 million increased \$40.3 million. This is largely driven by a \$27.6 million increase in education expenditures, with an additional \$4.9 million in general government and public works combined from increasing salary costs and capital project completion. State and county assessments, primarily in charter school assessments, rose \$4.6 million and pension plan contributions were \$2.0 million higher, the latter due to a funding schedule with continuously increasing payments in order to fully fund pension liabilities by 2035. Over the course of 2023, total fund balance increased \$10.0 million to \$39.0 million, which represents 9% of expenditures and OFU. This increase in General Fund fund balance as of June 30, 2023, can be attributed to the replenishment of the stabilization funds from Free Cash, as well as local receipts that continue to recover beyond post-pandemic expectations.

The Wastewater Fund is for the collection and treatment of wastewater throughout the City and some surrounding towns. Revenues and OFS of \$40.0 million were \$2.0 million, or 5.3%, higher than in 2022, as a 6.3% rate increase took effect on July 1, 2022. Expenditures and OFU of \$37.1 million were level with fiscal year 2022. Fund balance increased \$2.9 million to close at \$14.6 million on June 30, 2023. The continuous gradual rate increases and slowly building fund balance is important for Wastewater as the City continues to move through a list of required projects for system maintenance and improvements.

Special Revenue funds had \$101.2 million in revenues and OFS, up \$17.0 million from fiscal year 2022, while expenditures and OFU of \$96.6 million rose \$7.5 million over the prior year. The increase in revenues came from additional ARPA funds, and the continued release of federal funds from the acts that were passed in 2021 for long-term, sustainable recovery from the pandemic. The increase in expenditures reflects the City's active use of these funds to complete projects and support the community. In total, fund balances increased \$4.6 million, to \$34.3 million at June 30, 2023. Fund balances of the special revenue funds are restricted for uses intended by grantors, donors, or revolving fund purposes.

Capital projects funds reported revenues and OFS totaling \$81.6 million, which is nearly 300% above the prior year, while expenditures and OFU, of \$24.7 million, were 51.3%, higher. Aggregated fund balances increased to \$51.9 million, eliminating their aggregated deficit from the previous fiscal year. Capital fund balances can fluctuate substantially since proceeds from permanent financing, which are recognized as OFS, generally are not secured until the end of a multi-year project. Each project will ultimately balance before it is closed and transferred to the General Fixed Assets Account Group or to a beneficiary enterprise fund. The substantial changes reflected in the capital project funds this fiscal year are directly related to the \$72.4 million in debt issued.

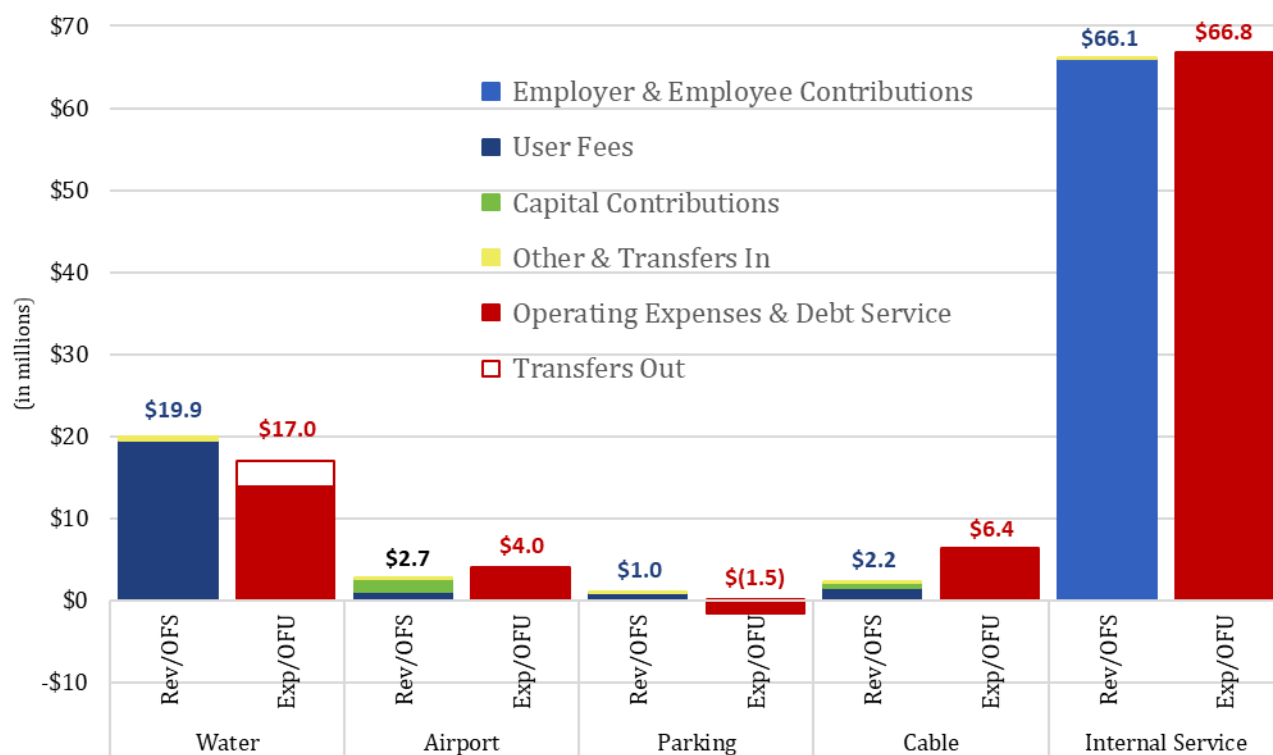
Permanent trust funds reported revenue and OFS of \$0.9 million, and expenditures and OFU of \$0.5 million. These funds started realizing investment earnings again as market conditions began to normalize, leading to a nominal increase of \$0.5 million in fund balance for a total of \$12.0 million as of June 30, 2023. 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, downtown parking, and cable access 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, 2023, the net position in enterprise funds was \$25.3 million, a (\$0.2) million decrease from the prior fiscal year. The internal service fund's net position of \$2.6 million was (\$0.7) million below the prior year. Changes in each fund's net position are summarized in the table below.

Proprietary Funds, FY 2023



The decrease in enterprise funds is primarily attributable to the redistribution of Pension and OPEB liabilities to better reflect the reality of their share of the liability, and individually having a large affect on Downtown Parking and Cable Access funds. Since these funds performed well this fiscal year and the shift in liability of (\$0.9) million was shared across the enterprise funds with only a 0.1% percentage increase in total, the enterprise fund decrease in net position only totaled (\$0.2) million.

The City's internal services fund is its medical claims trust fund, which accounts for all medical claims incurred in its self-insured health plan and all premiums from other indemnity plans. User funds are then invoiced for their specific share of expenditures. The (\$0.7) million decrease in net position is the result of timing differences between the accrual of certain year-end expenditures and recognition of revenue from user funds.

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 its share of the net pension liability (NPL) in the multi-employer pension plan of which it is a member, and the net OPEB liability (NOL) of its OPEB Trust Fund. Neither of these obligations are presented in fiduciary fund financial statements, but they are integral in gaining an understanding of the City's overall financial health. 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 January 1 and June 30, 2023, 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 ends on December 31. The Plan's financial status as of December 31, 2022 can be found in Note 9 to the financial statements beginning on page 59 of these financial statements, and the required supplementary information on pages 94-98 provide further detail on the Plan and the City's employer liabilities. The Plan's total pension liability was \$842.2 million, an increase of \$26.6 million, or 3.3%, over the previous year, while its net position decreased (\$59.0) million, from \$475.4 million to \$416.4 million. The Plan's net pension liability on December 31, 2022 was \$425.8 million, of which 87.9% is the City's proportionate share, totaling \$374.1 million.

Plan assets lost (12.0%) during calendar year 2022 compared to a 17.1% gain in calendar 2021. Every investment sleeve was down except for real estate, which generated a 7.3% return. With the weak market performance in 2022, the plan's funded ratio fell from 58.3% on December 31, 2021 to 49.4% one year later. However, performance began a rebound in 2023, with plan assets posting gains of 7.3% during the first six months and 12.2% for the full calendar year to close at \$463.8 million as of December 31.

Other Post-Employment Benefits Plan:

To address the 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 to be transferred to this fund. During fiscal year 2023, \$1.3 million was transferred into the OPEB Trust Fund from free cash, bringing fiduciary net position to \$4.8 million.

Over the course of the fiscal year, total OPEB liability increased \$23.6 million to \$553.1 million, due predominantly to changes in the discount rate and health care cost trends. The plan's assets now stand at 0.9% of total OPEB liability as of June 30, 2023, up from 0.3% a year earlier despite the additions. Note 10 to the financial statements, beginning on page 66, and the required supplementary information on pages 100-102 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 2023 General Fund budget totaling \$418.2 million, which was \$35.8 million, or 9.4%, higher than fiscal year 2022. The 2022 adopted budget consisted of \$386.8 million in City Council appropriations and \$31.4 million in State and county assessments. During the year, adjustments of \$15.5 million increased the revised budget to \$433.7 million, summarized as follows:

- Between changes in Cherry Sheet estimates and updates to local receipts during the annual Tax Rate Recapitulation used by the DOR to approve the City's real and personal property tax rate setting, there was a net effect of \$0.8 million added to the budget. This includes partial funding with local receipts appropriated by Council prior to the annual Tax Rate Recapitulation for contracts settled with Fire and EMS unions, totaling \$0.6 million.
- Increase of \$1.8 million to fund the carryover of encumbrances against fiscal year 2022 appropriations.
- Increase of \$12.9 million from Free Cash certification, followed by full appropriation by City Council to fund various specific needs. This includes \$1.3 million to OPEB, \$3.2 million to General Fund Stabilization, and an additional \$6.2 million to General Fund Stabilization to replace the funds used in fiscal year 2022 to fund the Police and Fire contract settlements.

The DOR conducts a review of each Massachusetts municipality's year-end balance sheets to determine how much of its General Fund unassigned fund balance may be available for local government appropriations. The amount so determined is certified as free cash. As of June 30, 2022, the City's General Fund reported \$19.1 million of unassigned fund balance, of which \$12.9 million was certified as free cash. As noted previously, free cash was fully appropriated by June 30, 2023.

General Fund Actual Results vs. Revised Budget:

General Fund operations generated a budgetary surplus of \$12.3 million in fiscal year 2023. This is the result of favorability of \$6.9 million in expenditures and other financing uses and \$5.4 million in revenues and other financing sources.

Revenue favorability was the result of several categories including Local Receipts, Departmental Revenues reflecting EMS increased revenues, and Earnings on Investments. Governmental Revenues appears to have a large surplus, however it is balanced with the ARPA funding revenue shortfall under OFS, as funds were received from Bristol County ARPA funds to cover eligible General Fund expenditures rather than using a transfer from the City's ARPA allocation.

Most departments ended the fiscal year with nominal variances from what was budgeted. The largest discrepancies include the Police Department, the Department of Public Infrastructure, the Veterans Department, Health Insurance, and State Assessments. The savings in the City's Health Insurance costs are the result of eligible COVID claim reimbursements from ARPA, as well as a decrease in cost per claim. The City's Police Department and Department of Public Infrastructure suffered multiple, long-term vacancies resulting in savings in salary expenditures and had capital purchases that were encumbered in the next fiscal year. The Veterans Department continues to experience a declining veterans population reducing the amount of monthly support paid to eligible veterans living in New Bedford.

Capital Assets and Debt Administration

Capital Assets:

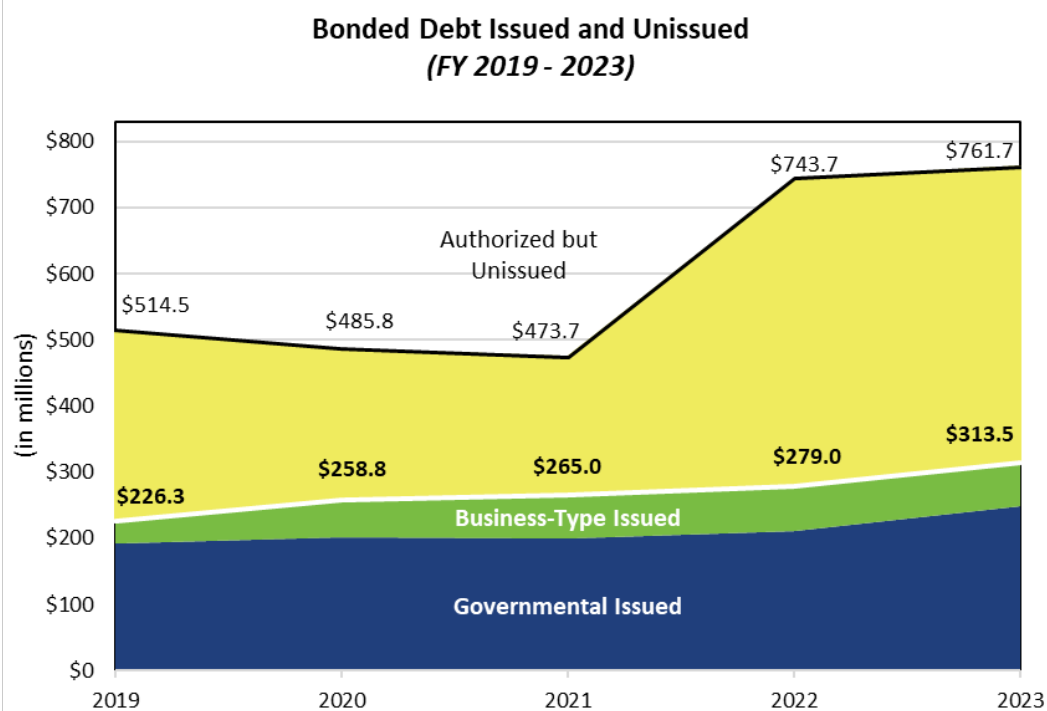
At June 30, 2023, capital assets totaled \$535.5 million net of accumulated depreciation, a decrease of (\$15.5) million over the prior year. Net capital assets of \$412.1 million used in governmental activities decreased (\$11.9) million from the prior year, comprised of (\$39.1) million in depreciation and (\$1.4) million in net book value of assets transferred to business-type activities, partially offset by \$28.6 million in additions. Business-type capital assets of \$123.4 million decreased (\$3.3) million, the net effect of (\$5.6) million of depreciation and retirements, partially offset by \$1.4 million transferred from governmental activities and \$0.9 million in new construction projects. Additional information on the City's capital assets can be found in Note 8 to the financial statements (page 58-59).

Short and Long Term Debt:

The City's debt is composed of bonds, loans from State agencies, bond anticipation notes (BANs), capital lease-purchases, and accrued compensated absences. Combined debt totaled \$330.0 million at June 30, 2023, of which \$264.2 million is for governmental activities and \$65.8 million is for business-type activities. Total debt increased \$55.1 million, or 20.1%, over last year.

Bonded debt, including State agency loans and BANs, totaled \$313.6 million as of June 30, 2023, establishing a five-year high reflecting the City's continued commitment to replacing aged infrastructure within affordable parameters. Outstanding bonded debt reduced to 3.6% of assessed property values, keeping ratio under 4% for the past five years now.

As of June 30, 2023, the City had \$448.1 million of authorized but unissued debt. Additional information on debt is included in Note 15 on page 75-79 of the financial statements.



Economic Factors and Next Year's Budget and Rates

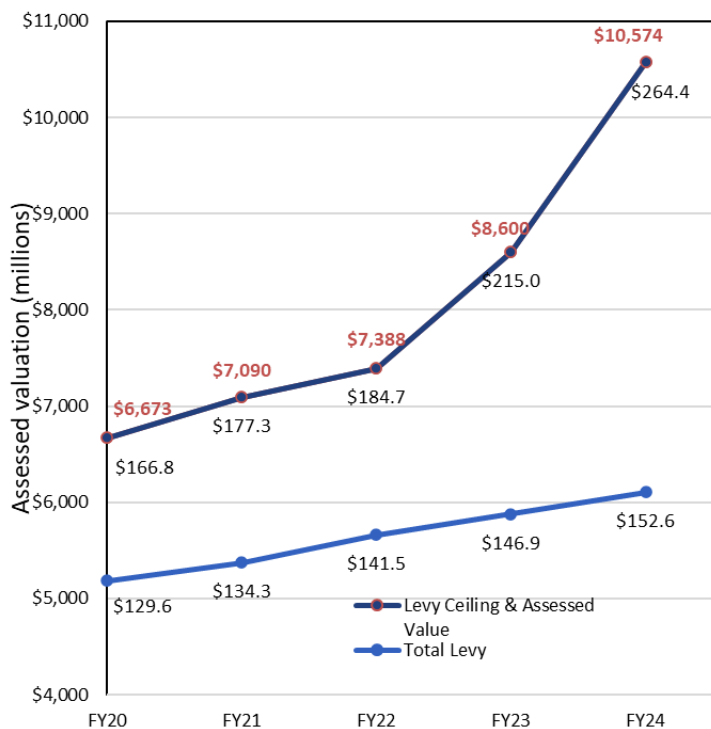
The City of New Bedford's economy is expected to continue growth beyond fiscal year 2023, generating revenue streams sufficient to fund 2024 appropriations. The City is required to legally adopt budgets for its General Fund and Wastewater Fund, each of which is reported as a governmental fund-type in 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 since spending is capped to available revenue sources, so these funds will not be discussed further.

General Fund:

In June 2023, the City Council adopted a fiscal year 2024 expenditure budget of \$416.5 million, a (\$1.7) million decrease from the prior year's adopted budget. This decrease is a direct result of City Council cuts of \$8 million from the Mayor's proposed budget. Most of the budget cut was in General Government Unclassified for \$7 million, where the City pays for the annual solid waste contract, FICA taxes, municipal insurance, and a variety of other smaller contracted services for general government operations. The remaining \$1 million can be seen in nominal cuts sporadically through the departments. This left the City with an estimated tax levy increase of only \$0.6 million.

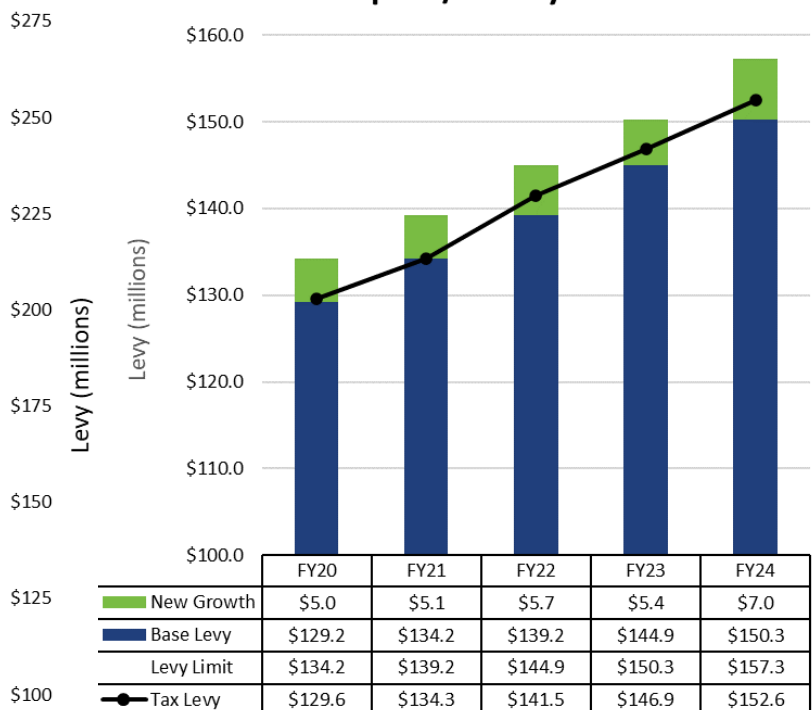
This was after the City reached an all-time high of assessed value of real and personal property at \$8.6 billion. Under Proposition 2½, Massachusetts communities generally cannot levy taxes in excess of 2.5% of assessed value (levy ceiling). Growth in property values is a key factor in the City's ability to finance government activities. As of December 31, 2023, there is a new all-time high assessed value of \$10.6 billion. Assessed values have now increased in each of the last ten years with a compounded annual growth rate of 7.3% over that period. This trend has been fueled by a

Prop 2 1/2: Levy Ceiling



FY24's tax levy of \$152.6 million is \$111.8 million below the levy ceiling. . .

Prop 2 1/2: Levy Limit



. . . while FY 23's tax levy is \$4.7 million below the levy limit.

strong real estate market and new growth, which has remained steady over the past five years, which can be seen in the accompanying charts.

Additionally, municipalities cannot increase tax levies by more than 2.5% each year, excluding new growth, 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. Fiscal year 2024 new growth in real estate had an assessed value of \$1.5 billion, along with another \$443 million in commercial, industrial, and personal property growth that added \$2.5 million to the levy limit. The number of new building permits issued has exponentially increased in fiscal year 2023 and the values of the permits has followed, which is a healthy indicator of continued new growth into fiscal year 2025 and beyond.

The tax levy for fiscal year 2024 was set at \$152.6 million, which is \$5.7 million, or 3.8%, increase from the prior year, while remaining (\$111.8) million below the City's levy ceiling and (\$4.7) million below its levy limit. Preservation of excess levy capacity has been a key objective in establishing each year's tax levy, while the economic constraints caused by the pandemic required the City to tap into the excess levy capacity in fiscal year 2022, in fiscal year 2023 and 2024 we were able to start widening the excess capacity again.

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 non-levy revenue, the risk of unanticipated increases to the tax levy is mitigated. Management remains confident the sources of non-levy revenue will be healthy in 2024 as the economy continues to rebound.

Wastewater Fund:

Fiscal year 2024 budgeted expenditures of \$32.4 million represent a \$3.8 million, or 13.3%, increase above the 2023 revised budget. The largest increases are \$1.1 million in contractual services for engineering and other like services required to support the maintenance and operation of the system, and \$2.4 million in payments on long-term debt used to finance the local share of mandated projects by the State to keep the operations safe and healthy.

Fiscal year 2023 saw an unexpected uptick in use locally and by some surrounding communities that lead to an increase in revenue in Wastewater for fiscal year 2023. The level of use has not decreased thus far in fiscal year 2024, leading us to believe this fund will have a healthy year of returns. The 2024 budget was balanced with a \$2 million appropriation from fund balance, to reduce the impact on the rate payers of the additional \$2.4 million in debt payments. Fiscal year 2026 should have a large amount of debt drop off, so the desire to stabilize rate increases from the Wastewater stabilization fund shouldn't extend past fiscal year 2025.

Enterprise Funds:

Water:

Budgeted expenditures in the Water Fund, which accounts for 83.6% of all enterprise funds appropriations, total \$18.8 million, a \$1.0 million increase from the 2023 revised budget. This was from a \$0.5 million increase in personnel services due to contract settlements and a management reclassification and \$0.5 million in debt service. Like Wastewater, the Water Fund is under order from the State to complete necessary projects to ensure systems remain safe and healthy for residents. This includes millions of dollars in projects for the next several years, but the current debt schedule and revenues for this fund have room to accommodate these financial needs with only steady, normalized rate increases.

Airport:

Fiscal year 2024 budgeted expenditures of \$1.2 million is level-funded with the prior fiscal year, with only slight increases to personnel services and debt service. This slight increase comes with an anticipated subsidy from the General Fund to balance the budget, but the need for the subsidy is decreasing given the revenues are also starting to increase again. The revenues at the Airport have been struggling for several years now. The pandemic reminded many of the benefits and affordability of more use of private and smaller commercial flights, but the Airport is still having a hard time getting the revenues to get caught up with the cost of doing business. The New Bedford Municipal Airport has major projects underway for terminal and runway reconstruction in partnership with the State and FAA and should realize more returns upon completion in the coming years, in the interim the Airport continues to work on marketing strategies to optimize usage.

Downtown Parking:

Among all enterprise funds, Downtown Parking was hit hardest by the pandemic, as the City offered free parking through June 30, 2020, and the way people visited downtown areas dramatically changed for preceding several years. Fiscal year 2023 saw a return to pre-pandemic volume with meter collections approaching all-time highs since establishment of this activity as an enterprise fund. This is another testament to the return of local economy that the City of New Bedford has seen this past fiscal year. Fiscal year 2024 revenue was nevertheless conservatively projected, so a subsidy of \$0.1 million was required to balance the budget. But given the results of fiscal year 2023 and trends for the first half of fiscal year 2024, the City anticipates no further subsidies. Budgeted expenditures increased less than \$0.1 million, to \$1.1 million.

Cable Access:

Cable Access has been at a rather level budget for the past few years, with expenditures at \$1.4 million, which is only a slight increase from management reclassification and salary changes. The City is in a 10-year contract with Comcast for the City to receive a share of subscription fees that Comcast receives from residents at a rate of 5%. This has provided Cable Access with consistent and steady revenues of around \$1.2-1.4 million per year. During the peak of the pandemic, there was a small wave of people electing to not have cable anymore and the fund saw a dip in revenues, however this trend has not continued, and revenues have had a slight increase even.

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, 2023

| | 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 | \$ 237,786,331 | \$ 11,544,329 | \$ 249,330,660 | \$ 1,332,411 | \$ 4,729,273 | \$ 645,889 | \$ 6,707,573 |
| Restricted cash and investments | 24,475,980 | 3,636,740 | 28,112,720 | 32,033,630 | 9,632,617 | - | 41,666,247 |
| Accounts receivable, net of allowance | 31,294,109 | 2,028,800 | 33,322,909 | 708,195 | - | 17,700 | 725,895 |
| Taxes receivable, net | 22,091,007 | - | 22,091,007 | - | - | - | - |
| Loans receivable, net | 17,206,412 | - | 17,206,412 | - | - | - | - |
| Due from other governments | - | - | - | 2,423 | 8,149,602 | 973,861 | 9,125,886 |
| Due from component units | 1,200,790 | - | 1,200,790 | - | - | - | - |
| Receivable from external parties | - | - | - | - | 306,509 | - | 306,509 |
| Inventories and prepaid expenses | 286,374 | - | 286,374 | 458,581 | - | 3,812 | 462,393 |
| Lease receivable | - | - | - | 440,517 | - | - | 440,517 |
| Other assets - current | 1,055,650 | - | 1,055,650 | - | - | - | - |
| Total current assets | 335,396,653 | 17,209,869 | 352,606,522 | 34,975,757 | 22,818,001 | 1,641,262 | 59,435,020 |
| Non-current assets | | | | | | | |
| Other assets - noncurrent | - | - | - | 197,390 | - | - | 197,390 |
| Net OPEB Asset (NOA) | - | - | - | 2,924,274 | - | - | 2,924,274 |
| MWPAT debt subsidy receivable | 11,615,934 | 51,299 | 11,667,233 | - | - | - | - |
| Lease receivable | - | 5,858,431 | 5,858,431 | 2,822,855 | - | - | 2,822,855 |
| Capital assets: | | | | | | | |
| Not being depreciated: | | | | | | | |
| Land and easements | 13,100,441 | 2,087,793 | 15,188,234 | 5,960,162 | 42,000 | 667,266 | 6,669,428 |
| Landfill in progress | - | - | - | 9,880,003 | - | - | 9,880,003 |
| Construction in progress | 66,828,119 | - | 66,828,119 | - | - | - | - |
| Infrastructure in progress | 3,871,686 | 42,188,126 | 46,059,812 | - | 48,410,617 | - | 48,410,617 |
| Depreciable capital assets: | | | | | | | |
| Land improvements, net | 6,548,993 | 4,810,200 | 11,359,193 | 8,986 | 24,190,421 | - | 24,199,407 |
| Leasehold improvements, net | - | - | - | - | - | - | - |
| Infrastructure, net | 82,615,676 | 66,212,679 | 148,828,355 | - | - | - | - |
| Building and improvements, net | 220,712,598 | 6,816,685 | 227,529,283 | 408,438 | 2,284,924 | - | 2,693,362 |
| Office equipment and furniture, net | 759,414 | - | 759,414 | 18,432 | - | 40,040 | 58,472 |
| Computer equipment, net | 4,837,082 | 119,739 | 4,956,821 | - | - | - | - |
| Library books and textbooks, net | - | - | - | - | - | - | - |
| Automobiles, net | 8,394,865 | 685,178 | 9,080,043 | - | 33,042 | - | 33,042 |
| Machinery and equipment, net | 4,412,665 | 503,319 | 4,915,984 | 1,505,997 | 396,250 | - | 1,902,247 |
| Animals, net | 1,838 | - | 1,838 | - | - | - | - |
| Total capital assets | 412,083,377 | 123,423,719 | 535,507,096 | 17,782,018 | 75,357,254 | 707,306 | 93,846,578 |
| Total non-current assets | 423,699,311 | 129,333,449 | 553,032,760 | 23,726,537 | 75,357,254 | 707,306 | 99,791,097 |
| Total assets | 759,095,964 | 146,543,318 | 905,639,282 | 58,702,294 | 98,175,255 | 2,348,568 | 159,226,117 |
| DEFERRED OUTFLOWS OF RESOURCES | | | | | | | |
| Deferred outflows of resources (pension) | 53,752,784 | 2,978,387 | 56,731,171 | 665,260 | - | - | 665,260 |
| Deferred outflows of resources (OPEB) | 21,603,529 | 1,197,029 | 22,800,558 | 288,430 | - | - | 288,430 |
| Deferred asset advance refunding, net of amortization | 798,555 | - | 798,555 | - | - | - | - |
| Total deferred outflows of resources | 76,154,868 | 4,175,416 | 80,330,284 | 953,690 | - | - | 953,690 |
| Total assets and deferred outflows of resources | \$ 835,250,832 | \$ 150,718,734 | \$ 985,969,566 | \$ 59,655,984 | \$ 98,175,255 | \$ 2,348,568 | \$ 160,179,807 |

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 |
| LIABILITIES | | | | | | | |
| Current liabilities | | | | | | | |
| Accounts payable and accrued expenses | \$ 46,494,040 | \$ 420,912 | \$ 46,914,952 | \$ 240,843 | \$ 7,443,077 | \$ 515,409 | \$ 8,199,329 |
| Retainage payable | 227,819 | - | 227,819 | - | - | - | - |
| Due to other governments | 209 | - | 209 | 2,423 | - | - | 2,423 |
| Due to primary government | - | - | - | - | 50,000 | 650,905 | 700,905 |
| Accrued interest | 3,122,489 | 570,958 | 3,693,447 | - | - | - | - |
| Deposits held | 569,642 | - | 569,642 | 5,675 | 9,613,180 | 15,000 | 9,633,855 |
| Payroll withholdings | 59,700 | - | 59,700 | - | - | - | - |
| Other liabilities | 9,728,831 | 205,377 | 9,934,208 | - | - | - | - |
| Unearned revenue | - | - | - | - | - | - | - |
| Claims incurred but not reported | 3,506,800 | - | 3,506,800 | - | - | - | - |
| Bonds and notes payable | 31,000,129 | 3,260,520 | 34,260,649 | - | - | - | - |
| Leases | 3,270,513 | - | 3,270,513 | - | - | - | - |
| Workers' compensation claims | 81,758 | - | 81,758 | - | - | - | - |
| Compensated absences | 6,959,986 | 532,010 | 7,491,996 | - | 57,240 | - | 57,240 |
| Total current liabilities | 105,021,916 | 4,989,777 | 110,011,693 | 248,941 | 17,163,497 | 1,181,314 | 18,593,752 |
| Non-current liabilities | | | | | | | |
| Accrued closure/post-closure costs | - | - | - | 6,853,936 | - | - | 6,853,936 |
| Due to primary government | - | - | - | - | 499,885 | - | 499,885 |
| Bonds and notes payable | 217,370,780 | 61,916,208 | 279,286,988 | - | - | - | - |
| Net OPEB liability (NOL) | 519,497,541 | 28,784,824 | 548,282,365 | - | 1,289,202 | - | 1,289,202 |
| Net pension liability (NPL) | 354,505,727 | 19,642,798 | 374,148,525 | 3,786,601 | - | - | 3,786,601 |
| Leases | 15,534,334 | - | 15,534,334 | - | - | - | - |
| Workers' compensation claims | 2,254,197 | - | 2,254,197 | - | - | - | - |
| Compensated absences | 6,479,011 | 99,422 | 6,578,433 | - | 233,386 | - | 233,386 |
| Total non-current liabilities | 1,115,641,590 | 110,443,252 | 1,226,084,842 | 10,640,537 | 2,022,473 | - | 12,663,010 |
| Total liabilities | 1,220,663,506 | 115,433,029 | 1,336,096,535 | 10,889,478 | 19,185,970 | 1,181,314 | 31,256,762 |
| DEFERRED INFLOWS OF RESOURCES | | | | | | | |
| Deferred inflows of resources (pension) | 3,870,465 | 214,459 | 4,084,924 | 203,302 | - | - | 203,302 |
| Deferred inflows of resources (OPEB) | 70,707,502 | 3,917,829 | 74,625,331 | 253,951 | - | - | 253,951 |
| Related to leases | - | 5,858,431 | 5,858,431 | 3,263,372 | - | - | 3,263,372 |
| Other deferred revenues (component unit) | - | - | - | - | 1,975,458 | - | 1,975,458 |
| Deferred dockage revenues (component unit) | - | - | - | - | 569,149 | 473,944 | 1,043,093 |
| Total deferred inflows of resources | 74,577,967 | 9,990,719 | 84,568,686 | 3,720,625 | 2,544,607 | 473,944 | 6,739,176 |
| NET POSITION | | | | | | | |
| Net investment in capital assets | 157,322,110 | 58,246,991 | 215,569,101 | 17,782,018 | 74,807,369 | 667,266 | 93,256,653 |
| Restricted | | | | | | | |
| Nonexpendable: | | | | | | | |
| Corpus of endowment funds | 5,127,411 | - | 5,127,411 | - | - | - | - |
| Expendable: | | | | | | | |
| General government grants and gifts | 11,963,300 | - | 11,963,300 | - | - | - | - |
| Educational grants and gifts | 15,710,835 | - | 15,710,835 | - | - | - | - |
| Public works grants and gifts | 47,957,616 | - | 47,957,616 | - | - | - | - |
| Culture and recreation grants and gifts | 9,222,576 | - | 9,222,576 | - | - | - | - |
| Other expendable | 16,710,025 | 3,636,740 | 20,346,765 | 25,175,920 | 7,852 | - | 25,183,772 |
| Unrestricted | (724,004,514) | (36,588,745) | (760,593,259) | 2,087,943 | 1,629,457 | 26,044 | 3,743,444 |
| Total net position | (459,990,641) | 25,294,986 | (434,695,655) | 45,045,881 | 76,444,678 | 693,310 | 122,183,869 |
| Total liabilities, deferred inflows of resources and net position | \$ 835,250,832 | \$ 150,718,734 | \$ 985,969,566 | \$ 59,655,984 | \$ 98,175,255 | \$ 2,348,568 | \$ 160,179,807 |

See accompanying notes to the basic financial statements

Statement of Activities

Year Ended June 30, 2023

| | | | | | | Primary Government | | |
|--|----------------|-----------------------------|---------------------------------------|------------------------------------|----------------------------------|-------------------------|--------------------------|------------------|
| | | | Program Revenues | | | | | |
| | Expenses | Indirect Expense Allocation | Fees, Fines, and Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Governmental Activities | Business-Type Activities | Total |
| Governmental Activities: | | | | | | | | |
| General government | \$ 59,278,213 | \$ (629,991) | \$ 6,544,916 | \$ 2,195,267 | \$ (137,874) | \$ (50,045,913) | \$ - | \$ (50,045,913) |
| Public safety | 65,276,985 | 7,517,277 | 17,287,806 | 3,749,350 | - | (51,757,106) | - | (51,757,106) |
| Public works | 45,096,403 | 689,086 | 28,426,894 | 3,051,726 | 5,655,153 | (8,651,716) | - | (8,651,716) |
| Health and human services | 7,944,482 | 337,310 | 1,029,329 | 4,498,111 | - | (2,754,352) | - | (2,754,352) |
| Education | 393,983,959 | 22,019,858 | 11,590,302 | 277,271,212 | 2,554,018 | (124,588,285) | - | (124,588,285) |
| Community and economic development | 6,338,351 | - | 2,236,338 | 5,869,743 | - | 1,767,730 | - | 1,767,730 |
| Culture and recreation | 7,632,018 | 563,917 | 1,033,147 | 740,879 | 20,000 | (6,401,909) | - | (6,401,909) |
| Health and other insurance | 32,967,060 | (32,967,060) | - | - | - | - | - | - |
| Debt service: | | | | | | | | |
| Interest expense | 8,592,577 | - | - | - | - | (8,592,577) | - | (8,592,577) |
| Total governmental activities | 627,110,048 | (2,469,603) | 68,148,732 | 297,376,288 | 8,091,297 | (251,024,128) | - | (251,024,128) |
| Business-Type Activities: | | | | | | | | |
| Water | 13,909,251 | - | 19,637,430 | 34,654 | - | - | 5,762,833 | 5,762,833 |
| Airport | 3,766,340 | - | 993,831 | - | 1,626,269 | - | (1,146,240) | (1,146,240) |
| Downtown Parking | (1,628,521) | - | 931,054 | - | - | - | 2,559,575 | 2,559,575 |
| Cable Access | 6,097,164 | - | 1,447,958 | - | 676,301 | - | (3,972,905) | (3,972,905) |
| Total business-type activities | 22,144,234 | - | 23,010,273 | 34,654 | 2,302,570 | - | 3,203,263 | 3,203,263 |
| Total primary government | 649,254,282 | (2,469,603) | 91,159,005 | 297,410,942 | 10,393,867 | (251,024,128) | 3,203,263 | (247,820,865) |
| Component Units: | | | | | | | | |
| Greater NB Regional Refuse Management District | 4,328,044 | - | 6,034,367 | - | - | - | - | - |
| New Bedford Harbor Development Commission | 6,324,301 | - | 3,541,564 | 209,735 | 22,397,893 | - | - | - |
| Non-major component units | 5,622,521 | - | 148,010 | 5,539,586 | - | - | - | - |
| Total component units | 16,274,866 | - | 9,723,941 | 5,749,321 | 22,397,893 | - | - | - |
| Total City of New Bedford | \$ 665,529,148 | \$ (2,469,603) | \$ 100,882,946 | \$ 303,160,263 | \$ 32,791,760 | (251,024,128) | 3,203,263 | (247,820,865) |
| General revenues: | | | | | | | | |
| Property taxes, net abatements | | | | | | 145,846,530 | - | 145,846,530 |
| Motor vehicle and other excise taxes | | | | | | 11,036,736 | - | 11,036,736 |
| Grants and contributions not restricted | | | | | | 28,754,529 | - | 28,754,529 |
| Tax foreclosures | | | | | | 2,159,093 | - | 2,159,093 |
| Penalties and interest on taxes | | | | | | 1,366,632 | - | 1,366,632 |
| Earnings on investments | | | | | | 6,224,834 | 195,652 | 6,420,486 |
| Payments in lieu of taxes | | | | | | 442,101 | - | 442,101 |
| Miscellaneous | | | | | | 22,157,852 | 75,325 | 22,233,177 |
| Total general revenues | | | | | | 217,988,307 | 270,977 | 218,259,284 |
| Transfers/special items: | | | | | | | | |
| Transfers, net | | | | | | 3,687,038 | (3,687,038) | - |
| Change in net position | | | | | | (29,348,783) | (212,798) | (29,561,581) |
| Net position - beginning | | | | | | (430,641,858) | 25,507,784 | (405,134,074) |
| Net position - ending | | | | | | \$ (459,990,641) | \$ 25,294,986 | \$ (434,695,655) |

See accompanying notes to the basic financial statements

[illegible]

See accompanying notes to the basic financial statements

Balance Sheet - Governmental Funds June 30, 2023

| | Major Fund | Major Fund | Major Fund | Major Fund | Major Fund | | |
|---|----------------|---------------|---------------|-----------------|---------------|----------------|----------------|
| | General | Wastewater | HOME | American Rescue | West End | Non-Major | Total |
| | Fund | | Investment | Plan | Pressure | Governmental | Governmental |
| | | | Program | Act (ARPA) | 2nd Treatment | Funds | Funds |
| ASSETS | | | | | | | |
| Cash and investments, unrestricted | \$ 49,402,130 | \$ 12,697,551 | \$ 3,000,557 | \$ 57,833,689 | \$ 7,246,370 | \$ 101,454,232 | \$ 231,634,529 |
| Cash, restricted | 15,366,708 | 3,981,861 | - | - | - | 5,127,411 | 24,475,980 |
| Receivables, net: | | | | | | | |
| Real estate and personal property taxes | 6,024,071 | - | - | - | - | - | 6,024,071 |
| Tax liens and foreclosures | 15,068,783 | - | - | - | - | - | 15,068,783 |
| Motor vehicle and boat excise | 3,439,867 | - | - | - | - | - | 3,439,867 |
| User charges receivables | - | 2,226,447 | - | - | - | - | 2,226,447 |
| Departmental and other | 9,030,407 | 41,869 | - | - | - | - | 9,072,276 |
| Loans receivable | - | - | 17,878,624 | - | - | 1,532,931 | 19,411,555 |
| Other receivables | 2,666,686 | 2,237 | - | - | - | 2,988,924 | 5,657,847 |
| Special assessments | 47,656 | 123,858 | - | - | - | - | 171,514 |
| Due from federal or state government | - | - | - | - | - | 19,628,195 | 19,628,195 |
| Intraentity receivable | 1,200,790 | - | - | - | - | - | 1,200,790 |
| Inventories | - | 26,373 | - | - | - | - | 26,373 |
| Prepaid assets | 260,000 | - | - | - | - | - | 260,000 |
| Land inventory | - | - | - | - | - | 246,918 | 246,918 |
| Total assets | 102,507,098 | 19,100,196 | 20,879,181 | 57,833,689 | 7,246,370 | 130,978,611 | 338,545,145 |
| DEFERRED OUTFLOWS OF RESOURCES | | | | | | | |
| None | - | - | - | - | - | - | - |
| Total deferred outflows of resources | - | - | - | - | - | - | - |
| Total assets and deferred outflows of resources | \$ 102,507,098 | \$ 19,100,196 | \$ 20,879,181 | \$ 57,833,689 | \$ 7,246,370 | \$ 130,978,611 | \$ 338,545,145 |

See accompanying notes to the basic financial statements

| | Major Fund | Major Fund | Major Fund | Major Fund | Major Fund | | |
|---|----------------|---------------|---------------|-----------------|---------------|----------------|----------------|
| | General | Wastewater | HOME | American Rescue | West End | Non-Major | Total |
| | Fund | | Investment | Plan | Pressure | Governmental | Governmental |
| | | | Program | Act (ARPA) | 2nd Treatment | Funds | Funds |
| LIABILITIES | | | | | | | |
| Warrants, accounts and accrued expenses payable | \$ 31,700,128 | \$ 2,088,265 | \$ 6,690 | \$ 322,576 | \$ 395,072 | \$ 11,092,524 | \$ 45,605,255 |
| Retainage payable | - | - | - | - | 21,182 | 206,637 | 227,819 |
| Bonds and notes payable | - | - | - | - | 1,700,000 | 14,675,551 | 16,375,551 |
| Deposits held | 533,297 | 36,345 | - | - | - | - | 569,642 |
| Due to other governments | - | - | - | - | - | 209 | 209 |
| Payroll withholdings | 59,700 | - | - | - | - | - | 59,700 |
| Unearned revenue | - | - | - | 57,511,113 | - | - | 57,511,113 |
| Other liabilities | 927,120 | 40,786 | - | - | - | 8,760,925 | 9,728,831 |
| Total liabilities | 33,220,245 | 2,165,396 | 6,690 | 57,833,689 | 2,116,254 | 34,735,846 | 130,078,120 |
| DEFERRED INFLOWS OF RESOURCES | | | | | | | |
| Deferred property and excise tax revenues | 21,682,512 | - | - | - | - | - | 21,682,512 |
| Deferred departmental and other receipts | 8,606,976 | - | - | - | - | 417,398 | 9,024,374 |
| Deferred user fees, fines and charges for service: | - | 2,350,304 | - | - | - | - | 2,350,304 |
| Deferred grant income | - | - | - | - | - | 4,247,540 | 4,247,540 |
| Deferred loan income | - | - | 17,878,624 | - | - | 1,532,931 | 19,411,555 |
| Total deferred inflows of resources | 30,289,488 | 2,350,304 | 17,878,624 | - | - | 6,197,869 | 56,716,285 |
| FUND BALANCE | | | | | | | |
| Nonspendable | 1,460,790 | 26,373 | - | - | - | 5,374,329 | 6,861,492 |
| Restricted | - | 5,610,449 | 2,993,867 | - | 5,130,116 | 87,829,922 | 101,564,354 |
| Committed | 15,366,708 | 8,746,571 | - | - | - | 1,553,760 | 25,667,039 |
| Assigned | 2,414,903 | 201,103 | - | - | - | - | 2,616,006 |
| Unassigned | 19,754,964 | - | - | - | - | (4,713,115) | 15,041,849 |
| Total fund balance | 38,997,365 | 14,584,496 | 2,993,867 | - | 5,130,116 | 90,044,896 | 151,750,740 |
| Total liabilities, deferred inflows of resources and fund balance | \$ 102,507,098 | \$ 19,100,196 | \$ 20,879,181 | \$ 57,833,689 | \$ 7,246,370 | \$ 130,978,611 | \$ 338,545,145 |

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, 2023

| | |
|---|-------------------------|
| Total governmental fund balances | \$ 151,750,740 |
| Allowances for doubtful accounts that are financial resources for the governmental funds | (10,184,431) |
| Advance refunding and related amortization that are not reported in the governmental funds | 798,555 |
| Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. | 412,083,377 |
| Long-term assets related to MWPAT and MSBA subsidies of principal for which revenue has been earned on the accrual basis | 11,615,934 |
| Deferred outflows of resources related to pensions and OPEB that are not reported in the funds | 778,345 |
| Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds. | 114,227,398 |
| 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 | 2,640,355 |
| In the statement of activities, interest is accrued on outstanding long-term debt, whereas in governmental funds interest is not reported until due. | (3,122,489) |
| 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 | (231,995,358) |
| Compensated absences | (13,438,997) |
| Leases | (18,804,847) |
| Workers' compensation claims | (2,335,955) |
| Net pension liability (NPL) | (354,505,727) |
| Net OPEB liability (NOL) | <u>(519,497,541)</u> |
| Net position of governmental activities | <u>\$ (459,990,641)</u> |

See accompanying notes to the basic financial statements

Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds
Year Ended June 30, 2023

| | Major Fund | Major Fund | Major Fund | Major Fund | Major Fund | | |
|---|----------------|---------------|--------------|-----------------|---------------|---------------|----------------|
| | General | Wastewater | HOME | American Rescue | West End | Non-Major | Total |
| | Fund | | Investment | Plan | Pressure | Governmental | Governmental |
| | | | Program | Act (ARPA) | 2nd Treatment | Funds | Funds |
| REVENUES | | | | | | | |
| Real estate and personal property taxes | \$ 143,220,778 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 143,220,778 |
| Motor vehicle and other excise | 11,019,338 | - | - | - | - | - | 11,019,338 |
| MSBA assistance | - | - | - | - | - | 2,554,018 | 2,554,018 |
| Tax liens and foreclosures | 2,331,149 | 210,528 | - | - | - | - | 2,541,677 |
| Penalties and interest on taxes | 1,914,665 | - | - | - | - | - | 1,914,665 |
| Licenses and permits | 3,221,438 | - | - | - | - | - | 3,221,438 |
| Fines and forfeitures | 176,811 | - | - | - | - | - | 176,811 |
| Investment income | 2,996,226 | 514,868 | 81,021 | 1,850,958 | - | 935,999 | 6,379,072 |
| Intergovernmental - operating grants | 67,618,883 | - | 340,934 | 5,901,050 | - | 65,458,837 | 139,319,704 |
| Intergovernmental - operating grant - Chapter 70 | 199,087,321 | - | - | - | - | - | 199,087,321 |
| Intergovernmental - capital grants | - | 4,300,902 | - | - | - | 2,766,651 | 7,067,553 |
| Charges for services | 15,845,388 | 27,853,636 | - | - | - | 1,844,681 | 45,543,705 |
| Other - indirects | 591,506 | - | - | - | - | - | 591,506 |
| Special assessments and betterments | - | 10,215 | - | - | - | - | 10,215 |
| Payments in lieu of taxes | 442,101 | - | - | - | - | - | 442,101 |
| Miscellaneous | 107,014 | 31,015 | 264,917 | - | 50,000 | 24,520,423 | 24,973,369 |
| Total revenues | 448,572,618 | 32,921,164 | 686,872 | 7,752,008 | 50,000 | 98,080,609 | 588,063,271 |
| EXPENDITURES | | | | | | | |
| Current: | | | | | | | |
| General government | 12,041,059 | - | - | 7,478,259 | - | 19,256,363 | 38,775,681 |
| Public safety | 52,645,795 | - | - | - | - | 4,292,323 | 56,938,118 |
| Education | 248,953,582 | - | - | - | - | 50,539,735 | 299,493,317 |
| Public works | 17,938,701 | 15,371,624 | - | - | - | 4,532,398 | 37,842,723 |
| Community and economic development | - | - | 732,045 | - | - | 5,438,170 | 6,170,215 |
| Health and human services | 4,154,347 | - | - | - | - | 3,052,196 | 7,206,543 |
| Culture and recreation | 5,194,474 | - | - | - | - | 917,223 | 6,111,697 |
| Pension benefits | 35,867,124 | - | - | - | - | - | 35,867,124 |
| Health and other insurance | 16,259,025 | - | - | - | - | - | 16,259,025 |
| Miscellaneous | 13,551,205 | - | - | - | - | - | 13,551,205 |
| Intergovernmental: | | | | | | | |
| State and county charges | 31,095,718 | - | - | - | - | - | 31,095,718 |
| Capital outlay: | | | | | | | |
| General government | - | - | - | - | - | 1,723,027 | 1,723,027 |
| Public safety | - | - | - | - | - | 498,862 | 498,862 |
| Education | - | - | - | - | - | 4,920,992 | 4,920,992 |
| Public works | - | 395,024 | - | - | 4,298,335 | 13,305,740 | 17,999,099 |
| Culture and recreation | - | - | - | - | - | (19,489) | (19,489) |
| Debt service: | | | | | | | |
| Principal payments | 4,114,422 | 9,878,794 | - | - | - | - | 13,993,216 |
| Short-term note interest | 1,477,496 | - | - | - | - | - | 1,477,496 |
| Bond interest costs | 3,227,542 | 2,238,843 | - | - | - | - | 5,466,385 |
| Total expenditures | 446,520,490 | 27,884,285 | 732,045 | 7,478,259 | 4,298,335 | 108,457,540 | 595,370,954 |
| Excess (deficiency) of revenues over (under) expenditures | 2,052,128 | 5,036,879 | (45,173) | 273,749 | (4,248,335) | (10,376,931) | (7,307,683) |
| OTHER FINANCING SOURCES (USES) | | | | | | | |
| Bond issuance | - | - | - | - | 8,897,542 | 63,800,894 | 72,698,436 |
| Bond premiums | 281,372 | - | - | - | 302,458 | 1,543,500 | 2,127,330 |
| Insurance proceeds | - | - | - | - | - | 342,273 | 342,273 |
| Issuance of leases | 2,771,981 | - | - | - | - | - | 2,771,981 |
| Transfers in | 15,305,105 | 7,061,678 | - | - | - | 1,342,698 | 23,709,481 |
| Transfers out | (10,427,319) | (9,225,927) | - | (273,749) | - | (95,448) | (20,022,443) |
| Total other financing sources and uses | 7,931,139 | (2,164,249) | - | (273,749) | 9,200,000 | 66,933,917 | 81,627,058 |
| Change in fund balance | 9,983,267 | 2,872,630 | (45,173) | - | 4,951,665 | 56,556,986 | 74,319,375 |
| Fund balance - beginning of year | 29,014,098 | 11,711,866 | 3,039,040 | - | 178,451 | 33,487,910 | 77,431,365 |
| Fund balance - end of year | \$ 38,997,365 | \$ 14,584,496 | \$ 2,993,867 | \$ - | \$ 5,130,116 | \$ 90,044,896 | \$ 151,750,740 |

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, 2023

Net change in fund balances - total governmental funds \$ 74,319,375

To record the change in the allowance for doubtful accounts recorded in the fund financial statements and convert to the full accrual basis: 773,020

To record amortization for advance refunding and related amortization that are not reported in the governmental funds: (109,440)

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 net amount by which capital outlays exceeded depreciation in the current period:

| | |
|--|---------------------|
| Capital Asset Additions (including Construction and Infrastructure in Progress): | 28,622,665 |
| Asset Disposals/Transfers to Business-Type: | (46,134,014) |
| Current Year Depreciation: | (39,096,027) |
| Accumulated Depreciation Disposals/Transfers to Business-Type: | <u>44,728,343</u> |
| Capital Outlays in Excess of Depreciation: | <u>(11,879,033)</u> |

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: (9,758,725)

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 on MWPAT principal subsidies: (3,498,309)

Net change in fund balances - total governmental funds (subtotal) - to next page \$ 49,846,888

Net change in fund balances - total governmental funds (subtotal) - from previous page \$ 49,846,888

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.

| | |
|--|---------------------|
| Current year long-term debt issuances: | (72,698,436) |
| Current year principal payments on long-term debt: | 13,993,216 |
| Current year lease acquisitions: | (2,771,981) |
| Current year payments against leases: | <u>2,969,914</u> |
| Net effect on long-term debt issuances: | <u>(58,507,287)</u> |

In the statement of activities, interest is accrued on outstanding long-term debt, whereas in governmental funds interest, is not reported until due.

This amount represents the change in accrued interest on outstanding long-term debt: (1,539,256)

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:

| | |
|--|--------------------|
| Change in the net OPEB liability: | (19,549,847) |
| Change in the related deferred outflows and inflows: | <u>11,919,766</u> |
| Net effect of the change in OPEB: | <u>(7,630,081)</u> |

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

This amount represents the change in the net pension liability: (72,023,654)

To record the change in the deferred outflows and deferred inflows of resources related to the net pension liability not reported in the fund financial statements: 59,656,815

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.

| | |
|--|---------|
| Change in the compensated absence liability: | 646,906 |
| Change in the worker's compensation liability: | 883,554 |

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 (682,668)

Change in net position of governmental activities \$ (29,348,783)

Statement of Net Position - Proprietary Funds
 June 30, 2023

| | Business-Type Activities | | | | | Governmental |
|---|--------------------------|---------------|---------------------|-----------------|---------------------|--------------------------|
| | Enterprise Funds | | | | | Activities |
| | Major Fund | Major Fund | Major Fund | Major Fund | Total | Internal Service Fund |
| | Water | Airport | Downtown Parking | Cable Access | Enterprise Funds | |
| ASSETS | | | | | | |
| Current assets: | | | | | | |
| Cash | \$ 10,376,562 | \$ 35,031 | \$ 127,615 | \$ 1,005,121 | \$ 11,544,329 | \$ 6,151,802 |
| Cash - restricted (stabilization) | 3,636,740 | - | - | - | 3,636,740 | - |
| User charges receivable, net | 1,331,925 | - | - | - | 1,331,925 | - |
| Other receivables, net | 295,217 | 55,715 | 13,690 | 332,253 | 696,875 | 884,136 |
| Total current assets | 15,640,444 | 90,746 | 141,305 | 1,337,374 | 17,209,869 | 7,035,938 |
| Non-current assets: | | | | | | |
| Lease receivable | - | 5,858,431 | - | - | 5,858,431 | - |
| MWPAT debt subsidy | 51,299 | - | - | - | 51,299 | - |
| Capital assets: | | | | | | |
| Land and easements | 1,562,500 | 525,293 | - | - | 2,087,793 | - |
| Infrastructure in progress | 42,188,126 | - | - | - | 42,188,126 | - |
| Infrastructure, net | 39,914,718 | 26,297,961 | - | - | 66,212,679 | - |
| Land improvements, net | - | 4,810,200 | - | - | 4,810,200 | - |
| Building and improvements, net | 273,797 | 1,890,271 | 4,372,918 | 279,699 | 6,816,685 | - |
| Machinery and equipment, net | 69,011 | 217,145 | - | 217,163 | 503,319 | - |
| Computer equipment, net | - | - | - | 119,739 | 119,739 | - |
| Automobiles, net | 124,173 | 561,005 | - | - | 685,178 | - |
| Total capital assets | 84,132,325 | 34,301,875 | 4,372,918 | 616,601 | 123,423,719 | - |
| Total non-current assets | 84,183,624 | 40,160,306 | 4,372,918 | 616,601 | 129,333,449 | - |
| Total assets | 99,824,068 | 40,251,052 | 4,514,223 | 1,953,975 | 146,543,318 | 7,035,938 |
| DEFERRED OUTFLOWS OF RESOURCES | | | | | | |
| Deferred outflows of resources (pension) | 2,269,247 | 226,925 | 170,194 | 312,021 | 2,978,387 | - |
| Deferred outflows of resources (OPEB) | 912,022 | 91,202 | 68,402 | 125,403 | 1,197,029 | - |
| Total deferred outflows of resources | 3,181,269 | 318,127 | 238,596 | 437,424 | 4,175,416 | - |
| Total assets and deferred outflows of resources | \$ 103,005,337 | \$ 40,569,179 | \$ 4,752,819 | \$ 2,391,399 | \$ 150,718,734 | \$ 7,035,938 |

See accompanying notes to the basic financial statements

| | Business-Type Activities | | | | | Governmental Activities |
|---|--------------------------|---------------|---------------------|-----------------|---------------------|----------------------------|
| | Enterprise Funds | | | | | |
| | Major Fund | Major Fund | Major Fund | Major Fund | Total | Internal Service Fund |
| | Water | Airport | Downtown Parking | Cable Access | Enterprise Funds | |
| LIABILITIES | | | | | | |
| Current liabilities: | | | | | | |
| Warrants, accounts and accrued expenses payable | \$ 355,792 | \$ 22,289 | \$ 17,865 | \$ 24,966 | \$ 420,912 | \$ 888,783 |
| Accrued interest | 570,958 | - | - | - | 570,958 | - |
| Bonds payable | 3,065,520 | 75,000 | 120,000 | - | 3,260,520 | - |
| Compensated absences | 466,732 | 32,324 | 9,916 | 23,038 | 532,010 | - |
| Deferred revenue | - | 51,162 | - | - | 51,162 | - |
| Other liabilities | 17,215 | - | - | 137,000 | 154,215 | - |
| Claims incurred but not reported | - | - | - | - | - | 3,506,800 |
| Total current liabilities | 4,476,217 | 180,775 | 147,781 | 185,004 | 4,989,777 | 4,395,583 |
| Non-current liabilities: | | | | | | |
| Bonds payable | 56,271,208 | 1,195,000 | 4,450,000 | - | 61,916,208 | - |
| Compensated absences | - | - | 36,407 | 63,015 | 99,422 | - |
| Net OPEB liability (NOL) | 21,931,295 | 2,193,129 | 1,644,847 | 3,015,553 | 28,784,824 | - |
| Net pension liability (NPL) | 14,965,941 | 1,496,594 | 1,122,446 | 2,057,817 | 19,642,798 | - |
| Total non-current liabilities | 93,168,444 | 4,884,723 | 7,253,700 | 5,136,385 | 110,443,252 | - |
| Total liabilities | 97,644,661 | 5,065,498 | 7,401,481 | 5,321,389 | 115,433,029 | 4,395,583 |
| DEFERRED INFLOWS OF RESOURCES | | | | | | |
| Deferred inflows of resources (leases) | - | 5,858,431 | - | - | 5,858,431 | - |
| Deferred inflows of resources (pension) | 163,397 | 16,340 | 12,255 | 22,467 | 214,459 | - |
| Deferred inflows of resources (OPEB) | 2,985,013 | 298,501 | 223,876 | 410,439 | 3,917,829 | - |
| Total deferred inflows of resources | 3,148,410 | 6,173,272 | 236,131 | 432,906 | 9,990,719 | - |
| NET POSITION | | | | | | |
| Net investment in capital assets | 24,795,597 | 33,031,875 | (197,082) | 616,601 | 58,246,991 | - |
| Restricted - water stabilization fund | 3,636,740 | - | - | - | 3,636,740 | - |
| Unrestricted - airport operating fund | - | (3,701,466) | - | - | (3,701,466) | - |
| Unrestricted - water operating fund | (26,220,071) | - | - | - | (26,220,071) | - |
| Unrestricted - downtown parking operating fund | - | - | (2,687,711) | - | (2,687,711) | - |
| Unrestricted - cable access operating fund | - | - | - | (3,979,497) | (3,979,497) | - |
| Unrestricted - internal service fund | - | - | - | - | - | 2,640,355 |
| Total net position | 2,212,266 | 29,330,409 | (2,884,793) | (3,362,896) | 25,294,986 | 2,640,355 |
| Total liabilities, deferred inflows of resources and net position | \$ 103,005,337 | \$ 40,569,179 | \$ 4,752,819 | \$ 2,391,399 | \$ 150,718,734 | \$ 7,035,938 |

See accompanying notes to the basic financial statements

Statement of Revenues, Expenses and Changes in Net Position - Proprietary Funds

Year Ended June 30, 2023

| | Business-Type Activities | | | | | Governmental |
|---|--------------------------|---------------|---------------------|-----------------|---------------------|--------------|
| | Enterprise Funds | | | | | Activities |
| | Major Fund | Major Fund | Major Fund | Major Fund | Total | Internal |
| | Water | Airport | Downtown Parking | Cable Access | Enterprise Funds | |
| OPERATING REVENUES | | | | | | |
| Charges for services | \$ 19,502,822 | \$ 993,831 | \$ 931,054 | \$ 1,447,958 | \$ 22,875,665 | \$ - |
| Utility liens and penalties | 134,608 | - | - | - | 134,608 | - |
| Intergovernmental | 34,654 | - | - | - | 34,654 | - |
| Contributions (employee and employer) | - | - | - | - | - | 66,000,936 |
| Capital contributions | - | 1,626,269 | - | 676,301 | 2,302,570 | - |
| Miscellaneous | 67,765 | - | 7,560 | - | 75,325 | - |
| Total operating revenues | 19,739,849 | 2,620,100 | 938,614 | 2,124,259 | 25,422,822 | 66,000,936 |
| OPERATING EXPENSES | | | | | | |
| Salaries and benefits | 5,239,675 | 514,458 | (2,338,436) | 5,924,423 | 9,340,120 | 118,245 |
| Services and supplies | 3,425,718 | 288,080 | 256,265 | 13,627 | 3,983,690 | 50,264 |
| Capital outlay | 905,326 | 202,778 | - | 74,266 | 1,182,370 | - |
| Depreciation expense | 2,561,106 | 2,715,608 | 281,962 | 84,848 | 5,643,524 | - |
| Health and other insurance | - | - | - | - | - | 66,663,631 |
| Total operating expenses | 12,131,825 | 3,720,924 | (1,800,209) | 6,097,164 | 20,149,704 | 66,832,140 |
| Operating income (loss) | 7,608,024 | (1,100,824) | 2,738,823 | (3,972,905) | 5,273,118 | (831,204) |
| NONOPERATING REVENUES (EXPENSES) | | | | | | |
| Investment earnings | 90,355 | 10,798 | 50,039 | 44,460 | 195,652 | 148,536 |
| Debt administrative costs | (82,387) | - | - | - | (82,387) | - |
| Debt service - interest payments | (1,695,039) | (45,416) | (171,688) | - | (1,912,143) | - |
| Total nonoperating revenue (expenses) | (1,687,071) | (34,618) | (121,649) | 44,460 | (1,798,878) | 148,536 |
| Income (loss) before transfers | 5,920,953 | (1,135,442) | 2,617,174 | (3,928,445) | 3,474,240 | (682,668) |
| TRANSFERS IN (OUT) | | | | | | |
| Transfers in | 36,166 | 41,038 | - | - | 77,204 | - |
| Transfers out | (3,121,523) | (215,730) | (144,428) | (282,561) | (3,764,242) | - |
| Total transfers | (3,085,357) | (174,692) | (144,428) | (282,561) | (3,687,038) | - |
| Change in net position | 2,835,596 | (1,310,134) | 2,472,746 | (4,211,006) | (212,798) | (682,668) |
| Total net position - beginning of year | (623,330) | 30,640,543 | (5,357,539) | 848,110 | 25,507,784 | 3,323,023 |
| Total net position - end of year | \$ 2,212,266 | \$ 29,330,409 | \$ (2,884,793) | \$ (3,362,896) | \$ 25,294,986 | \$ 2,640,355 |

See accompanying notes to the basic financial statements

Statement of Cash Flows - Proprietary Funds

Year Ended June 30, 2023

| | Business-Type Activities | | | | | Governmental Activities |
|---|--------------------------|------------|------------------|--------------|------------------------|-------------------------|
| | Enterprise Funds | | | | | Internal Service Fund |
| | Major Fund | Major Fund | Major Fund | Major Fund | Total Enterprise Funds | |
| | Water | Airport | Downtown Parking | Cable Access | | |
| Cash flows from operating activities: | | | | | | |
| Cash received from employee and employer contributions and governmental units | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 65,476,633 |
| Cash received from customers | 19,931,817 | 993,832 | 924,924 | 1,447,957 | 23,298,530 | - |
| Payments from/(to) suppliers | (9,243,984) | (909,402) | (537,686) | (794,004) | (11,485,076) | (67,556,503) |
| Internal activity-payments from (to) other funds | - | - | - | - | - | 706,800 |
| Net cash provided (used) by operating activities | 10,687,833 | 84,430 | 387,238 | 653,953 | 11,813,454 | (1,373,070) |
| Cash flows from noncapital financing activities: | | | | | | |
| Transfers in (out) | (3,085,357) | (174,692) | (144,428) | (282,561) | (3,687,038) | - |
| Net cash provided by noncapital financing activities | (3,085,357) | (174,692) | (144,428) | (282,561) | (3,687,038) | - |
| Cash flows from capital and related financing activities: | | | | | | |
| Purchases and construction of capital assets | - | 202,778 | - | - | 202,778 | - |
| Proceeds from bond issuance | 819,581 | - | - | - | 819,581 | - |
| Principal paid on capital debt | (3,305,701) | (77,778) | (115,000) | - | (3,498,479) | - |
| Interest paid on capital debt | (1,695,039) | (45,416) | (171,688) | - | (1,912,143) | - |
| Debt administrative costs | (82,387) | - | - | - | (82,387) | - |
| Net cash used by capital and related financing activities | (4,263,546) | 79,584 | (286,688) | - | (4,470,650) | - |
| Cash flows from investing activities: | | | | | | |
| Interest and dividends | 90,355 | 10,798 | 50,039 | 44,460 | 195,652 | 148,536 |
| Net cash used by investing activities | 90,355 | 10,798 | 50,039 | 44,460 | 195,652 | 148,536 |
| Net increase in cash and cash equivalents | 3,429,285 | 120 | 6,161 | 415,852 | 3,851,418 | (1,224,534) |
| Balances-beginning of the year | 10,584,017 | 34,911 | 121,454 | 589,269 | 11,329,651 | 7,376,336 |
| Balances-end of the year | \$ 14,013,302 | \$ 35,031 | \$ 127,615 | \$ 1,005,121 | \$ 15,181,069 | \$ 6,151,802 |
| Cash and short-term investments | \$ 14,013,302 | \$ 35,031 | \$ 127,615 | \$ 1,005,121 | \$ 15,181,069 | \$ 6,151,802 |
| Total cash and short-term investments | \$ 14,013,302 | \$ 35,031 | \$ 127,615 | \$ 1,005,121 | \$ 15,181,069 | \$ 6,151,802 |

| | Business-Type Activities | | | | | Governmental Activities |
|---|--------------------------|----------------|------------------|----------------|------------------------|-------------------------|
| | Enterprise Funds | | | | | Internal Service Fund |
| | Major Fund | Major Fund | Major Fund | Major Fund | Total Enterprise Funds | |
| | Water | Airport | Downtown Parking | Cable Access | | |
| Reconciliation of operating income (loss) to net cash provided (used) by operating activities: | | | | | | |
| Operating income (loss) | \$ 7,608,024 | \$ (1,100,824) | \$ 2,738,823 | \$ (3,972,905) | \$ 5,273,118 | \$ (831,204) |
| Effect of the change in assets and liabilities: | | | | | | |
| User charges receivables, net | 193,969 | - | - | - | 193,969 | - |
| Other receivables, net | 91,699 | (51,160) | (13,690) | - | 26,849 | (524,303) |
| Deferred outflows | (48,894) | (4,889) | 231,261 | (437,424) | (259,946) | - |
| Warrants and accounts payable | (679,377) | (1,221) | (18,883) | 2,057 | (697,424) | (724,363) |
| Net OPEB liability (NOL) | 880,866 | 88,086 | (1,512,717) | 3,015,553 | 2,471,788 | - |
| Net pension liability (NPL) | 3,071,959 | 307,196 | (661,651) | 2,057,817 | 4,775,321 | - |
| Deferred inflows | (2,964,944) | (296,494) | (680,872) | 432,906 | (3,509,404) | - |
| Compensated absences | 51,433 | 3,235 | 23,005 | 10,402 | 88,075 | - |
| Other liabilities | (78,008) | 51,162 | - | 137,000 | 110,154 | - |
| Incurred but not reported | - | - | - | - | - | 706,800 |
| Net cash provided (used) by operating activities | \$ 10,687,833 | \$ 84,430 | \$ 387,238 | \$ 653,953 | \$ 11,813,454 | \$ (1,373,070) |

See accompanying notes to the basic financial statements

Statement of Fiduciary Net Position - Fiduciary Funds and Similar Component Units
June 30, 2023

| | Pension and Other Employee Benefit Trust Funds (1) | Private Purpose Trust Funds | Custodial Funds |
|--|---|--|----------------------------|
| ASSETS | | | |
| Cash and short-term investments | \$ 6,915,744 | \$ 391,709 | \$ 2,003,170 |
| Investments: | | | |
| Fixed income securities | 69,765,202 | - | - |
| Stocks / equities | 140,242,732 | - | - |
| International equities | 33,838,229 | - | - |
| Pooled funds | 68,986,177 | - | - |
| Real estate | 45,788,901 | - | - |
| Alternative investments | 50,941,961 | - | - |
| Invested in the PRIT fund | 4,773,238 | - | - |
| Receivables, net of allowance or uncollectibles: | | | |
| Employee | 176,085 | - | - |
| Other | 42,235 | - | - |
| Total assets | <u>421,470,504</u> | <u>391,709</u> | <u>2,003,170</u> |
| DEFERRED OUTFLOWS OF RESOURCES | | | |
| None | - | - | - |
| Total deferred outflows of resources | <u>-</u> | <u>-</u> | <u>-</u> |
| Total assets and deferred outflows of resources | <u>\$ 421,470,504</u> | <u>\$ 391,709</u> | <u>\$ 2,003,170</u> |
| LIABILITIES | | | |
| Warrants, accounts, and accrued expenses payable | \$ 291,796 | \$ 11,499 | \$ 122,261 |
| Other liabilities | - | - | 17,631 |
| Total liabilities | <u>291,796</u> | <u>11,499</u> | <u>139,892</u> |
| DEFERRED INFLOWS OF RESOURCES | | | |
| None | - | - | - |
| Total deferred inflows of resources | <u>-</u> | <u>-</u> | <u>-</u> |
| NET POSITION | | | |
| Restricted - other purposes | - | 380,210 | - |
| Restricted - custodial funds | - | - | 1,863,278 |
| Restricted - OPEB benefits | 4,773,238 | - | - |
| Restricted - pension benefits | 416,405,470 | - | - |
| Total net position | <u>421,178,708</u> | <u>380,210</u> | <u>1,863,278</u> |
| Total liabilities, deferred inflows of resources and net position | <u>\$ 421,470,504</u> | <u>\$ 391,709</u> | <u>\$ 2,003,170</u> |

(1) The Pension Trust Fund is as of December 31, 2022.

Statement of Changes in Fiduciary Net Position - Fiduciary Funds and Similar Component Units
Year Ended June 30, 2023

| | Pension and Other Employee Benefit Trust Funds (1) | Private Purpose Trust Funds | Custodial Funds |
|---|---|--|----------------------------|
| <u>ADDITIONS:</u> | | | |
| Contributions: | | | |
| Employer contributions | \$ 42,251,311 | \$ - | \$ - |
| Plan member contributions | 12,542,507 | - | - |
| Funds received on behalf of others | - | - | 5,486,593 |
| Total contributions | 54,793,818 | - | 5,486,593 |
| Net investment income: | | | |
| Dividends and interest | 2,582,483 | 10,982 | 52,159 |
| Net appreciation in fair value of investments | (56,351,473) | (15,127) | - |
| Total investment income | (53,768,990) | (4,145) | 52,159 |
| Less: investment expense | 2,280,808 | - | - |
| Net investment income | (56,049,798) | (4,145) | 52,159 |
| Intergovernmental | 715,516 | - | - |
| Total additions | (540,464) | (4,145) | 5,538,752 |
| <u>DEDUCTIONS:</u> | | | |
| Retirement benefits | 51,800,774 | - | - |
| Administration | 625,015 | 12,498 | - |
| Funds distributed on behalf of others | - | - | 5,064,325 |
| Transfers, reimbursements and refunds | 4,421,095 | - | - |
| Total deductions | 56,846,884 | 12,498 | 5,064,325 |
| Change in net position | (57,387,348) | (16,643) | 474,427 |
| Net position - beginning of year | 478,566,056 | 396,853 | 1,388,851 |
| Net position - ending of year | \$ 421,178,708 | \$ 380,210 | \$ 1,863,278 |

(1) The Pension Trust Fund is as of December 31, 2022.

Notes to the Basic Financial Statements

June 30, 2023

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 \$5,965,894 at June 30, 2023. 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 (New Bedford Port Authority)* 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 2023. 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

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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 2023, 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 2023. 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, downtown parking services and cable access 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) **Custodial funds** are used to account for assets held in a purely custodial capacity. The City's custodial funds mainly consist of payroll withholdings and fees collected on behalf of other governments. Custodial funds apply the accrual basis of accounting and use the economic resources 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.
4. The **American Rescue Plan Act Fund** accounts for the proceeds from the Federally funded COVID-19 stimulus package passed by the US Congress and signed into law by President Biden on March 11, 2021.
5. The **West End Pressure 2nd Treatment Capital Project Fund** accounts for the resources used for financing the capital planning, construction, and all associated costs for implementation of water distribution and treatment systems improvements, including but not limited to, the Quittacas Water Treatment Plan Upgrades.

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.
4. The **Cable Access Enterprise Fund** is used to account for the operations of Cable Television PEG Access revenues.

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 custodial). 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, 2023, the City implemented GASB Statement Nos. 91, 94, 96 and 99, which had no material reporting impact on these financial statements.

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 1st 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, 2023 and are included in the water and wastewater funds. Inventories of supplies are reported at costs. The governmental funds use the purchases method of inventory accounting. Any inventory deemed to be "held for resale" is reported at lower of cost or market.

Continued

Leases

A lease is a contract that conveys the control of the right to use another entity's nonfinancial asset (the Underlying asset) for a period of time in an exchange or exchange like transaction. The City has contracts in which it is a lessor and lessee. *Lessors* recognize a lease receivable and a deferred inflow of resources. *Lessees* recognize an intangible right to use asset and a lease liability. These transactions are measured at the present value of payments expected to be made during the lease term using the discount rate in the lease. If the lease discount rate cannot be readily determined from the lease, the City uses its incremental borrowing rate.

A right to use lease asset with a lease term greater than 1 year and an initial present value over \$50,000 are recorded as intangible assets. Right to use lease assets are amortized over the contract term of the lease. Leases that do not meet these criteria are recognized as current period revenues and expenses.

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 acquisition 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 2023. 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.

Continued

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.

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.

Continued

- 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.

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.

Continued

Fund Deficit and Appropriation Deficits

Several individual fund deficits existed at June 30, 2023 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, 2023. 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.

Note 2. Compliance and Accountability

Budget Requirements, Accounting and Reporting

Requirements for all funds:

- a) Annual budgets are adopted for the general and wastewater funds, and all proprietary (enterprise) 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 2023 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 2023 the various departments listed in the chart below incurred appropriation deficits. The School Department did incur appropriation deficits (in the aggregate).

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 2023, expenditures exceeded appropriations at the Legal Level for the following departments within the City:

Continued

| <u>Department</u> | <u>Category Name</u> | <u>Appropriation Deficit</u> |
|--|----------------------|----------------------------------|
| Elections | Salaries & Wages | \$ 57 |
| Elections | Charges & Services | 2,752 |
| Environmental Stewardship | Charges & Services | 2,571 |
| Environmental Stewardship | Supplies & Materials | 14 |
| Licensing | Charges & Services | 433 |
| Mayor | Salaries & Wages | 178,417 |
| Mayor | Charges & Services | 6,204 |
| Planning & Community Development | Charges & Services | 215 |
| Treasurer | Charges & Services | 29,063 |
| Fire Department | Charges & Services | 23,639 |
| Fire Department | Supplies & Materials | 1,073 |
| Police Department | Supplies & Materials | 4,538 |
| Emergency Medical Services | Salaries & Wages | 19,028 |
| Emergency Medical Services | Charges & Services | 557 |
| Facilities and Fleet Management | Capital Outlay | 62 |
| Facilities and Fleet Management | Other Financing Uses | 343,349 |
| Bristol County Agricultural | Charges & Services | 132,608 |
| School Department | Total Level | 373,251 |
| Library | Charges & Services | 7,962 |
| Tourism / Marketing | Charges & Services | 28 |
| Zoo | Salaries & Wages | 9,331 |
| Debt | Other Charges | 256,703 |
| Total General Fund Appropriation Deficits | | <u>\$ 1,391,855</u> |

Interfund Transactions

The interfund activity presented below is for the fund statement level only. These balances include interfund transfers (i.e. other financing sources and other financing uses):

| | <u>Other Financing Sources</u> | <u>Other Financing Uses</u> |
|--|--|-------------------------------------|
| <u>Major Governmental Funds</u> | | |
| General Fund | \$ 15,305,105 | \$ 10,427,319 |
| Wastewater Fund | 7,061,678 | 9,225,927 |
| American Rescue Plan Act (ARPA) | - | 273,749 |
| <u>Non-Major Governmental Funds</u> | | |
| Total Non-Major Governmental Funds | 1,342,698 | 95,448 |
| <u>Major Enterprise Funds</u> | | |
| Water | 36,166 | 3,121,523 |
| Airport | 41,038 | 215,730 |
| Downtown Parking | - | 144,428 |
| Cable | - | 282,561 |
| Totals | <u>\$ 23,786,685</u> | <u>\$ 23,786,685</u> |

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

Continued

Note 3. Cash, Cash Equivalents and Investments

Cash and investments as of June 30, 2023 are classified in the accompanying financial statements as follows:

| | |
|---|------------------------------|
| Governmental Activities | \$ 262,262,311 |
| Business-Type Activities | <u>15,181,069</u> |
| Total Cash and Investments - Primary Government | <u>\$ 277,443,380</u> |
| Private Purpose Trust Funds | 391,709 |
| OPEB Trust Fund | 4,773,238 |
| Custodial Funds | <u>2,003,170</u> |
| Total Cash and Investments - Fiduciary Funds | <u>\$ 7,168,117</u> |
| Pension Trust Funds - Cash | \$ 6,915,744 |
| Pension Trust Funds - Investments | <u>409,563,202</u> |
| Total Cash and Investments - New Bedford Contributory Retirement | <u>\$ 416,478,946</u> |
| Total Cash and Investments - City of New Bedford | <u>\$ 701,090,443</u> |

Cash and Cash Equivalents

Deposits are in various financial institutions and are carried at cost or fair value in the case of pooled deposits for trust funds. The carrying value is separately displayed on the 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 \$9,400 on June 30, 2023.

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 custodial funds was \$284,611,497, including \$9,400 of petty cash and the bank balance was \$291,462,275. Of the bank balance \$3,853,798 was covered by Federal Depository Insurance, \$79,637,692 was covered by Depositors Insurance Fund and \$103,089,466 was held in collateralized accounts. The remaining balance of \$104,881,319 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 \$6,915,744 and the bank balance was \$6,757,473. Of the bank balance \$250,006 was covered by Federal Depository Insurance. The remaining balance of \$6,507,467 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.

Continued

Investments

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

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. See below for ratings of the investments held by the City of New Bedford as of June 30, 2023 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 Custodial Funds

| Investment Type | Fair Value | S&P Rating | | | | | | | Not Rated |
|-----------------------|---------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|---------------|
| | | AAA | AA+ | A+ | A | A- | BBB+ | BBB | |
| Government Securities | \$ 53,089,033 | \$ - | \$ 9,898,358 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 43,190,675 |
| Corporate Bonds | 14,517,261 | 1,280,718 | - | 3,370,379 | 2,119,629 | 1,962,962 | 1,977,211 | 2,596,783 | 1,209,579 |
| Total Debt Securities | \$ 67,606,294 | \$ 1,280,718 | \$ 9,898,358 | \$ 3,370,379 | \$ 2,119,629 | \$ 1,962,962 | \$ 1,977,211 | \$ 2,596,783 | \$ 44,400,254 |

Other Investments:

| | |
|---------------------------|----------------|
| Equity | \$ 16,742,682 |
| Certificate of Deposits | 48,679 |
| Cash and Cash Equivalents | 16,136,097 |
| Total Investments | \$ 100,533,752 |

Continued

Pension Trust Fund (at December 31, 2022)

| Investment Type | Fair Value | S&P Rating | | | | | | | Not Rated |
|--|---------------|--------------|---------------|--------------|---------------|--------------|--------------|------------|---------------|
| | | AAA | AA | A | BBB | BB | B | CCC | |
| Bond Mutual Fund | \$ 5,366,009 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 5,366,009 |
| CMBS | 1,114,416 | 149,204 | 120,276 | 193,064 | 10,203 | 40,398 | - | - | 601,271 |
| Convertible Corporate Bond | 1,879,962 | - | - | - | 236,286 | - | - | 551,660 | 1,092,016 |
| Convertible Corporate Bond - Zero Coupon | 693,760 | - | - | - | - | - | - | 98,022 | 595,738 |
| Convertible Preferred Stock | 779,712 | - | - | - | 237,966 | 244,544 | - | - | 297,202 |
| Corp. Asset Backed - Paydown | 5,807,775 | 1,023,933 | 383,228 | 885,759 | 1,453,434 | 44,731 | 101,980 | - | 1,914,710 |
| Corporate Bond | 27,681,531 | - | - | 758,858 | 16,573,290 | 6,032,964 | 3,012,414 | 116,727 | 1,187,278 |
| Corporate Bond - Paydowns | 203,651 | - | - | - | 86,680 | - | - | - | 116,971 |
| Corporate Preferred | 814 | - | - | - | - | - | 814 | - | - |
| Equipment Trust - Paydown | 92,715 | - | - | - | 38,451 | - | - | - | 54,264 |
| Global Tip Bond | 16,177 | - | - | - | - | - | - | 16,177 | - |
| Non Agency RMBS | 2,577,496 | - | 3,071 | 74,955 | 3,296 | - | - | - | 2,496,174 |
| Other Debt Securities | 75,208 | - | 75,208 | - | - | - | - | - | - |
| Taxable Muni | 24,931 | - | - | - | - | - | 24,931 | - | - |
| US Treasury Bills | 2,146,444 | - | 2,146,444 | - | - | - | - | - | - |
| US Treasury Bonds | 3,078,080 | - | 3,078,080 | - | - | - | - | - | - |
| US Treasury Notes | 7,693,250 | - | 7,693,250 | - | - | - | - | - | - |
| Yankee Bonds | 10,183,288 | 59,401 | - | 351,499 | 4,817,034 | 2,798,123 | 1,413,808 | 178,276 | 565,147 |
| Yankee Convertible Bonds | 131,213 | - | - | - | - | - | - | - | 131,213 |
| Total Debt Securities | \$ 69,546,432 | \$ 1,232,538 | \$ 13,499,557 | \$ 2,264,135 | \$ 23,456,640 | \$ 9,160,760 | \$ 4,553,947 | \$ 960,862 | \$ 14,417,993 |

Other Investments:

| | |
|---------------------------------------|----------------|
| Equities | \$ 218,770 |
| Pooled Emerging Market/Other Equities | 68,986,177 |
| Pooled Domestic Equities | 140,242,732 |
| Pooled International Equities | 33,838,229 |
| Pooled Alternative Investments | 50,941,961 |
| Pooled Real Estate Funds | 45,788,901 |
| Total Investments | \$ 409,563,202 |

Total Investments by Investment Type and Remaining Maturity:

Primary Government, Private Purpose and Custodial Funds

| Investment Type | Fair Value | Remaining Maturity (in years) | | | | | Not Available |
|-------------------------|---------------|-------------------------------|--------------|---------------|--------------|--------------------|---------------|
| | | 0-1 years | 1-2 years | 2-5 year | 5-10 years | More than 10 years | |
| Government Securities | \$ 53,089,033 | \$ 41,737,920 | \$ 3,621,493 | \$ 7,063,368 | \$ 666,252 | \$ - | \$ - |
| Corporate Bonds | 14,517,261 | 2,458,001 | 2,380,589 | 8,151,424 | 1,527,247 | - | - |
| Certificates of Deposit | 48,679 | - | - | 48,679 | - | - | - |
| Total Debt Securities | \$ 67,654,973 | \$ 44,195,921 | \$ 6,002,082 | \$ 15,263,471 | \$ 2,193,499 | \$ - | \$ - |

Other Investments:

| | |
|---------------------------|----------------|
| Equity | \$ 16,742,682 |
| Cash and Cash Equivalents | 16,136,097 |
| Total Investments | \$ 100,533,752 |

Continued

City of New Bedford Annual Comprehensive Financial Report

Pension Trust Fund (at December 31, 2022)

| 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 | |
| Bond Mutual Fund | \$ 5,366,009 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 5,366,009 |
| CMBS | 1,114,414 | - | 101,020 | 22,510 | 160,709 | 830,175 | - |
| Convertible Corporate Bond | 1,879,962 | - | 772,071 | 1,107,891 | - | - | - |
| Convertible Corporate Bond - Zero Coupon | 693,760 | - | - | 693,760 | - | - | - |
| Convertible Preferred Stock | 779,712 | 241,795 | 55,407 | 16,445 | - | 466,065 | - |
| Corp. Asset Backed - Paydown | 5,807,765 | - | 458,695 | 2,396,047 | 815,892 | 2,137,131 | - |
| Corporate Bond | 27,681,528 | 1,098 | 1,725,719 | 7,068,145 | 15,569,772 | 3,316,794 | - |
| Corporate Bond - Paydowns | 203,650 | - | - | - | 122,501 | 81,149 | - |
| Corporate Preferred | 814 | - | - | - | - | 814 | - |
| Equipment Trust - Paydown | 92,715 | - | - | - | 92,715 | - | - |
| Global Tip Bond | 16,177 | - | 16,177 | - | - | - | - |
| Non Agency RMBS | 2,577,494 | - | 109,777 | 546,249 | 126,876 | 1,794,592 | - |
| Other Debt Securities | 75,222 | - | - | - | - | - | 75,222 |
| Taxable Muni | 24,931 | - | - | - | - | 24,931 | - |
| US Treasury Bills | 2,146,444 | 2,146,444 | - | - | - | - | - |
| US Treasury Bonds | 3,078,080 | - | - | - | - | 3,078,080 | - |
| US Treasury Notes | 7,693,250 | 4,656,151 | 3,037,099 | - | - | - | - |
| Yankee Bonds | 10,183,291 | 14,805 | 1,543,842 | 3,846,579 | 3,743,547 | 1,034,518 | - |
| Yankee Convertible Bonds | 131,213 | - | - | 131,213 | - | - | - |
| Total Debt Securities | \$ 69,546,431 | \$ 7,060,293 | \$ 7,819,807 | \$ 15,828,839 | \$ 20,632,012 | \$ 12,764,249 | \$ 5,441,231 |

Other Investments:

| | |
|---------------------------------------|----------------|
| Equities | \$ 218,771 |
| Pooled Emerging Market/Other Equities | 68,986,177 |
| Pooled Domestic Equities | 140,242,732 |
| Pooled International Equities | 33,838,229 |
| Pooled Alternative Investments | 50,941,961 |
| Pooled Real Estate Funds | 45,788,901 |
| Total Investments | \$ 409,563,202 |

The following represent foreign assets the City has invested in (primary government, private purpose and custodial funds were immaterial):

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

Foreign Currency Risk

Primary Government, Private Purpose and Custodial Funds

| | | | | |
|------------------------|-----|-----------|-----|--------------------|
| Common Stock - Foreign | N/A | \$ 8,810 | N/A | Medtronic Hldg Ltd |
| Common Stock - Foreign | N/A | 5,028 | N/A | Eaton Corp PLC |
| Common Stock - Foreign | N/A | 7,715 | N/A | Accenture PLC |
| Total | | \$ 21,553 | | |

Continued

Note 4. Fair Value Disclosures – Primary Government, Private Purpose and Custodial 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, 2023:

Debt Securities:

- US Treasury and Other Government Securities of \$53,089,033 are valued using quoted market prices (Level 1 inputs)
- Corporate Bonds and Other Fixed Income Securities totaling \$14,517,261 are valued using quoted market prices (Level 1 inputs)
- Certificates of Deposit totaling \$48,679 are valued using quoted market prices (Level 1 inputs)

Equity Securities:

- Equities of \$16,742,682 are valued using quoted market prices (Level 1 inputs)

The City had no nonrecurring fair value measurements as of June 30, 2023.

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 \$4,773,238 as of June 30, 2023. 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, 2023 and BBB+ at June 30, 2022, per the most recently issued Pension Reserves Investment Trust Fund Annual Comprehensive Financial Report (ACFR).

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 ACFR, 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 ACFR.

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, 2022:

| | | 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, 2022 | | | |
| Investments by Fair Value Level: | | | | |
| Equity Securities: | | | | |
| BNY Mellon EB Dynamic Equity Pooled Fund | \$ 50,006,488 | \$ 50,006,488 | \$ - | \$ - |
| SSgA Lord Abbett | 8,045,153 | 8,045,153 | - | - |
| SSgA Russell 3000 Index NL Fund | 53,482,821 | 53,482,821 | - | - |
| Westfield All Cap Equity Collective Fund | 28,708,270 | 28,708,270 | - | - |
| SSgA MSCI EAFE Index NL Fund | 41,645,915 | 41,645,915 | - | - |
| Pooled Funds: | | | | |
| Aberdeen Emerging Markets Equity Fund | 11,875,723 | 11,875,723 | - | - |
| Acadian Emerging Markets Equity II Fund LLC | 13,964,649 | 13,964,649 | - | - |
| PIMCO All Asset Collective Trust | 35,338,119 | 35,338,119 | - | - |
| Alternative Investments: | | | | |
| NB Crossroads Fund XXI | 10,269,968 | - | - | 10,269,968 |
| Hamilton Lane Private Equity Fund IX LP | 8,239,617 | - | - | 8,239,617 |
| Hancock Timberland and Farmland Fund LP | 16,305,451 | - | - | 16,305,451 |
| Ironsides Co-Investment Fund VI LP | 5,442,998 | - | - | 5,442,998 |
| Lexington Capital Partners VIII LP | 6,330,979 | - | - | 6,330,979 |
| Mesirow Financial Private Equity Partnership Fund V, LP | 4,339,302 | - | - | 4,339,302 |
| Wilton Private Equity Fund | 13,646 | - | - | 13,646 |
| Total investments by fair value level | <u>\$ 294,009,099</u> | <u>\$ 243,067,138</u> | <u>\$ -</u> | <u>\$ 50,941,961</u> |
| Total investments measured at fair value | <u>\$ 294,009,099</u> | <u>\$ 243,067,138</u> | <u>\$ -</u> | <u>\$ 50,941,961</u> |
| Other investments held: | | | | |
| Investments Measured at Net Asset Value (NAV): | | | | |
| UBS Asset Management - Trumbull Property Fund | \$ 19,843,816 | | | |
| Loomis Multisector Full Discrn Tr B | 69,765,202 | | | |
| US Real Estate Investment Fund, LLC | 25,945,085 | | | |
| Total other investments held: | <u>115,554,103</u> | | | |
| Total investments held by the New Bedford Contributory Retirement System: | <u>\$ 409,563,202</u> | | | |

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:

| Investment: | Fair Value | Unfunded Commitments | Redemption Frequency (If Currently Eligible) | Redemption Notice Period |
|--|-----------------------|-----------------------------|---|---------------------------------|
| UBS Asset Management - Trumbull Property Fund ⁽¹⁾ | \$ 19,843,816 | -- | -- | 30 - 60 day |
| Loomis Multisector Full Discrn Tr B ⁽²⁾ | 69,765,202 | -- | -- | 30 - 60 day |
| US Real Estate Investment Fund, LLC ⁽³⁾ | 25,945,085 | -- | -- | 30 - 60 day |
| Total investments measured at the NAV: | <u>\$ 115,554,103</u> | | | |

⁽¹⁾ 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.

⁽²⁾ 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”),
- Futures contracts on foreign equity indices (“Foreign Equity Index Futures”),

Continued

- 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.

⁽³⁾ 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, 2023, \$941,223 and \$0 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 five-year period following the date of foreclosure until it is either deployed for public purpose or sold. As of June 30, 2023, land inventory with an original basis of \$6,906,822 has been reported as \$0, net of amortization, and has been fully reserved as nonspendable fund balance. During fiscal year 2023, \$1,527,775 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 | | | | Total | Major Funds | | | | Total |
| | General | Wastewater | HOME Investment Program | Non-Major Governmental | Governmental Activities | Water | Airport | Downtown Parking | Cable | Business-Type Activities |
| Receivables: | | | | | | | | | | |
| Real estate and personal property taxes | \$ 6,024,071 | \$ - | \$ - | \$ - | \$ 6,024,071 | \$ - | \$ - | \$ - | \$ - | \$ - |
| Tax liens and foreclosures | 15,068,783 | - | - | - | 15,068,783 | - | - | - | - | - |
| Motor vehicle and boat excise | 3,439,867 | - | - | - | 3,439,867 | - | - | - | - | - |
| User charges receivables | - | 2,226,447 | - | - | 2,226,447 | 1,384,819 | - | - | - | 1,384,819 |
| Departmental and other | 9,030,407 | 41,869 | - | - | 9,072,276 | - | - | - | - | - |
| Loans receivable | - | - | 17,878,624 | 1,532,931 | 19,411,555 | - | - | - | - | - |
| Other receivables | 2,666,686 | 2,237 | - | 2,988,924 | 5,657,847 | 295,217 | 65,520 | 13,690 | 332,253 | 706,680 |
| Special assessments | 47,656 | 123,858 | - | - | 171,514 | - | - | - | - | - |
| Due from federal or state government | - | - | - | 19,628,195 | 19,628,195 | - | - | - | - | - |
| Gross receivables (governmental and proprietary funds) | 36,277,470 | 2,394,411 | 17,878,624 | 24,150,050 | 80,700,555 | 1,680,036 | 65,520 | 13,690 | 332,253 | 2,091,499 |
| Less: allowance for uncollectable | (7,732,370) | - | - | (2,205,143) | (9,937,513) | (52,894) | (9,805) | - | - | (62,699) |
| Net total receivables (GWFS) | \$ 28,545,100 | \$ 2,394,411 | \$ 17,878,624 | \$ 21,944,907 | \$ 70,763,042 | \$ 1,627,142 | \$ 55,715 | \$ 13,690 | \$ 332,253 | \$ 2,028,800 |

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, 8 projects were active at fiscal year ended June 30, 2022 and compliant with the program's reporting requirements, which together have added \$44.3 million in new private-sector investment, while creating and retaining thousands of jobs in New Bedford. For the fiscal year ended June 30, 2023, the City abated property taxes totaling \$285,785 under this program.

Continued

Note 8. Capital Assets and Depreciation

Capital asset activity for the year ended June 30, 2023 was as follows:

| | Governmental Activities: | | | | Business-Type Activities: | | | |
|---|--------------------------|----------------|--------------|----------------|---------------------------|----------------|-----------|----------------|
| | Beginning Balance | Increases | Decreases | Ending Balance | Beginning Balance | Increases | Decreases | Ending Balance |
| Governmental Activities: | | | | | | | | |
| Not Being Depreciated: | | | | | | | | |
| Land | \$ 12,185,849 | \$ 914,592 | \$ - | \$ 13,100,441 | \$ 2,087,793 | \$ - | \$ - | \$ 2,087,793 |
| Construction in progress | 49,715,253 | 24,357,598 | 7,244,732 | 66,828,119 | 423,515 | - | - | 423,515 |
| Infrastructure in progress | 3,651,931 | 825,759 | 606,004 | 3,871,686 | 41,764,611 | - | - | 41,764,611 |
| Subtotal | 65,553,033 | 26,097,949 | 7,850,736 | 83,800,246 | 44,275,919 | - | - | 44,275,919 |
| Other Capital Assets: | | | | | | | | |
| Infrastructure | 230,590,369 | 90,122 | - | 230,680,491 | 151,739,701 | - | - | 151,739,701 |
| Land improvements | 10,331,232 | 122,432 | - | 10,453,664 | 5,649,758 | - | - | 5,649,758 |
| Buildings and improvements | 500,695,704 | 2,241,355 | 10,223,403 | 492,713,656 | 8,483,156 | 1,011,082 | - | 9,494,238 |
| Machinery and equipment | 52,851,633 | 508,757 | 20,034,142 | 33,326,248 | 6,379,995 | 464,643 | - | 6,844,638 |
| Office equipment and furniture | 12,584,872 | 463,823 | 9,035,490 | 4,013,205 | - | - | - | - |
| Computer equipment | 22,935,071 | 2,313,339 | 1,387,975 | 23,860,435 | 93,843 | 130,812 | - | 224,655 |
| Library books and textbooks | 5,887,530 | - | 2,792,667 | 3,094,863 | - | - | - | - |
| Automobiles | 6,238,885 | 1,948,214 | 2,660,337 | 5,526,762 | 2,199,107 | 696,035 | - | 2,895,142 |
| Right-to-use lease assets - automobiles | 19,002,781 | 2,687,410 | - | 21,690,191 | - | - | - | - |
| Animals | 51,857 | - | - | 51,857 | - | - | - | - |
| Subtotal | 861,169,934 | 10,375,452 | 46,134,014 | 825,411,372 | 174,545,560 | 2,302,572 | - | 176,848,132 |
| Accumulated Depreciation: | | | | | | | | |
| Infrastructure | 143,543,542 | 4,521,273 | - | 148,064,815 | 80,991,827 | 4,535,195 | - | 85,527,022 |
| Land improvements | 3,219,596 | 685,075 | - | 3,904,671 | 557,071 | 282,488 | - | 839,559 |
| Buildings and improvements | 255,186,307 | 26,071,603 | 9,256,852 | 272,001,058 | 2,284,887 | 392,662 | - | 2,677,549 |
| Machinery and equipment | 46,682,085 | 2,179,177 | 19,947,676 | 28,913,586 | 6,173,020 | 168,300 | - | 6,341,320 |
| Office equipment and furniture | 12,029,612 | 259,669 | 9,035,490 | 3,253,791 | - | - | - | - |
| Computer equipment | 18,117,704 | 2,293,624 | 1,387,975 | 19,023,353 | 68,695 | 36,221 | - | 104,916 |
| Library books and textbooks | 5,887,527 | - | 2,792,667 | 3,094,860 | - | - | - | - |
| Automobiles | 2,507,557 | 632,403 | 2,307,683 | 832,277 | 1,981,310 | 228,655 | - | 2,209,965 |
| Right-to-use lease assets - automobiles | 15,537,288 | 2,452,523 | - | 17,989,811 | - | - | - | - |
| Animals | 49,339 | 680 | - | 50,019 | - | - | - | - |
| Subtotal | 502,760,557 | 39,096,027 | 44,728,343 | 497,128,241 | 92,056,810 | 5,643,521 | - | 97,700,331 |
| Net other capital assets | 358,409,377 | (28,720,575) | 1,405,671 | 328,283,131 | 82,488,750 | (3,340,949) | - | 79,147,801 |
| Net capital assets | \$ 423,962,410 | \$ (2,622,626) | \$ 9,256,407 | \$ 412,083,377 | \$ 126,764,669 | \$ (3,340,949) | \$ - | \$ 123,423,720 |

The total amount of net capital assets obtained through leases totaled \$30,320,037 at June 30, 2023. Total accumulated depreciation against these assets totaled \$17,923,877 at June 30, 2023. Under GASB Statement No. 87, *Leases*, these assets are considered an intangible “right-to-use” asset and are offset by a lease liability. These assets are included in the above note within their respective categories. For more information on the leases, please see Note 12 to the financial statements.

Continued

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

Governmental Activities:

| | |
|------------------------------------|--------------|
| General Government | \$ 2,434,922 |
| Public Safety | 3,718,629 |
| Education | 22,527,464 |
| Public Works | 7,714,040 |
| Community and Economic Development | 65,884 |
| Health and Human Services | 141,753 |
| Culture and Recreation | 2,493,335 |

| | |
|-------------------------------|----------------------|
| Total Governmental Activities | <u>\$ 39,096,027</u> |
|-------------------------------|----------------------|

Business-Type Activities:

| | |
|------------------|-----------|
| Water | 2,561,104 |
| Cable | 84,848 |
| Airport | 2,715,607 |
| Downtown Parking | 281,962 |

| | |
|--------------------------------|---------------------|
| Total Business-Type Activities | <u>\$ 5,643,521</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 \$27,670,273 for the fiscal year ended June 30, 2023 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.

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. 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 the individual’s creditable service. The amount determined by the benefit formula 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

Continued

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, 2022 (the most recent actuarial valuation date) the following employees were covered by the benefit terms:

| | |
|--|---------------------|
| Active plan members | 2,294 |
| Inactive employees or beneficiaries currently receiving benefits | 1,821 |
| Inactive employees entitled to a return of contributions | <u>791</u> |
| Subtotal | <u><u>4,906</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 \$40,827,689 for the fiscal year ended June 30, 2023 as determined by PERAC. Of the \$40,864,229 contributed (an excess amount was contributed), \$35,903,664 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, 2023, the City's average contribution rate was approximately 36 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, 2022 (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, 2022 performed by KMS Actuaries, LLC. Update procedures were used to roll forward the total pension liability to the measurement date.

At June 30, 2023 (i.e. the "reporting date" as defined by GASB Statement No. 68), the System reported a net pension liability of \$425,842,079 while the City of New Bedford reported a liability of \$374,148,525 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2022. 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:

| Employer | Fiscal Year 2023 Actual Employer Contributions | Employer Allocation Percentage |
|---|---|---|
| City of New Bedford | \$ 35,903,664 | 87.8609% |
| New Bedford Housing Authority | 2,674,214 | 6.5441% |
| Greater NB Regional Voc. Tech HS | 1,702,515 | 4.1663% |
| Greater NB Regional Refuse Mgmt. District | 363,366 | 0.8892% |
| Southeastern Regional Transit Authority | 220,470 | 0.5395% |
| | <u>\$ 40,864,229</u> | <u>100.0000%</u> |

At December 31, 2022, the City's proportion was 87.86 percent, which was a increase of 0.47 percent from its proportion measured as of December 31, 2021.

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, 2022 measurement date is \$336.4 million based on an employer allocation percentage of 1.2993%. The Commonwealth contributed \$27.3 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, 2023, *the System* recognized pension expense of \$55,710,222. Of that amount, *the City* recognized pension expense of \$49,767,449. At June 30, 2023, *the System* reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|---|--|
| Differences between expected and actual experience | \$ 118,845 | \$ 4,053,072 |
| Changes of assumptions | 30,824,473 | - |
| Net difference between projected and actual earnings on pension plan investments | 31,348,531 | - |
| Changes in proportion and differences between System contributions and proportionate share of contributions | <u>3,250,239</u> | <u>3,250,238</u> |
| | <u>\$ 65,542,088</u> | <u>\$ 7,303,310</u> |

Continued

At June 30, 2023, *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 | \$ 104,419 | \$ 3,561,065 |
| Changes of assumptions | 27,082,647 | - |
| Net difference between projected and actual earnings on pension plan investments | 27,543,090 | - |
| Changes in proportion and differences between City contributions and proportionate share of contributions | <u>2,001,014</u> | <u>523,860</u> |
| | <u><u>\$ 56,731,170</u></u> | <u><u>\$ 4,084,925</u></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:

| | |
|----------------------|-----------------------------|
| 2023 | \$ 6,176,844 |
| 2024 | 13,178,412 |
| 2025 | 17,463,232 |
| 2026 | 21,420,290 |
| 2027 | <u>-</u> |
| Subtotal - all years | <u><u>\$ 58,238,778</u></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: | |
|----------------------------|----------------------|
| 2024 | \$ 6,001,970 |
| 2025 | 11,926,593 |
| 2026 | 15,520,376 |
| 2027 | 19,049,057 |
| 2028 | <u>148,249</u> |
| Subtotal - all years | <u>\$ 52,646,245</u> |

Actuarial assumptions. The total pension liability in the January 1, 2022 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, 2022 |
| 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 7.0% per annum. |
| 5. Salary Scale | It is assumed that salaries including longevity will increase at a rate between 4.25% and 7% per year dependent on years of service. |
| 6. Cost-of-Living Increases | Cost-of-living increases have been assumed to be 3.25% of the lesser of the pension amount and \$12,000 per year, set to increase to \$14,000 per year effective July 1, 2023. |
| 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-2014 Blue Collar Mortality Table, projected with fully generational improvement using Scale MP-2020. For disabled lives the mortality rates were based on the RP-2014 Blue Collar Mortality Table, set forward one year, projected with fully generational mortality improvement using Scale MP-2020. |

The actuarial assumptions used in the January 1, 2022 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. Only the mortality assumption changed versus the prior valuation. There were no changes to benefit provisions that would significantly affect the valuation of the actuarial accrued liability occurred during fiscal year 2023.

Continued

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:

| Asset Class | Target Allocation | Long Term Expected Real Rate of Return (Average) |
|---------------------------|------------------------------|---|
| Domestic Equities | 32.00% | 5.10% |
| International Equities | 9.00% | 5.30% |
| Emerging Markets Equities | 9.00% | 6.00% |
| Private Equity | 10.00% | 7.40% |
| Fixed Income | 18.00% | 1.50% |
| Real Estate | 11.00% | 2.80% |
| Alternatives (GTAA) | 7.00% | 3.00% |
| Timber | 4.00% | 2.90% |
| Total | 100.00% | |

Discount rate. The discount rate used to measure the total pension liability was 7.0 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) |
| Balances at December 31, 2021 | \$ 815,625,687 | \$ 475,369,881 | \$ 340,255,806 |
| Changes for the year: | | | |
| Service cost | 18,160,545 | - | 18,160,545 |
| Interest on liability and service cost | 56,397,271 | - | 56,397,271 |
| Contributions - employer | - | 40,864,229 | (40,864,229) |
| Contributions - employee | - | 12,542,507 | (12,542,507) |
| Other payments | - | 715,516 | (715,516) |
| Net investment income | - | (56,253,337) | 56,253,337 |
| Changes of assumptions and/or benefit terms | 8,285,915 | - | 8,285,915 |
| Benefit payments, including refunds of employee contributions | (56,221,869) | (56,221,869) | - |
| Administrative expense | - | (611,457) | 611,457 |
| Net changes | 26,621,862 | (58,964,411) | 85,586,273 |
| Balances at December 31, 2022 | \$ 842,247,549 | \$ 416,405,470 | \$ 425,842,079 |

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 7.0 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 (6.0 percent) or 1-percentage-point higher (8.0 percent) than the current rate:

| | 1% Decrease (6.0%) | Current Discount Rate (7.0%) | 1% Increase (8.0%) |
|--|---------------------------|-------------------------------------|---------------------------|
| New Bedford Contributory Retirement System's net pension liability | \$ 519,762,392 | \$ 425,842,079 | \$ 346,375,873 |

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 7.0 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 (6.0 percent) or 1-percentage-point higher (8.0 percent) than the current rate:

| | 1% Decrease (6.0%) | Current Discount Rate (7.0%) | 1% Increase (8.0%) |
|---|---------------------------|-------------------------------------|---------------------------|
| City's proportionate share of the net pension liability | \$ 456,667,718 | \$ 374,148,525 | \$ 304,328,828 |

Pension plan fiduciary net position. The market value of the pension trust fund at December 31, 2022 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, 2022.

Payables to the pension plan

At June 30, 2023, 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, 2023. 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 through a single-employer defined benefit OPEB plan 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, 2022 (the most recent valuation date), the following employees were covered by the benefit terms:

| | |
|-----------------------------------|--------------|
| Active plan members | 3,458 |
| Retirees and Beneficiaries | <u>3,258</u> |
| Subtotal | <u>6,716</u> |
| Number of participating employers | <u>1</u> |

Contributions. The contribution requirements of plan members and the City are established and may be amended through City ordinances. For the 2023 fiscal year, total City premiums plus implicit costs for the retiree medical program are \$16,909,604. The City did make a current year contribution to the OPEB Trust of \$1,387,082.

Net OPEB Liability

The City’s net OPEB liability was measured as of June 30, 2023, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2022.

Actuarial assumptions. The total OPEB liability in the June 30, 2022 actuarial valuation (rolled forward to the measurement date of June 30, 2023) was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Continued

| | |
|------------------------------------|--|
| Valuation Date: | June 30, 2022 |
| Measurement Date: | June 30, 2023 |
| Reporting Date: | June 30, 2023 |
| Actuarial Cost Method: | Entry Age Normal |
| Investment Rate of Return: | 3.5% (partial prefunding, rate is net of investment expenses) - <i>Prior Period was 2.5%</i> |
| Healthcare Cost Trend Rate: | Ultimate trend rate of 4.5% for 2022 and after. |
| Participation: | 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 |

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, 2022 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:

| Asset Class | Target Range % | Current Allocation | Long Term Expected Rate of Return (Average) |
|---------------------------------|-----------------------|---------------------------|--|
| Global equities | 32 - 42% | 39.3% | 9.0% |
| Core fixed income | 12 - 18% | 13.3% | 2.6% |
| Value-added fixed income | 5 - 11% | 7.1% | 4.7% |
| Private equity | 13 - 19% | 17.4% | 20.3% |
| Real estate | 7 - 13% | 10.9% | 9.8% |
| Timberland | 1 - 7% | 3.1% | 6.3% |
| Portfolio completion strategies | 7 - 13% | 8.4% | 3.8% |
| Overlay | 0% | 0.5% | N/A |
| Liquidating portfolios | 0% | 0.0% | N/A |
| Total | N/A | 100.0% | |

Continued

Discount rate. The discount rate used to measure the total OPEB liability was 3.5 percent. In the prior year, the discount rate was also 3.5 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 *not* 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 blended with the 20 year municipal bond rate (for a AA/Aa rated bond per GASB Statement No. 75 parameters) to be applied to all periods of projected benefit payments to determine the Total OPEB Liability.

Changes in the Net OPEB Liability

| | Increase (Decrease) | | |
|---|--------------------------------|---------------------------------------|------------------------------------|
| | Total OPEB Liability (a) | Plan Fiduciary Net Position (b) | Net OPEB Liability (a) - (b) |
| Balances at the beginning of the period | \$ 529,456,905 | \$ 3,196,175 | \$ 526,260,730 |
| Changes for the year: | | | |
| Service cost | 21,517,568 | - | 21,517,568 |
| Interest | 18,990,733 | - | 18,990,733 |
| Contributions - employer | - | 16,968,070 | (16,968,070) |
| Net investment income | - | 189,981 | (189,981) |
| Benefit payments, including refunds of employee contributions | (16,909,604) | (15,580,988) | (1,328,616) |
| Net changes | 23,598,697 | 1,577,063 | 22,021,634 |
| Balances at the end of the period | \$ 553,055,602 | \$ 4,773,238 | \$ 548,282,364 |

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 (2.50 percent) or 1-percentage-point higher (4.50 percent) than the current discount rate:

| | 1% Decrease (2.5%) | Current Discount Rate (3.5%) | 1% Increase (4.5%) |
|-----------------------------------|--------------------------|------------------------------------|--------------------------|
| Total OPEB Liability | \$ 661,670,863 | \$ 553,055,602 | \$ 469,853,484 |
| Less: Plan Fiduciary Net Position | (4,773,238) | (4,773,238) | (4,773,238) |
| Net OPEB Liability | \$ 656,897,625 | \$ 548,282,364 | \$ 465,080,246 |

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:

| | 1% Decrease | Current Trend | 1% Increase |
|-----------------------------------|----------------|------------------|----------------|
| Total OPEB Liability | \$ 456,515,346 | \$ 553,055,602 | \$ 682,986,436 |
| Less: Plan Fiduciary Net Position | (4,773,238) | (4,773,238) | (4,773,238) |
| Net OPEB Liability | \$ 451,742,108 | \$ 548,282,364 | \$ 678,213,198 |

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, 2023, the City recognized OPEB expense of \$29,785,669. At June 30, 2023, 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 | \$ 22,800,558 | \$ - |
| Changes of assumptions | - | 74,457,784 |
| Net difference between projected and actual earnings on pension plan investments | - | 167,548 |
| | <u>\$ 22,800,558</u> | <u>\$ 74,625,332</u> |

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

| Year ended June 30: | |
|----------------------------|------------------------|
| 2024 | \$ (9,349,742) |
| 2025 | (4,265,821) |
| 2026 | (25,120,002) |
| 2027 | (13,089,209) |
| 2028 | - |
| Thereafter | - |
| Subtotal - all years | <u>\$ (51,824,774)</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.

| | Pension Trust Fund (As of December 31, 2022) | Other Postemployment Benefit Trust Fund | Total Pension and Other Postemployment Benefit Trust Funds |
|--|---|--|---|
| ASSETS | | | |
| Cash and short-term investments | \$ 6,915,744 | \$ - | \$ 6,915,744 |
| Investments: | | | |
| Fixed income securities | 69,765,202 | - | 69,765,202 |
| Stocks / equities | 140,242,732 | - | 140,242,732 |
| International equities | 33,838,229 | - | 33,838,229 |
| Pooled funds | 68,986,177 | - | 68,986,177 |
| Real estate | 45,788,901 | - | 45,788,901 |
| Alternative investments | 50,941,961 | - | 50,941,961 |
| Invested in the PRIT fund | - | 4,773,238 | 4,773,238 |
| Receivables, net of allowance or uncollectibles: | | | |
| Employee | 176,085 | - | 176,085 |
| Other | 42,235 | - | 42,235 |
| Total assets | <u>416,697,266</u> | <u>4,773,238</u> | <u>421,470,504</u> |
| DEFERRED OUTFLOWS OF RESOURCES | | | |
| None | - | - | - |
| Total deferred outflows of resources | <u>-</u> | <u>-</u> | <u>-</u> |
| Total assets and deferred outflows of resources | <u>\$ 416,697,266</u> | <u>\$ 4,773,238</u> | <u>\$ 421,470,504</u> |
| LIABILITIES | | | |
| Warrants, accounts, and accrued expenses payable | \$ 291,796 | \$ - | \$ 291,796 |
| Total liabilities | <u>291,796</u> | <u>-</u> | <u>291,796</u> |
| DEFERRED INFLOWS OF RESOURCES | | | |
| None | - | - | - |
| Total deferred inflows of resources | <u>-</u> | <u>-</u> | <u>-</u> |
| NET POSITION | | | |
| Restricted - OPEB benefits | - | 4,773,238 | 4,773,238 |
| Restricted - pension benefits | 416,405,470 | - | 416,405,470 |
| Total net position | <u>416,405,470</u> | <u>4,773,238</u> | <u>421,178,708</u> |
| Total liabilities, deferred inflows of resources and net position | <u>\$ 416,697,266</u> | <u>\$ 4,773,238</u> | <u>\$ 421,470,504</u> |

Continued

| | Pension Trust Fund (As of December 31, 2022) | Other Postemployment Benefit Trust Fund | Total Pension and Other Postemployment Benefit Trust Funds |
|---|---|--|---|
| <u>ADDITIONS:</u> | | | |
| Contributions: | | | |
| Employer contributions | \$ 40,864,229 | \$ 1,387,082 | \$ 42,251,311 |
| Plan member contributions | 12,542,507 | - | 12,542,507 |
| Total contributions | 53,406,736 | 1,387,082 | 54,793,818 |
| Net investment income: | | | |
| Dividends and interest | 2,495,205 | 87,278 | 2,582,483 |
| Net appreciation in fair value of investments | (56,467,734) | 116,261 | (56,351,473) |
| Total investment income | (53,972,529) | 203,539 | (53,768,990) |
| Less: investment expense | 2,280,808 | - | 2,280,808 |
| Net investment income | (56,253,337) | 203,539 | (56,049,798) |
| Intergovernmental | 715,516 | - | 715,516 |
| Total additions | (2,131,085) | 1,590,621 | (540,464) |
| <u>DEDUCTIONS:</u> | | | |
| Retirement benefits | 51,800,774 | - | 51,800,774 |
| Administration | 611,457 | 13,558 | 625,015 |
| Transfers, reimbursements and refunds | 4,421,095 | - | 4,421,095 |
| Total deductions | 56,833,326 | 13,558 | 56,846,884 |
| Change in net position | (58,964,411) | 1,577,063 | (57,387,348) |
| Net position - beginning of year | 475,369,881 | 3,196,175 | 478,566,056 |
| Net position - ending of year | \$ 416,405,470 | \$ 4,773,238 | \$ 421,178,708 |

Continued

Note 12. Commitments and Leases

The City has committed \$1,767,032 in encumbrances for purchase orders, contract, and judgments and claims in the General Fund and \$201,103 in the wastewater special revenue fund.

Leases

In the prior year, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the principle that leases are financings of the right to use an underlying asset. Under this Statement, a *lessee* is required to recognize a lease liability and an intangible right to use lease asset, and a *lessor* is required to recognize a lease receivable and deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The effective date was deferred to fiscal years beginning after June 15, 2021, or fiscal year 2022.

Lease Receivables Under GASB Statement No. 87, *Leases*

The City, through its Airport Enterprise Fund, has entered into various long-term lease agreements for the purpose of the right to the use of land and other space at its Municipal Airport. The initial term for these leases vary dependent on the terms and conditions of the lease. The leases expire at various dates through 2064 if all renewal options are exercised. For accounting purposes, the right to use lease asset is reported at the present value of the future minimum lease payments using a 3.5% interest rate. This rate was estimated based on the S&P 20-year high grade municipal bond index as of June 30, 2023.

The annual payments were used to calculate the present value of these leases. The leases do not convey ownership at the end of the lease, provide a purchase option or guaranteed residual value.

At June 30, 2023, the estimates of future payments to be received are as follows:

| <u>Year Ended</u> | | | | |
|--------------------------|-----------------------|-------------------------|------------------------|--|
| <u>June 30</u> | <u>Payment</u> | <u>Principal</u> | <u>Interest</u> | |
| 2024 | \$ 796,639 | \$ 767,085 | \$ 29,553 | |
| 2025 | 524,191 | 486,812 | 37,379 | |
| 2026 | 534,714 | 479,842 | 54,873 | |
| 2027 | 461,505 | 402,175 | 59,330 | |
| 2028 | 355,153 | 299,029 | 56,124 | |
| 2029 - 2033 | 1,854,177 | 1,408,247 | 445,930 | |
| 2034 - end | 4,354,414 | 2,015,241 | 2,339,177 | |
| | <u>\$ 8,880,793</u> | <u>\$ 5,858,431</u> | <u>\$ 3,022,366</u> | |

Right to Use Lease Liabilities

The City has entered into various lease agreements for the purpose of the right to use tangible assets, which consist primarily of public safety and public works vehicles and other equipment, and its Master Energy Management Services agreement with Siemens Industry Inc. (mentioned in further detail below). The initial term for these leases vary dependent on the terms and conditions of the lease. For accounting purposes, the right to use lease liability is reported at the present value of the future minimum lease payments using a 3.5% interest rate. This rate was estimated based on the S&P 20-year high grade municipal bond index as of June 30, 2023. These "right-to-use" lease assets are accounted for as capital assets within their respective categories as seen on the capital asset note (Note 8).

Continued

The annual payments were used to calculate the present value of these leases.

At June 30, 2023, the principal and interest requirements to maturity for these leases are as follows:

| <u>Year Ending June 30,</u> | <u>Governmental Activities</u> | <u>Business-Type Activities</u> | <u>Primary Government</u> |
|---|------------------------------------|-------------------------------------|-------------------------------|
| 2024 | \$ 3,825,761 | \$ - | \$ 3,825,761 |
| 2025 | 3,274,070 | - | 3,274,070 |
| 2026 | 2,992,747 | - | 2,992,747 |
| 2027 | 2,603,973 | - | 2,603,973 |
| 2028 | 2,356,003 | - | 2,356,003 |
| 2029-2035 | 5,969,932 | - | 5,969,932 |
| Minimum lease payments for all leases | \$ 21,022,486 | \$ - | \$ 21,022,486 |
| Less: amount representing interest | (2,217,639) | - | (2,217,639) |
| Present value of net minimum lease payments | <u>\$ 18,804,847</u> | <u>\$ -</u> | <u>\$ 18,804,847</u> |

Additional Disclosure for 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 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.

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

Continued

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 was \$647,059 as of June 30, 2023.

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, 2023, the City had expended \$3,279,530 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, 2023, however are 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.

Continued

When profits are generated from the parking lot operations, the Harbor Development Commission will begin to pay back the City of New Bedford for the fixtures and equipment that the City placed into service to operate the parking lot. Five percent of any revenue over budgeted expenditures will be remitted to the Redevelopment Authority for their involvement in the project.

Note 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 April 13, 2023 for various purposes such as ongoing school, water, public works, public safety and other City projects.

Defeasance of Debt

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 was \$1,551,481.

At fiscal year-end 2023, the total deferred asset (now classified as a “deferred outflow of resources”) related to debt refunding is \$798,555 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, 2023:

| | Beginning Balance | Additions/ Renewals | Retirements | Ending Balance | Issuance Date | Maturity Date | Interest Rate | Interest Paid |
|---------------------------------|------------------------------|--------------------------------|----------------------|---------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| <u>Capital Projects:</u> | | | | | | | | |
| BAN - Fiscal Year 2022 Issuance | \$ 37,822,432 | \$ - | \$ 37,822,432 | \$ - | 04/14/22 | 04/13/23 | 3.00% | \$ 1,071,319 |
| BAN - Fiscal Year 2023 Issuance | - | 16,375,551 | - | 16,375,551 | 04/13/23 | 04/11/24 | 4.00% | - |
| Total Capital Projects | <u>\$ 37,822,432</u> | <u>\$ 16,375,551</u> | <u>\$ 37,822,432</u> | <u>\$ 16,375,551</u> | | | | <u>\$ 1,071,319</u> |
| Total Primary Government | <u>\$ 37,822,432</u> | <u>\$ 16,375,551</u> | <u>\$ 37,822,432</u> | <u>\$ 16,375,551</u> | | | | <u>\$ 1,071,319</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 2024 |
|--|---------------------------|------------------------------|----------------------|---|-----------------------------|----------------------------|---------------------------|--------------------------------|
| Governmental Activities | | | | | | | | |
| 4.00-5.25% Revenue Bond | 02/01/98-02/01/99 | \$ 29,230,000 | \$ - | \$ - | \$ 3,556,807 | \$ 3,448,193 | \$ 22,225,000 | \$ 7,205,000 |
| 4.00-6.00% Revenue Bond | 08/01/01-08/01/31 | 2,350,000 | - | - | 174,784 | 50,216 | 2,125,000 | 235,000 |
| HUD 108 - 2003-A | 02/01/04-08/01/22 | 110,000 | - | - | 110,000 | - | - | - |
| .85% Revenue Bond | 07/15/06-07/15/25 | 140,502 | - | - | 34,079 | - | 106,423 | 34,767 |
| .85% Revenue Bond | 02/15/07-02/15/27 | 2,937,565 | - | - | 179,827 | - | 2,757,738 | 184,024 |
| Pool 11 MWPAT 03-36A | 03/18/09-07/15/35 | 360,700 | - | - | 21,908 | - | 338,792 | 22,445 |
| 2.4 % Revenue Bond | 07/08/10-07/15/40 | 4,729,423 | - | - | 198,837 | - | 4,530,586 | 203,667 |
| General Obligation State Series A Bonds | 06/14/12-06/30/32 | 1,085,000 | - | - | 110,000 | - | 975,000 | 110,000 |
| General Obligation State Series B Series | 06/14/12-06/30/32 | 2,735,000 | - | - | 225,000 | - | 2,510,000 | 235,000 |
| MWPAT Series 16 CWS-09-12-A | 06/13/12-01/15/43 | 8,063,587 | - | - | 294,996 | - | 7,768,591 | 302,525 |
| General Obligation State Qualified | 02/07/13-06/30/33 | 1,835,000 | - | - | 215,000 | - | 1,620,000 | 215,000 |
| GO State Qualified School Project Loan, Ch 70B | 02/06/14-06/30/39 | 7,855,000 | - | - | 345,000 | - | 7,510,000 | 355,000 |
| General Obligation State Qualified | 03/05/15-12/01/42 | 4,095,000 | - | - | 145,000 | - | 3,950,000 | 150,000 |
| General Obligation Bonds Refunding | 10/16/14-02/15/27 | 3,530,000 | - | - | 1,025,000 | - | 2,505,000 | 960,000 |
| MCWT CWP-14-19 | 02/11/16-01/16/46 | 6,902,970 | - | - | 211,210 | - | 6,691,760 | 216,686 |
| Municipal Purpose Loan of 2016 Bonds | 02/04/16-06/30/44 | 8,475,000 | - | - | 960,000 | - | 7,515,000 | 1,000,000 |
| Municipal Purpose Loan of 2017 Bonds | 09/01/17-06/30/45 | 4,265,000 | - | - | 215,000 | - | 4,050,000 | 225,000 |
| \$14.430M GO State Qualified Refunding Bonds | 08/10/16-06/30/35 | 3,547,200 | - | - | 805,200 | - | 2,742,000 | 764,000 |
| MCWT CW-13-04 | 07/15/17-01/15/37 | 1,652,453 | - | - | 94,363 | - | 1,558,090 | 96,414 |
| MCWT CWP-14-19-A | 07/15/17-01/15/47 | 2,364,528 | - | - | 68,483 | - | 2,296,045 | 70,252 |
| SQ GO Bonds 2018 (General Fund) | 09/1/18 - 06/30/46 | 16,980,000 | - | - | 530,000 | - | 16,450,000 | 565,000 |
| General Obligation State Qualified 2019 | 09/01/19-03/01/48 | 8,010,000 | - | - | 195,000 | - | 7,815,000 | 205,000 |
| \$1M MWPAT Fed Ln CW-16-37 | 9/12/18-7/15/2036 | 875,990 | - | - | 43,146 | - | 832,844 | 44,084 |
| MCWT CW 17-10 | 10/22/21-01/15/40 | 4,263,176 | - | - | 196,061 | - | 4,067,115 | 200,322 |
| Municipal Purpose Loan of 2020 Bonds | 09/01/21-6/30/50 | 28,620,000 | - | - | 60,000 | - | 28,560,000 | 60,000 |
| MCWT CW 17-09 | 05/11/21-7/15/26 | 383,799 | - | - | 92,878 | - | 290,921 | 94,896 |
| MCWT CWP 17-16 | 05/11/21-1/15/51 | 6,015,043 | - | - | 146,416 | - | 5,868,627 | 149,898 |
| MCWT CWP 17-17 | 05/11/21-7/15/41 | 1,331,747 | - | - | 57,362 | - | 1,274,385 | 58,608 |
| MCWT CWP 17-16-A | 05/11/21-01/15/51 | 905,149 | - | - | 22,033 | - | 883,116 | 22,557 |
| MCWT CW 18-31 | 05/11/21-07/15/41 | 2,398,872 | - | - | 103,325 | - | 2,295,547 | 105,571 |
| MCWT CWA 19-17 | 05/11/21-07/15/26 | 210,212 | - | - | 50,870 | - | 159,342 | 51,976 |
| Municipal Purpose Loan of 2022 | 04/13/22-04/01/50 | 7,032,222 | - | - | 7,222 | - | 7,025,000 | 35,000 |
| \$212k CW-20-22-A | 12/14/22-07/15/43 | - | 212,366 | - | - | - | 212,366 | 8,590 |
| \$3.666M CWP-20-22 | 12/14/22-07/15/43 | - | 3,666,070 | - | - | - | 3,666,070 | 148,296 |
| \$41.115M GOB | 09/29/22-06/30/53 | - | 41,115,000 | - | - | - | 41,115,000 | 25,000 |
| \$27.705M GOB | 04/12/23-06/30/53 | - | 27,705,000 | - | - | - | 27,705,000 | 265,000 |
| Compensated absences | N/A | 14,085,904 | 6,394,034 | - | 7,043,705 | - | 13,436,233 | 6,957,221 |
| Leases | N/A | 19,002,780 | 2,771,981 | - | 2,969,914 | - | 18,804,847 | 3,270,513 |
| Total Governmental Activities | | \$ 206,378,822 | \$ 81,864,451 | \$ - | \$ 20,508,426 | \$ 3,498,409 | \$ 264,236,438 | \$ 24,852,312 |

The Municipal Purpose Loans issued during 2023 were issued for the Public Schools Central Kitchen, Wastewater Improvements, Right to Know Law Compliance, Vehicles and Equipment, Public Safety Radio Communication Upgrades, South Public Safety Center, Roads and Infrastructure, Fire Headquarters Interior Renovations, the Hillman Complex Renovations, the Howland Green Library Renovations, Park Improvements, the Lawler Library Renovations and the Art Museum Remodeling.

Continued

| | Maturity Dates | Beginning Balance | Additions | Advance Refunding Net of Refunding | City Retirements | State Subsidies | Ending Balance | Balance Due in 2024 |
|--|---------------------------|------------------------------|----------------------|---|-----------------------------|----------------------------|---------------------------|--------------------------------|
| Business-Type Activities | | | | | | | | |
| General Obligation State Qualified | 02/07/13-06/30/33 | \$ 490,000 | \$ - | \$ - | \$ 40,000 | \$ - | \$ 450,000 | \$ 40,000 |
| Municipal Purpose Loan of 2016 Bonds | 02/04/16-06/30/44 | 270,000 | - | - | 10,000 | - | 260,000 | 10,000 |
| General Obligation State Qualified 2019 | 09/01/19-03/01/48 | 385,000 | - | - | 10,000 | - | 375,000 | 10,000 |
| Municipal Purpose Loan of 2022 | 04/13/22-04/01/50 | 202,778 | - | - | 17,778 | - | 185,000 | 15,000 |
| Compensated absences | N/A | 29,089 | 26,947 | - | 23,712 | - | 32,324 | 27,059 |
| Total Airport Enterprise | | 1,376,867 | 26,947 | - | 101,490 | - | 1,302,324 | 102,059 |
| Compensated absences | N/A | 75,653 | 63,633 | - | 53,232 | - | 86,054 | 63,015 |
| Total Cable Enterprise | | 75,653 | 63,633 | - | 53,232 | - | 86,054 | 63,015 |
| SQ GO Bonds 2018 (Parking Fund) | 09/1/18 - 06/30/46 | 3,005,000 | - | - | 75,000 | - | 2,930,000 | 80,000 |
| General Obligation State Qualified 2019 | 09/01/19-03/01/48 | 1,680,000 | - | - | 40,000 | - | 1,640,000 | 40,000 |
| Compensated absences | | 23,318 | 40,531 | - | 17,526 | - | 46,323 | 36,407 |
| Total Downtown Parking Enterprise | | 4,708,318 | 40,531 | - | 132,526 | - | 4,616,323 | 156,407 |
| .85% Revenue Bond | 08/01/03-08/01/24 | 50,133 | - | - | 34,012 | 16,121 | - | - |
| .85% Revenue Bond | 08/01/03-08/01/24 | 105,000 | - | - | 72,268 | 32,732 | - | - |
| .85% Revenue Bond | 02/01/05-08/01/24 | 420,000 | - | - | 130,804 | 4,196 | 285,000 | 140,000 |
| .85% Revenue Bond | 02/01/05-08/01/24 | 822,011 | - | - | 256,529 | 10,785 | 554,697 | 274,850 |
| 2% MWPAT Bond | 12/14/06 - 7/15/26 | 118,038 | - | - | 22,673 | - | 95,365 | 23,131 |
| 2% MWPAT Bond | 12/14/06-07/15/26 | 1,748,409 | - | - | 335,836 | - | 1,412,573 | 342,621 |
| .85% Revenue Bond | 12/14/06-07/15/26 | 3,174,756 | - | - | 426,782 | - | 2,747,974 | 435,404 |
| MWPAT Series 16 DW-09-23 | 06/13/12-01/15/33 | 1,151,499 | - | - | 93,795 | - | 1,057,704 | 95,833 |
| Water Systems Improvements | 08/10/16 - 03/01/35 | 3,122,800 | - | - | 194,800 | - | 2,928,000 | 87,249 |
| Water Meter System | 08/10/16 - 03/01/35 | 4,055,000 | - | - | 250,000 | - | 3,805,000 | 113,419 |
| MCWT DWP-14-05 | 07/15/17-01/15/37 | 3,523,245 | - | - | 201,194 | - | 3,322,051 | 205,567 |
| MCWT DWP-15-03 | 04/11/19 - 07/15/37 | 3,183,673 | - | - | 181,803 | - | 3,001,870 | 185,754 |
| MCWT DWP 17-03 | 10/22/21-1/15/50 | 9,239,757 | - | - | 236,004 | - | 9,003,753 | 241,616 |
| MCWT DWP 16-14 | 10/22/21-1/15/50 | 13,477,604 | - | - | 344,248 | - | 13,133,356 | 352,434 |
| MCWT DWP 17-06 | 05/11/21-7/15/41 | 4,903,003 | - | - | 211,184 | - | 4,691,819 | 215,774 |
| MCWT DWP 17-07 | 05/11/21-1/15/51 | 12,789,295 | - | - | 311,312 | - | 12,477,983 | 318,715 |
| MCWT DWP 19-24 | 12/14/22-07/15/43 | - | 819,581 | - | - | - | 819,581 | 33,153 |
| Compensated absences | N/A | 415,299 | 357,505 | - | 306,072 | - | 466,732 | 348,430 |
| Leases | N/A | 83,419 | - | - | 83,419 | - | - | - |
| Total Water Enterprise | | 62,382,941 | 1,177,086 | - | 3,692,735 | 63,834 | 59,803,458 | 3,413,950 |
| Total Business-Type Activities | | \$ 68,543,779 | \$ 1,308,197 | \$ - | \$ 3,979,983 | \$ 63,834 | \$ 65,808,159 | \$ 3,735,431 |
| Total Government-Wide | | \$ 274,922,601 | \$ 83,172,648 | \$ - | \$ 24,488,409 | \$ 3,562,243 | \$ 330,044,597 | \$ 28,587,743 |

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, cable access, downtown parking and water).

Continued

Debt service requirements to maturity:

| Fiscal Year Ended June 30, | Total Principal | Total Interest | Total Debt | 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 less MWPAT interest) |
|---|----------------------------|---------------------------|-----------------------|--|--|---|--|
| 2024 | \$ 18,206,199 | \$ 10,261,075 | \$ 28,467,274 | \$ 3,604,095 | \$ 22,062 | \$ 563,845 | \$ 27,903,429 |
| 2025 | 19,133,927 | 8,772,722 | 27,906,649 | 3,785,750 | 29,237 | 252,083 | 27,654,566 |
| 2026 | 19,489,150 | 8,262,021 | 27,751,171 | 3,848,606 | - | 220,333 | 27,530,838 |
| 2027 | 11,908,035 | 7,680,946 | 19,588,981 | 66,255 | - | 55,216 | 19,533,765 |
| 2028 | 11,187,592 | 7,271,791 | 18,459,383 | 70,758 | - | 45,091 | 18,414,292 |
| 2029 | 11,327,765 | 6,872,991 | 18,200,756 | 75,345 | - | 34,723 | 18,166,033 |
| 2030 | 11,259,332 | 6,474,505 | 17,733,837 | 80,099 | - | 23,973 | 17,709,864 |
| 2031 | 11,504,263 | 6,088,013 | 17,592,276 | 85,026 | - | 8,112 | 17,584,164 |
| 2032 | 11,396,407 | 5,708,746 | 17,105,153 | - | - | - | 17,105,153 |
| 2033 | 11,055,831 | 5,340,491 | 16,396,322 | - | - | - | 16,396,322 |
| 2034 | 11,223,748 | 4,998,400 | 16,222,148 | - | - | - | 16,222,148 |
| 2035 | 11,400,282 | 4,657,339 | 16,057,621 | - | - | - | 16,057,621 |
| 2036 | 10,929,194 | 4,314,369 | 15,243,563 | - | - | - | 15,243,563 |
| 2037 | 10,996,404 | 3,974,472 | 14,970,876 | - | - | - | 14,970,876 |
| 2038 | 10,354,648 | 3,624,590 | 13,979,238 | - | - | - | 13,979,238 |
| 2039 | 10,610,007 | 3,296,685 | 13,906,692 | - | - | - | 13,906,692 |
| 2040 | 10,075,319 | 2,974,495 | 13,049,814 | - | - | - | 13,049,814 |
| 2041 | 9,604,942 | 2,677,540 | 12,282,482 | - | - | - | 12,282,482 |
| 2042 | 9,000,978 | 2,398,685 | 11,399,663 | - | - | - | 11,399,663 |
| 2043 | 9,137,602 | 2,124,508 | 11,262,110 | - | - | - | 11,262,110 |
| 2044 | 8,259,197 | 1,855,953 | 10,115,150 | - | - | - | 10,115,150 |
| 2045 | 8,117,830 | 1,604,801 | 9,722,631 | - | - | - | 9,722,631 |
| 2046 | 8,052,761 | 1,349,500 | 9,402,261 | - | - | - | 9,402,261 |
| 2047 | 6,489,516 | 1,094,924 | 7,584,440 | - | - | - | 7,584,440 |
| 2048 | 6,397,526 | 890,847 | 7,288,373 | - | - | - | 7,288,373 |
| 2049 | 6,282,886 | 690,434 | 6,973,320 | - | - | - | 6,973,320 |
| 2050 | 6,049,332 | 494,383 | 6,543,715 | - | - | - | 6,543,715 |
| 2051 | 3,731,411 | 318,590 | 4,050,001 | - | - | - | 4,050,001 |
| 2052 | 2,920,000 | 184,200 | 3,104,200 | - | - | - | 3,104,200 |
| 2053 | 2,820,000 | 65,500 | 2,885,500 | - | - | - | 2,885,500 |
| 2054 | - | - | - | - | - | - | - |
| | <u>\$ 298,922,084</u> | <u>\$ 116,323,516</u> | <u>\$ 415,245,600</u> | <u>\$ 11,615,934</u> | <u>\$ 51,299</u> | <u>\$ 1,203,376</u> | <u>\$ 414,042,224</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 \$11,667,233 and interest costs totaling \$1,203,376. The principal subsidies are guaranteed and therefore a \$11,667,233 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, 2023, principal and interest subsidies from the MCWT totaled \$3,559,684 and \$826,496, 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, 2022, the principal and interest subsidies from the MCWT totaled \$3,450,419 and \$826,496, respectively.

Continued

The following is a summary of MCWT principal subsidies at June 30, 2023 by loan agreement:

| | Wastewater Special Revenue | Water Enterprise | Total |
|---------------------------------------|---|-----------------------------|----------------------|
| Federal Loan 1998 | \$ 10,981,116 | \$ - | \$ 10,981,116 |
| Series 6 99-26 | 409,179 | - | 409,179 |
| Series 6 98-141 | 225,639 | - | 225,639 |
| Total Governmental Activities | 11,615,934 | - | 11,615,934 |
| Pool 10 DW 02-13 | - | 17,295 | 17,295 |
| Pool 10 DW 02-20 | - | 34,004 | 34,004 |
| Total Business-Type Activities | - | 51,299 | 51,299 |
| Total Government-Wide | \$ 11,615,934 | \$ 51,299 | \$ 11,667,233 |

Authorized & Unissued Debt:

The City had debt authorized but unissued at June 30, 2023 as follows:

| Purpose | Amount |
|---|-----------------------|
| Governmental Projects | \$ 27,657,957 |
| School Projects | 34,468,333 |
| Airport Projects | 15,298,524 |
| Water & Sewer Projects | 370,690,264 |
| Total Authorized & Unissued: | \$ 448,115,078 |

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, 2023 is \$670,435,898, of which \$273,322,370 is outstanding and \$397,113,528 remains authorized but not yet issued. Gross debt includes \$374,578,944 exempt from the debt limit and \$295,856,954 subject to the normal debt limit. As of June 30, 2023, the City's normal debt limit is \$403,741,980. The remaining borrowing capacity of the City \$107,885,026.

Continued

Note 16. Fund Balance Classification Details

The components of fund balance for the City's governmental funds as of June 30, 2023 are as follows:

| | Major Funds | | | | Non-Major Funds | | | Total |
|---|----------------------|----------------------|-------------------------|---------------------------------|----------------------|----------------------|----------------------|-----------------------|
| | General Fund | Wastewater | HOME Investment Program | West End Pressure 2nd Treatment | Special Revenue | Capital Projects | Permanent Trusts | |
| Fund Balances: | | | | | | | | |
| Nonspendable: | | | | | | | | |
| Long-term receivable - discretely presented component units | \$ 1,200,790 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 1,200,790 |
| Corpus of cemetery perpetual care fund | - | - | - | - | - | - | 4,016,748 | 4,016,748 |
| Corpus of other endowment funds | - | - | - | - | - | - | 1,110,663 | 1,110,663 |
| Inventory and prepaids | 260,000 | 26,373 | - | - | - | - | - | 286,373 |
| Land inventory | - | - | - | - | 246,918 | - | - | 246,918 |
| Restricted for: | | | | | | | | |
| General government activity | - | - | - | - | 8,344,494 | 3,610,424 | 8,384 | 11,963,302 |
| Public safety operations | - | - | - | - | 2,587,344 | 145,524 | - | 2,732,868 |
| Educational purposes | - | - | - | - | 9,518,263 | 5,014,745 | 1,177,827 | 15,710,835 |
| Public works | - | - | - | 5,130,116 | 2,936,902 | 39,890,598 | - | 47,957,616 |
| Community housing and development | - | - | 2,993,867 | - | 1,434,977 | - | - | 4,428,844 |
| Culture and recreational purposes | - | - | - | - | 6,526,875 | 74 | 2,695,627 | 9,222,576 |
| Health and human services | - | - | - | - | 878,009 | - | 3,059,855 | 3,937,864 |
| Wastewater debt service | - | 3,152,287 | - | - | - | - | - | 3,152,287 |
| Wastewater renewal and replacement | - | 2,458,162 | - | - | - | - | - | 2,458,162 |
| Committed to: | | | | | | | | |
| Economic stabilization | 15,366,708 | - | - | - | - | - | - | 15,366,708 |
| General government activity | - | - | - | - | 150,861 | - | - | 150,861 |
| Public safety | - | - | - | - | 376,881 | - | - | 376,881 |
| Public works | - | - | - | - | 1,026,018 | - | - | 1,026,018 |
| Wastewater special projects | - | 831,811 | - | - | - | - | - | 831,811 |
| Wastewater operations | - | 7,914,760 | - | - | - | - | - | 7,914,760 |
| Assigned to: | | | | | | | | |
| Encumbrances | 608,327 | - | - | - | - | - | - | 608,327 |
| General government purposes | 349,084 | - | - | - | - | - | - | 349,084 |
| Police detail | 647,871 | - | - | - | - | - | - | 647,871 |
| Public works | 311,745 | 201,103 | - | - | - | - | - | 512,848 |
| Public safety operations | 266,621 | - | - | - | - | - | - | 266,621 |
| Health and human services | 4,603 | - | - | - | - | - | - | 4,603 |
| Educational purposes | 226,652 | - | - | - | - | - | - | 226,652 |
| Unassigned: | 19,754,964 | - | - | - | (2,295,738) | (2,417,377) | - | 15,041,849 |
| Total Net Position (Governmental Funds): | \$ 38,997,365 | \$ 14,584,496 | \$ 2,993,867 | \$ 5,130,116 | \$ 31,731,804 | \$ 46,243,988 | \$ 12,069,104 | \$ 151,750,740 |

At June 30, 2023, the balance of the stabilization funds (City and School) was \$15,366,708 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 as outlined in MGL Chapter 40 Section 5B. The additions to and conditions for appropriating the amounts within the stabilization funds rest with the City Council. A two-thirds vote is required by the City Council to add to or appropriate funds to or from the stabilization funds. At June 30, 2022 (the prior year), the balance of the stabilization funds was \$5,832,967.

At June 30, 2023, significant negative unassigned balances are reported within the capital projects funds and also the special revenue funds. For the capital project 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.

For the special revenue funds, the majority of the deficit is related to the COVID-19 FEMA fund, for which the City has recorded a conservative allowance until final reimbursements have been determined by FEMA in relation to what costs are deemed eligible.

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 |
| General government activity | 11,963,300 |
| Public safety operations | 2,732,868 |
| Educational purposes | 15,710,835 |
| Public works | 47,957,616 |
| Community housing and development | 4,428,844 |
| Culture and recreational purposes | 9,222,576 |
| Health and human services | 3,937,864 |
| Wastewater debt service | 3,152,287 |
| Wastewater renewal and replacement | 2,458,162 |
| Total restricted net position - governmental activities | <u>\$ 106,691,763</u> |
| Water enterprise - restricted for stabilization fund | <u>3,636,740</u> |
| Total restricted net position - business-type activities | <u>\$ 3,636,740</u> |
| Total restricted net position - government-wide financial statements | <u>\$ 110,328,503</u> |

In addition, at fiscal year ended June 30, 2023, management has designated within the water, airport, downtown parking and cable access enterprise funds amounts of \$99,931, \$37,501, \$5,050 and \$0 for encumbrances (respectively). Management has also designated amounts of \$0 within the water, airport, downtown parking and cable access 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, 2022 and June 30, 2023 totaled \$3,219,509 and \$2,335,955 (respectively) and were recorded as a liability in the government-wide financial statements. The City estimated a current liability at June 30, 2023 of \$81,758 (3.5% of the estimated June 30, 2023 liability) based on historical analysis.

Continued

Note 19. Fund Deficits

The City had deficit fund balances present at June 30, 2023 in the following funds:

Capital Project Funds:

| | |
|--|---------------------|
| Construction Bond FY18 \$5.4M | \$ 5,136 |
| Department Equipment Bond \$627K | 68,181 |
| CIP FY2022 \$10.2M | 1,570,512 |
| Lincoln Elementary | 275,058 |
| Campbell School \$150K | 107,426 |
| DeValles-Congdon \$1.2M | 173,048 |
| Airport Terminal | 218,016 |
| | <hr/> |
| Total Capital Project Fund Deficits: | \$ 2,417,377 |
| | <hr/> |
| Deficits to be funded by future long-term debt issuances: | 2,199,361 |
| Deficits to be funded by future Federal and State grant funding: | - |
| | <hr/> |
| Net Capital Project Fund Deficits at June 30, 2023: | \$ 218,016 |
| | <hr/> |

Additionally, the city grants, other special revenue and school grant funds had total deficits of \$1,724,019 (predominantly the COVID-19 FEMA fund), \$395,550 and \$176,170, respectively. These fund deficits will also require future administrative plans to fund the deficits and eliminate them.

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, 2023 is as follows:

| | <u>2023</u> | <u>2022</u> |
|-----------------------------------|---------------------|---------------------|
| Health Claims - beginning of year | \$ 2,800,000 | \$ 2,334,000 |
| Incurred Claims | 66,663,631 | 61,819,586 |
| Payments of Health Claims | <u>(65,956,831)</u> | <u>(61,353,586)</u> |
| Health Claims - end of year | <u>\$ 3,506,800</u> | <u>\$ 2,800,000</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, 2023.

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, 2023, and through January 31, 2024, the date on which the financial statements were available to be issued.

On July 20, 2023, the City Council voted to authorize the transfer of \$2,607,730 from Ordinary Revenue and Municipal Receipts to fund Police Salaries and Wages as agreed to by the contract between the City of New Bedford and the New Bedford Police Union.

On July 20, 2023, the City Council also voted to authorize the issuance of a \$20,000,000 loan order for the purpose of financing the cost of projects outlined in the City's Long Term CSO Control and Integrated Capital Improvements Plan including but not limited to Regulatory Compliance Planning to address Capacity Management Operations and Maintenance requirements and asset management planning; Pumping Station Upgrades including the replacement and upgrade to the Howard Avenue Pumping Station; Stormwater System and Water Quality Improvements associated with Buttonwood Brook and general publicly owned treatment works planning and improvements. The City Council also voted to authorize the City to enter into a five-year lease with All American Investment Group, LLC, for the purchase of two equipped ambulances (\$807,000), one transit van (\$192,198) and one truck (\$63,326).

On August 17, 2023, the City Council voted to authorize the Treasurer to borrow \$4,054,139 for the purpose of paying costs of the replacement of the windows, curtainwall, doors, and storefront at the Ellen R. Hathaway Elementary School, including the payment of all costs incidental or related thereto for which the proposed repair project would materially extend the useful life of the school and preserve an asset that otherwise is capable of supporting the required educational program, and for which the City may be eligible for a grant from the Massachusetts School Building Authority ("MSBA"). Any project costs the City incurs in excess of any grant approved by and received from the MSBA shall be the sole responsibility of the City; provided further that any grant that City may receive from the MSBA for the Project shall not exceed the lesser of (1) Eighty percent (80%) of eligible, approved project costs, as determined by the MSBA, or (2) the total maximum grant amount determined by the MSBA; and that the amount of borrowing authorized pursuant to this vote shall be reduced by any grant amount set forth in the Project Funding Agreement that may be executed between the City and the MSBA.

On August 17, 2023, the City Council also voted to authorize the Treasurer to borrow \$3,718,236 for the purpose of paying costs of the replacement of the roof at the Elizabeth Carter Brooks Elementary School, including the payment of all costs incidental or related thereto (the "Project"), which proposed repair project would materially extend the useful life of the school and preserve an asset that otherwise is capable of supporting the required educational program, and for which the City may be eligible for a grant from the Massachusetts School Building Authority ("MSBA"). Any project costs the City incurs in excess of any grant approved by and received from the MSBA shall be the sole responsibility of the City; provided further that any grant that City may receive from the MSBA for the Project shall not exceed the lesser of (1) Eighty percent (80%) of eligible, approved project costs, as determined by the MSBA, or (2) the total maximum grant amount determined by the MSBA; and that the amount of borrowing authorized pursuant to this vote shall be reduced by any grant amount set forth in the Project

Continued

Funding Agreement that may be executed between the City and the MSBA.

On October 12, 2023, the City Council voted to authorize the Treasurer to borrow \$7,650,000 for the purpose of making critically needed repairs to City-owned buildings including, but not limited to, projects for the repair and renovation of public safety facilities, recreational facilities, general office space, and roads and infrastructure and all costs incidental and related thereto.

On November 21, 2023, the City Council voted to authorize the Treasurer to borrow \$3,657,943 to pay costs of an eminent domain land taking for property located 651 Orchard Street, New Bedford, identified as Assessors Map 23, Lot 158, for the purpose of constructing a new facility serving Grades K-5 on an alternate site to consolidate the student populations of the existing James B. Congdon and John B. DeValles Elementary Schools.

Note 23. Future Implementation of GASB Pronouncements

The GASB has issued the following statements:

- GASB Statement No. 99, *Omnibus 2022*, which is required to be implemented during fiscal years 2023 and 2024. Management will evaluate the potential impact that the implementation of this Statement will have on the financial statements at some point in the future.
- GASB Statement No. 100, *Accounting Changes and Error Corrections – an amendment of GASB Statement No. 62*, which is required to be implemented during fiscal year 2024. Management will evaluate the potential impact that the implementation of this Statement will have on the financial statements at some point in the future.
- GASB Statement No. 101, *Compensated Absences*, which is required to be implemented during fiscal year 2025. Management will evaluate the potential impact that the implementation of this Statement will have on the financial statements at some point in the future.
- GASB Statement No. 102, *Certain Risk Disclosures*, which is required to be implemented during fiscal year 2025. Management will evaluate the potential impact that the implementation of this Statement will have on the financial statements at some point in the future.

Earlier application of these statements is encouraged. For the original pronouncements and the related implementation guides, please visit the GASB's website, www.gasb.org.

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Required Supplementary Information (Unaudited):**General Fund – Schedule of Revenues and Expenditures – Budget and Actual – Budgetary Basis
Year Ended June 30, 2023**

| | Original Budget | Final Budget | Actual | Encumbrances Carried Forward | Variance |
|--|----------------------------|-------------------------|----------------|---|-----------------|
| <u>Revenues and other financing sources:</u> | | | | | |
| Tax collections net of refunds: | | | | | |
| Real estate and personal property taxes | \$ 145,200,153 | \$ 144,776,016 | \$ 144,334,718 | \$ - | \$ (441,298) |
| Local Receipts: | | | | | |
| Motor vehicle excise | 7,683,393 | 8,300,000 | 9,138,518 | - | 838,518 |
| Other excise collections | 1,810,931 | 1,810,931 | 2,081,494 | - | 270,563 |
| Penalties and interest | 1,527,355 | 1,557,601 | 1,934,237 | - | 376,636 |
| Payments in lieu of taxes | 354,000 | 354,000 | 442,101 | - | 88,101 |
| Charges for services | 932,543 | 932,834 | 1,232,653 | - | 299,819 |
| Departmental revenues | 8,962,540 | 8,962,540 | 11,449,300 | - | 2,486,760 |
| Fines and forfeitures | 135,000 | 135,000 | 176,811 | - | 41,811 |
| Licenses and permits | 3,578,836 | 3,745,674 | 4,167,291 | - | 421,617 |
| Indirect charges | 577,602 | 577,602 | 591,506 | - | 13,904 |
| Earnings on investments | 135,942 | 135,942 | 2,831,878 | - | 2,695,936 |
| Miscellaneous recurring | - | - | 14,457 | - | 14,457 |
| Miscellaneous non-recurring | - | - | 229,534 | - | 229,534 |
| Governmental revenue | 237,692,544 | 238,507,198 | 241,613,545 | - | 3,106,347 |
| Other financing sources: | | | | | |
| Transfers from other funds | 6,606,901 | 8,018,162 | 5,661,963 | - | (2,356,199) |
| ARPA funding | 3,000,000 | 3,008,000 | 273,749 | - | (2,734,251) |
| Transfers from free cash | - | 12,870,818 | 12,870,818 | - | - |
| Total revenues and other financing sources: | \$ 418,197,740 | \$ 433,692,318 | \$ 439,044,573 | \$ - | \$ 5,352,255 |
| <u>Expenditures and other financing uses:</u> | | | | | |
| Current: | | | | | |
| General Government | | | | | |
| Assessors | | | | | |
| Salaries & Wages | \$ 601,106 | \$ 566,106 | \$ 557,145 | \$ - | \$ 8,961 |
| Charges & Services | 152,784 | 271,334 | 248,877 | 20,258 | 2,199 |
| Supplies & Materials | 1,140 | 1,865 | 1,865 | - | - |
| Total Assessors | 755,030 | 839,305 | 807,887 | 20,258 | 11,160 |
| Auditor | | | | | |
| Salaries & Wages | 490,615 | 543,615 | 535,946 | - | 7,669 |
| Charges & Services | 30,182 | 20,182 | 14,759 | - | 5,423 |
| Supplies & Materials | 2,411 | 2,411 | 2,411 | - | - |
| Total Auditor | 523,208 | 566,208 | 553,116 | - | 13,092 |
| Chief Financial Officer | | | | | |
| Salaries & Wages | 272,701 | 272,701 | 237,738 | - | 34,963 |
| Charges & Services | 5,300 | 5,300 | 4,173 | - | 1,127 |
| Supplies & Materials | 950 | 950 | 611 | - | 339 |
| Total Chief Financial Officer | 278,951 | 278,951 | 242,522 | - | 36,429 |
| City Clerk | | | | | |
| Salaries & Wages | 391,586 | 450,434 | 446,501 | - | 3,933 |
| Charges & Services | 22,580 | 25,580 | 25,281 | - | 299 |
| Supplies & Materials | 2,600 | 2,600 | 1,685 | - | 915 |
| Total City Clerk | \$ 416,766 | \$ 478,614 | \$ 473,467 | \$ - | \$ 5,147 |

See accompanying independent auditor's report

| | Original Budget | Final Budget | Actual | Encumbrances Carried Forward | Variance |
|---------------------------------------|--------------------|-----------------|--------------|------------------------------------|-----------|
| City Council | | | | | |
| Salaries & Wages | \$ 568,390 | \$ 531,516 | \$ 531,514 | \$ - | \$ 2 |
| Charges & Services | 23,301 | 33,301 | 31,467 | - | 1,834 |
| Supplies & Materials | 9,500 | 27,500 | 26,614 | - | 886 |
| Other Financing Uses | - | 9,000 | 9,000 | - | - |
| Total City Council | 601,191 | 601,317 | 598,595 | - | 2,722 |
| Clerk of Committees | | | | | |
| Salaries & Wages | 157,522 | 142,522 | 135,939 | - | 6,583 |
| Charges & Services | 8,850 | 6,150 | 3,441 | - | 2,709 |
| Supplies & Materials | 900 | 8,600 | 8,409 | - | 191 |
| Total Clerk of Committees | 167,272 | 157,272 | 147,789 | - | 9,483 |
| Elections | | | | | |
| Salaries & Wages | 397,516 | 462,516 | 462,573 | - | (57) |
| Charges & Services | 102,256 | 123,256 | 126,008 | - | (2,752) |
| Supplies & Materials | 3,008 | 6,508 | 5,412 | - | 1,096 |
| Capital Outlay | - | 33,125 | 33,125 | - | - |
| Total Elections | 502,780 | 625,405 | 627,118 | - | (1,713) |
| Environmental Stewardship | | | | | |
| Salaries & Wages | 445,054 | 483,054 | 481,271 | - | 1,783 |
| Charges & Services | 69,624 | 69,624 | 70,016 | 2,179 | (2,571) |
| Supplies & Materials | 1,525 | 1,525 | 1,539 | - | (14) |
| Other Financing Uses | - | 39,039 | 39,039 | - | - |
| Total Environmental Stewardship | 516,203 | 593,242 | 591,865 | 2,179 | (802) |
| General Government Unclassified | | | | | |
| Salaries & Wages | 220,000 | 220,000 | 212,446 | - | 7,554 |
| Charges & Services | 9,332,574 | 11,711,582 | 11,513,134 | - | 198,448 |
| Other Financing Uses | - | 97,562 | 41,038 | - | 56,524 |
| Total General Government Unclassified | 9,552,574 | 12,029,144 | 11,766,618 | - | 262,526 |
| Labor Relations | | | | | |
| Salaries & Wages | 413,976 | 410,186 | 359,569 | - | 50,617 |
| Charges & Services | 8,560 | 12,350 | 7,900 | - | 4,450 |
| Supplies & Materials | 1,895 | 1,895 | 1,856 | - | 39 |
| Total Labor Relations | 424,431 | 424,431 | 369,325 | - | 55,106 |
| Licensing | | | | | |
| Salaries & Wages | 123,691 | 135,691 | 134,275 | - | 1,416 |
| Charges & Services | 11,692 | 11,292 | 11,725 | - | (433) |
| Supplies & Materials | 1,150 | 1,550 | 1,501 | - | 49 |
| Total Licensing | 136,533 | 148,533 | 147,501 | - | 1,032 |
| Management Information System | | | | | |
| Salaries & Wages | 931,237 | 1,033,003 | 1,033,002 | - | 1 |
| Charges & Services | 1,357,440 | 1,387,373 | 1,284,550 | 71,300 | 31,523 |
| Supplies & Materials | 8,590 | 8,590 | 8,264 | - | 326 |
| Capital Outlay | 100,000 | 159,565 | 125,713 | 33,652 | 200 |
| Total Management Information Systems | \$ 2,397,267 | \$ 2,588,531 | \$ 2,451,529 | \$ 104,952 | \$ 32,050 |

See accompanying independent auditor's report

| | Original Budget | Final Budget | Actual | Encumbrances Carried Forward | Variance |
|--|--------------------|-----------------|---------------|------------------------------------|--------------|
| Mayor | | | | | |
| Salaries & Wages | \$ 493,217 | \$ 493,217 | \$ 671,634 | \$ - | \$ (178,417) |
| Charges & Services | 57,132 | 60,132 | 66,336 | - | (6,204) |
| Supplies & Materials | 3,600 | 3,600 | 3,270 | - | 330 |
| Total Mayor | 553,949 | 556,949 | 741,240 | - | (184,291) |
| Planning & Community Development | | | | | |
| Salaries & Wages | 443,336 | 512,336 | 512,184 | - | 152 |
| Charges & Services | 148,867 | 181,903 | 95,809 | 86,309 | (215) |
| Supplies & Materials | 250 | 250 | 250 | - | - |
| Total Planning & Community Development | 592,453 | 694,489 | 608,243 | 86,309 | (63) |
| Planning Board | | | | | |
| Charges & Services | 11,400 | 11,400 | 8,685 | - | 2,715 |
| Total Planning Board | 11,400 | 11,400 | 8,685 | - | 2,715 |
| Purchasing | | | | | |
| Salaries & Wages | 218,886 | 278,886 | 270,715 | - | 8,171 |
| Charges & Services | 110,974 | 126,974 | 120,475 | - | 6,499 |
| Supplies & Materials | 1,100 | 1,900 | 1,883 | - | 17 |
| Total Purchasing | 330,960 | 407,760 | 393,073 | - | 14,687 |
| Solicitor | | | | | |
| Salaries & Wages | 843,818 | 839,818 | 826,716 | - | 13,102 |
| Charges & Services | 91,366 | 102,014 | 58,166 | 5,163 | 38,685 |
| Supplies & Materials | 23,500 | 23,500 | 23,183 | - | 317 |
| Total Solicitor | 958,684 | 965,332 | 908,065 | 5,163 | 52,104 |
| Treasurer | | | | | |
| Salaries & Wages | 774,480 | 774,480 | 698,030 | - | 76,450 |
| Charges & Services | 249,221 | 299,221 | 328,284 | - | (29,063) |
| Supplies & Materials | 6,500 | 6,500 | 5,680 | - | 820 |
| Other Financing Uses | - | 10,656,475 | 10,656,475 | - | - |
| Total Treasurer | 1,030,201 | 11,736,676 | 11,688,469 | - | 48,207 |
| Total General Government | \$ 19,749,853 | \$ 33,703,559 | \$ 33,125,107 | \$ 218,861 | \$ 359,591 |
| Public Safety | | | | | |
| Fire Department | | | | | |
| Salaries & Wages | 20,121,989 | 20,731,989 | 20,669,733 | - | 62,256 |
| Charges & Services | 327,467 | 333,092 | 356,731 | - | (23,639) |
| Supplies & Materials | 227,447 | 231,822 | 232,895 | - | (1,073) |
| Capital Outlay | 895,318 | 895,318 | 876,439 | 18,879 | - |
| Total Fire Department | 21,572,221 | 22,192,221 | 22,135,798 | 18,879 | 37,544 |
| Inspectional Services | | | | | |
| Salaries & Wages | 1,064,814 | 995,314 | 964,593 | - | 30,721 |
| Charges & Services | 33,732 | 33,732 | 26,670 | - | 7,062 |
| Supplies & Materials | 10,180 | 10,180 | 3,978 | - | 6,202 |
| Total Inspectional Services | \$ 1,108,726 | \$ 1,039,226 | \$ 995,241 | \$ - | \$ 43,985 |

| | Original Budget | Final Budget | Actual | Encumbrances Carried Forward | Variance |
|---|----------------------|----------------------|----------------------|------------------------------------|---------------------|
| Police | | | | | |
| Salaries & Wages | \$ 24,918,311 | \$ 22,385,197 | \$ 22,010,247 | \$ - | \$ 374,950 |
| Charges & Services | 1,261,896 | 1,261,896 | 1,172,551 | 23,924 | 65,421 |
| Supplies & Materials | 138,365 | 173,543 | 169,987 | 8,094 | (4,538) |
| Capital Outlay | 488,725 | 1,525,168 | 1,401,796 | 116,659 | 6,713 |
| Total Police | 26,807,297 | 25,345,804 | 24,754,581 | 148,677 | 442,546 |
| Traffic Commission | | | | | |
| Salaries & Wages | 291,747 | 291,747 | 254,879 | - | 36,868 |
| Charges & Services | 76,099 | 76,099 | 59,062 | - | 17,037 |
| Supplies & Materials | 35,900 | 35,900 | 34,803 | - | 1,097 |
| Total Traffic Commission | 403,746 | 403,746 | 348,744 | - | 55,002 |
| Emergency Medical Services | | | | | |
| Salaries & Wages | 3,046,416 | 3,406,416 | 3,425,444 | - | (19,028) |
| Charges & Services | 265,350 | 345,350 | 345,907 | - | (557) |
| Supplies & Materials | 216,075 | 276,075 | 272,845 | - | 3,230 |
| Capital Outlay | 367,599 | 367,599 | 367,236 | - | 363 |
| Total Emergency Medical Services | 3,895,440 | 4,395,440 | 4,411,432 | - | (15,992) |
| Total Public Safety | \$ 53,787,430 | \$ 53,376,437 | \$ 52,645,796 | \$ 167,556 | \$ 563,085 |
| Public Works | | | | | |
| Facilities & Fleet Management | | | | | |
| Salaries & Wages | 3,640,547 | 3,586,131 | 3,492,828 | - | 93,303 |
| Charges & Services | 3,280,410 | 3,376,890 | 2,936,816 | 97,672 | 342,402 |
| Supplies & Materials | 2,834,432 | 2,839,198 | 2,518,136 | 197,408 | 123,654 |
| Capital Outlay | 755,073 | 737,668 | 691,840 | 45,890 | (62) |
| Other Financing Uses | - | 625,500 | 968,849 | - | (343,349) |
| Total Facilities & Fleet Management | 10,510,462 | 11,165,387 | 10,608,469 | 340,970 | 215,948 |
| Greater New Bedford Refuse Management District | | | | | |
| Charges & Services | 749,865 | 749,865 | 749,865 | - | - |
| Total Greater New Bedford Refuse Management District | 749,865 | 749,865 | 749,865 | - | - |
| Public Infrastructure | | | | | |
| Salaries & Wages | 3,051,405 | 2,751,405 | 2,591,810 | - | 159,595 |
| Charges & Services | 697,273 | 1,013,831 | 866,296 | - | 147,535 |
| Supplies & Materials | 905,936 | 1,059,668 | 1,041,390 | - | 18,278 |
| Capital Outlay | - | 508,505 | 33,753 | - | 474,752 |
| Total Public Infrastructure | 4,654,614 | 5,333,409 | 4,533,249 | - | 800,160 |
| Snow Removal | | | | | |
| Salaries & Wages | 450,000 | 450,000 | 243,986 | - | 206,014 |
| Total Snow Removal | 450,000 | 450,000 | 243,986 | - | 206,014 |
| Total Public Works | \$ 16,364,941 | \$ 17,698,661 | \$ 16,135,569 | \$ 340,970 | \$ 1,222,122 |
| Education | | | | | |
| Greater NB Regional Vocational Technical High School | | | | | |
| Charges & Services | 6,072,764 | 6,072,764 | 6,072,764 | - | - |
| Total Greater NB Regional Vocational Technical High School | \$ 6,072,764 | \$ 6,072,764 | \$ 6,072,764 | \$ - | \$ - |
| Bristol Agricultural High School | | | | | |
| Charges & Services | - | 154,416 | 287,024 | - | (132,608) |
| Total Greater NB Regional Vocational Technical High School | \$ - | \$ 154,416 | \$ 287,024 | \$ - | \$ (132,608) |

See accompanying independent auditor's report

| | Original Budget | Final Budget | Actual | Encumbrances Carried Forward | Variance |
|------------------------------------|--------------------|-----------------|----------------|------------------------------------|------------|
| School Department | | | | | |
| Salaries & Wages | \$ 140,857,210 | \$ 134,214,571 | \$ 133,803,187 | \$ - | \$ 411,384 |
| General Expenses | 74,215,601 | 81,089,000 | 81,119,742 | 753,893 | (784,635) |
| Total School Department | 215,072,811 | 215,303,571 | 214,922,929 | 753,893 | (373,251) |
| Total Education | 221,145,575 | 221,530,751 | 221,282,717 | 753,893 | (505,859) |
| Health & Human Services | | | | | |
| Community Services | | | | | |
| Salaries & Wages | 897,675 | 978,675 | 938,015 | - | 40,660 |
| Charges & Services | 297,774 | 293,274 | 292,354 | - | 920 |
| Supplies & Materials | 19,140 | 23,640 | 23,049 | - | 591 |
| Total Community Services | 1,214,589 | 1,295,589 | 1,253,418 | - | 42,171 |
| Health | | | | | |
| Salaries & Wages | 1,002,327 | 902,327 | 816,938 | - | 85,389 |
| Charges & Services | 101,242 | 101,242 | 95,328 | - | 5,914 |
| Supplies & Materials | 25,190 | 25,190 | 21,817 | - | 3,373 |
| Capital Outlay | 1,500 | 1,500 | 1,181 | - | 319 |
| Total Health | 1,130,259 | 1,030,259 | 935,264 | - | 94,995 |
| Veterans | | | | | |
| Salaries & Wages | 257,709 | 277,709 | 276,881 | - | 828 |
| Charges & Services | 2,112,550 | 2,087,550 | 1,673,478 | - | 414,072 |
| Supplies & Materials | 16,300 | 21,300 | 15,306 | - | 5,994 |
| Total Veterans | 2,386,559 | 2,386,559 | 1,965,665 | - | 420,894 |
| Total Health & Human Services | 4,731,407 | 4,712,407 | 4,154,347 | - | 558,060 |
| Culture & Recreation | | | | | |
| Library | | | | | |
| Salaries & Wages | 1,764,909 | 1,754,909 | 1,665,962 | - | 88,947 |
| Charges & Services | 774,697 | 784,697 | 792,659 | - | (7,962) |
| Supplies & Materials | 104,700 | 104,700 | 104,626 | - | 74 |
| Total Library | 2,644,306 | 2,644,306 | 2,563,247 | - | 81,059 |
| Recreation and Parks | | | | | |
| Salaries & Wages | 604,051 | 604,051 | 516,551 | - | 87,500 |
| Charges & Services | 23,300 | 27,904 | 20,500 | 2,097 | 5,307 |
| Supplies & Materials | 3,120 | 3,120 | 2,365 | - | 755 |
| Total Recreation and Parks | 630,471 | 635,075 | 539,416 | 2,097 | 93,562 |
| Tourism / Marketing | | | | | |
| Salaries & Wages | 128,569 | 128,569 | 127,948 | - | 621 |
| Charges & Services | 275,500 | 275,500 | 275,528 | - | (28) |
| Supplies & Materials | 3,000 | 3,000 | 2,603 | - | 397 |
| Total Tourism / Marketing | \$ 407,069 | \$ 407,069 | \$ 406,079 | \$ - | \$ 990 |

See accompanying independent auditor's report

| | Original Budget | Final Budget | Actual | Encumbrances Carried Forward | Variance |
|---|--------------------|-----------------|----------------|------------------------------------|---------------|
| Zoo | | | | | |
| Salaries & Wages | \$ 1,109,751 | \$ 1,143,751 | \$ 1,153,082 | \$ - | \$ (9,331) |
| Charges & Services | 125,514 | 245,514 | 244,962 | - | 552 |
| Supplies & Materials | 263,700 | 296,466 | 287,687 | - | 8,779 |
| Total Zoo | 1,498,965 | 1,685,731 | 1,685,731 | - | - |
| Total Culture & Recreation | 5,180,811 | 5,372,181 | 5,194,473 | 2,097 | 175,611 |
| Other | | | | | |
| Debt | | | | | |
| Other Charges | 8,562,757 | 8,562,757 | 8,819,460 | - | (256,703) |
| Total Debt | 8,562,757 | 8,562,757 | 8,819,460 | - | (256,703) |
| Health Insurance | | | | | |
| Charges & Services | 19,355,048 | 19,355,048 | 16,054,143 | 283,655 | 3,017,250 |
| Total Health Insurance | 19,355,048 | 19,355,048 | 16,054,143 | 283,655 | 3,017,250 |
| Life Insurance | | | | | |
| Charges & Services | 300,000 | 460,000 | 204,882 | - | 255,118 |
| Total Life Insurance | 300,000 | 460,000 | 204,882 | - | 255,118 |
| Pension Contribution | | | | | |
| Charges & Services | 35,867,124 | 35,867,124 | 35,867,124 | - | - |
| Total Pension Contribution | 35,867,124 | 35,867,124 | 35,867,124 | - | - |
| State Assessments | | | | | |
| Cherry Sheet Assessments | 31,380,584 | 32,081,077 | 31,096,310 | - | 984,767 |
| Total State Assessments | 31,380,584 | 32,081,077 | 31,096,310 | - | 984,767 |
| Employee Benefits | | | | | |
| Salaries & Wages | 340,000 | 340,000 | 297,851 | - | 42,149 |
| Charges & Services | 979,955 | 180,061 | - | - | 180,061 |
| Other Financing Uses | 100,000 | 100,000 | 100,000 | - | - |
| Total Employee Benefits | 1,419,955 | 620,061 | 397,851 | - | 222,210 |
| General Fund Subsidies | | | | | |
| Other Financing Uses | 352,255 | 352,255 | - | - | 352,255 |
| Total General Fund Subsidies | 352,255 | 352,255 | - | - | 352,255 |
| Total Other | 97,237,723 | 97,298,322 | 92,439,770 | 283,655 | 4,574,897 |
| Total expenditures and other financing uses: | \$ 418,197,740 | \$ 433,692,318 | \$ 424,977,779 | \$ 1,767,032 | \$ 6,947,507 |
| Excess (deficiency) of revenues and other financing sources over (under) of expenditures and other financing uses: | \$ - | \$ - | \$ 14,066,794 | \$ (1,767,032) | \$ 12,299,762 |
| Budgetary fund balance - beginning of year | | | 29,450,400 | | |
| Budgetary fund balance - end of year | \$ - | \$ - | \$ 43,517,194 | | |

See accompanying independent auditor's report

**Wastewater Special Revenue Fund – Schedule of Revenues and Expenditures – Budget and Actual – Budgetary Basis
Year Ended June 30, 2023**

| | <u>Original Budget</u> | | | <u>Actual</u> | | |
|--|---|----------------------------------|--|---------------------|---|---------------------|
| | <u>Encumbrances Carried Forward</u> | <u>Budget As Adopted</u> | <u>Available for Current Year Expenditures</u> | | <u>Encumbrances Carried Forward</u> | <u>Variance</u> |
| Revenues and other: | | | | | | |
| Charges for services | \$ - | \$ 27,947,011 | \$ 27,947,011 | \$ 27,253,220 | \$ - | \$ (693,791) |
| Liens and penalties | - | 284,127 | 284,127 | 210,528 | - | (73,599) |
| Departmental and other | - | 44,870 | 44,870 | 31,014 | - | (13,856) |
| Special assessments | - | 11,964 | 11,964 | 10,215 | - | (1,749) |
| Earnings on investments | - | 291,915 | 291,915 | 514,506 | - | 222,591 |
| Transfers in | - | - | - | 504 | - | 504 |
| Total Revenues and other: | - | 28,579,887 | 28,579,887 | 28,019,987 | - | (559,900) |
| Expenditures: | | | | | | |
| Salaries and Wages | - | 2,067,200 | 1,917,200 | 1,735,924 | - | 181,276 |
| Purchase of Services | 1,173,665 | 15,066,147 | 16,239,812 | 13,003,266 | 139,903 | 3,096,643 |
| Materials and Supplies | - | 467,000 | 617,000 | 511,931 | 11,300 | 93,769 |
| Capital Outlay | 129,052 | 335,025 | 464,077 | 395,024 | 49,900 | 19,153 |
| Debt Service / Other Charges | - | 10,644,515 | 10,644,515 | 10,314,407 | - | 330,108 |
| Total Expenditures | 1,302,717 | 28,579,887 | 29,882,604 | 25,960,552 | 201,103 | 3,720,949 |
| Excess (deficiency) of revenues over expenditures | <u>\$ (1,302,717)</u> | <u>\$ -</u> | <u>\$ (1,302,717)</u> | <u>\$ 2,059,435</u> | <u>\$ (201,103)</u> | <u>\$ 3,161,049</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, 2023 are as follows:

| | Governmental Funds | |
|---|---------------------------|-----------------------------------|
| | General Fund | Special Revenue Wastewater |
| Revenues and other financing sources: | | |
| GAAP Basis | \$ 466,931,076 | \$ 28,620,403 |
| Adjustments: | | |
| Change in real estate and personal property taxes 60 day accruals | (781,326) | - |
| MTRB on-behalf payments | (27,670,273) | - |
| Issuance of leases at NPV | (2,771,981) | - |
| Stabilization fund - income statement activity | (9,533,741) | - |
| Free cash utilized for budgetary basis | 12,870,818 | - |
| Increases to deferred revenues GAAP basis only | - | (600,416) |
| Budgetary Basis | <u>\$ 439,044,573</u> | <u>\$ 28,019,987</u> |
| Expenditures and other financing uses: | | |
| GAAP Basis | \$ 456,947,813 | \$ 25,960,554 |
| Adjustments: | | |
| MTRB on-behalf payments | (27,670,273) | - |
| Issuance of leases | (2,771,981) | - |
| Unbudgeted deferral of tax possessions reclassified for FS presentation | (1,527,776) | - |
| Budgetary Basis | <u>\$ 424,977,783</u> | <u>\$ 25,960,554</u> |

Schedule of Changes in the System's Net Pension Liability and Related Ratios - Last 10 Fiscal Years

| | <u>2023</u> | <u>2022</u> | <u>2021</u> | <u>2020</u> | <u>2019</u> |
|---|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Total pension liability | | | | | |
| Service cost | \$ 18,160,545 | \$ 13,853,254 | \$ 13,384,786 | \$ 13,299,628 | \$ 12,788,104 |
| Interest on liability and service cost | 56,397,271 | 55,923,961 | 54,766,734 | 53,440,073 | 52,379,302 |
| Differences between expected and actual experience | - | (6,375,751) | - | 427,538 | - |
| Changes of assumptions and/or benefit terms | 8,285,915 | 47,288,114 | - | 2,746,110 | - |
| Benefit payments, including refunds of employee contributions | (56,221,869) | (53,726,898) | (52,653,704) | (51,965,670) | (51,104,978) |
| Interest on benefit | - | - | - | - | - |
| Net change in total pension liability | 26,621,862 | 56,962,680 | 15,497,816 | 17,947,679 | 14,062,428 |
| Total pension liability - beginning | 815,625,687 | 758,663,007 | 743,165,191 | 725,217,512 | 711,155,084 |
| Total pension liability - ending (a) | <u>\$ 842,247,549</u> | <u>\$ 815,625,687</u> | <u>\$ 758,663,007</u> | <u>\$ 743,165,191</u> | <u>\$ 725,217,512</u> |
| Plan fiduciary net position | | | | | |
| Contributions - employer | \$ 40,864,229 | \$ 38,735,948 | \$ 36,751,374 | \$ 34,868,476 | \$ 33,082,046 |
| Contributions - employee | 12,542,507 | 11,017,886 | 10,803,311 | 10,839,234 | 9,977,696 |
| Other payments | 715,516 | 722,961 | 887,124 | 871,534 | 981,322 |
| Net investment income | (56,253,337) | 68,828,467 | 49,669,473 | 59,077,910 | (16,458,511) |
| Benefit payments, including refunds of employee contributions | (56,221,869) | (53,726,898) | (52,653,704) | (51,965,670) | (51,104,978) |
| Administrative expense | (611,457) | (537,474) | (457,153) | (557,897) | (582,690) |
| Adjust assets to market value | - | - | - | - | - |
| Net change in plan fiduciary net position | (58,964,411) | 65,040,890 | 45,000,425 | 53,133,587 | (24,105,115) |
| Plan fiduciary net position - beginning | 475,369,881 | 410,328,991 | 365,328,566 | 312,194,979 | 336,300,094 |
| Plan fiduciary net position - ending (b) | <u>\$ 416,405,470</u> | <u>\$ 475,369,881</u> | <u>\$ 410,328,991</u> | <u>\$ 365,328,566</u> | <u>\$ 312,194,979</u> |
| System's net pension liability - ending (a) - (b) | <u>\$ 425,842,079</u> | <u>\$ 340,255,806</u> | <u>\$ 348,334,016</u> | <u>\$ 377,836,625</u> | <u>\$ 413,022,533</u> |
| Plan fiduciary net position as a percentage of the total pension liability | 49.44% | 58.28% | 54.09% | 49.16% | 43.05% |
| Covered payroll | \$ 112,488,965 | \$ 103,231,391 | \$ 101,040,225 | \$ 97,431,898 | \$ 93,827,452 |
| System's net pension liability as a percentage of covered payroll | 378.56% | 329.60% | 344.75% | 387.80% | 440.19% |

See accompanying independent auditor's report

Schedule of Changes in the System's Net Pension Liability and Related Ratios - Last 10 Fiscal Years (Continued)

| | 2018 | 2017 | 2016 | 2015 |
|---|-----------------------|-----------------------|-----------------------|-----------------------|
| Total pension liability | | | | |
| Service cost | \$ 10,287,007 | \$ 9,987,385 | \$ 10,680,565 | \$ 10,369,481 |
| Interest on liability and service cost | 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 | (49,437,397) | (47,075,331) | (45,901,874) | (44,969,104) |
| Interest on benefit | - | - | (1,745,509) | (1,710,039) |
| Net change in total pension liability | 82,265,341 | 9,869,976 | 559,255 | 11,531,009 |
| Total pension liability - beginning | 628,889,743 | 619,019,767 | 618,460,512 | 606,929,503 |
| Total pension liability - ending (a) | \$ 711,155,084 | \$ 628,889,743 | \$ 619,019,767 | \$ 618,460,512 |
| Plan fiduciary net position | | | | |
| Contributions - employer | \$ 32,069,145 | \$ 30,810,829 | \$ 29,758,906 | \$ 28,253,951 |
| Contributions - employee | 9,620,489 | 9,042,514 | 9,305,456 | 8,457,273 |
| Other payments | 956,887 | 969,196 | 1,025,323 | 1,057,391 |
| Net investment income | 52,511,151 | 23,322,337 | (3,014,143) | 16,227,627 |
| Benefit payments, including refunds of employee contributions | (49,437,397) | (47,075,331) | (45,901,874) | (44,969,104) |
| Administrative expense | (546,865) | (617,024) | (562,794) | (547,593) |
| Adjust assets to market value | - | - | 1,576,360 | (1,992,203) |
| Net change in plan fiduciary net position | 45,173,410 | 16,452,521 | (7,812,766) | 6,487,342 |
| Plan fiduciary net position - beginning | 291,126,684 | 274,674,163 | 282,486,929 | 275,999,587 |
| Plan fiduciary net position - ending (b) | \$ 336,300,094 | \$ 291,126,684 | \$ 274,674,163 | \$ 282,486,929 |
| System's net pension liability - ending (a) - (b) | \$ 374,854,990 | \$ 337,763,059 | \$ 344,345,604 | \$ 335,973,583 |
| Plan fiduciary net position as a percentage of the total pension liability | 47.29% | 46.29% | 44.37% | 45.68% |
| Covered payroll | \$ 90,685,169 | \$ 92,695,007 | \$ 89,560,393 | \$ 84,425,116 |
| System's net pension liability as a percentage of covered payroll | 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.

Schedule of the City's Proportionate Share of the Net Pension Liability - Last 10 Fiscal Years

| | 2023 | 2022 | 2021 | 2020 | 2019 |
|--|----------------|----------------|----------------|----------------|----------------|
| City's proportion of the net pension liability (asset) | 87.8609% | 87.3900% | 87.6200% | 87.5500% | 87.1091% |
| City's proportionate share of the net pension liability (asset) | \$ 374,148,525 | \$ 297,349,550 | \$ 305,210,265 | \$ 330,795,970 | \$ 359,780,192 |
| City's covered payroll | \$ 98,479,482 | \$ 90,961,757 | \$ 88,502,258 | \$ 85,231,809 | \$ 82,151,215 |
| City's proportionate share of the net pension liability (asset) as a percentage of its covered payroll | 379.93% | 326.90% | 383.55% | 388.11% | 437.95% |
| Plan fiduciary net position as a percentage of the total pension liability | 49.44% | 58.28% | 54.09% | 49.16% | 43.05% |

| | 2018 | 2017 | 2016 | 2015 |
|--|----------------|----------------|----------------|----------------|
| City's proportion of the net pension liability (asset) | 86.5059% | 86.7370% | 86.2969% | 86.4768% |
| City's proportionate share of the net pension liability (asset) | \$ 324,271,782 | \$ 292,965,416 | \$ 299,409,245 | \$ 288,816,402 |
| City's covered payroll | \$ 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 | 410.37% | 364.38% | 387.39% | 393.37% |
| Plan fiduciary net position as a percentage of the total pension liability | 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>2023</u> | <u>2022</u> | <u>2021</u> | <u>2020</u> | <u>2019</u> |
|---|--------------------|-------------------|-------------------|-------------------|-------------------|
| Actuarially determined contribution | \$ 40,827,689 | \$ 38,735,948 | \$ 36,751,374 | \$ 34,868,476 | \$ 33,082,046 |
| System contributions in relation to the actuarially determined contribution | <u>40,864,229</u> | <u>38,735,948</u> | <u>36,751,374</u> | <u>34,868,476</u> | <u>33,082,046</u> |
| Contribution deficiency (excess) | <u>\$ (36,540)</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| Covered payroll | \$ 112,488,965 | \$ 103,231,391 | \$ 101,040,225 | \$ 97,431,898 | \$ 93,827,452 |
| Contributions as a percentage of covered payroll | 36.33% | 37.52% | 36.37% | 35.79% | 35.26% |

| | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> |
|---|-------------------|-------------------|--------------------|-------------------|
| Actuarially determined contribution | \$ 32,069,145 | \$ 30,810,829 | \$ 29,758,906 | \$ 28,253,951 |
| System contributions in relation to the actuarially determined contribution | <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>\$ (62,495)</u> | <u>\$ -</u> |
| Covered payroll | \$ 90,685,169 | \$ 92,695,007 | \$ 89,560,393 | \$ 84,425,116 |
| Contributions as a percentage of covered payroll | 35.36% | 33.24% | 33.30% | 33.47% |

Notes to Schedule**Valuation Date:**

The January 1, 2022 actuarial valuation was rolled forward, in accordance with the parameters of GASB Statement No. 68, to December 31, 2022, 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.

Schedule of Employer Contributions - Last 10 Fiscal Years

| | <u>2023</u> | <u>2022</u> | <u>2021</u> | <u>2020</u> | <u>2019</u> |
|---|--------------------|-------------------|-------------------|-------------------|-------------------|
| City's contractually required contribution | \$ 35,867,124 | \$ 33,851,345 | \$ 32,201,554 | \$ 30,527,351 | \$ 28,817,471 |
| City's contributions in relation to the contractually required contribution | <u>35,903,664</u> | <u>33,851,345</u> | <u>32,201,554</u> | <u>30,527,351</u> | <u>28,817,471</u> |
| Contribution deficiency (excess) | <u>\$ (36,540)</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| City's covered payroll | \$ 103,642,652 | \$ 100,987,191 | \$ 90,819,339 | \$ 87,540,589 | \$ 85,934,427 |
| Contributions as a percentage of covered payroll | 34.64% | 33.52% | 35.46% | 34.87% | 35.08% |

| | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> |
|---|-------------------|-------------------|-------------------|-------------------|
| City's contractually required contribution | \$ 27,741,711 | \$ 26,724,377 | \$ 25,734,949 | \$ 24,433,112 |
| City's contributions in relation to the contractually required contribution | <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> |
| City's covered payroll | \$ 85,226,392 | \$ 79,718,484 | \$ 79,184,083 | \$ 77,533,906 |
| Contributions as a percentage of covered payroll | 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

| | <u>12/31/2022</u> | <u>12/31/2021</u> | <u>12/31/2020</u> | <u>12/31/2019</u> | <u>12/31/2018</u> |
|---|-------------------|-------------------|-------------------|-------------------|-------------------|
| Annual money-weighted rate of return, net of investment expense | -11.87% | 17.16% | 13.97% | 19.47% | -5.75% |

| | <u>12/31/2017</u> | <u>12/31/2016</u> | <u>12/31/2015</u> | <u>12/31/2014</u> |
|---|-------------------|-------------------|-------------------|-------------------|
| Annual money-weighted rate of return, net of investment expense | 18.34% | 9.21% | -0.46% | 6.62% |

** - 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

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See accompanying independent auditor's report

Schedule of Changes in the City's Net OPEB Liability and Related Ratios – Other Post-Employment Benefits

| | <u>2023</u> | <u>2022</u> | <u>2021</u> | <u>2020</u> | <u>2019</u> |
|--|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|
| Total OPEB liability | | | | | |
| Service cost | \$ 21,517,568 | \$ 26,218,547 | \$ 19,793,758 | \$ 18,941,395 | \$ 18,125,737 |
| Interest on liability and service cost | 18,990,733 | 16,498,288 | 15,859,229 | 20,229,162 | 19,426,065 |
| Differences between expected and actual experience | - | (34,967,753) | - | (46,043,123) | - |
| Changes in assumptions | - | (103,864,477) | - | 117,449,904 | - |
| Benefit payments, including refunds of employee contributions | <u>(16,909,604)</u> | <u>(16,181,439)</u> | <u>(16,845,353)</u> | <u>(16,119,955)</u> | <u>(17,767,957)</u> |
| Net change in total OPEB liability | 23,598,697 | (112,296,834) | 18,807,634 | 94,457,383 | 19,783,845 |
| Total OPEB liability - beginning | <u>\$ 529,456,905</u> | <u>\$ 641,753,739</u> | <u>622,946,105</u> | <u>528,488,722</u> | <u>508,704,877</u> |
| Total OPEB liability - ending (a) | <u>\$ 553,055,602</u> | <u>\$ 529,456,905</u> | <u>\$ 641,753,739</u> | <u>\$ 622,946,105</u> | <u>\$ 528,488,722</u> |
| Plan fiduciary net position | | | | | |
| Contributions - employer | \$ 16,968,070 | \$ 16,181,439 | \$ 16,092,210 | 14,843,263 | 18,222,957 |
| Net investment income | 189,981 | (124,846) | 696,466 | 43,912 | 97,711 |
| Benefit payments, including refunds of employee contributions | (15,580,988) | (16,181,439) | (15,511,210) | (14,843,263) | (17,767,957) |
| Administrative expense | <u>-</u> | <u>-</u> | <u>-</u> | <u>(4,488)</u> | <u>-</u> |
| Net change in plan fiduciary net position | 1,577,063 | (124,846) | 1,277,466 | 39,424 | 552,711 |
| Plan fiduciary net position - beginning | <u>3,196,175</u> | <u>3,321,021</u> | <u>2,043,555</u> | <u>2,004,131</u> | <u>1,451,420</u> |
| Plan fiduciary net position - ending (b) | <u>\$ 4,773,238</u> | <u>\$ 3,196,175</u> | <u>\$ 3,321,021</u> | <u>\$ 2,043,555</u> | <u>\$ 2,004,131</u> |
| City's net OPEB liability - ending (a) - (b) | <u>\$ 548,282,364</u> | <u>\$ 526,260,730</u> | <u>\$ 638,432,718</u> | <u>\$ 620,902,550</u> | <u>\$ 526,484,591</u> |
| Plan fiduciary net position as a percentage of the total OPEB liability | 0.86% | 0.60% | 0.52% | 0.33% | 0.38% |
| Covered-employee payroll* | \$ 206,819,936 | \$ 199,826,025 | \$ 189,303,824 | \$ 182,902,245 | \$ 180,556,037 |
| City's net OPEB liability as a percentage of covered employee payroll | 265.10% | 263.36% | 337.25% | 339.47% | 291.59% |

* - 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 Changes in the City's Net OPEB Liability and Related Ratios – Other Post-Employment Benefits (Continued)

| | <u>2018</u> | <u>2017</u> |
|--|------------------------------|------------------------------|
| Total OPEB liability | | |
| Service cost | \$ 17,345,203 | \$ 14,481,690 |
| Interest on liability and service cost | 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 | <u>(17,767,957)</u> | <u>(16,602,496)</u> |
| Net change in total OPEB liability | 30,367,686 | 15,471,297 |
| Total OPEB liability - beginning | 478,337,191 | 462,865,894 |
| Total OPEB liability - ending (a) | <u><u>\$ 508,704,877</u></u> | <u><u>\$ 478,337,191</u></u> |
| Plan fiduciary net position | | |
| Contributions - employer | 150,000 | 270,000 |
| Net investment income | 119,070 | 112,330 |
| Benefit payments, including refunds of employee contributions | - | - |
| Administrative expense | <u>(4,487)</u> | <u>(2,561)</u> |
| Net change in plan fiduciary net position | 264,583 | 379,769 |
| Plan fiduciary net position - beginning | 1,186,837 | 807,068 |
| Plan fiduciary net position - ending (b) | <u><u>\$ 1,451,420</u></u> | <u><u>\$ 1,186,837</u></u> |
| City's net OPEB liability - ending (a) - (b) | <u><u>\$ 507,253,457</u></u> | <u><u>\$ 477,150,354</u></u> |
| Plan fiduciary net position as a percentage of the total OPEB liability | 0.29% | 0.25% |
| Covered-employee payroll* | \$ 174,450,277 | \$ 158,014,676 |
| City's net OPEB liability as a percentage of covered employee payroll | 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.

Schedule of City's Contributions – Other Post-Employment Benefits

| | <u>2023</u> | <u>2022</u> | <u>2021</u> | <u>2020</u> | <u>2019</u> |
|--|----------------------|----------------------|----------------------|----------------------|----------------------|
| Actuarially determined contribution | \$ 40,508,301 | \$ 42,716,862 | \$ 17,530,168 | \$ 39,170,557 | \$ 19,231,134 |
| Contributions in relation to the actuarially determined contribution | <u>-</u> | <u>-</u> | <u>581,000</u> | <u>-</u> | <u>455,000</u> |
| Contribution deficiency (excess) | <u>\$ 40,508,301</u> | <u>\$ 42,716,862</u> | <u>\$ 16,949,168</u> | <u>\$ 39,170,557</u> | <u>\$ 18,776,134</u> |
| Covered-employee payroll* | \$ 206,819,936 | \$ 199,826,025 | \$ 189,303,824 | \$ 182,902,245 | \$ 180,556,037 |
| Contributions as a percentage of covered-employee payroll | 0.00% | 0.00% | 0.31% | 0.00% | 0.25% |
| | <u>2018</u> | <u>2017</u> | | | |
| Actuarially determined contribution | \$ 16,018,219 | \$ 17,102,496 | | | |
| Contributions in relation to the actuarially determined contribution | <u>270,000</u> | <u>270,000</u> | | | |
| Contribution deficiency (excess) | <u>\$ 17,497,957</u> | <u>\$ 16,832,496</u> | | | |
| Covered-employee payroll* | \$ 174,450,277 | \$ 158,014,676 | | | |
| Contributions as a percentage of covered-employee payroll | 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>6/30/2023</u> | <u>6/30/2022</u> | <u>6/30/2021</u> | <u>6/30/2020</u> | <u>6/30/2019</u> |
|---|------------------|------------------|------------------|------------------|------------------|
| Annual money-weighted rate of return, net of investment expense | 6.37% | -2.95% | 29.90% | 2.40% | 6.12% |
| | <u>6/30/2018</u> | <u>6/30/2017</u> | | | |
| Annual money-weighted rate of return, net of investment expense | 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.

See accompanying independent auditor's report

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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.



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, 2023

| | Operating | Special Projects | Debt Service | Total Wastewater |
|--|------------------|-----------------------------|-------------------------|-----------------------------|
| ASSETS | | | | |
| Cash | \$ 12,697,551 | \$ 829,574 | \$ 3,152,287 | \$ 16,679,412 |
| User charges receivable | 2,067,495 | - | - | 2,067,495 |
| Utility liens receivable | 158,952 | - | - | 158,952 |
| Special assessments receivable | 123,858 | - | - | 123,858 |
| Department receivables | 41,869 | - | - | 41,869 |
| Other receivables | - | 2,237 | - | 2,237 |
| Inventory | 26,373 | - | - | 26,373 |
| Total assets | 15,116,098 | 831,811 | 3,152,287 | 19,100,196 |
| DEFERRED OUTFLOWS OF RESOURCES | | | | |
| None | - | - | - | - |
| Total deferred outflows of resources | - | - | - | - |
| Total assets and deferred outflows of resources | \$ 15,116,098 | \$ 831,811 | \$ 3,152,287 | \$ 19,100,196 |
| LIABILITIES: | | | | |
| Warrants, accounts and accrued expenses payable | 2,088,265 | - | - | 2,088,265 |
| Deposits held | 36,345 | - | - | 36,345 |
| Other liabilities | 40,786 | - | - | 40,786 |
| Total liabilities | 2,165,396 | - | - | 2,165,396 |
| DEFERRED INFLOWS OF RESOURCES | | | | |
| Deferred user fees, fines and charges for services | 2,350,304 | - | - | 2,350,304 |
| Total deferred inflows of resources | 2,350,304 | - | - | 2,350,304 |
| FUND BALANCE | | | | |
| Nonspendable | 26,373 | - | - | 26,373 |
| Restricted | 2,458,162 | - | 3,152,287 | 5,610,449 |
| Committed | 7,914,760 | 831,811 | - | 8,746,571 |
| Assigned | 201,103 | - | - | 201,103 |
| Unassigned | - | - | - | - |
| Total fund balance | 10,600,398 | 831,811 | 3,152,287 | 14,584,496 |
| Total liabilities, deferred inflows of resources and fund balance | \$ 15,116,098 | \$ 831,811 | \$ 3,152,287 | \$ 19,100,196 |

See accompanying independent auditor's report

Wastewater Funds – Combining Statement of Revenues, Expenditures and Changes in Fund Balances – for the Year Ending June 30, 2023

| | Operating | Special Projects | Debt Service | Total Wastewater |
|---|----------------------|-----------------------------|-------------------------|-----------------------------|
| Revenues: | | | | |
| Utility usage charges | \$ 27,853,636 | \$ - | \$ - | \$ 27,853,636 |
| Liens and penalties | 210,528 | - | - | 210,528 |
| Departmental | 2,973 | - | - | 2,973 |
| Intergovernmental revenues | - | - | 4,300,902 | 4,300,902 |
| Special assessments | 10,215 | - | - | 10,215 |
| Investment income | 514,506 | 243 | 119 | 514,868 |
| Other | 28,042 | - | - | 28,042 |
| Total revenues | 28,619,900 | 243 | 4,301,021 | 32,921,164 |
| Expenditures: | | | | |
| Current: | | | | |
| Salaries | 1,735,924 | - | - | 1,735,924 |
| Charges and services | 13,003,266 | - | - | 13,003,266 |
| Supplies and materials | 511,931 | - | - | 511,931 |
| Capital outlay: | | | | |
| Capital outlay | 395,024 | - | - | 395,024 |
| Debt service: | | | | |
| Debt admin fees | 120,503 | - | - | 120,503 |
| Principal paid on debt | 833,000 | - | 9,045,794 | 9,878,794 |
| Interest paid on debt | 134,977 | - | 2,103,866 | 2,238,843 |
| Total expenditures | 16,734,625 | - | 11,149,660 | 27,884,285 |
| Excess (deficiency) of revenues over expenditures | 11,885,275 | 243 | (6,848,639) | 5,036,879 |
| Transfers in | 504 | - | 7,061,174 | 7,061,678 |
| Transfers (out) | (9,225,927) | - | - | (9,225,927) |
| Excess (deficiency) of revenues and other sources over expenditures and other uses | 2,659,852 | 243 | 212,535 | 2,872,630 |
| Fund balance - beginning of year | 7,940,546 | 831,568 | 2,939,752 | 11,711,866 |
| Fund balance - end of year | <u>\$ 10,600,398</u> | <u>\$ 831,811</u> | <u>\$ 3,152,287</u> | <u>\$ 14,584,496</u> |

See accompanying independent auditor's report

Non-Major Governmental Funds - Combining Balance Sheets – June 30, 2023

| Special Revenue Funds | | | | | | | | |
|---|---------------------------------|------------------|--------------------------------------|------------------|--------------------|----------------------|--|----------------------------------|
| | Highway Improvements | Revolving | Reserve for Appropriation | Donations | City Grants | School Grants | Other Community Development | Total Special Revenue |
| ASSETS | | | | | | | | |
| Cash and investments, unrestricted | \$ 460,179 | \$ 12,278,657 | \$ 7,707,464 | \$ 9,217,924 | \$ 6,303,444 | \$ 584,383 | \$ 1,487,875 | \$ 38,039,926 |
| Federal and state grants receivable | 761,365 | 2,903,157 | - | - | 3,803,693 | 5,117,323 | 451,333 | 13,036,871 |
| Loan receivables | - | - | - | - | - | - | 1,532,931 | 1,532,931 |
| Receivable, other | - | 188,546 | 259,767 | 578,117 | 300,743 | 1,468,648 | - | 2,795,821 |
| Land inventory | - | - | - | - | - | - | 246,918 | 246,918 |
| Total assets | 1,221,544 | 15,370,360 | 7,967,231 | 9,796,041 | 10,407,880 | 7,170,354 | 3,719,057 | 55,652,467 |
| DEFERRED OUTFLOWS OF RESOURCES | | | | | | | | |
| None | - | - | - | - | - | - | - | - |
| Total deferred outflows of resources | - | - | - | - | - | - | - | - |
| Total assets and deferred outflows of resources | 1,221,544 | 15,370,360 | 7,967,231 | 9,796,041 | 10,407,880 | 7,170,354 | 3,719,057 | 55,652,467 |
| | - | - | - | - | - | - | - | - |
| LIABILITIES | | | | | | | | |
| Warrants, accounts and accrued expenses payable | \$ 406,653 | \$ 1,166,027 | 72,112 | \$ 225,661 | \$ 2,230,352 | \$ 4,356,644 | \$ 504,211 | \$ 8,961,660 |
| Due to state or federal government | - | - | - | - | - | 209 | - | 209 |
| Other liabilities | - | 2,621 | - | 8,757,952 | 332 | - | 20 | 8,760,925 |
| Total liabilities | 406,653 | 1,168,648 | 72,112 | 8,983,613 | 2,230,684 | 4,356,853 | 504,231 | 17,722,794 |
| DEFERRED INFLOWS OF RESOURCES | | | | | | | | |
| Deferred departmental and other receipts | - | 150,312 | 267,086 | - | - | - | - | 417,398 |
| Unearned grant income | - | - | - | - | 2,600,703 | 1,646,837 | - | 4,247,540 |
| Unearned loan income | - | - | - | - | - | - | 1,532,931 | 1,532,931 |
| Total deferred inflows of resources | - | 150,312 | 267,086 | - | 2,600,703 | 1,646,837 | 1,532,931 | 6,197,869 |
| FUND BALANCE | | | | | | | | |
| Nonspendable | - | - | - | - | - | - | 246,918 | 246,918 |
| Restricted | 814,891 | 12,991,850 | 7,477,172 | 864,629 | 7,300,512 | 1,342,833 | 1,434,977 | 32,226,864 |
| Committed | - | 1,402,899 | 150,861 | - | - | - | - | 1,553,760 |
| Assigned | - | - | - | - | - | - | - | - |
| Unassigned | - | (343,349) | - | (52,201) | (1,724,019) | (176,169) | - | (2,295,738) |
| Total fund balance | 814,891 | 14,051,400 | 7,628,033 | 812,428 | 5,576,493 | 1,166,664 | 1,681,895 | 31,731,804 |
| Total liabilities, deferred inflows of resources and fund balance | \$ 1,221,544 | \$ 15,370,360 | \$ 7,967,231 | \$ 9,796,041 | \$ 10,407,880 | \$ 7,170,354 | \$ 3,719,057 | \$ 55,652,467 |

See accompanying independent auditor's report

Combining and Individual Fund Statements and Other Supplementary Information

| | Capital Project Funds | | | | | Total Capital Project Funds |
|---|-----------------------|----------------------|----------------------|-------------------|---------------------------|-----------------------------|
| | Other Funds | Public Works Funds | Education Funds | Airport Funds | City-Owned Building Funds | |
| ASSETS | | | | | | |
| Cash and investments, unrestricted | \$ 12,214,000 | \$ 32,108,847 | \$ 11,768,957 | \$ (1,935,989) | \$ 2,285,371 | \$ 56,441,186 |
| Receivables, net: | | | | | | |
| Federal & state grants receivable | - | 638,270 | 3,632,470 | 2,320,584 | - | 6,591,324 |
| Other receivables | - | - | - | 193,103 | - | 193,103 |
| Total assets | 12,214,000 | 32,747,117 | 15,401,427 | 577,698 | 2,285,371 | 63,225,613 |
| DEFERRED OUTFLOWS OF RESOURCES | | | | | | |
| None | - | - | - | - | - | - |
| Total deferred outflows of resources | - | - | - | - | - | - |
| Total assets and deferred outflows of resources | <u>\$ 12,214,000</u> | <u>\$ 32,747,117</u> | <u>\$ 15,401,427</u> | <u>\$ 577,698</u> | <u>\$ 2,285,371</u> | <u>\$ 63,225,613</u> |
| LIABILITIES | | | | | | |
| Warrants, accounts and accrued expenses payable | 913,368 | 42,500 | 586,474 | 557,016 | 79 | 2,099,437 |
| Retainage payable | 13,759 | 85,452 | 107,426 | - | - | 206,637 |
| Bonds and notes payable | 4,128,242 | - | 10,547,309 | - | - | 14,675,551 |
| Total liabilities | 5,055,369 | 127,952 | 11,241,209 | 557,016 | 79 | 16,981,625 |
| DEFERRED INFLOWS OF RESOURCES | | | | | | |
| None | - | - | - | - | - | - |
| Total deferred inflows of resources | - | - | - | - | - | - |
| FUND BALANCE | | | | | | |
| Nonspendable | - | - | - | - | - | - |
| Restricted | - | - | - | - | - | - |
| Committed | 8,797,324 | 32,619,165 | 4,715,749 | 238,699 | 2,290,428 | 48,661,365 |
| Assigned | - | - | - | - | - | - |
| Unassigned | (1,638,693) | - | (555,531) | (218,017) | (5,136) | (2,417,377) |
| Total fund balance | 7,158,631 | 32,619,165 | 4,160,218 | 20,682 | 2,285,292 | 46,243,988 |
| Total liabilities, deferred inflows of resources and fund balance | <u>\$ 12,214,000</u> | <u>\$ 32,747,117</u> | <u>\$ 15,401,427</u> | <u>\$ 577,698</u> | <u>\$ 2,285,371</u> | <u>\$ 63,225,613</u> |

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 |
| ASSETS | | | | | | |
| Cash and investments, unrestricted | \$ 1,952,168 | \$ 3,079,853 | \$ 1,212,023 | \$ 729,076 | \$ 6,973,120 | \$ 101,454,232 |
| 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 | - | - | - | - | - | 19,628,195 |
| Loans receivable | - | - | - | - | - | 1,532,931 |
| Other receivables | - | - | - | - | - | 2,988,924 |
| Land inventory | - | - | - | - | - | 246,918 |
| | | | | | | |
| Total assets | 2,212,831 | 7,096,601 | 1,462,023 | 1,329,076 | 12,100,531 | 130,978,611 |
| DEFERRED OUTFLOWS OF RESOURCES | | | | | | |
| None | - | - | - | - | - | - |
| | | | | | | |
| Total deferred outflows of resources: | - | - | - | - | - | - |
| | | | | | | |
| Total assets and deferred outflows of r | \$ 2,212,831 | \$ 7,096,601 | \$ 1,462,023 | \$ 1,329,076 | \$ 12,100,531 | \$ 130,978,611 |
| LIABILITIES | | | | | | |
| Warrants, accounts and accrued expens | 8,556 | 19,993 | 251 | 2,627 | 31,427 | 11,092,524 |
| Retainage payable | - | - | - | - | - | 206,637 |
| Bonds and notes payable | - | - | - | - | - | 14,675,551 |
| Due to other governments | - | - | - | - | - | 209 |
| Other liabilities | - | - | - | - | - | 8,760,925 |
| | | | | | | |
| Total liabilities | 8,556 | 19,993 | 251 | 2,627 | 31,427 | 34,735,846 |
| DEFERRED INFLOWS OF RESOURCES | | | | | | |
| Deferred departmental and other receip | - | - | - | - | - | 417,398 |
| Unearned grant income | - | - | - | - | - | 4,247,540 |
| Unearned loan income | - | - | - | - | - | 1,532,931 |
| | | | | | | |
| Total deferred inflows of resources | - | - | - | - | - | 6,197,869 |
| FUND BALANCE | | | | | | |
| Nonspendable | 260,663 | 4,016,748 | 250,000 | 600,000 | 5,127,411 | 5,374,329 |
| Restricted | 1,943,612 | 3,059,860 | 1,211,772 | 726,449 | 6,941,693 | 87,829,922 |
| Committed | - | - | - | - | - | 1,553,760 |
| Assigned | - | - | - | - | - | - |
| Unassigned | - | - | - | - | - | (4,713,115) |
| | | | | | | |
| Total fund balance | 2,204,275 | 7,076,608 | 1,461,772 | 1,326,449 | 12,069,104 | 90,044,896 |
| | | | | | | |
| Total liabilities, deferred inflows of resources and fund balance | \$ 2,212,831 | \$ 7,096,601 | \$ 1,462,023 | \$ 1,329,076 | \$ 12,100,531 | \$ 130,978,611 |

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, 2023

| | Special Revenue Funds | | | | | | | |
|---|-------------------------|---------------|------------------------------|------------|--------------|---------------|--------------------------------|--------------------------|
| | Highway Improvements | Revolving | Reserve for Appropriation | Donations | City Grants | School Grants | Other Community Development | Total Special Revenue |
| REVENUES | | | | | | | | |
| Federal grants | \$ - | \$ 10,803,854 | \$ - | \$ - | \$ 2,319,614 | \$ 29,950,781 | \$ 5,125,863 | \$ 48,200,112 |
| State grants | 1,898,035 | 4,498,701 | 497,463 | - | 7,321,445 | 3,043,081 | - | 17,258,725 |
| Investment income | 1,141 | 48,124 | 26,365 | 182,464 | 6,032 | (874) | 8,877 | 272,129 |
| Charges for services | - | 1,518,553 | 326,128 | - | - | - | - | 1,844,681 |
| Miscellaneous and other revenues | - | 2,431,873 | 1,410,993 | 16,478,199 | 518,619 | 2,246,301 | 1,156,304 | 24,242,289 |
| Total revenues | 1,899,176 | 19,301,105 | 2,260,949 | 16,660,663 | 10,165,710 | 35,239,289 | 6,291,044 | 91,817,936 |
| EXPENDITURES | | | | | | | | |
| Current: | | | | | | | | |
| General government | - | 470,802 | 1,416,858 | 16,495,234 | 873,284 | - | - | 19,256,178 |
| Public safety | - | 400,768 | - | 5,483 | 3,886,072 | - | - | 4,292,323 |
| Public works | 1,190,607 | 178,851 | - | 25,517 | 2,739,146 | - | - | 4,134,121 |
| Education | - | 16,078,332 | - | 4,766 | - | 34,561,773 | - | 50,644,871 |
| Community and economic development | - | - | - | - | - | - | 5,438,170 | 5,438,170 |
| Health and human services | - | 216,613 | 30,000 | 30,366 | 2,775,217 | - | - | 3,052,196 |
| Culture and recreation | - | 341,414 | - | 24,849 | 388,180 | - | - | 754,443 |
| Total expenditures | 1,190,607 | 17,686,780 | 1,446,858 | 16,586,215 | 10,661,899 | 34,561,773 | 5,438,170 | 87,572,302 |
| Excess (deficiency) of revenue over (under) expenditures | 708,569 | 1,614,325 | 814,091 | 74,448 | (496,189) | 677,516 | 852,874 | 4,245,634 |
| OTHER FINANCING SOURCES (USES) | | | | | | | | |
| Proceeds from insurance recovery | - | 342,273 | - | - | - | - | - | 342,273 |
| Transfers in | 33,850 | 343,349 | - | - | 116,473 | - | - | 493,672 |
| Transfers out | - | - | (10,000) | - | (51,592) | - | (6) | (61,598) |
| Total other financing sources (uses) | 33,850 | 685,622 | (10,000) | - | 64,881 | - | (6) | 774,347 |
| Change in fund balance | 742,419 | 2,299,947 | 804,091 | 74,448 | (431,308) | 677,516 | 852,868 | 5,019,981 |
| Fund balance - beginning of year | 72,472 | 11,751,453 | 6,823,942 | 737,980 | 6,007,801 | 489,148 | 829,027 | 26,711,823 |
| Fund balance - end of year | \$ 814,891 | \$ 14,051,400 | \$ 7,628,033 | \$ 812,428 | \$ 5,576,493 | \$ 1,166,664 | \$ 1,681,895 | \$ 31,731,804 |

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 | |
| REVENUE | | | | | | |
| MSBA assistance | \$ - | \$ - | \$ 2,554,018 | \$ - | \$ - | \$ 2,554,018 |
| Intergovernmental - capital grants | (137,874) | (1,178,878) | - | 4,083,403 | - | 2,766,651 |
| Total revenues | (137,874) | (1,178,878) | 2,554,018 | 4,083,403 | - | 5,320,669 |
| EXPENDITURES | | | | | | |
| Capital outlay: | | | | | | |
| General government | 1,171,073 | - | 229,177 | - | 322,777 | 1,723,027 |
| Public safety | 498,862 | - | - | - | - | 498,862 |
| Education | 541,004 | - | 4,379,988 | - | - | 4,920,992 |
| Public works | 6,259,567 | 2,609,053 | - | 4,437,120 | - | 13,305,740 |
| Culture and recreation | (24,627) | - | - | - | 5,138 | (19,489) |
| Total expenditures | 8,445,879 | 2,609,053 | 4,609,165 | 4,437,120 | 327,915 | 20,429,132 |
| Excess (deficiency) of revenues over (under) expenditures | (8,583,753) | (3,787,931) | (2,055,147) | (353,717) | (327,915) | (15,108,463) |
| OTHER FINANCING SOURCES (USES) | | | | | | |
| Bond issuance | 22,631,458 | 35,593,436 | 5,576,000 | - | - | 63,800,894 |
| Bond premiums | 1,513,500 | - | 30,000 | - | - | 1,543,500 |
| Transfers in | 673,539 | - | - | 175,487 | - | 849,026 |
| Transfers out | (33,850) | - | - | - | - | (33,850) |
| Total other financing sources and uses | 24,784,647 | 35,593,436 | 5,606,000 | 175,487 | - | 66,159,570 |
| Change in fund balance | 16,200,894 | 31,805,505 | 3,550,853 | (178,230) | (327,915) | 51,051,107 |
| Fund balance - beginning of year | (9,042,263) | 813,660 | 609,365 | 198,912 | 2,613,207 | (4,807,119) |
| Fund balance - end of year | \$ 7,158,631 | \$ 32,619,165 | \$ 4,160,218 | \$ 20,682 | \$ 2,285,292 | \$ 46,243,988 |

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 | | |
| REVENUE | | | | | | |
| MSBA assistance | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 2,554,018 |
| Investment income | 90,196 | 368,052 | 91,276 | 114,346 | 663,870 | 935,999 |
| Intergovernmental - operating grants | - | - | - | - | - | 65,458,837 |
| Intergovernmental - capital grants | - | - | - | - | - | 2,766,651 |
| Charges for services | - | - | - | - | - | 1,844,681 |
| Miscellaneous | 3,558 | 274,576 | - | - | 278,134 | 24,520,423 |
| Total revenues | 93,754 | 642,628 | 91,276 | 114,346 | 942,004 | 98,080,609 |
| EXPENDITURES | | | | | | |
| Current: | | | | | | |
| General government | 185 | - | - | - | 185 | 19,256,363 |
| Public safety | - | - | - | - | - | 4,292,323 |
| Education | (105,136) | - | - | - | (105,136) | 50,539,735 |
| Public works | 102 | 398,175 | - | - | 398,277 | 4,532,398 |
| Community and economic development | - | - | - | - | - | 5,438,170 |
| Health and human services | - | - | - | - | - | 3,052,196 |
| Culture and recreation | 55,059 | - | 68,131 | 39,590 | 162,780 | 917,223 |
| Capital outlay: | | | | | | |
| General government | - | - | - | - | - | 1,723,027 |
| Public safety | - | - | - | - | - | 498,862 |
| Education | - | - | - | - | - | 4,920,992 |
| Public works | - | - | - | - | - | 13,305,740 |
| Culture and recreation | - | - | - | - | - | (19,489) |
| Total expenditures | (49,790) | 398,175 | 68,131 | 39,590 | 456,106 | 108,457,540 |
| Excess (deficiency) of revenues over (under) expenditures | 143,544 | 244,453 | 23,145 | 74,756 | 485,898 | (10,376,931) |
| OTHER FINANCING SOURCES (USES) | | | | | | |
| Bond issuance | - | - | - | - | - | 63,800,894 |
| Bond premiums | - | - | - | - | - | 1,543,500 |
| Insurance proceeds | - | - | - | - | - | 342,273 |
| Transfers in | - | - | - | - | - | 1,342,698 |
| Transfers out | - | - | - | - | - | (95,448) |
| Total other financing sources and uses | - | - | - | - | - | 66,933,917 |
| Change in fund balance | 143,544 | 244,453 | 23,145 | 74,756 | 485,898 | 56,556,986 |
| Fund balance - beginning of year | 2,060,731 | 6,832,155 | 1,438,627 | 1,251,693 | 11,583,206 | 33,487,910 |
| Fund balance - end of year | \$ 2,204,275 | \$ 7,076,608 | \$ 1,461,772 | \$ 1,326,449 | \$ 12,069,104 | \$ 90,044,896 |

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 four 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.
- **Cable Access:**
This fund accounts for operations of Cable Television PEG Access revenues.

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.

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Water Enterprise Fund Budgetary Comparison Schedule – For the Year Ending June 30, 2023

| | <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 | \$ - | \$ 17,384,502 | \$ - | \$ 17,384,502 | \$ 19,694,790 | \$ - | | \$ 2,310,288 |
| Utility liens and penalties | - | 144,204 | - | 144,204 | 134,608 | - | | (9,596) |
| Intergovernmental revenues | - | - | - | - | - | - | | - |
| Other | - | 102,630 | - | 102,630 | 67,924 | - | | (34,706) |
| Total Revenues | - | 17,631,336 | - | 17,631,336 | 19,897,322 | - | | 2,265,986 |
| Expenditures: | | | | | | | | |
| Salaries and wages | - | 4,805,204 | (150,000) | 4,655,204 | 4,249,255 | - | | 405,949 |
| Purchase of services | 111,116 | 3,352,537 | - | 3,463,653 | 2,151,185 | 95,666 | | 1,216,802 |
| Materials and supplies | 7,100 | 1,200,000 | 150,000 | 1,357,100 | 1,357,951 | 4,266 | | (5,117) |
| Capital outlay | - | 85,745 | - | 85,745 | 85,745 | - | | - |
| Debt service and Other Uses | - | 8,187,850 | - | 8,187,850 | 8,164,587 | - | | 23,263 |
| Total Expenditures | 118,216 | 17,631,336 | - | 17,749,552 | 16,008,723 | 99,932 | | 1,640,897 |
| Excess (deficiency) of revenues over expenditures | (118,216) | - | - | (118,216) | 3,888,599 | (99,932) | | 3,906,883 |
| Other financing sources and (uses): | | | | | | | | |
| From Stabilization | - | - | - | - | 36,166 | - | | 36,166 |
| Total other financing sources and (uses) | - | - | - | - | 36,166 | - | | 36,166 |
| Excess (deficiency) of revenues and other sources over expenditures and other uses | <u>\$ (118,216)</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ (118,216)</u> | <u>\$ 3,924,765</u> | <u>\$ (99,932)</u> | | <u>\$ 3,943,049</u> |
| Budgetary fund balance - beginning fund balance | | | | | 8,130,947 | | | |
| Budgetary fund balance - ending fund balance | | | | | <u>\$ 12,055,712</u> | | | |

See accompanying independent auditor's report

Airport Enterprise Fund Budgetary Comparison Schedule – For the Year Ending June 30, 2023

| | <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 | \$ - | \$ 1,036,110 | \$ - | \$ 1,036,110 | \$ 993,831 | \$ - | | \$ (42,279) |
| Earnings on investments | - | 420 | - | 420 | 9,457 | - | | 9,037 |
| Transfers in | - | 90,362 | - | 90,362 | 41,038 | - | | (49,324) |
| Total Revenues | - | 1,126,892 | - | 1,126,892 | 1,044,326 | - | | (82,566) |
| Expenditures: | | | | | | | | |
| Salaries and wages | - | 422,180 | - | 422,180 | 417,323 | - | | 4,857 |
| Charges and services | - | 282,508 | 30,000 | 312,508 | 255,339 | 11,074 | | 46,095 |
| Materials and supplies | - | 27,540 | 5,000 | 32,540 | 32,740 | - | | (200) |
| Capital outlay | - | - | 26,428 | 26,428 | - | 26,428 | | - |
| Debt service and other uses | - | 394,664 | (61,428) | 333,236 | 338,924 | - | | (5,688) |
| Total Expenditures | - | 1,126,892 | - | 1,126,892 | 1,044,326 | 37,502 | | 45,064 |
| Excess (deficiency) of revenues and other sources over expenditures and other uses | \$ - | \$ - | \$ - | \$ - | \$ - | \$ (37,502) | | \$ (37,502) |
| Budgetary Fund Balance - beginning of year | | | | | 114,108 | | | |
| Budgetary Fund Balance - end of year | | | | | <u>\$ 114,108</u> | | | |

See accompanying independent auditor's report

Downtown Parking Enterprise Fund Budgetary Comparison Schedule – For the Year Ending June 30, 2023

| | Original Budget | | Additional Appropriations and Transfers | Available for Current Year Expenditures | Actual | Encumbrances Carried Forward | | Variance |
|---|---|----------------------------------|--|--|---------------|---|------------|-----------------|
| | Encumbrances Carried Forward | Budget As Adopted | | | | | | |
| | | | | | | | | |
| Revenues: | | | | | | | | |
| Charges for services | \$ - | \$ 720,136 | \$ - | \$ 720,136 | \$ 931,054 | \$ - | \$ 210,918 | |
| Earnings on investments | - | 1,000 | - | 1,000 | 50,039 | - | 49,039 | |
| Other | - | 14,640 | - | 14,640 | 7,560 | - | (7,080) | |
| Transfers in | - | 261,893 | - | 261,893 | - | - | (261,893) | |
| Total Revenues | - | 997,669 | - | 997,669 | 988,653 | - | (9,016) | |
| Expenditures: | | | | | | | | |
| Salaries and Wages | - | 258,999 | 5,000 | 263,999 | 262,539 | - | 1,460 | |
| Purchase of Services | 5,050 | 230,373 | (5,000) | 230,423 | 240,955 | 5,050 | (10,532) | |
| Materials and Supplies | - | 25,000 | - | 25,000 | 15,310 | - | 9,690 | |
| Debt Service and Other Uses | - | 483,297 | - | 483,297 | 431,116 | - | 52,181 | |
| Total Expenditures | 5,050 | 997,669 | - | 1,002,719 | 949,920 | 5,050 | 52,799 | |
| Excess (deficiency) of revenues over expenditures | (5,050) | - | - | (5,050) | 38,733 | (5,050) | 43,783 | |
| expenditures and other uses | \$ (5,050) | \$ - | \$ - | \$ (5,050) | \$ 38,733 | \$ (5,050) | \$ 43,783 | |
| Budgetary Fund Balance - beginning | | | | | 72,767 | | | |
| Budgetary Fund Balance - ending | | | | | \$ 111,500 | | | |

Cable Access Enterprise Fund Budgetary Comparison Schedule – For the Year Ending June 30, 2023

| | Original Budget | | Additional Appropriations and Transfers | Available for Current Year Expenditures | Actual | Encumbrances Carried Forward | | Variance |
|---|---|----------------------------------|--|--|---------------|---|------------|-----------------|
| | Encumbrances Carried Forward | Budget As Adopted | | | | | | |
| | | | | | | | | |
| Revenues: | | | | | | | | |
| Charges for services | \$ - | \$ 1,288,550 | \$ - | \$ 1,288,550 | \$ 1,436,343 | \$ - | \$ 147,793 | |
| Other | - | 9,566 | - | 9,566 | 56,075 | - | 46,509 | |
| Total Revenues | - | 1,298,116 | - | 1,298,116 | 1,492,418 | - | 194,302 | |
| Expenditures: | | | | | | | | |
| Salaries and Wages | - | 579,493 | 23,000 | 602,493 | 600,433 | - | 2,060 | |
| Purchase of Services | - | 278,597 | - | 278,597 | 244,737 | - | 33,860 | |
| Materials and Supplies | - | 68,233 | (23,000) | 45,233 | 13,627 | - | 31,606 | |
| Capital Outlay | - | 100,000 | - | 100,000 | 74,266 | 139 | 25,734 | |
| Debt Service and Other Uses | - | 271,793 | - | 271,793 | 282,560 | - | (10,767) | |
| Total Expenditures | - | 1,298,116 | - | 1,298,116 | 1,215,623 | 139 | 82,493 | |
| Excess (deficiency) of revenues over expenditures | - | - | - | - | 276,795 | (139) | 276,795 | |
| Excess (deficiency) of revenues and other sources over expenditures and other uses | \$ - | \$ - | \$ - | \$ - | \$ 276,795 | \$ (139) | \$ 276,795 | |
| Budgetary Fund Balance - beginning | | | | | 851,744 | | | |
| Budgetary Fund Balance - ending | | | | | \$ 1,128,539 | | | |

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, Downtown Parking and Cable Access 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, 2023 are as follows:

| | Proprietary Funds | | | |
|--|--------------------------|---------------------|-------------------------|---------------------|
| | Water | Airport | Downtown Parking | Cable Access |
| Revenues and other financing sources: | | | | |
| GAAP Basis | \$ 19,866,372 | \$ 2,671,936 | \$ 988,653 | \$ 2,168,719 |
| Adjustments: | | | | |
| Change in deferred revenue | 311,711 | - | - | - |
| MWPAT subsidy payments (GAAP only) | (96,029) | - | - | - |
| Stabilization fund - income statement activity | (90,199) | (1,341) | - | - |
| Change in the allowance for bad debts | (119,743) | - | - | - |
| Change in long-term receivable (MWPAT) - GAAP basis only | 61,374 | - | - | - |
| Transfer of governmental fund expenditures to capital assets to enterprise capital assets - GAAP basis | - | (1,626,269) | - | (676,301) |
| Budgetary Basis | <u>\$ 19,933,486</u> | <u>\$ 1,044,326</u> | <u>\$ 988,653</u> | <u>\$ 1,492,418</u> |
| Expenditures and other financing uses: | | | | |
| GAAP Basis | \$ 17,030,775 | \$ 3,982,069 | \$ (1,484,093) | \$ 6,379,724 |
| Adjustments: | | | | |
| MWPAT subsidy payments (GAAP only) | (96,029) | - | - | - |
| Change in compensated absences | (51,433) | (3,235) | (23,004) | (10,401) |
| Principal paid on long-term debt | 3,367,076 | 77,778 | 115,000 | - |
| Additions to capital assets | 83,418 | (202,779) | - | - |
| Unbudgeted long-term debt acquired (GAAP only) | (819,581) | - | - | - |
| Depreciation expense | (2,561,106) | (2,715,608) | (281,962) | (84,848) |
| Change in accrued interest | (5,410) | - | - | - |
| Change in net pension liability (GAAP only) | (554,551) | (55,456) | 881,323 | (1,768,263) |
| Change in net OPEB liability (GAAP only) | (384,436) | (38,443) | 1,742,656 | (3,300,589) |
| Budgetary Basis | <u>\$ 16,008,723</u> | <u>\$ 1,044,326</u> | <u>\$ 949,920</u> | <u>\$ 1,215,623</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."

CUSTODIAL 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

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Combining Statement of Fiduciary Net Position– Custodial Funds - June 30, 2023

| | School TSA W- H - Local | State Food Sales Tax | Zeiterion Roof | Auditors | Retirement Salaries | Reserve for Hunting- Fishg | Suspense Fund UnidD Rcpts |
|--|----------------------------|-------------------------|-------------------|----------|------------------------|----------------------------------|------------------------------|
| ASSETS | | | | | | | |
| Cash and short-term investments | \$ 5,721 | \$ 17,330 | \$ 459,265 | \$ 5,748 | \$ (25,786) | \$ 2 | \$ 82 |
| Total assets | 5,721 | 17,330 | 459,265 | 5,748 | (25,786) | 2 | 82 |
| DEFERRED OUTFLOWS OF RESOURCES | | | | | | | |
| None | - | - | - | - | - | - | - |
| Total deferred outflows of resources | - | - | - | - | - | - | - |
| Total assets and deferred outflows of resources | \$ 5,721 | \$ 17,330 | \$ 459,265 | \$ 5,748 | \$ (25,786) | \$ 2 | \$ 82 |
| LIABILITIES | | | | | | | |
| Warrants, accounts, and accrued expenses payable | 8,343 | - | 90,104 | 1,278 | 12,287 | - | - |
| Other liabilities | 302 | 17,330 | - | - | - | - | - |
| Total liabilities | 8,645 | 17,330 | 90,104 | 1,278 | 12,287 | - | - |
| DEFERRED INFLOWS OF RESOURCES | | | | | | | |
| None | - | - | - | - | - | - | - |
| Total deferred inflows of resources | - | - | - | - | - | - | - |
| NET POSITION | | | | | | | |
| Restricted - custodial funds | (2,924) | - | 369,161 | 4,470 | (38,073) | 2 | 82 |
| Total net position | (2,924) | - | 369,161 | 4,470 | (38,073) | 2 | 82 |
| Total liabilities, deferred inflows of resources and net position | \$ 5,721 | \$ 17,330 | \$ 459,265 | \$ 5,748 | \$ (25,786) | \$ 2 | \$ 82 |

See accompanying independent auditor's report

| | Retired Police Id | Engineering Deposits Held | Sunset Way 25L Escrow | Urban Tax Services | Colby Village LLC- Escrow | Land Taking- Solicitors | White Meadows Perform Bond |
|---|----------------------|------------------------------|--------------------------|-----------------------|------------------------------|----------------------------|----------------------------------|
| ASSETS | | | | | | | |
| Cash and short-term investments | \$ 190 | \$ 538,158 | \$ 44,250 | \$ 152,255 | \$ 41 | \$ 4 | \$ 5,952 |
| Total assets | 190 | 538,158 | 44,250 | 152,255 | 41 | 4 | 5,952 |
| DEFERRED OUTFLOWS OF RESOURCES | | | | | | | |
| None | - | - | - | - | - | - | - |
| Total deferred outflows of resources | - | - | - | - | - | - | - |
| Total assets and deferred outflows of resources | \$ 190 | \$ 538,158 | \$ 44,250 | \$ 152,255 | \$ 41 | \$ 4 | \$ 5,952 |
| LIABILITIES | | | | | | | |
| Warrants, accounts, and accrued expenses payable | - | - | 9,400 | - | - | - | - |
| Other liabilities | - | - | - | - | - | - | - |
| Total liabilities | - | - | 9,400 | - | - | - | - |
| DEFERRED INFLOWS OF RESOURCES | | | | | | | |
| None | - | - | - | - | - | - | - |
| Total deferred inflows of resources | - | - | - | - | - | - | - |
| NET POSITION | | | | | | | |
| Restricted - custodial funds | 190 | 538,158 | 34,850 | 152,255 | 41 | 4 | 5,952 |
| Total net position | 190 | 538,158 | 34,850 | 152,255 | 41 | 4 | 5,952 |
| Total liabilities, deferred inflows of resources and net position | \$ 190 | \$ 538,158 | \$ 44,250 | \$ 152,255 | \$ 41 | \$ 4 | \$ 5,952 |

See accompanying independent auditor's report

| | Student Activity | Eminent Domain Checks | Heritage State Park | Savings Bond | CD Redevelopmen t | Bismark Meadows Perf Bond | Registry of Deeds- Webster | Utility Bills- Webster |
|---|---------------------|-----------------------------|------------------------|--------------|-------------------------|---------------------------------|----------------------------------|---------------------------|
| ASSETS | | | | | | | | |
| Cash and short-term investments | \$ 334,798 | \$ 55,910 | \$ 109 | \$ 4,759 | \$ 578 | \$ 14,255 | \$ 37,700 | \$ (8,632) |
| Total assets | 334,798 | 55,910 | 109 | 4,759 | 578 | 14,255 | 37,700 | (8,632) |
| DEFERRED OUTFLOWS OF RESOURCES | | | | | | | | |
| None | - | - | - | - | - | - | - | - |
| Total deferred outflows of resources | - | - | - | - | - | - | - | - |
| Total assets and deferred outflows of resources | \$ 334,798 | \$ 55,910 | \$ 109 | \$ 4,759 | \$ 578 | \$ 14,255 | \$ 37,700 | \$ (8,632) |
| LIABILITIES | | | | | | | | |
| Warrants, accounts, and accrued expenses payable | 848 | - | - | - | - | - | - | - |
| Other liabilities | - | - | - | - | - | - | - | - |
| Total liabilities | 848 | - | - | - | - | - | - | - |
| DEFERRED INFLOWS OF RESOURCES | | | | | | | | |
| None | - | - | - | - | - | - | - | - |
| Total deferred inflows of resources | - | - | - | - | - | - | - | - |
| NET POSITION | | | | | | | | |
| Restricted - custodial funds | 333,950 | 55,910 | 109 | 4,759 | 578 | 14,255 | 37,700 | (8,632) |
| Total net position | 333,950 | 55,910 | 109 | 4,759 | 578 | 14,255 | 37,700 | (8,632) |
| Total liabilities, deferred inflows of resources and net position | \$ 334,798 | \$ 55,910 | \$ 109 | \$ 4,759 | \$ 578 | \$ 14,255 | \$ 37,700 | \$ (8,632) |

See accompanying independent auditor's report

| | Whaler's Woods Surety Fund | City | Whalers Place Surety Fund | Treas Credit Advice Clearg | School Revolving | Deposits Held- Curbing | Total Custodial Funds |
|---|----------------------------------|--------|------------------------------|-------------------------------|---------------------|---------------------------|-----------------------------|
| ASSETS | | | | | | | |
| Cash and short-term investments | \$ (1,731) | \$ 622 | \$ 43,470 | \$ (12,513) | \$ 297,358 | \$ 33,275 | \$ 2,003,170 |
| Total assets | (1,731) | 622 | 43,470 | (12,513) | 297,358 | 33,275 | 2,003,170 |
| DEFERRED OUTFLOWS OF RESOURCES | | | | | | | |
| None | - | - | - | - | - | - | - |
| Total deferred outflows of resources | - | - | - | - | - | - | - |
| Total assets and deferred outflows of resources | \$ (1,731) | \$ 622 | \$ 43,470 | \$ (12,513) | \$ 297,358 | \$ 33,275 | \$ 2,003,170 |
| LIABILITIES | | | | | | | |
| Warrants, accounts, and accrued expenses payable | - | - | - | - | - | - | \$ 122,260 |
| Other liabilities | - | - | - | - | - | - | 17,632 |
| Total liabilities | - | - | - | - | - | - | 139,892 |
| DEFERRED INFLOWS OF RESOURCES | | | | | | | |
| None | - | - | - | - | - | - | - |
| Total deferred inflows of resources | - | - | - | - | - | - | - |
| NET POSITION | | | | | | | |
| Restricted - custodial funds | (1,731) | 622 | 43,470 | (12,513) | 297,358 | 33,275 | 1,863,278 |
| Total net position | (1,731) | 622 | 43,470 | (12,513) | 297,358 | 33,275 | 1,863,278 |
| Total liabilities, deferred inflows of resources and net position | \$ (1,731) | \$ 622 | \$ 43,470 | \$ (12,513) | \$ 297,358 | \$ 33,275 | \$ 2,003,170 |

See accompanying independent auditor's report

Combining Statement of Changes in Fiduciary Net Position– Custodial Funds - For the Year Ending June 30, 2023

| | School Local | TSA W-H - Zeiterion Roof | Auditors | Retirement Salaries | Reserve for Hunting-Fishg | Suspense Fund UnidD Rcpts |
|---------------------------------------|--------------|-----------------------------|----------|------------------------|------------------------------|------------------------------|
| <u>ADDITIONS:</u> | | | | | | |
| Contributions: | | | | | | |
| Funds received on behalf of others | \$ 3,138,715 | \$859,425 | \$ - | \$ 334,156 | \$ - | \$ - |
| Total contributions | 3,138,715 | 859,425 | - | 334,156 | - | - |
| Net investment income: | | | | | | |
| Dividends and interest | - | 40,737 | 57 | - | - | - |
| Total investment income | - | 40,737 | 57 | - | - | - |
| Less: investment expense | - | - | - | - | - | - |
| Net investment income | - | 40,737 | 57 | - | - | - |
| Total additions | 3,138,715 | 900,162 | 57 | 334,156 | - | - |
| <u>DEDUCTIONS:</u> | | | | | | |
| Funds distributed on behalf of others | 3,156,001 | 626,112 | - | 337,967 | - | - |
| Total deductions | 3,156,001 | 626,112 | - | 337,967 | - | - |
| Change in net position | (17,286) | 274,050 | 57 | (3,811) | - | - |
| Net position - beginning of year | 14,362 | 95,111 | 4,413 | (34,262) | 2 | 82 |
| Net position - ending of year | \$ (2,924) | \$ 369,161 | \$ 4,470 | \$ (38,073) | \$ 2 | \$ 82 |

See accompanying independent auditor's report

| | Retired Police Id | Engineering Deposits Held | Sunset Way 25L Escrow | Urban Tax Services | Colby Village LLC- Escrow | Land Taking- Solicitors | White Meadows Perform Bond |
|---------------------------------------|----------------------|------------------------------|--------------------------|-----------------------|------------------------------|----------------------------|----------------------------------|
| <u>ADDITIONS:</u> | | | | | | | |
| Contributions: | | | | | | | |
| Funds received on behalf of others | \$ - | \$ 80,000 | \$ 44,250 | \$ 406,721 | \$ - | \$ - | \$ - |
| Total contributions | - | 80,000 | 44,250 | 406,721 | - | - | - |
| Net investment income: | | | | | | | |
| Dividends and interest | - | - | - | - | - | 1 | 108 |
| Total investment income | - | - | - | - | - | 1 | 108 |
| Less: investment expense | - | - | - | - | - | - | - |
| Net investment income | - | - | - | - | - | 1 | 108 |
| Total additions | - | 80,000 | 44,250 | 406,721 | - | 1 | 108 |
| <u>DEDUCTIONS:</u> | | | | | | | |
| Funds distributed on behalf of others | - | 37,000 | 9,400 | 323,083 | - | - | - |
| Total deductions | - | 37,000 | 9,400 | 323,083 | - | - | - |
| Change in net position | - | 43,000 | 34,850 | 83,638 | - | 1 | 108 |
| Net position - beginning of year | 190 | 495,158 | - | 68,617 | 41 | 3 | 5,844 |
| Net position - ending of year | \$ 190 | \$ 538,158 | \$ 34,850 | \$ 152,255 | \$ 41 | \$ 4 | \$ 5,952 |

See accompanying independent auditor's report

City of New Bedford Annual Comprehensive Financial Report

| | Student | Eminent Domain Checks | Heritage State Park | Savings Bond | CD Redevelopment | Bismark Meadows Perf Bond | Registry of Deeds- Webster | Utility Bills- Webster |
|---------------------------------------|------------|-----------------------------|------------------------|--------------|---------------------|---------------------------------|----------------------------------|---------------------------|
| <u>ADDITIONS:</u> | | | | | | | | |
| Contributions: | | | | | | | | |
| Funds received on behalf of others | \$ 195,343 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 16,122 | \$ 292,202 |
| Total contributions | 195,343 | - | - | - | - | - | 16,122 | 292,202 |
| Net investment income: | | | | | | | | |
| Dividends and interest | 4,254 | 994 | - | - | 10 | - | - | 40 |
| Total investment income | 4,254 | 994 | - | - | 10 | - | - | 40 |
| Less: investment expense | - | - | - | - | - | - | - | - |
| Net investment income | 4,254 | 994 | - | - | 10 | - | - | 40 |
| Total additions | 199,597 | 994 | - | - | 10 | - | 16,122 | 292,242 |
| <u>DEDUCTIONS:</u> | | | | | | | | |
| Funds distributed on behalf of others | 188,612 | - | - | - | - | - | - | 290,859 |
| Total deductions | 188,612 | - | - | - | - | - | - | 290,859 |
| Change in net position | 10,985 | 994 | - | - | 10 | - | 16,122 | 1,383 |
| Net position - beginning of year | 322,965 | 54,916 | 109 | 4,759 | 568 | 14,255 | 21,578 | (10,015) |
| Net position - ending of year | \$ 333,950 | \$ 55,910 | \$ 109 | \$ 4,759 | \$ 578 | \$ 14,255 | \$ 37,700 | \$ (8,632) |

See accompanying independent auditor's report

Combining and Individual Fund Statements and Other Supplementary Information

| | Whaler's Woods Surety Fund | City | Whalers Place Surety Fund | Treas Credit Advice Clearg | School Revolving | Deposits Held- Curbing | Total Custodial Funds |
|---------------------------------------|----------------------------------|--------|------------------------------|-------------------------------|------------------|---------------------------|--------------------------|
| <u>ADDITIONS:</u> | | | | | | | |
| Contributions: | | | | | | | |
| Funds received on behalf of others | \$ - | \$ - | \$ - | \$ - | \$ 111,320 | \$ 8,340 | \$ 5,486,594 |
| Total contributions | - | - | - | - | 111,320 | 8,340 | 5,486,594 |
| Net investment income: | | | | | | | |
| Dividends and interest | - | - | 773 | - | 5,186 | - | 52,160 |
| Total investment income | - | - | 773 | - | 5,186 | - | 52,160 |
| Less: investment expense | - | - | - | - | - | - | - |
| Net investment income | - | - | 773 | - | 5,186 | - | 52,160 |
| Total additions | - | - | 773 | - | 116,506 | 8,340 | 5,538,754 |
| <u>DEDUCTIONS:</u> | | | | | | | |
| Funds distributed on behalf of others | - | - | - | - | 87,432 | 7,860 | 5,064,326 |
| Total deductions | - | - | - | - | 87,432 | 7,860 | 5,064,326 |
| Change in net position | - | - | 773 | - | 29,074 | 480 | 474,428 |
| Net position - beginning of year | (1,731) | 622 | 42,697 | (12,513) | 268,284 | 32,795 | 1,388,850 |
| Net position - ending of year | \$ (1,731) | \$ 622 | \$ 43,470 | \$ (12,513) | \$ 297,358 | \$ 33,275 | \$ 1,863,278 |

See accompanying independent auditor's report

Non-Major Discretely Presented Component Units Combining Statements of Net Position – June 30, 2023

| | Greater New Bedford Workforce Investment Board | New Bedford Redevelopment Authority | Total Non Major Component Units |
|---|---|---|--|
| ASSETS | | | |
| Current assets | | | |
| Unrestricted cash and investments | \$ 379,290 | \$ 266,599 | \$ 645,889 |
| Accounts receivable, net of allowance | - | 17,700 | 17,700 |
| Due from other governments | 973,861 | - | 973,861 |
| Inventories and prepaid expenses | 3,051 | 761 | 3,812 |
| Total current assets | 1,356,202 | 285,060 | 1,641,262 |
| Capital assets | | | |
| Land (and investments in property) | - | 667,266 | 667,266 |
| Other capital assets | 40,040 | - | 40,040 |
| Total capital assets | 40,040 | 667,266 | 707,306 |
| Total assets | 1,396,242 | 952,326 | 2,348,568 |
| DEFERRED OUTFLOWS OF RESOURCES | | | |
| None | - | - | - |
| Total deferred outflows of resources | - | - | - |
| Total assets and deferred outflows of resources | \$ 1,396,242 | \$ 952,326 | \$ 2,348,568 |
| LIABILITIES | | | |
| Current liabilities | | | |
| Accounts payable and accrued expenses | \$ 404,733 | \$ 110,676 | \$ 515,409 |
| Intra-entity payable | - | 650,905 | 650,905 |
| Deposits held | - | 15,000 | 15,000 |
| Total current liabilities | 404,733 | 776,581 | 1,181,314 |
| Non-current liabilities | | | |
| None | - | - | - |
| Total non-current liabilities | - | - | - |
| Total liabilities | 404,733 | 776,581 | 1,181,314 |
| DEFERRED INFLOWS OF RESOURCES | | | |
| Income not yet earned | 473,944 | - | 473,944 |
| Total deferred inflows of resources | 473,944 | - | 473,944 |
| NET POSITION | | | |
| Net investment in capital assets | - | 667,266 | 667,266 |
| Restricted | - | - | - |
| Unrestricted | 517,565 | (491,521) | 26,044 |
| Total net position | 517,565 | 175,745 | 693,310 |
| Total liabilities, deferred inflows of resources and net position | \$ 1,396,242 | \$ 952,326 | \$ 2,348,568 |

See accompanying independent auditor's report

Non-Major Discretely Presented Component Units Combining Statements of Activities – For the Year Ending June 30, 2023

| | Greater New Bedford Workforce Investment Board | New Bedford Redevelopment Authority | Total Non Major Component Units |
|---|---|--|--|
| Program Revenues: | | | |
| Charges for services | \$ - | \$ 148,010 | \$ 148,010 |
| Capital grants and contributions | - | - | - |
| Operating grants and contributions | 5,539,586 | - | 5,539,586 |
| Total program revenues | 5,539,586 | 148,010 | 5,687,596 |
| Expenses: | 5,616,875 | 5,646 | 5,622,521 |
| Net (Expense) Revenue and Changes in Net Position | (77,289) | 142,364 | 65,075 |
| General Revenues: | | | |
| Investment income | 9,197 | 168 | 9,365 |
| Total general revenues | 9,197 | 168 | 9,365 |
| Changes in net position | (68,092) | 142,532 | 74,440 |
| Net position - beginning of year | 585,657 | 33,213 | 618,870 |
| Net position - end of year | \$ 517,565 | \$ 175,745 | \$ 693,310 |

See accompanying independent auditor's report



Statistical Section *(unaudited)*

This part of the City of New Bedford's annual comprehensive 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 annual comprehensive financial reports for the relevant year.

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| Financial trends These tables contain trend information to help the reader understand how the City's financial performance and well-being have changed over time. | 134 – 147 |
| Revenue capacity These tables contain information to help the reader assess the City's most significant local revenue source, the property tax. | 148 – 151 |
| Debt capacity 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. | 152 – 154 |
| Demographic and economic information These tables offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place. | 155 – 156 |
| Operating information 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. | 157 - 159 |

General Government Expenditures by Function (GAAP Basis*) – Last Ten Fiscal Years

| Function | Fiscal Year: | | | | |
|--------------------------|----------------|----------------|----------------|----------------|----------------|
| | 2023 | 2022 | 2021 | 2020 | 2019 |
| General Government | \$ 12,041,059 | \$ 9,659,427 | \$ 9,641,356 | \$ 9,557,523 | \$ 9,060,015 |
| % of Total | 2.70% | 2.35% | 2.34% | 2.47% | 2.49% |
| % Change | 24.66% | 0.19% | 0.88% | 5.49% | 11.11% |
| Public Safety | 52,645,795 | 54,720,894 | 50,255,289 | 49,543,522 | 48,851,876 |
| % of Total | 11.79% | 13.34% | 12.20% | 12.81% | 13.45% |
| % Change | -3.79% | 8.89% | 1.44% | 1.42% | 3.14% |
| Education | 248,953,582 | 221,325,644 | 230,614,144 | 191,443,945 | 171,318,903 |
| % of Total | 55.75% | 53.96% | 55.98% | 49.49% | 47.17% |
| % Change | 12.48% | -4.03% | 20.46% | 11.75% | 3.72% |
| Public Works | 17,938,701 | 15,448,367 | 17,858,445 | 13,944,046 | 13,689,367 |
| % of Total | 4.02% | 3.77% | 4.34% | 3.60% | 3.77% |
| % Change | 16.12% | -13.50% | 28.07% | 1.86% | -7.94% |
| Health & Human Services | 4,154,347 | 4,049,185 | 3,962,970 | 4,751,962 | 4,870,591 |
| % of Total | 0.93% | 0.99% | 0.96% | 1.23% | 1.34% |
| % Change | 2.60% | 2.18% | -16.60% | -2.44% | 21.74% |
| Culture & Recreation | 5,194,474 | 5,125,450 | 4,911,793 | 4,986,297 | 4,836,877 |
| % of Total | 1.16% | 1.25% | 1.19% | 1.29% | 1.33% |
| % Change | 1.35% | 4.35% | -1.49% | 3.09% | -2.44% |
| Pension Benefits | 35,867,124 | 33,887,885 | 32,201,554 | 30,527,351 | 28,817,471 |
| % of Total | 8.03% | 8.26% | 7.82% | 7.89% | 7.93% |
| % Change | 5.84% | 5.24% | 5.48% | 5.93% | 3.88% |
| Health & Other Insurance | 16,259,025 | 18,173,137 | 16,564,506 | 38,675,704 | 40,277,703 |
| % of Total | 3.64% | 4.43% | 4.02% | 10.00% | 11.09% |
| % Change | -10.53% | 9.71% | -57.17% | -3.98% | -2.05% |
| Miscellaneous | 13,551,205 | 12,764,944 | 11,600,717 | 10,764,913 | 10,574,534 |
| % of Total | 3.03% | 3.11% | 2.82% | 2.78% | 2.91% |
| % Change | 6.16% | 10.04% | 7.76% | 1.80% | 9.32% |
| State & County Charges | 31,095,718 | 26,493,234 | 22,763,165 | 20,990,757 | 19,063,095 |
| % of Total | 6.96% | 6.46% | 5.53% | 5.43% | 5.25% |
| % Change | 17.37% | 16.39% | 8.44% | 10.11% | 7.34% |
| Debt Service | 8,819,460 | 8,548,888 | 11,562,286 | 11,684,717 | 11,825,635 |
| % of Total | 1.98% | 2.08% | 2.81% | 3.02% | 3.26% |
| % Change | 3.16% | -26.06% | -1.05% | -1.19% | 5.13% |
| Total Expenditures | \$ 446,520,490 | \$ 410,197,055 | \$ 411,936,225 | \$ 386,870,737 | \$ 363,186,067 |
| % of Total | 100.00% | 100.00% | 100.00% | 100.00% | 100.00% |
| % Change | 8.86% | -0.42% | 6.48% | 6.52% | 3.16% |

*General fund only

Fiscal Year:

| 2018 | | 2017 | | 2016 | | 2015 | | 2014 | | Function |
|------|-------------|------|-------------|------|-------------|------|-------------|------|-------------|--------------------------|
| \$ | 8,154,151 | \$ | 7,440,154 | \$ | 7,166,581 | \$ | 7,166,773 | \$ | 6,813,441 | General Government |
| | 2.32% | | 2.19% | | 2.29% | | 2.39% | | 2.22% | % of Total |
| | 9.60% | | 3.82% | | 0.00% | | 5.19% | | 4.67% | % Change |
| | 47,364,612 | | 45,910,534 | | 43,932,773 | | 41,900,942 | | 39,908,731 | Public Safety |
| | 13.45% | | 13.54% | | 14.01% | | 13.96% | | 13.01% | % of Total |
| | 3.17% | | 4.50% | | 4.85% | | 4.99% | | 5.50% | % Change |
| | 165,174,490 | | 160,139,955 | | 143,733,307 | | 134,364,453 | | 147,876,203 | Education |
| | 46.92% | | 47.24% | | 45.84% | | 44.75% | | 48.21% | % of Total |
| | 3.14% | | 11.41% | | 6.97% | | -9.14% | | 0.61% | % Change |
| | 14,869,355 | | 14,140,751 | | 13,493,814 | | 15,338,626 | | 14,461,623 | Public Works |
| | 4.22% | | 4.17% | | 4.30% | | 5.11% | | 4.71% | % of Total |
| | 5.15% | | 4.79% | | -12.03% | | 6.06% | | 10.88% | % Change |
| | 4,000,886 | | 4,129,869 | | 4,215,198 | | 4,325,026 | | 4,230,272 | Health & Human Services |
| | 1.14% | | 1.22% | | 1.34% | | 1.44% | | 1.38% | % of Total |
| | -3.12% | | -2.02% | | -2.54% | | 2.24% | | -18.08% | % Change |
| | 4,957,716 | | 4,513,546 | | 4,134,050 | | 4,160,382 | | 4,196,196 | Culture & Recreation |
| | 1.41% | | 1.33% | | 1.32% | | 1.39% | | 1.37% | % of Total |
| | 9.84% | | 9.18% | | -0.63% | | -0.85% | | 6.81% | % Change |
| | 27,741,711 | | 26,724,377 | | 25,734,949 | | 23,204,752 | | 23,692,690 | Pension Benefits |
| | 7.88% | | 7.88% | | 8.21% | | 7.73% | | 7.72% | % of Total |
| | 3.81% | | 3.84% | | 10.90% | | -2.06% | | 4.70% | % Change |
| | 41,119,096 | | 39,767,304 | | 37,842,585 | | 38,008,103 | | 36,800,963 | Health & Other Insurance |
| | 11.68% | | 11.73% | | 12.07% | | 12.66% | | 12.00% | % of Total |
| | 3.40% | | 5.09% | | -0.44% | | 3.28% | | 1.32% | % Change |
| | 9,673,308 | | 9,670,903 | | 8,972,342 | | 9,599,109 | | 8,822,341 | Miscellaneous |
| | 2.75% | | 2.85% | | 2.86% | | 3.20% | | 2.88% | % of Total |
| | 0.02% | | 7.79% | | -6.53% | | 8.80% | | 2.91% | % Change |
| | 17,759,974 | | 15,141,498 | | 13,624,678 | | 12,149,703 | | 10,252,470 | State & County Charges |
| | 5.04% | | 4.47% | | 4.34% | | 4.05% | | 3.34% | % of Total |
| | 17.29% | | 11.13% | | 12.14% | | 18.51% | | 7.00% | % Change |
| | 11,248,659 | | 11,415,719 | | 10,723,661 | | 10,031,498 | | 9,693,294 | Debt Service |
| | 3.20% | | 3.37% | | 3.42% | | 3.34% | | 3.16% | % of Total |
| | -1.46% | | 6.45% | | 6.90% | | 3.49% | | 2.51% | % Change |
| \$ | 352,063,958 | \$ | 338,994,610 | \$ | 313,573,938 | \$ | 300,249,367 | \$ | 306,748,224 | Total Expenditures |
| | 100.00% | | 100.00% | | 100.00% | | 100.00% | | 100.00% | % of Total |
| | 3.86% | | 8.11% | | 4.44% | | -2.12% | | 2.24% | % Change |

*General fund only

General Government Revenues by Source (GAAP Basis) – Last Ten Fiscal Years

| Source | Fiscal Year: | | | | |
|---------------------------------|----------------|----------------|----------------|----------------|----------------|
| | 2023 | 2022 | 2021 | 2020 | 2019 |
| Real Estate & Personal Property | \$ 143,220,778 | \$ 138,325,449 | \$ 131,700,885 | \$ 126,083,676 | \$ 122,238,616 |
| % of Total | 31.93% | 34.70% | 32.62% | 32.75% | 33.90% |
| % Change | 3.54% | 5.03% | 4.46% | 3.15% | 9.97% |
| Motor Vehicle & Other Excises | 11,019,338 | 10,196,929 | 10,258,304 | 9,531,970 | 9,762,254 |
| % of Total | 2.46% | 2.56% | 2.54% | 2.48% | 2.71% |
| % Change | 8.07% | -0.60% | 7.62% | -2.36% | 4.65% |
| Tax Liens & Foreclosures | 2,331,149 | 2,040,212 | 1,928,602 | 965,719 | 1,823,442 |
| % of Total | 0.52% | 0.51% | 0.48% | 0.25% | 0.51% |
| % Change | 14.26% | 5.79% | 99.71% | -47.04% | -47.50% |
| Payment in Lieu of Taxes | 442,101 | 353,869 | 479,275 | 361,310 | 364,357 |
| % of Total | 0.10% | 0.09% | 0.12% | 0.09% | 0.10% |
| % Change | 24.93% | -26.17% | 32.65% | -0.84% | 19.70% |
| Intergovernmental | 266,706,204 | 228,453,341 | 241,952,904 | 229,359,531 | 205,244,939 |
| % of Total | 59.46% | 57.30% | 59.93% | 59.58% | 56.92% |
| % Change | 16.74% | -5.58% | 5.49% | 11.75% | 8.79% |
| Charges For Services | 15,845,388 | 14,281,581 | 11,761,353 | 14,436,007 | 15,279,480 |
| % of Total | 3.53% | 3.58% | 2.91% | 3.75% | 4.24% |
| % Change | 10.95% | 21.43% | -18.53% | -5.52% | -3.24% |
| Penalties, Interest & Fines | 2,091,476 | 1,543,598 | 1,834,096 | 1,221,390 | 1,566,951 |
| % of Total | 0.47% | 0.39% | 0.45% | 0.32% | 0.43% |
| % Change | 35.49% | -15.84% | 50.16% | -22.05% | -39.17% |
| Investment Income | 2,996,226 | 201,582 | 424,926 | 1,191,102 | 1,221,339 |
| % of Total | 0.67% | 0.05% | 0.11% | 0.31% | 0.34% |
| % Change | 1386.36% | -52.56% | -64.32% | -2.48% | 212.49% |
| Licenses & Permits | 3,221,438 | 2,734,951 | 2,549,131 | 2,580,460 | 2,876,492 |
| % of Total | 0.72% | 0.69% | 0.63% | 0.67% | 0.80% |
| % Change | 17.79% | 7.29% | -1.21% | -10.29% | 8.40% |
| Other | 698,520 | 538,001 | 829,757 | (799,675) | 218,739 |
| % of Total | 0.16% | 0.13% | 0.21% | -0.21% | 0.06% |
| % Change | 29.84% | -35.16% | -203.76% | -465.58% | -79.62% |
| Total Revenues | \$ 448,572,618 | \$ 398,669,513 | \$ 403,719,233 | \$ 384,931,490 | \$ 360,596,609 |
| % of Total | 100.00% | 100.00% | 100.00% | 100.00% | 100.00% |
| % Change | 12.52% | -1.25% | 4.88% | 6.75% | 7.51% |

*General fund only

Fiscal Year:

| 2018 | | 2017 | | 2016 | | 2015 | | 2014 | | Source |
|------|-------------|------|-------------|------|-------------|------|-------------|------|-------------|---------------------------------|
| \$ | 111,158,506 | \$ | 111,158,506 | \$ | 106,305,255 | \$ | 97,468,071 | \$ | 92,959,921 | Real Estate & Personal Property |
| | 33.14% | | 33.14% | | 33.82% | | 33.21% | | 30.62% | % of Total |
| | 0.00% | | 4.57% | | 9.07% | | 4.85% | | 1.11% | % Change |
| | 9,328,894 | | 9,328,894 | | 8,651,851 | | 8,312,974 | | 7,676,637 | Motor Vehicle & Other Excises |
| | 2.78% | | 2.78% | | 2.75% | | 2.83% | | 2.53% | % of Total |
| | 0.00% | | 7.83% | | 4.08% | | 8.29% | | 2.42% | % Change |
| | 3,473,296 | | 3,473,296 | | 4,596,216 | | 2,387,623 | | 2,025,500 | Tax Liens & Foreclosures |
| | 1.04% | | 1.04% | | 1.46% | | 0.81% | | 0.67% | % of Total |
| | 0.00% | | -24.43% | | 92.50% | | 17.88% | | -14.67% | % Change |
| | 304,394 | | 304,394 | | 266,764 | | 284,753 | | 321,660 | Payment in Lieu of Taxes |
| | 0.09% | | 0.09% | | 0.08% | | 0.10% | | 0.11% | % of Total |
| | 0.00% | | 14.11% | | -6.32% | | -11.47% | | 14.14% | % Change |
| | 188,661,201 | | 188,661,201 | | 174,650,101 | | 164,728,080 | | 180,739,920 | Intergovernmental |
| | 56.25% | | 56.25% | | 55.57% | | 56.13% | | 59.54% | % of Total |
| | 0.00% | | 8.02% | | 6.02% | | -8.86% | | 5.25% | % Change |
| | 15,790,498 | | 15,790,498 | | 12,422,024 | | 14,296,798 | | 14,225,613 | Charges For Services |
| | 4.71% | | 4.71% | | 3.95% | | 4.87% | | 4.69% | % of Total |
| | 0.00% | | 27.12% | | -13.11% | | 0.50% | | -4.80% | % Change |
| | 2,575,776 | | 2,575,776 | | 3,031,422 | | 1,292,527 | | 1,399,610 | Penalties, Interest & Fines |
| | 0.77% | | 0.77% | | 0.96% | | 0.44% | | 0.46% | % of Total |
| | 0.00% | | -15.03% | | 134.53% | | -7.65% | | -11.01% | % Change |
| | 390,836 | | 390,836 | | 172,281 | | 100,500 | | 164,478 | Investment Income |
| | 0.12% | | 0.12% | | 0.05% | | 0.03% | | 0.05% | % of Total |
| | 0.00% | | 126.86% | | 71.42% | | -38.90% | | 2.69% | % Change |
| | 2,653,606 | | 2,653,606 | | 2,576,211 | | 2,312,112 | | 2,178,801 | Licenses & Permits |
| | 0.79% | | 0.79% | | 0.82% | | 0.79% | | 0.72% | % of Total |
| | 0.00% | | 3.00% | | 11.42% | | 6.12% | | -2.24% | % Change |
| | 1,073,424 | | 1,073,424 | | 1,633,833 | | 2,291,209 | | 1,863,119 | Miscellaneous and Other |
| | 0.32% | | 0.32% | | 0.52% | | 0.78% | | 0.61% | % of Total |
| | 0.00% | | -34.30% | | -28.69% | | 22.98% | | -58.04% | % Change |
| \$ | 335,410,431 | \$ | 335,410,431 | \$ | 314,305,958 | \$ | 293,474,647 | \$ | 303,555,259 | Total Revenues |
| | 100.00% | | 100.00% | | 100.00% | | 100.00% | | 100.00% | % of Total |
| | 0.00% | | 6.71% | | 7.10% | | -3.32% | | 2.15% | % Change |

*General fund only

Net Position by Component – Last Ten Fiscal Years

| | Fiscal Year | | | | |
|--|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| | 2023 | 2022 | 2021 | 2020 | 2019 |
| Governmental activities: | | | | | |
| Net investment in capital assets | \$ 157,322,110 | \$ 209,869,298 | \$ 246,253,679 | \$ 241,182,284 | \$ 279,293,487 |
| Restricted | 106,691,763 | 53,642,053 | 55,449,850 | 48,860,986 | 43,530,629 |
| Unrestricted | (724,004,514) | (694,153,208) | (755,158,774) | (742,996,326) | (707,250,456) |
| Total governmental activities net position | (459,990,641) | (430,641,857) | (453,455,245) | (452,953,056) | (384,426,340) |
| Business-type activities: | | | | | |
| Net investment in capital assets | 58,246,991 | 58,967,032 | 52,547,696 | 54,200,777 | 49,815,556 |
| Restricted | 3,636,740 | 3,546,541 | 5,886,845 | 6,677,318 | 6,506,368 |
| Unrestricted | (36,588,745) | (37,005,789) | (38,420,180) | (37,978,113) | (37,654,143) |
| Total business-type activities net position | 25,294,986 | 25,507,784 | 20,014,361 | 22,899,982 | 18,667,781 |
| Primary government: | | | | | |
| Net investment in capital assets | 215,569,101 | 268,836,330 | 298,801,375 | 295,383,061 | 329,109,043 |
| Restricted | 110,328,503 | 57,188,594 | 61,336,695 | 55,538,304 | 50,036,997 |
| Unrestricted | (760,593,259) | (731,158,997) | (793,578,954) | (780,974,439) | (744,904,599) |
| Total primary government net position | \$ (434,695,655) | \$ (405,134,073) | \$ (433,440,884) | \$ (430,053,074) | \$ (365,758,559) |

| | Fiscal Year | | | | |
|--|-------------------------|------------------------|------------------------|------------------------|-----------------------|
| | 2018 | 2017 | 2016 | 2015 | 2014 |
| Governmental activities: | | | | | |
| Net investment in capital assets | \$ 255,849,397 | \$ 223,596,765 | \$ 175,951,450 | \$ 168,323,625 | \$ 175,040,568 |
| Restricted | 48,214,482 | 38,790,029 | 31,303,068 | 24,738,122 | 21,614,231 |
| Unrestricted | (685,846,907) | (381,467,229) | (347,579,168) | (323,855,964) | (51,074,772) |
| Total governmental activities net position | (119,080,435) | (119,080,435) | (140,324,650) | (130,794,217) | 145,580,027 |
| Business-type activities: | | | | | |
| Net investment in capital assets | 42,507,626 | 51,937,955 | 53,776,776 | 56,076,992 | 47,259,222 |
| Restricted | 5,815,153 | 3,665,721 | 4,490,037 | 4,832,301 | 4,740,697 |
| Unrestricted | (37,545,649) | (13,326,486) | (12,261,169) | (13,525,686) | (132,497) |
| Total business-type activities net position | 42,277,190 | 42,277,190 | 46,005,644 | 47,383,607 | 51,867,422 |
| Primary government: | | | | | |
| Net investment in capital assets | 298,357,023 | 275,534,720 | 229,728,226 | 224,400,617 | 222,299,790 |
| Restricted | 54,029,635 | 42,455,750 | 35,793,105 | 29,570,423 | 26,354,928 |
| Unrestricted | (723,392,556) | (394,793,715) | (359,840,337) | (337,381,650) | (51,207,269) |
| Total primary government net position | \$ (371,005,898) | \$ (76,803,245) | \$ (94,319,006) | \$ (83,410,610) | \$ 197,447,449 |

See accompanying independent auditor's report

Changes in Net Position – Last Ten Fiscal Years

| | Fiscal Year | | | | |
|---|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| | 2023 | 2022 | 2021 | 2020 | 2019 |
| Expenses: | | | | | |
| Governmental Activities: | | | | | |
| General government | \$ 55,985,447 | \$ 54,161,903 | \$ 29,374,777 | \$ 30,258,436 | \$ 34,193,184 |
| Public safety | 72,794,262 | 74,136,715 | 74,872,529 | 95,052,880 | 75,446,794 |
| Public works | 45,785,489 | 36,131,563 | 55,768,696 | 101,339,976 | 34,251,359 |
| Health and human services | 8,281,792 | 6,810,462 | 6,902,262 | 7,345,350 | 7,471,083 |
| Education | 418,666,592 | 358,866,148 | 370,004,827 | 329,758,040 | 304,672,642 |
| Community and economic development | 6,338,351 | 7,914,979 | 5,472,898 | 5,317,553 | 6,272,336 |
| Culture and recreation | 8,195,935 | 10,178,499 | 11,057,690 | 11,952,094 | 8,626,036 |
| Municipal airport | - | - | - | - | - |
| Pension benefits | - | - | - | - | - |
| Health and other insurance | - | - | - | - | - |
| Miscellaneous | - | - | - | - | - |
| State and county charges | - | - | - | - | - |
| Debt service: | | | | | |
| Interest and fiscal charges | 8,592,577 | 6,305,143 | 6,218,634 | 6,595,140 | 6,667,615 |
| Total governmental activities | <u>624,640,445</u> | <u>554,505,412</u> | <u>559,672,313</u> | <u>587,619,469</u> | <u>477,601,049</u> |
| Business-type activities: | | | | | |
| Downtown Parking | (1,628,521) | 940,302 | 1,061,809 | 1,232,486 | 873,944 |
| Water | 13,909,251 | 13,554,428 | 13,447,727 | 13,310,385 | 11,982,764 |
| Airport | 3,766,340 | 3,116,320 | 3,083,084 | 2,816,268 | 2,669,381 |
| Cable Access | 6,097,164 | 882,168 | 839,382 | 835,769 | - |
| Total business-type activities | <u>22,144,234</u> | <u>18,493,218</u> | <u>18,432,002</u> | <u>18,194,908</u> | <u>15,526,089</u> |
| Total primary government expenses | <u>\$ 646,784,679</u> | <u>\$ 572,998,630</u> | <u>\$ 578,104,315</u> | <u>\$ 605,814,377</u> | <u>\$ 493,127,138</u> |
| Program Revenues: | | | | | |
| Governmental activities: | | | | | |
| Fees, fines, and charges for services: | | | | | |
| Public safety | \$ 17,287,806 | \$ 13,898,636 | \$ 16,025,048 | \$ 14,002,114 | \$ 12,654,176 |
| Public works | 28,426,894 | 27,157,710 | 24,428,033 | 24,264,121 | 25,076,724 |
| Education | 11,590,302 | 10,633,212 | 10,789,285 | 9,120,003 | 9,366,223 |
| Other | 10,843,730 | 5,766,480 | 6,863,294 | 7,411,651 | 11,425,366 |
| Operating grants and contributions ⁽¹⁾ | 297,376,288 | 302,040,455 | 301,098,433 | 238,831,856 | 222,870,636 |
| Capital grants and contributions | 8,091,297 | 14,576,389 | 18,763,150 | 26,860,482 | 31,998,877 |
| Total governmental activities program revenues | <u>373,616,317</u> | <u>374,072,882</u> | <u>377,967,243</u> | <u>320,490,227</u> | <u>313,392,002</u> |
| Business-type activities: | | | | | |
| Fees, fines, and charges for services: | | | | | |
| Downtown Parking | 931,054 | 828,436 | 575,983 | 774,748 | 992,443 |
| Water | 19,637,430 | 17,206,745 | 15,678,474 | 14,980,094 | 15,480,410 |
| Airport | 993,831 | 1,011,205 | 989,726 | 889,651 | 883,065 |
| Cable Access | 1,447,958 | 1,457,424 | 1,166,724 | 1,175,265 | - |
| Operating grants and contributions | 34,654 | 55,839 | 67,909 | 76,339 | 86,760 |
| Capital grants and contributions | 2,302,570 | 6,399,437 | - | 31,814,841 | - |
| Total business-type activities program revenues | <u>25,347,497</u> | <u>26,959,086</u> | <u>18,478,816</u> | <u>49,710,938</u> | <u>17,442,678</u> |

Notes to Changes in Net Position:

- (1) Beginning in fiscal year 2013, school building assistance and distribution of school aid were reclassified from general revenues to program revenues.

| | Fiscal Year | | | | |
|---|----------------|----------------|----------------|----------------|----------------|
| | 2018 | 2017 | 2016 | 2015 | 2014 |
| Expenses: | | | | | |
| Governmental Activities: | | | | | |
| General government | \$ 35,071,869 | \$ 30,786,610 | \$ 8,839,182 | \$ 16,068,463 | \$ 15,141,811 |
| Public safety | 70,423,916 | 70,242,636 | 73,006,134 | 67,315,497 | 74,704,868 |
| Public works | 33,305,316 | 26,467,868 | 34,771,249 | 32,245,284 | 35,035,623 |
| Health and human services | 4,109,248 | 8,154,854 | 8,155,432 | 6,946,019 | 5,711,823 |
| Education | 282,997,939 | 279,231,909 | 230,778,684 | 201,478,727 | 222,311,813 |
| Community and economic development | 6,280,645 | 6,448,382 | 5,293,557 | 6,232,160 | 5,892,790 |
| Culture and recreation | 8,809,505 | 7,662,237 | 7,795,457 | 7,664,014 | 8,273,031 |
| Municipal airport | 3,812,339 | 73,228 | 3,073,279 | - | - |
| Pension benefits | - | - | - | 24,789,517 | - |
| Health and other insurance | - | - | - | - | - |
| Miscellaneous | - | - | 8,972,342 | 9,599,109 | 8,822,341 |
| State and county charges | - | - | 13,624,678 | 12,149,703 | 10,252,470 |
| Debt service: | | | | | |
| Interest and fiscal charges | 7,344,303 | 7,237,267 | 7,312,597 | 7,141,982 | 7,567,178 |
| Total governmental activities | 452,155,080 | 436,304,991 | 401,622,591 | 391,630,475 | 393,713,748 |
| Business-type activities: | | | | | |
| Downtown Parking | 729,847 | 611,024 | 573,285 | 713,144 | - |
| Water | 11,344,596 | 9,325,716 | 10,391,744 | 9,858,365 | 9,695,886 |
| Airport | 2,509,395 | 2,511,937 | 2,260,833 | 2,201,245 | 1,416,730 |
| Cable Access | - | - | - | - | - |
| Total business-type activities | 14,583,838 | 12,448,677 | 13,225,862 | 12,772,754 | 11,112,616 |
| Total primary government expenses | \$ 466,738,918 | \$ 448,753,668 | \$ 414,848,453 | \$ 404,403,229 | \$ 404,826,364 |
| Program Revenues: | | | | | |
| Governmental activities: | | | | | |
| Fees, fines, and charges for services: | | | | | |
| Public safety | \$ 12,285,261 | \$ 11,041,992 | \$ 6,934,127 | \$ 13,204,409 | \$ 11,710,026 |
| Public works | 23,394,904 | 22,092,522 | 21,753,631 | 21,056,137 | 21,145,569 |
| Education | 9,897,482 | 9,266,219 | 9,927,937 | 8,937,024 | 8,969,722 |
| Other | 9,483,909 | 14,443,547 | 13,148,570 | 10,674,695 | 6,283,092 |
| Operating grants and contributions ⁽¹⁾ | 213,580,397 | 202,594,871 | 186,105,062 | 180,766,856 | 193,410,279 |
| Capital grants and contributions | 28,557,748 | 39,122,840 | 16,772,965 | 19,328,858 | 9,119,991 |
| Total governmental activities program revenues | 297,199,701 | 298,561,991 | 254,642,292 | 253,967,979 | 250,638,679 |
| Business-type activities: | | | | | |
| Fees, fines, and charges for services: | | | | | |
| Downtown Parking | 874,758 | 859,712 | 856,450 | 805,292 | - |
| Water | 13,880,952 | 12,293,768 | 12,771,001 | 11,854,102 | 11,249,641 |
| Airport | 891,329 | 842,110 | 778,644 | 686,443 | 696,532 |
| Cable Access | - | - | - | - | - |
| Operating grants and contributions | 94,552 | 103,266 | 112,737 | - | - |
| Capital grants and contributions | - | - | - | - | (30,135) |
| Total business-type activities program revenues | 15,741,591 | 14,098,856 | 14,518,832 | 13,345,837 | 11,916,038 |

| | Fiscal Year | | | | |
|--|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| | 2023 | 2022 | 2021 | 2020 | 2019 |
| Primary Government Net (Expense) Revenue: | | | | | |
| Governmental activities | \$ (251,024,128) | \$ (180,432,530) | \$ (181,705,070) | \$ (267,129,242) | \$ (164,209,047) |
| Business-type activities | 3,203,263 | 8,465,868 | 46,814 | 31,516,030 | 1,916,589 |
| Total primary government net expense | \$ (247,820,865) | \$ (171,966,662) | \$ (181,658,256) | \$ (235,613,212) | \$ (162,292,458) |
| General Revenues and Other Changes in Net Position: | | | | | |
| Governmental activities: | | | | | |
| Real estate and personal property, net of reserve for abatements | \$ 145,846,530 | \$ 141,743,942 | \$ 133,769,867 | \$ 129,588,535 | \$ 124,062,114 |
| Motor vehicle and other excise taxes | 11,036,736 | 12,062,276 | 9,956,629 | 9,782,181 | 8,347,292 |
| School building assistance ⁽¹⁾ | - | - | - | - | - |
| Distribution - school aid ⁽¹⁾ | - | - | - | - | - |
| Grants and contributions not restricted | 28,754,529 | 23,175,537 | 24,427,447 | 24,427,447 | 23,803,946 |
| Distribution - additional aid | - | - | - | - | - |
| Exemptions | - | - | - | - | - |
| State owned land | - | - | - | - | - |
| Earnings on investments | 6,224,834 | 710,947 | 2,098,991 | 1,958,533 | 2,400,940 |
| Tax foreclosures | 2,159,093 | 1,819,172 | 1,799,390 | 909,036 | 1,743,948 |
| Penalties and interest on taxes | 1,366,632 | 1,126,668 | 1,278,089 | 814,668 | 1,216,014 |
| Fines and forfeitures | - | - | - | - | - |
| Payments in lieu of taxes | 442,101 | 353,869 | 479,275 | 361,310 | 364,357 |
| Contributions and donations | - | - | - | - | - |
| Miscellaneous and other | 22,157,852 | 18,663,168 | 3,959,924 | 3,223,370 | 4,911,691 |
| Transfers and special items | 3,687,038 | 3,590,339 | - | 27,827,822 | (5,284,567) |
| Total governmental activities | 221,675,345 | 203,245,918 | 177,769,612 | 198,892,902 | 161,565,735 |
| Business-type activities: | | | | | |
| Miscellaneous | 270,977 | 617,894 | 37,208 | 253,617 | 689,495 |
| Transfers and special items | (3,687,038) | (3,590,339) | 463,626 | (27,827,822) | 5,284,567 |
| Total business-type activities | (3,416,061) | (2,972,445) | 500,834 | (27,574,205) | 5,974,062 |
| Total primary government | \$ 218,259,284 | \$ 200,273,473 | \$ 178,270,446 | \$ 171,318,697 | \$ 167,539,797 |
| Changes in Net Position: | | | | | |
| Primary Government: | | | | | |
| Governmental activities | (29,348,783) | 22,813,388 | (3,935,458) | (68,236,340) | (2,643,312) |
| Business-type activities | (212,798) | 5,493,423 | 547,648 | 3,941,825 | 7,890,651 |
| Total change in primary government net position | \$ (29,561,581) | \$ 28,306,811 | \$ (3,387,810) | \$ (64,294,515) | \$ 5,247,339 |

| | Fiscal Year | | | | |
|--|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| | 2018 | 2017 | 2016 | 2015 | 2014 |
| Primary Government Net (Expense) Revenue: | | | | | |
| Governmental activities | \$ (154,955,379) | \$ (137,743,000) | \$ (146,980,299) | \$ (137,662,496) | \$ (143,075,069) |
| Business-type activities | 1,157,753 | 1,650,179 | 1,292,970 | 573,083 | 803,422 |
| Total primary government net expense | \$ (153,797,626) | \$ (136,092,821) | \$ (145,687,329) | \$ (137,089,413) | \$ (142,271,647) |
| General Revenues and Other Changes in Net Position: | | | | | |
| Governmental activities: | | | | | |
| Real estate and personal property, net of reserve for abatements | \$ 118,005,007 | \$ 108,897,622 | \$ 102,644,537 | \$ 98,308,125 | \$ 92,873,411 |
| Motor vehicle and other excise taxes | 9,560,934 | 7,878,858 | 8,491,077 | 8,376,223 | 7,805,742 |
| School building assistance ⁽¹⁾ | - | - | - | - | - |
| Distribution - school aid ⁽¹⁾ | - | - | - | - | - |
| Grants and contributions not restricted | 22,980,913 | 22,118,299 | 21,206,423 | 20,803,123 | 19,917,179 |
| Distribution - additional aid | - | - | - | - | - |
| Exemptions | 2,120,591 | 2,254,878 | 2,803,303 | 2,243,702 | 2,368,153 |
| State owned land | 13,658 | 13,670 | 13,835 | 13,833 | 15,765 |
| Earnings on investments | 777,004 | 878,332 | 668,425 | 375,916 | 903,140 |
| Tax foreclosures | 2,045,892 | 3,458,518 | 4,596,216 | 4,891,263 | 3,597,795 |
| Penalties and interest on taxes | 1,776,721 | 2,510,437 | 2,596,564 | 1,136,906 | 1,200,406 |
| Fines and forfeitures | - | - | - | - | - |
| Payments in lieu of taxes | 294,465 | 304,394 | 266,764 | 284,753 | 321,660 |
| Contributions and donations | - | - | - | - | - |
| Miscellaneous and other | 2,116,090 | 4,048,109 | 3,474,794 | 4,827,654 | 5,160,582 |
| Transfers and special items | 7,353,921 | 6,624,098 | (9,312,072) | (10,378,058) | (5,271,593) |
| Total governmental activities | 167,045,196 | 158,987,215 | 137,449,866 | 130,883,440 | 128,892,240 |
| Business-type activities: | | | | | |
| Miscellaneous | 39,652 | 58,298 | 112,807 | 233,578 | 338,136 |
| Transfers and special items | (11,757,350) | (5,436,931) | (2,783,740) | 8,898,744 | 4,137,262 |
| Total business-type activities | (11,717,698) | (5,378,633) | (2,670,933) | 9,132,322 | 4,475,398 |
| Total primary government | \$ 155,327,498 | \$ 153,608,582 | \$ 134,778,933 | \$ 140,015,762 | \$ 133,367,638 |
| Changes in Net Position: | | | | | |
| Primary Government: | | | | | |
| Governmental activities | 12,089,817 | 21,244,215 | (9,530,433) | (6,779,056) | (14,182,829) |
| Business-type activities | (10,559,945) | (3,728,454) | (1,377,963) | 9,705,405 | 5,278,820 |
| Total change in primary government net position | \$ 1,529,872 | \$ 17,515,761 | \$ (10,908,396) | \$ 2,926,349 | \$ (8,904,009) |

Fund Balances of Governmental Funds – Last Ten Fiscal Years

| | Fiscal Year | | | | |
|---|-----------------------|----------------------|----------------------|----------------------|----------------------|
| | 2023 | 2022 | 2021 | 2020 | 2019 |
| General Fund: | | | | | |
| Nondisposable | \$ 1,460,790 | \$ 2,778,565 | \$ 4,346,221 | \$ 5,610,346 | \$ 6,778,230 |
| Restricted | - | - | - | - | - |
| Committed | 15,366,708 | 5,832,967 | 11,967,948 | 11,324,425 | 11,655,603 |
| Assigned | 2,414,903 | 1,779,756 | 1,975,081 | 2,235,953 | 697,553 |
| Unassigned | 19,754,964 | 18,622,811 | 14,434,112 | 12,312,126 | 9,476,753 |
| Total general fund | \$ 38,997,365 | \$ 29,014,099 | \$ 32,723,362 | \$ 31,482,850 | \$ 28,608,139 |
| All other Governmental Funds: | | | | | |
| Nondisposable | 5,400,702 | 5,400,702 | 5,400,702 | 5,400,702 | 5,400,702 |
| Restricted | 101,564,354 | 48,514,642 | 50,322,439 | 43,733,575 | 45,544,497 |
| Committed | 10,300,331 | 6,750,370 | 5,814,209 | 7,520,718 | 7,266,911 |
| Assigned | 201,103 | 1,302,717 | 700,784 | 383,668 | 113,391 |
| Unassigned | (4,713,115) | (13,551,164) | (15,052,281) | (22,699,947) | (11,298,965) |
| Total all other governmental funds | \$ 112,753,375 | \$ 48,417,267 | \$ 47,185,853 | \$ 34,338,716 | \$ 47,026,536 |

| | Fiscal Year | | | | |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|
| | 2018 | 2017 | 2016 | 2015 | 2014 |
| General Fund: | | | | | |
| Nonspendable | \$ 7,521,415 | \$ 1,500,816 | \$ 1,550,816 | \$ 1,900,816 | \$ 1,900,816 |
| Restricted | - | - | - | - | - |
| Committed | 8,709,209 | 9,671,585 | 9,088,239 | 9,452,780 | 9,417,934 |
| Assigned | 925,022 | 143,081 | 26,106 | 8,505 | 1,301,724 |
| Unassigned | 9,968,585 | 16,662,603 | 17,244,879 | 11,878,945 | 15,407,340 |
| Total general fund | \$ 27,124,231 | \$ 27,978,085 | \$ 27,910,040 | \$ 23,241,046 | \$ 28,027,814 |
| All other Governmental Funds: | | | | | |
| Nonspendable | 5,153,784 | 5,153,784 | 5,153,784 | 5,409,660 | 5,429,761 |
| Restricted | 43,087,071 | 33,662,618 | 26,175,657 | 19,610,711 | 16,486,820 |
| Committed | 5,488,710 | 4,977,177 | 3,436,877 | 6,023,049 | 8,689,775 |
| Assigned | 37,646 | 8,623 | 5,967 | - | - |
| Unassigned | (14,537,308) | (20,524,308) | (19,743,746) | (18,182,553) | (8,996,126) |
| Total all other governmental funds | \$ 39,229,903 | \$ 23,277,894 | \$ 15,028,539 | \$ 12,860,867 | \$ 21,610,230 |

Changes in Fund Balances of Governmental Funds – Last Ten Fiscal Years

| | Fiscal Year | | | | |
|--|----------------------|-----------------------|----------------------|-----------------------|---------------------|
| | 2023 | 2022 | 2021 | 2020 | 2019 |
| Revenues: | | | | | |
| Real estate and personal property taxes | \$ 143,220,778 | \$ 138,325,449 | \$ 131,700,885 | \$ 126,083,676 | \$ 122,238,616 |
| Motor vehicle and other excise taxes | 11,019,338 | 10,196,929 | 10,258,304 | 9,531,970 | 9,762,254 |
| School Building Authority Reimbursement | 2,554,018 | 808,755 | 2,796,277 | 8,295,874 | 5,266,306 |
| Tax liens and foreclosures | 2,541,677 | 2,205,709 | 2,210,222 | 1,109,423 | 1,969,831 |
| Penalties interest on taxes | 1,914,665 | 1,373,894 | 1,700,421 | 1,074,046 | 1,409,963 |
| Licenses and permits | 3,221,438 | 2,734,951 | 2,549,131 | 2,580,460 | 2,876,492 |
| Fines and forfeitures | 176,811 | 169,704 | 133,675 | 147,344 | 156,988 |
| Investment income | 6,379,072 | 555,876 | 2,101,722 | 1,762,817 | 2,373,876 |
| Intergovernmental - operating grants | 338,407,025 | 290,594,732 | 289,888,775 | 268,807,805 | 244,797,625 |
| Intergovernmental - capital grants | 7,067,553 | 15,819,408 | 20,477,403 | 21,458,592 | 29,408,897 |
| Charges for services | 45,543,705 | 42,171,985 | 36,834,995 | 38,843,904 | 40,813,382 |
| Other - indirects | 591,506 | 542,862 | 588,019 | 17,000 | 813,895 |
| Special assessments & betterments | 10,215 | 11,219 | 12,367 | 12,805 | 19,013 |
| Payments in lieu of taxes | 442,101 | 353,869 | 479,275 | 361,310 | 364,357 |
| Miscellaneous | 24,973,369 | 21,072,906 | 7,162,436 | 5,572,431 | 9,132,609 |
| Total revenues | 588,063,271 | 526,938,248 | 508,893,907 | 485,659,457 | 471,404,104 |
| Expenditures: | | | | | |
| General government | 40,498,708 | 34,228,924 | 18,670,982 | 18,632,825 | 17,936,999 |
| Public safety | 57,436,980 | 63,297,792 | 71,092,065 | 60,008,055 | 52,338,785 |
| Education | 304,414,309 | 269,271,081 | 266,158,199 | 227,928,438 | 203,405,798 |
| Public works | 55,841,822 | 42,904,801 | 65,363,422 | 55,518,638 | 56,878,600 |
| Community and economic development | 6,170,215 | 7,756,696 | 5,519,274 | 5,112,157 | 6,123,702 |
| Health & human services | 7,206,543 | 6,346,335 | 5,587,550 | 6,082,145 | 6,150,887 |
| Municipal airport | - | - | - | - | 5,138,490 |
| Culture and recreation | 6,092,208 | 6,509,533 | 6,286,575 | 6,433,858 | 6,848,132 |
| Pension benefits | 35,867,124 | 33,887,885 | 32,201,554 | 30,527,351 | 28,817,471 |
| Health and other insurances | 16,259,025 | 18,173,137 | 16,564,506 | 38,675,704 | 40,277,703 |
| Miscellaneous | 13,551,205 | 12,764,944 | 11,600,717 | 10,764,913 | 10,574,534 |
| State and county charges | 31,095,718 | 26,493,234 | 22,763,165 | 20,990,757 | 19,063,095 |
| Debt service: | | | | | |
| Principal payments | 13,993,216 | 14,343,265 | 17,390,213 | 16,575,522 | 16,904,235 |
| Interest and fiscal charges | 5,466,385 | 5,926,389 | 5,392,253 | 5,991,828 | 6,296,672 |
| Debt administrative fees | 1,477,496 | 397,280 | 384,065 | 597,164 | 491,187 |
| Total Expenditures | 595,370,954 | 542,301,296 | 544,974,540 | 503,839,355 | 477,246,290 |
| Deficiency of revenues under expenditures | (7,307,683) | (15,363,048) | (36,080,633) | (18,179,898) | (5,842,186) |
| Other Financing Sources (Uses): | | | | | |
| Bond proceeds | 72,698,436 | 7,235,000 | 40,346,617 | 4,646,600 | 11,012,297 |
| Special items | 5,241,584 | 2,059,860 | 6,388,396 | 1,115,370 | 92,649 |
| Transfers, net | 3,687,038 | 3,590,339 | 3,433,269 | 2,895,195 | 4,017,781 |
| Total other financing sources (uses) | 81,627,058 | 12,885,199 | 50,168,282 | 8,657,165 | 15,122,727 |
| Net change in fund balances | \$ 74,319,375 | \$ (2,477,849) | \$ 14,087,649 | \$ (9,522,733) | \$ 9,280,541 |
| Debt services as a percentage of noncapital expenditures | 3.69% | 3.93% | 4.67% | 4.98% | 5.41% |

| | Fiscal Year | | | | |
|--|----------------------|---------------------|---------------------|------------------------|---------------------|
| | 2018 | 2017 | 2016 | 2015 | 2014 |
| Revenues: | | | | | |
| Real estate and personal property taxes | \$ 117,726,504 | \$ 111,158,506 | \$ 106,305,255 | \$ 97,468,071 | \$ 92,959,921 |
| Motor vehicle and other excise taxes | 9,579,711 | 9,328,894 | 8,651,851 | 8,312,974 | 7,676,637 |
| School Building Authority Reimbursement | 11,920,791 | 31,191,301 | 9,056,821 | 6,599,997 | 1,754,667 |
| Tax liens and foreclosures | 2,257,336 | 3,972,612 | 5,074,797 | 2,585,724 | 2,142,591 |
| Penalties interest on taxes | 1,731,458 | 2,575,776 | 2,820,472 | 1,136,906 | 1,200,406 |
| Licenses and permits | 2,402,917 | 2,653,606 | 2,576,211 | 2,312,112 | 2,178,801 |
| Fines and forfeitures | 129,662 | 98,528 | 210,950 | 155,621 | 199,204 |
| Investment income | 731,185 | 867,176 | 681,245 | 367,181 | 892,853 |
| Intergovernmental - operating grants | 240,516,330 | 227,743,082 | 213,211,658 | 206,353,407 | 214,769,403 |
| Intergovernmental - capital grants | 16,511,674 | 11,573,866 | 10,080,871 | 15,094,883 | 12,825,701 |
| Charges for services | 37,527,160 | 38,608,394 | 34,066,659 | 35,724,239 | 35,739,020 |
| Other - indirects | 1,058,744 | 959,384 | 646,482 | 1,455,715 | 1,326,399 |
| Special assessments & betterments | 22,085 | 17,231 | 15,264 | 30,539 | 26,752 |
| Payments in lieu of taxes | 294,465 | 304,394 | 266,764 | 284,753 | 321,660 |
| Miscellaneous | 9,639,049 | 6,774,911 | 5,854,964 | 4,831,390 | 5,238,522 |
| Total revenues | 452,049,071 | 447,827,661 | 399,520,264 | 382,713,512 | 379,252,537 |
| Expenditures: | | | | | |
| General government | 17,546,058 | 11,648,859 | 11,950,710 | 11,900,981 | 9,913,579 |
| Public safety | 52,205,563 | 49,803,351 | 49,304,433 | 50,275,256 | 46,916,727 |
| Education | 207,382,752 | 228,265,703 | 178,895,302 | 168,278,869 | 172,724,226 |
| Public works | 43,721,970 | 38,863,915 | 48,096,589 | 42,870,611 | 31,618,117 |
| Community and economic development | 6,072,128 | 6,227,151 | 5,066,579 | 5,986,424 | 5,728,310 |
| Health & human services | 5,119,943 | 6,688,499 | 6,290,357 | 5,838,094 | 4,913,853 |
| Municipal airport | 3,812,339 | 1,323,943 | 3,073,277 | 8,556,574 | 7,155,263 |
| Culture and recreation | 7,426,403 | 6,803,544 | 6,213,591 | 6,209,223 | 5,899,311 |
| Pension benefits | 27,741,711 | 26,724,377 | 25,734,949 | 23,204,752 | 23,692,690 |
| Health and other insurances | 41,119,096 | 39,767,304 | 37,842,585 | 38,008,103 | 36,800,963 |
| Miscellaneous | 9,673,308 | 9,670,903 | 8,972,342 | 9,599,109 | 8,822,341 |
| State and county charges | 17,759,974 | 15,141,498 | 13,624,678 | 12,149,703 | 10,252,470 |
| Debt service: | | | | | |
| Principal payments | 16,290,857 | 16,119,765 | 15,117,303 | 14,287,694 | 14,034,910 |
| Interest and fiscal charges | 6,264,299 | 6,724,646 | 6,937,764 | 7,360,484 | 7,474,751 |
| Debt administrative fees | 650,530 | 558,602 | 427,189 | 295,060 | 226,868 |
| Total Expenditures | 462,786,931 | 464,332,060 | 417,547,648 | 404,820,937 | 386,174,379 |
| Deficiency of revenues under expenditures | (10,737,860) | (16,504,399) | (18,027,384) | (22,107,425) | (6,921,842) |
| Other Financing Sources (Uses): | | | | | |
| Bond proceeds | 21,969,977 | 18,748,277 | 22,325,124 | 7,948,000 | 10,000,000 |
| Special items | 78,630 | 782,935 | 230,140 | 99,416 | 9,063 |
| Transfers, net | 3,787,408 | 5,290,587 | 2,308,786 | 523,878 | 1,919,086 |
| Total other financing sources (uses) | 25,836,015 | 24,821,799 | 24,864,050 | 8,571,294 | 11,928,149 |
| Net change in fund balances | \$ 15,098,155 | \$ 8,317,400 | \$ 6,836,666 | \$ (13,536,131) | \$ 5,006,307 |
| Debt services as a percentage of noncapital expenditures | 5.47% | 5.71% | 5.90% | 5.87% | 5.83% |

Assessed and Estimated Actual Value of All Taxable Property – Last Ten Fiscal Years

| Fiscal Year | Real Property | | | Personal Property | Total Assessed Value ⁽¹⁾ | Total Direct Tax Rate ^{(b) & (c)} |
|------------------------|---|-----------------------------|-----------------------------|------------------------------|--|---|
| | Residential Value ^(a) | Commercial Value | Industrial Value | Assessed Value | | |
| 2023 | \$ 7,063,590,736 | \$ 757,454,232 | \$ 373,341,650 | \$ 406,097,440 | \$ 8,600,484,058 | \$ 15.18 |
| 2022 | 5,904,815,861 | 721,683,418 | 366,845,200 | 395,020,130 | 7,388,364,609 | 19.13 |
| 2021 | 5,709,416,255 | 685,825,596 | 333,765,850 | 361,481,590 | 7,090,489,291 | 18.93 |
| 2020 | 5,426,507,386 | 669,040,014 | 325,996,000 | 251,194,130 | 6,672,737,530 | 19.42 |
| 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 |

⁽¹⁾ The assessed valuation of taxable property reflects 100% of the full and fair cash value.

^(a) Exempt residential properties not included

^(b) Tax rates are per \$1,000 of assessed value

^(c) 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

| Fiscal Year ⁽¹⁾ | Class ⁽²⁾ | City General | Total | % Change | Total Direct ⁽³⁾ |
|---------------------------------------|-----------------------------|-------------------------|--------------|-----------------|------------------------------------|
| 2023 | Residential | \$ 14.29 | \$ 14.29 | -8.04% | \$ 15.18 |
| | C.P. | 29.88 | 29.88 | -10.83% | |
| 2022 | Residential | 15.54 | 15.54 | -0.32% | 19.13 |
| | C.P. | 33.51 | 33.51 | 2.29% | |
| 2021 | Residential | 15.59 | 15.59 | -3.53% | 18.93 |
| | C.P. | 32.76 | 32.76 | -2.47% | |
| 2020 | Residential | 16.16 | 16.16 | -1.88% | 19.42 |
| | C.P. | 33.59 | 33.59 | -3.59% | |
| 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% | |

⁽¹⁾ 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.

⁽²⁾ Real and personal property tax rates are per \$1,000 of assessed value.
C.P. = Commercial and personal property

⁽³⁾ 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 | 2023 | | | | 2014 | | | |
|--|------------------------------|------|--|---------------------------|------------------------------|------|--|---------------------------|
| | Taxable Assessed Value | Rank | % of Total Taxable Assessed Value | Total Tax Liability | Taxable Assessed Value | Rank | % of Total Taxable Assessed Value | Total Tax Liability |
| NSTAR (EVERSOURCE) ELECTRIC | \$ 173,878,810 | 1 | 2.35% | \$ 5,696,270 | | | | |
| NSTAR (EVERSOURCE) GAS | 156,250,230 | 2 | 2.11% | 5,118,758 | | | | |
| WAMSUTTA, LLC | 25,602,600 | 3 | 0.35% | 838,741 | | | | |
| CEDAR-FIELDSTONE | 34,389,800 | 4 | 0.47% | 1,126,610 | | | | |
| AFC CABLE SYSTEMS, INC | 18,325,700 | 5 | 0.25% | 600,350 | | | | |
| MELVILLE HSG ASSOC - LESSEE | 18,116,500 | 6 | 0.25% | 593,497 | | | | |
| ROCKDALE WEST LLC | 17,142,000 | 7 | 0.23% | 561,572 | | | | |
| COMCAST OF SOUTHERN NE | 16,557,580 | 8 | 0.22% | 542,426 | | | | |
| BAYBERRY AT NB | 14,985,200 | 9 | 0.20% | 490,915 | | | | |
| VERIZON NEW ENGLAND, INC | 14,579,300 | 10 | 0.20% | 477,618 | | | | |
| CEDAR-FIELDSTONE | | | | | \$ 29,131,700 | 1 | 20.02% | \$ 905,413 |
| PATRICK CARNEY (1) | | | | | 29,093,700 | 2 | 20.00% | \$ 904,232 |
| WAMSUTTA, LLC | | | | | 17,665,500 | 3 | 12.14% | \$ 549,044 |
| DEMOULAS SUPERMARKETS | | | | | 10,958,800 | 4 | 7.53% | \$ 340,600 |
| AFC CABLE SYSTEMS | | | | | 10,850,700 | 5 | 7.46% | \$ 337,240 |
| COMPASS BANK | | | | | 10,494,500 | 6 | 7.21% | \$ 326,169 |
| NSTAR | | | | | 9,906,100 | 7 | 6.81% | \$ 307,882 |
| ACUSHNET COMPANY | | | | | 9,511,100 | 8 | 6.54% | \$ 295,605 |
| ACUSHNET AVENUE | | | | | 8,997,800 | 9 | 6.18% | \$ 279,652 |
| O'HARA REALTY COMPANY | | | | | 8,889,300 | 10 | 6.11% | \$ 276,279 |
| Total City Taxable Assessed Valuation: | <u>\$ 7,388,364,609</u> | | <u>6.63%</u> | | <u>\$ 145,499,200</u> | | <u>100.00%</u> | |

Note: The largest taxpayers table includes entities with a fiscal year 2023 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, 2023 | | |
|-------------|----------------|--------------------|-------------|--|----------------|------------|---|--------------|------------|
| | Gross | Net ⁽¹⁾ | Net % Gross | Gross Amount | % Gross Amount | % Net Levy | Net Amount | % Gross Levy | % Net Levy |
| 2023 | \$ 146,861,084 | \$ 144,656,185 | 98.50% | \$131,742,264 | 89.71% | 91.07% | \$ 131,742,264 | 89.71% | 91.07% |
| 2022 | 141,474,557 | 141,156,922 | 99.78% | 136,649,632 | 96.59% | 96.81% | 133,649,632 | 94.47% | 94.68% |
| 2021 | 134,253,764 | 133,265,642 | 99.26% | 129,961,961 | 96.80% | 97.52% | 129,819,685 | 96.70% | 97.41% |
| 2020 | 129,553,230 | 128,391,054 | 99.10% | 122,619,312 | 94.65% | 95.50% | 122,619,312 | 94.65% | 95.50% |
| 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% |

* - Revaluation year

⁽¹⁾ – net after deductions of overlay for abatements

Source: City of New Bedford Treasury Departments

Ratios of Outstanding Debt by Type – Last Ten Fiscal Years

| Governmental Activities | | | | | |
|--------------------------------|---|---------------------------------|--|--|--|
| Fiscal Year | General Obligation Bonds Outstanding | Capital Lease Agreements | | | |
| 2023 | \$ 233,755,358 | \$ 18,804,847 | | | |
| 2022 | 173,290,138 | 19,002,780 | | | |
| 2021 | 185,624,601 | 21,129,434 | | | |
| 2020 | 157,647,492 | 18,973,534 | | | |
| 2019 | 169,576,517 | 20,783,246 | | | |
| 2018 | 180,263,886 | 20,778,426 | | | |
| 2017 | 182,819,693 | 17,781,082 | | | |
| 2016 | 181,782,528 | 16,688,491 | | | |
| 2015 | 177,961,607 | 3,043,001 | | | |
| 2014 | 184,772,649 | 1,562,249 | | | |

| Business-Type Activities | | | | | |
|---------------------------------|---|---------------------------------|---------------------------------|---|---------------------------|
| Fiscal Year | General & Special Obligation Bonds | Capital Lease Agreements | Total Primary Government | % of Total Personal Income (1) | Per Capita (2) |
| 2023 | \$ 65,176,726 | \$ - | \$ 317,736,931 | 10.64% | \$ 3,156 |
| 2022 | 67,917,001 | 83,418 | 260,293,337 | 7.99% | 2,579 |
| 2021 | 67,209,167 | 164,572 | 274,127,774 | 10.32% | 2,712 |
| 2020 | 57,006,022 | 243,524 | 233,870,572 | 9.33% | 2,453 |
| 2019 | 34,343,630 | 320,332 | 225,023,725 | 9.52% | 2,361 |
| 2018 | 31,215,884 | 398,176 | 232,656,372 | 9.05% | 2,446 |
| 2017 | 25,479,875 | 57,164 | 226,137,814 | 9.95% | 2,380 |
| 2016 | 25,910,773 | 389,540 | 224,771,332 | 10.60% | 2,367 |
| 2015 | 27,616,658 | 482,292 | 209,103,558 | 10.44% | 2,204 |
| 2014 | 29,596,150 | 27,289 | 215,958,337 | 11.07% | 2,271 |

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements

(1) – See page 155 for the City's total personal income data

(2) – See page 155 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

| Fiscal Year | Net General Bonded Debt Outstanding | Assessed Value ⁽¹⁾ | Ratio of General Bonded Debt to Assessed Value | General Bonded Debt per Capita ⁽²⁾ |
|--------------------|--|--------------------------------------|---|--|
| 2023 | \$ 233,755,358 | \$ 8,600,484,058 | 2.72% | \$ 2,322 |
| 2022 | 173,290,138 | 7,388,364,609 | 2.35% | 1,717 |
| 2021 | 185,624,601 | 7,090,489,291 | 2.62% | 1,836 |
| 2020 | 157,647,492 | 6,672,737,530 | 2.36% | 1,653 |
| 2019 | 169,576,517 | 6,256,705,220 | 2.71% | 1,779 |
| 2018 | 180,263,886 | 5,888,676,020 | 3.06% | 1,895 |
| 2017 | 182,819,693 | 5,539,895,960 | 3.30% | 1,924 |
| 2016 | 181,782,528 | 5,334,989,630 | 3.41% | 1,914 |
| 2015 | 177,961,607 | 5,237,212,490 | 3.40% | 1,876 |
| 2014 | 184,772,649 | 5,226,433,760 | 3.54% | 1,943 |

⁽¹⁾ – See page 148 for the City's total assessed value of property

⁽²⁾ – See page 155 for the City's population data

See accompanying independent auditor's report

Legal Debt Margin Information – Last Ten Fiscal Years

| Fiscal Year Ending | Equalized Valuation as of January 1 | Debt limit ⁽¹⁾ | Outstanding Debt at June 30 | Debt Authorized But Not Yet Issued | Debt Outside Debt Limit (MGL 44:8) | Total Net Debt Applicable to Limit | Legal Debt Margin | Total Net Debt Applicable to the Limit as a Percentage of Debt Limit |
|---------------------------|--|----------------------------------|------------------------------------|---|---|---|--------------------------|---|
| 2023 | \$ 8,074,839,600 | \$ 403,741,980 | \$ 273,322,370 | \$ 273,322,370 | \$(250,787,786) | \$ 295,856,954 | \$ 107,885,026 | 73.28% |
| 2022 | 6,947,603,100 | 347,380,155 | 241,207,135 | 459,638,033 | (393,882,036) | 306,963,132 | 40,417,023 | 88.37% |
| 2021 | 6,947,603,100 | 347,380,155 | 252,833,767 | 208,644,877 | (333,913,284) | 127,565,360 | 219,814,795 | 36.72% |
| 2020 | 6,079,471,600 | 303,973,580 | 214,653,514 | 259,458,561 | (331,070,651) | 143,041,424 | 160,932,156 | 47.06% |
| 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% |

- ⁽¹⁾ – 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**2023 (MGL Chapter 44 Section 10)**

| | |
|--|---------------------------|
| Equalized Valuation at January 1, 2023 | \$ 8,074,839,600 |
| Normal Debt Limit (5% of Equalized Valuation) | <u>\$ 403,741,980</u> |
| Total Outstanding Debt at June 30, 2023 | 273,322,370 |
| Add: Debt Authorized But Not Yet Issued ⁽²⁾ | <u>397,113,528</u> |
| Equals: Gross Debt | 670,435,898 |
| Less: Debt Outside the Debt Limit (MGL Chapter 44 Section 8) | <u>(374,578,944)</u> |
| Equals: Net Debt Subject to Debt Limit | <u>\$ 295,856,954</u> |
| Remaining Borrowing Capacity | <u>\$ 107,885,026</u> |

- ⁽²⁾ – The Debt authorized but unissued as of June 30, 2023 and City Council authorizations during fiscal year 2023 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

| Fiscal Year | Population⁽¹⁾ | Civilian Labor Force⁽²⁾ | Unemployment Rate⁽³⁾ | | Per Capita Income⁽²⁾ | Households | | |
|------------------------|---------------------------------|---|--|---|--|---|--|--------------------------------------|
| | | | New Bedford^{(3) (4)} | MA Statewide^{(3) (4)} | | Number of Households⁽²⁾ | Median Income⁽²⁾ | Mean Income⁽²⁾ |
| 2023 | 100,676 | 49,720 | 5.1% | 3.5% | \$ 29,669 | 44,320 | 53,024 | 68,003 |
| 2022 | 100,947 | 51,203 | 5.1% | 3.5% | \$ 32,257 | 42,743 | 49,237 | 61,855 |
| 2021 | 101,079 | 45,096 | 24.1% | 17.7% | 26,278 | 38,888 | 46,321 | 61,328 |
| 2020 | 95,348 | 45,096 | 24.1% | 17.7% | 26,278 | 38,888 | 46,321 | 61,328 |
| 2019 | 95,323 | 48,425 | 7.1% | 4.4% | 24,788 | 38,741 | 31,616 | 44,018 |
| 2018 | 95,110 | 47,867 | 6.4% | 4.0% | 27,023 | 37,910 | 48,762 | 60,294 |
| 2017 | 95,035 | 46,717 | 8.4% | 5.2% | 23,904 | 39,377 | 45,784 | 63,632 |
| 2016 | 94,959 | 47,783 | 10.0% | 6.0% | 22,330 | 39,425 | 43,241 | 55,946 |
| 2015 | 94,855 | 48,148 | 12.7% | 7.3% | 21,119 | 38,826 | 36,808 | 51,410 |
| 2014 | 95,079 | 46,348 | 11.9% | 6.9% | 20,517 | 38,046 | 39,387 | 50,618 |

Sources:

⁽¹⁾ U.S. Census Bureau, American Community Survey, Table DP05, 1-Year Estimates Data Profiles

⁽²⁾ U.S. Census Bureau, American Community Survey, Table DP03, 1-Year Estimates Data Profiles

⁽³⁾ Massachusetts Executive Office of Labor and Workforce Development, Labor Market Information as of June 30 of each fiscal year (unadjusted)

⁽⁴⁾ Fiscal Year 2020's rate was related to the COVID-19 pandemic

Principal Employers – Current Fiscal Year and Nine Years Before

| Employer ⁽¹⁾ | 2023 ⁽³⁾ | | | Employer ⁽¹⁾ | 2014 | | |
|-------------------------------|--------------------------|------|-------------------------------------|-------------------------------|-----------|------|----------------------------|
| | Employees ⁽²⁾ | Rank | Percentage of Total City Employment | | Employees | Rank | % of Total City Employment |
| Joseph Abboud | 500-999 | 1 | 3 - 5% | St. Luke's Hospital | 5000-9999 | 1 | |
| Brittany Dyeing & Printing Co | 250-499 | 2 | 0.5 - 1% | Southcoast Health System | 1000-4999 | 2 | |
| Cintas Uniforms & Apparel | 250-499 | 3 | 0.5 - 1% | Acushnet Company | 500-999 | 3 | |
| Community Health Center | 250-499 | 4 | 0.5 - 1% | Community Health Center | 500-999 | 4 | |
| Polaroid Corp | 250-499 | 5 | 0.5 - 1% | Joseph Abboud | 500-999 | 5 | |
| Sacred Heart Home | 250-499 | 6 | 0.5 - 1% | Market Basket | 500-999 | 6 | |
| Sid Wainer & Son Specialty | 100-149 | 7 | 0.5 - 1% | Ahead Inc | 250-499 | 7 | |
| ABC Disposal Service Inc | 100-149 | 8 | 0.5 - 1% | Brittany Dyeing & Printing Co | 250-499 | 8 | |
| Aerovox Corp | 100-249 | 9 | 0.5 - 1% | Sacred Heart Home | 250-499 | 9 | |
| AFC Cable Systems | 100-249 | 10 | 0.5 - 1% | Shaw's Supermarket | 250-499 | 10 | |
| Total Labor Force | 49,270 | | | | 44,560 | | |

Notes: (1) Excludes Federal, State and City employers

(2) Massachusetts Executive Office of Labor and Workforce Development only provides range of employees

(3) From <https://lmi.dua.eol.mass.gov> data

Source: Massachusetts Executive Office of Labor and Workforce Development

City Government Employees by Department – Last Ten Fiscal Years

| | Fiscal Year ⁽¹⁾ | | | | | | | | | |
|----------------------------|----------------------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 |
| Education ⁽²⁾ : | | | | | | | | | | |
| Teachers | 1,100 | 1,037 | 991 | 958 | 932 | 922 | 901 | 835 | 849 | 816 |
| Other | 1,028 | 947 | 837 | 820 | 772 | 732 | 687 | 602 | 651 | 668 |
| Total | 2,128 | 1,984 | 1,828 | 1,778 | 1,704 | 1,654 | 1,588 | 1,436 | 1,500 | 1,484 |
| Public safety: | | | | | | | | | | |
| Police | 257 | 268 | 288 | 292 | 296 | 297 | 302 | 301 | 307 | 308 |
| Fire | 215 | 225 | 207 | 212 | 207 | 218 | 212 | 219 | 226 | 235 |
| Other | 58 | 58 | 56 | 45 | 48 | 59 | 60 | 59 | 52 | 66 |
| Total public safety | 530 | 551 | 551 | 549 | 551 | 574 | 574 | 579 | 585 | 609 |
| Public works | 78 | 80 | 82 | 88 | 93 | 107 | 110 | 109 | 122 | 121 |
| Other governmental-type | 303 | 300 | 292 | 289 | 309 | 364 | 382 | 367 | 373 | 358 |
| Total governmental-type | 3,039 | 2,915 | 2,753 | 2,704 | 2,657 | 2,699 | 2,654 | 2,491 | 2,580 | 2,572 |
| Business-type: | | | | | | | | | | |
| Water | 72 | 78 | 82 | 82 | 79 | 83 | 75 | 71 | 66 | 73 |
| Airport | 7 | 5 | 5 | 6 | 6 | 8 | 7 | 6 | 8 | 8 |
| Cable Access | 9 | 9 | 10 | 9 | - | - | - | - | - | - |
| Downtown Parking | 10 | 6 | 9 | 7 | 7 | 6 | 11 | 9 | 9 | - |
| Total business-type | 98 | 98 | 106 | 104 | 92 | 97 | 93 | 86 | 83 | 81 |
| Total City Employees | 3,137 | 3,013 | 2,859 | 2,808 | 2,749 | 2,796 | 2,747 | 2,577 | 2,663 | 2,653 |

Notes to City Government Employees by Department:

⁽¹⁾ All employee totals are based on the last payroll of each fiscal year unless otherwise noted below (only FTE).

⁽²⁾ 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 ⁽¹⁾ | | | | | | | | | |
|---|----------------------------|------------|------------|-----------|------------|-----------|-----------|-----------|-----------|-----------|
| | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 |
| Public Education: | | | | | | | | | | |
| Student enrollment as of June 30 ⁽²⁾ | 12,522 | 12,504 | 12,565 | 12,880 | 12,845 | 12,626 | 12,640 | 12,681 | 12,565 | 12,744 |
| Public safety: | | | | | | | | | | |
| Violent crimes reported ⁽³⁾ | 501 | 547 | 501 | 558 | 579 | 633 | 819 | 1,094 | 1,199 | 1,039 |
| Property crimes reported ⁽³⁾ | 1,533 | 1,764 | 1,615 | 2,020 | 2,167 | 2,752 | 2,946 | 3,394 | 3,382 | 3,457 |
| Police calls dispatched | 79,536 | 80,850 | 80,336 | 84,068 | 90,212 | 77,400 | 90,459 | 89,914 | 92,560 | 86,971 |
| Police citations issued | 3,625 | 2,843 | 3,824 | 5,604 | 7,435 | 8,341 | 6,412 | 6,989 | 9,312 | 6,298 |
| Arrests made ⁽³⁾ | 2,420 | 2,791 | 3,381 | 3,504 | 3,910 | 3,819 | 3,841 | 3,755 | 4,328 | 4,589 |
| Accidents reported | 3,360 | 4,180 | 3,385 | 3,260 | 4,510 | 5,825 | 5,627 | 5,584 | 5,886 | 5,166 |
| Fires reported | 395 | 330 | 432 | 395 | 456 | 447 | 457 | 471 | 443 | 362 |
| Fire calls responded to | 3,310 | 3,344 | 3,000 | 619 | 2,921 | 2,786 | 2,632 | 265 | 2,463 | 2,352 |
| Emergency medical calls responded to ⁽⁴⁾ | 18,009 | 19,250 | 19,468 | 18,860 | 17,554 | 15,680 | 14,938 | 15,812 | 14,783 | 15,184 |
| Emergency medical calls | 19,114 | 20,404 | 20,422 | 19,687 | 19,223 | 18,582 | 17,373 | 18,784 | 16,681 | 17,847 |
| Fire inspections conducted | 2,243 | 2,727 | 2,601 | 2,717 | 4,044 | 4,567 | 4,376 | 4,549 | (4) | n/a |
| Parking tickets issued ⁽⁵⁾ | 4,055 | 5,376 | 4,049 | 2,655 | 9,826 | 4,650 | 7,662 | 3,631 | 4,446 | 5,753 |
| Inspectional Services | | | | | | | | | | |
| Building permits issued | 5,240 | 3,523 | 3,742 | 3,106 | 3,353 | 3,430 | 3,180 | 3,035 | 2,691 | 2,402 |
| Building permit value (000s) | \$ 571,993 | \$ 156,994 | \$ 112,133 | \$ 72,101 | \$ 134,528 | \$ 63,599 | \$ 79,168 | \$ 69,321 | \$ 59,852 | \$ 46,194 |
| Food establishment inspections conducted ⁽⁴⁾ | 1,188 | 371 | 166 | 1283 | 758 | 1669 | 947 | 900 | 987 | n/a |
| Public Works: | | | | | | | | | | |
| Municipal solid waste collected (tons) | 26,314 | 28,092 | 31,643 | 27,721 | 28,268 | 27,704 | 27,275 | 27,034 | 25,576 | n/a |
| Recycled materials collected (tons) | 9,910 | 11,160 | 13,130 | 11,539 | 13,075 | 13,941 | 13,148 | 12,898 | 11,697 | n/a |
| Facilities work orders completed | 1,375 | 987 | 1,152 | 1,245 | 1,560 | 1,608 | 1,205 | 1,521 | 1,428 | (4) |
| Fleet work orders completed | 3 | 3,546 | 3,014 | 2,163 | 2,906 | 4,703 | 5,659 | 4,348 | (4) | n/a |
| Potholes repaired | 1,765 | 2,666 | 5,035 | 6,064 | 10,142 | 9,886 | 11,815 | 12,567 | 9,961 | 9,086 |
| Trees planted | 650 | 443 | 138 | 171 | 678 | 470 | 415 | 874 | 468 | 650 |
| Culture & recreation: | | | | | | | | | | |
| Library physical circulation | 164,271 | 214,060 | 156,502 | 279,957 | 325,953 | 237,625 | 237,756 | 248,629 | 257,215 | 283,728 |
| Library electronic circulation | 94,095 | 97,487 | 53,088 | 48,955 | 30,834 | 15,343 | 13,148 | 15,623 | 10,038 | 7,894 |
| Seasonal parks and recreation staff employed | 127 | 101 | 166 | 212 | 257 | 102 | 116 | 81 | 121 | 120 |
| Supportive recreational program participants | 5,519 | 2,615 | 378 | 969 | 8,811 | 1,310 | 2,602 | 3,427 | 1,694 | 1,466 |
| Summer recreational program participants | 1,738 | 1,717 | 1,259 | 1,320 | 1,422 | 1,902 | 2,190 | 2,550 | 2,204 | 2,000 |
| Summer meals served | 43,575 | 48,850 | 58,428 | 252,683 | 95,470 | 85,458 | 94,092 | 92,588 | 88,146 | 80,000 |
| Recreational facility rental contracts | 317 | 209 | 79 | 161 | 244 | 153 | 228 | 727 | 769 | 175 |
| Buttonwood Park Zoo attendance | 156,000 | 163,186 | 122,302 | 101,878 | 147,057 | 136,969 | 129,583 | 121,868 | 135,460 | 141,669 |
| Water: | | | | | | | | | | |
| Water treated (CCF) | 5,411,168 | 5,613,569 | 5,172,606 | 5,039,824 | 4,346,919 | 5,211,697 | 5,146,406 | 5,650,558 | 5,771,195 | 6,462,535 |
| Water consumed (billed CCF) | 4,635,601 | 4,494,844 | 4,415,034 | 4,370,887 | 3,987,156 | 4,682,913 | 4,870,580 | 5,596,312 | 4,694,285 | 4,642,548 |
| Airport: | | | | | | | | | | |
| Aircraft operations, total | 58,078 | 57,171 | 56,597 | 49,990 | 53,204 | 57,248 | 47,117 | 52,115 | 43,983 | 49,520 |
| Aircraft operations, jet service only | 1,613 | 1,993 | 1,593 | 1,270 | 1,361 | 1,269 | 1,221 | 1,072 | 961 | 392 |
| Passenger enplanements | 1,877 | 3,534 | 4,058 | 2,860 | 6,518 | 7,057 | 6,646 | 7,461 | 7,068 | 9,773 |
| Downtown Parking: | | | | | | | | | | |
| Parking tickets issued ⁽⁵⁾ | 42,403 | 34,767 | 30,647 | 39,073 | 51,089 | 19,239 | 19,536 | 28,435 | 24,536 | 23,044 |

Notes to Operating Indicators By Function:

⁽¹⁾ All operational data was furnished by City departments unless otherwise noted below.

⁽²⁾ Student enrollment data is from the Massachusetts Department of Elementary and Secondary Education (DESE) as of October 1 of each fiscal year.

⁽³⁾ Arrest data for FY 2008 was converted to a new tracking system implemented in 2009 but was not segregated. Arrests have been allocated equally to each fiscal year.

⁽⁴⁾ Emergency medical calls not responded to by the City were responded to by private rescue services or municipalities under mutual aid agreements.

⁽⁵⁾ 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.

⁽⁶⁾ No data for FY2019 due to data breach.

Capital Asset Statistics by Department – Last Ten Fiscal Years

| Function/Program | Fiscal Year ⁽¹⁾ | | | | | | | | | |
|--|----------------------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 |
| Public Education: | | | | | | | | | | |
| 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 |
| Public safety: | | | | | | | | | | |
| Police stations | 3 | 3 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 |
| Uniformed police force ⁽²⁾ | 258 | 258 | 257 | 257 | 266 | 253 | 255 | 259 | 257 | 261 |
| Police vehicles, marked | 91 | 71 | 84 | 80 | 88 | 71 | 69 | 69 | 69 | 63 |
| Police vehicles, total fleet | 148 | 140 | 141 | 145 | 156 | 146 | 120 | 122 | 124 | 132 |
| Fire stations | 6 | 5 | 6 | 6 | 7 | 7 | 7 | 7 | 7 | 7 |
| Uniformed firefighting force ⁽²⁾ | 210 | 216 | 201 | 207 | 216 | 216 | 216 | 215 | 222 | 222 |
| Total fire apparatus | 9 | 9 | 9 | 9 | 10 | 10 | 10 | 10 | 10 | 10 |
| Emergency rescues | 18 | 7 | 6 | 7 | 8 | 7 | 5 | 4 | 4 | 4 |
| Metered parking spaces ⁽³⁾ | 214 | 214 | 214 | 214 | 214 | 214 | 214 | 214 | 214 | 214 |
| Public Works: | | | | | | | | | | |
| City-owned buildings ⁽⁴⁾ | 87 | 85 | 89 | 89 | 89 | 89 | 77 | 77 | 77 | n/a |
| Vehicle fleet ⁽⁴⁾ | 461 | 449 | 585 | 607 | 594 | 582 | 389 | 351 | 375 | n/a |
| Public roadways (miles) | 331 | 331 | 330 | 331 | 331 | 337 | 337 | 336 | 336 | 335 |
| Sidewalks (miles) | 6,622 | 662 | 360 | 662 | 662 | 674 | 674 | 672 | 672 | 670 |
| Streetlights | 10,744 | 11,352 | 10,549 | 11,000 | 11,000 | 10,664 | 10,664 | n/a | n/a | n/a |
| Trees | 12,844 | 12,221 | 12,024 | 11,000 | 11,000 | 10,458 | 9,988 | 9,573 | 8,699 | 8,231 |
| Wastewater pump stations | 29 | 29 | 29 | 29 | 29 | 29 | 29 | 29 | 29 | 29 |
| Sewage collection system (miles) | 463 | 463 | 435 | 435 | 435 | 435 | 435 | 434 | 434 | 433 |
| Culture & recreation: | | | | | | | | | | |
| Library volumes | 312,162 | 325,278 | 349,152 | 372,439 | 435,260 | 373,267 | 385,754 | 380,915 | 409,786 | 438,439 |
| Library special collections | 3,085 | 2,983 | 2,962 | 2,907 | 2,181 | 2,181 | 2,833 | 2,852 | 2,991 | 2,480 |
| Total parks & beaches | 58 | 55 | 45 | 44 | 44 | 37 | 37 | 37 | 36 | 35 |
| Accessible green space (acres) | 1,010 | 812 | 830 | 830 | 830 | 830 | 830 | 722 | 719 | 628 |
| Walking trails (miles) | 4 | 9.0 | 9.5 | 8.5 | 8.5 | 6.5 | 6.5 | 4.5 | 3.5 | 2.0 |
| Buttonwood Park Zoo exhibits | 33 | 33 | 33 | 35 | 32 | 30 | 30 | 24 | 24 | 24 |
| Buttonwood Park Zoo animals | 1,379 | 1,581 | 1,700 | 2,381 | 2,368 | 976 | 1,079 | 769 | 556 | 1,030 |
| Water: | | | | | | | | | | |
| Treatment plant capacity (million gallons per day) | 45 | 45.0 | 45.0 | 45.0 | 45.0 | 45.0 | 45.0 | 45.0 | 45.0 | 45.0 |
| Water distribution system (miles) | 283 | 283.0 | 300.0 | 308.0 | 308.0 | 308.0 | 308.0 | 287.0 | 287.0 | 287.0 |
| Airport: | | | | | | | | | | |
| Based Aircraft | 99 | 107 | 106 | 101 | 108 | 110 | 107 | 102 | 98 | 138 |
| Runway Length (linear feet) | 10,400 | 10,400 | 10,400 | 10,400 | 10,400 | 10,400 | 10,400 | 10,400 | 10,400 | 10,400 |
| Downtown Parking: | | | | | | | | | | |
| Parking garage capacity (in spaces) | 1,379 | 1,373 | 1,373 | 1,373 | 1,373 | 1,373 | 1,373 | 1,373 | 1,373 | 1,373 |
| Metered parking spaces ⁽³⁾ | 795 | 879 | 879 | 879 | 879 | 879 | 879 | 784 | 784 | 784 |

Notes to Capital Asset Statistics By Department:

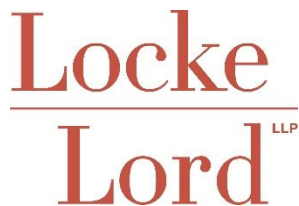
⁽¹⁾ All capital asset information was furnished by City departments.

⁽²⁾ Uniformed police and firefighting forces include both filled and vacant positions as of June 30 of each fiscal year.

⁽³⁾ 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.

⁽⁴⁾ Excludes buildings and vehicles reported under Public Safety.

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www.lockelord.com

(Date of Delivery)

John Taxiarchos, Interim Treasurer
City of New Bedford
New Bedford, Massachusetts

\$18,805,000*
City of New Bedford, Massachusetts
General Obligation State Qualified Municipal Purpose Loan of 2023 Bonds
Dated April 12, 2023

We have acted as bond counsel to the City of New Bedford, Massachusetts (the “City”) in connection with the issuance by the City of the above-referenced bonds (the “Bonds”). In such capacity, we have examined the law and such certified proceedings and other papers as we have deemed necessary to render this opinion.

As to questions of fact material to our opinion we have relied upon representations and covenants of the City contained in the certified proceedings and other certifications of public officials furnished to us, without undertaking to verify the same by independent investigation.

Based on our examination, we are of the opinion, under existing law, as follows:

1. The Bonds are valid and binding general obligations of the City and, except to the extent they are paid from other sources, the principal of and interest on the Bonds are payable from taxes which may be levied upon all taxable property in the City, subject to the limit imposed by Chapter 59, Section 21C of the General Laws.
2. The Bonds are qualified bonds as defined in Chapter 44A of the General Laws and is entitled to the benefits of the provisions thereof.]
3. Interest on the Bonds is excluded from the gross income of the owners of the Bonds for federal income tax purposes. In addition, interest on the Bonds is not a specific preference item for purposes of the federal individual alternative minimum tax. However, interest on the Bonds will be included in the “adjusted financial statement income” of certain

* Preliminary, subject to change.

corporations that are subject to the alternative minimum tax under Section 55 of the Internal Revenue Code of 1986 (the “Code”). In rendering the opinions set forth in this paragraph, we have assumed compliance by the City with all requirements of the Code that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be, and continue to be, excluded from gross income for federal income tax purposes. The City has covenanted to comply with all such requirements. Failure by the City to comply with certain of such requirements may cause interest on the Bonds to become included in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds. We express no opinion regarding any other federal tax consequences arising with respect to the Bonds.

4. Interest on the Bonds is exempt from Massachusetts personal income taxes and the Bonds are exempt from Massachusetts personal property taxes. We express no opinion regarding any other Massachusetts tax consequences arising with respect to the Bonds or any tax consequences arising with respect to the Bonds under the laws of any state other than Massachusetts.

This opinion is expressed as of the date hereof, and we neither assume nor undertake any obligation to update, revise, supplement or restate this opinion to reflect any action taken or omitted, or any facts or circumstances or changes in law or in the interpretation thereof, that may hereafter arise or occur, or for any other reason.

The rights of the holders of the Bonds and the enforceability of the Bonds may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors’ rights heretofore or hereafter enacted to the extent constitutionally applicable, and their enforcement may also be subject to the exercise of judicial discretion in appropriate cases.

LOCKE LORD LLP

**PROPOSED FORM OF
CONTINUING DISCLOSURE CERTIFICATE**

This Continuing Disclosure Certificate (the “Disclosure Certificate”) is executed and delivered by the City of New Bedford, Massachusetts (the “Issuer”) in connection with the issuance of its \$18,805,000* General Obligation State Qualified Municipal Purpose Loan of 2024 Bonds dated April 10, 2024 (the “Bonds”). The Issuer covenants and agrees as follows:

SECTION 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the Issuer for the benefit of the Owners of the Bonds and in order to assist the Participating Underwriters in complying with the Rule.

SECTION 2. Definitions. For purposes of this Disclosure Certificate the following capitalized terms shall have the following meanings:

“Annual Report” shall mean any Annual Report provided by the Issuer pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

“Listed Events” shall mean any of the events listed in Section 5(a) of this Disclosure Certificate.

“MSRB” shall mean the Municipal Securities Rulemaking Board as established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934, or any successor thereto or to the functions of the MSRB contemplated by this Disclosure Certificate. Filing information relating to the MSRB is set forth in Exhibit A attached hereto.

“Obligated Person” shall mean the Issuer.

“Owners of the Bonds” shall mean the registered owners, including beneficial owners, of the Bonds.

“Participating Underwriter” shall mean any of the original underwriters of the Bonds required to comply with the Rule in connection with offering of the Bonds.

“Rule” shall mean Rule 15c2-12 adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

SECTION 3. Provision of Annual Reports.

(a) The Issuer shall, not later than 270 days after the end of each fiscal year, provide to the MSRB an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in

* Preliminary, subject to change.

Section 4 of this Disclosure Certificate; provided that the audited financial statements of the Issuer may be submitted when available separately from the balance of the Annual Report.

(b) If the Issuer is unable to provide to the MSRB an Annual Report by the date required in subsection (a), the Issuer shall send a notice to the MSRB in a timely manner, in substantially the form attached as Exhibit B.

SECTION 4. Content of Annual Reports. The Issuer's Annual Report shall contain or incorporate by reference the following:

(a) quantitative information for the preceding fiscal year of the type presented in the Issuer's Official Statement dated March 13, 2024, relating to the Bonds regarding (i) the revenues and expenditures of the Issuer relating to its operating budget, (ii) capital expenditures, (iii) fund balances, (iv) property tax information, (v) outstanding indebtedness and overlapping debt of the Issuer, (vi) pension obligations of the Issuer, and (vii) other post-employment benefits liability of the Issuer, and

(b) the most recently available audited financial statements of the Issuer, prepared in accordance with generally accepted accounting principles, with certain exceptions permitted by the Massachusetts Uniform Municipal Accounting System promulgated by the Department of Revenue of the Commonwealth. If audited financial statements for the preceding fiscal year are not available when the Annual Report is submitted, the Annual Report will include unaudited financial statements for the preceding fiscal year and audited financial statements for such fiscal year shall be submitted when available.

Any or all of the items listed above may be incorporated by reference from other documents, including official statements of debt issues of the Issuer or related public entities, which (i) are available to the public on the MSRB internet website or (ii) have been filed with the Securities and Exchange Commission. The Issuer shall clearly identify each such other document so incorporated by reference.

SECTION 5. Reporting of Significant Events.

(a) The Issuer shall give notice, in accordance with the provisions of this Section 5, of the occurrence of any of the following events with respect to the Bonds:

1. Principal and interest payment delinquencies.
2. Non-payment related defaults, if material.
3. Unscheduled draws on debt service reserves reflecting financial difficulties.
4. Unscheduled draws on credit enhancements reflecting financial difficulties.
5. Substitution of credit or liquidity providers, or their failure to perform.
6. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other

material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds.

7. Modifications to rights of the Owners of the Bonds, if material.
8. Bond calls, if material, and tender offers.
9. Defeasances.
10. Release, substitution or sale of property securing repayment of the Bonds, if material.
11. Rating changes.
12. Bankruptcy, insolvency, receivership or similar event of the Obligated Person.*
13. The consummation of a merger, consolidation, or acquisition involving an Obligated Person or the sale of all or substantially all of the assets of the Obligated Person, 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.
14. Appointment of a successor or additional trustee or the change of name of a trustee, if material.
15. Incurrence of a financial obligation of the Obligated Person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the Obligated Person, any of which affect Owners of the Bonds, if material.†
16. Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the Obligated Person, any of which reflect financial difficulties.†

* As noted in the Rule, this event is considered to occur when any of the following occur: (i) the appointment of a receiver, fiscal agent or similar officer for the Obligated Person in a proceeding under the U.S. Bankruptcy Code or in any proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Obligated Person, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or (ii) the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Obligated Person.

† For purposes of event numbers 15 and 16 in Section 5(a) of this Disclosure Certificate, the term “financial obligation” means a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term “financial obligation” excludes municipal securities for which a final official statement has been provided to the MSRB consistent with the Rule.

(b) Upon the occurrence of a Listed Event, the Issuer shall, in a timely manner not in excess of ten (10) business days after the occurrence of the event, file a notice of such occurrence with the MSRB.

SECTION 6. Transmission of Information and Notices. Unless otherwise required by law, all notices, documents and information provided to the MSRB shall be provided in electronic format as prescribed by the MSRB and shall be accompanied by identifying information as prescribed by the MSRB.

SECTION 7. Termination of Reporting Obligation. The Issuer's obligations under this Disclosure Certificate shall terminate upon the [prior redemption or] payment in full of all of the Bonds. If such termination occurs prior to the final maturity of the Bonds, the Issuer shall give notice of such termination in the same manner as for a Listed Event under Section 5(b).

SECTION 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the Issuer may amend this Disclosure Certificate and any provision of this Disclosure Certificate may be waived if such amendment or waiver is permitted by the Rule, as evidenced by an opinion of counsel expert in federal securities law (which may include bond counsel to the Issuer), to the effect that such amendment or waiver would not cause the Disclosure Certificate to violate the Rule. The first Annual Report filed after enactment of any amendment to or waiver of this Disclosure Certificate shall explain, in narrative form, the reasons for the amendment or waiver and the impact of the change in the type of information being provided in the Annual Report.

If the amendment provides for a change in the accounting principles to be followed in preparing financial statements, the Annual Report for the year in which the change is made shall present a comparison between the financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. The comparison shall include a qualitative discussion of the differences in the accounting principles and the impact of the change in the accounting principles on the presentation of the financial information in order to provide information to investors to enable them to evaluate the ability of the Issuer to meet its obligations. To the extent reasonably feasible, the comparison shall also be quantitative. A notice of the change in the accounting principles shall be sent to the MSRB.

SECTION 9. Default. In the event of a failure of the Issuer to comply with any provision of this Disclosure Certificate any Owner of the Bonds may seek a court order for specific performance by the Issuer of its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not constitute a default with respect to the Bonds, and the sole remedy under this Disclosure Certificate in the event of any failure of the Issuer to comply with this Disclosure Certificate shall be an action for specific performance of the Issuer's obligations hereunder and not for money damages in any amount.

SECTION 10. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the Owners of the Bonds from time to time, and shall create no rights in any other person or entity.

Date: April 10, 2024

CITY OF NEW BEDFORD,
MASSACHUSETTS

By _____
Treasurer

Mayor

[EXHIBIT A: Filing Information for the MSRB]
[EXHIBIT B: Form of Notice of Failure to File Annual Report]

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APPENDIX D

City of New Bedford, Massachusetts Fiscal Policies

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CITY OF NEW BEDFORD, MASSACHUSETTS

Policy Title: Debt Issuance and Management

Effective Date: November 27, 2013

1. Introduction

The purpose of this debt policy is to establish a set of parameters by which debt obligations will be undertaken by the City of New Bedford. This policy reinforces the commitment of the City and its officials to manage the City's financial affairs so as to minimize risks, avoid conflicts of interest and ensure transparency while still meeting the City's capital needs. A debt management policy signals to the public and the rating agencies that the City of New Bedford approaches the financing of capital needs in a deliberate manner and fulfills the requirements of Chapter 44 of the Commonwealth of Massachusetts General Laws regarding the adoption of a debt management policy.

The City shall comply with legal requirements for notice and for public meetings related to debt issuance. All notices shall be posted in the customary and required posting locations including, as required, local newspapers, bulletin boards, and websites. All costs associated with each debt issue as well as, when applicable, a debt service schedule outlining the rate of retirement, shall be clearly presented and disclosed to the citizens, City Council, and other stakeholders in a timely manner.

2. Financing Purposes

The City of New Bedford will consider term financing for the acquisition, replacement, and/or expansion of physical assets, and to refinance existing debt. Short-term issues may be used to finance certain projects and equipment and to support operational borrowing. However, the City will minimize the use of short-term cash flow borrowings by maintaining adequate working capital and effective management of the budgeted expenditures.

While the "pay as you go" means of using current revenues to pay for capital projects is often considered the preferred means of financing because it avoids interest payments, it may not be entirely practical, given the size and timing of projects to meet the City's ongoing needs. However, the inclusion of a robust cash component in capital projects will be pursued whenever possible, provided fund balance and reserve policies are not compromised.

All debt will be issued and managed in accordance with Chapter 44 of the Massachusetts General Laws.

The primary borrowing purposes are summarized below:

a. Long-Term Capital Improvements

The City will prepare a multi-year Capital Improvements Program (CIP) working with individual departments and agencies and prioritize these projects based on a Capital Needs Assessment. The CIP will include projections for the upcoming fiscal years and will be updated at least biennially, or sooner if there are significant changes to the scope and/or cost of projects. Future operations and maintenance costs associated with capital improvement projects will be developed and identified as part of the project submission.

Since the aggregate cost of desired capital projects generally exceeds available funds, the capital planning process prioritizes projects and identifies the funding needs. The City will initially rely on internally-generated funds and/or grants and contributions from other governmental agencies to finance its capital needs. Debt will be issued for a capital project only when it is an appropriate means to achieve a fair allocation of costs between current and future beneficiaries and if a secure revenue source is identified to repay the debt. Debt service is limited to that portion of a project that is not reimbursable by state, federal or local grants.

The Financial Team, working with City departments within the context of the CIP and the City's Five-Year Financial Outlook, oversees and coordinates the timing, processing, and marketing of the City's borrowing and capital funding activities. Close coordination of capital planning and debt planning will ensure that the maximum benefit is achieved with the limited capital funds. The debt management process will determine the availability of funds which can be raised through debt based upon the debt capacity/affordability analysis.

The City will endeavor to enter the financial markets no more than twice each year, and will analyze market conditions prior to debt issuance to determine the most advantageous terms. Debt financing schedules will be constructed to repay debt within a period not to exceed the expected useful life of the asset, and will attempt to repay debt using a level principal repayment structure.

b. Refinancings/Refunding of Existing Debt

The Chief Financial Officer, working with the Financial Team, will periodically evaluate the City's existing debt and execute refinancings when economically beneficial, legally permissible and prudent. A refinancing may include the issuance of bonds to refund existing debt or the issuance of bonds in order to refund other obligations. Net present value savings over the course of the refunding must be at least 3% (of refunded principal) for consideration.

c. Cash Flow Borrowing

It is understood that expenditure cycles do not always follow the revenue cycle and that short-term debt may be necessary to meet cash flow requirements.

Anticipation notes may include:

- Tax Anticipation Notes (TANs), used in anticipation of future tax collections.
- Revenue Anticipation Notes (RANs) issued with the anticipation that non-tax revenue will be received.
- Tax and Revenue Anticipation Notes (TRANs), which will be paid with a combination of taxes and revenue.

d. Short-Term Borrowing for Capital Needs

The City may from time to time issue short-term debt that serves as interim financing pending the issuance of long-term debt to finance a completed capital project. This approach is particularly applicable in cases where a project depends upon a combination of reimbursable grant funding. Such notes may include:

- Bond Anticipation Notes (BANs), a short term-interest-bearing note issued in advance of a future long-term bond issue.
- Grant Anticipation Notes (GANs), issued for capital projects that are dependent upon reimbursable grant funding from an outside entity, such as the Commonwealth or Federal governments.

e. Capital Leases

The City may enter into a capital lease agreement for the purchase of capital equipment and vehicles so long as the lease period does not exceed 10 years or extend beyond the useful life of the purchase.

f. State Revolving Fund

For projects that are directly related to wastewater and drinking water infrastructure/ construction/improvement or rehabilitation, the City may opt to borrow funding directly from the Massachusetts Water Pollution Abatement Trust revolving fund program.

3. Financing Processes

The City shall employ a financial advisor and bond counsel to review and advise on all matters related to debt authorization and debt issuance. Should a capital project, infrastructure improvement, or capital equipment need require seeking an authorization to borrow funds, the benefitting party must provide comprehensive documentation to the Financial Team outlining the scope of the project, the cost of the project, the cash flow projection to complete the project, and any expected federal, state or local grant awards or other funding sources.

- a. All loan authorizations should be authored by bond counsel or, at a minimum, reviewed by bond counsel prior to submission to the City Council for approval.
- b. Unless market conditions are extremely unfavorable, the City will endeavor to sell all municipal bond and note issues by competitive bid. The competitive bid process guarantees the City adequate exposure in the market and reasonable expectation that interest terms and rates are competitive.
- c. The City seeks to maintain the highest possible credit rating that can be achieved for debt instruments to attract quality investors and reduce interest costs. To enhance creditworthiness, the City is committed to prudent financial management and systematic capital and long-term financial planning.
- d. The City will maintain good communications with bond rating agencies about its financial condition. The City will adhere to a policy of full disclosure on every financial report and bond prospectus (official statement).
- e. Long-term debt service for enterprise fund (business-related) debt, i.e., Water, Wastewater and Airport operations, shall be included in the respective funds' annual budgets. The city will periodically review and adjust rates for each enterprise to ensure sufficient capacity for annual debt service payments.
- f. The City will file application with the Municipal Finance Oversight Board for consideration of acceptance into the State Qualified Bond Act (SQBA) program when appropriate.
- g. Debt maturity is dictated by the limits set forth in MGL Chapter 44 as prescribed by Statutory Authority, Purpose and Maximum Term. The City shall endeavor to retire/refund debt whenever it is financially feasible, legally permissible and advantageous for the City.

- h. The City will monitor all municipal borrowings on a regular basis to insure compliance with federal tax reform legislation and arbitrage limitations.

4. Debt Capacity

The decision whether to assume new tax-supported general obligation debt (total general obligation debt less any enterprise-related, revenue supported general obligation debt) shall be based on the direct cost and benefit of the proposed project, the current conditions in the bond market and the City's ability to afford new debt. The City will apply several indicators to determine the appropriateness of assuming tax-supported general obligation debt. These affordability targets shall include:

- a. Outstanding debt as a percentage of per capita income;
- b. Outstanding debt as a percentage of assessed valuation.
- c. Annual debt service as a percentage of the adopted General Fund operating budget.
- d. Amortization of 60% to 70% of debt, including the prospective debt issuance, in 10 years.

In addition, enterprise fund indebtedness may not exceed 25% of the total assessed valuation of all real and personal property in the City for any given fiscal year, so long as the enterprise fund can support its debt service.

The City shall not assume more tax-supported general obligation debt than it retires each year without conducting an objective analysis regarding the City's ability to assume and support additional debt service payments.

General obligation, net tax-supported debt may not exceed 10% of the total assessed valuation of all real and personal property in the City for any given fiscal year and the City shall strive to maintain its General Fund backed debt service at no more than 10% of the General Fund's annual operating budget.

CITY OF NEW BEDFORD, MASSACHUSETTS

Policy Title: Fund Balance Management

Effective Date: November 27, 2013

1. Purpose

The City of New Bedford recognizes the significance of maintaining an appropriate level of fund balance as one component of sound financial management and, therefore, establishes this policy for management of the City's fund balances. An adequate fund balance level is an essential element in both short and long-term financial planning and serves to mitigate the impact of future risks, sustain operations during economic downturns, and enhance the City's creditworthiness, credit rating, and flexibility. Through the maintenance of adequate levels of fund balance, the City can help stabilize funding for operations and realize cost savings in issuing debt.

2. Scope

This policy establishes the level of fund balance required for the City's General Fund and the various components of the City's fund balance management program. In addition, the policy sets forth the levels deemed appropriate for City operations and protocols for the use and maintenance of the established levels.

3. Fund Balance Definitions

Fund balance is defined as the difference between assets and liabilities as reported in governmental funds. The Government Accounting Standards Board (GASB) prescribes four categories of fund balance: non-spendable, restricted, committed, assigned and unassigned. This policy focuses on the use of unassigned fund balance, which is defined as the portion of unrestricted fund balance that has not been committed or assigned to other uses and is therefore available to spend in future periods.

4. Unassigned Fund Balance

The City's unassigned fund balance functions as a reserve which ensures the continuity of services. The City of New Bedford is committed to maintaining prudent levels of reserves to mitigate against unforeseen events and diminished revenues during economic downturns. In addition to the unassigned fund balance, the City maintains a Stabilization Fund (within the General Fund, included in the assigned/committed portion) which may be utilized to protect against a reduction of service levels and to manage temporary revenue shortfalls and unanticipated one-time expenditures. The desirable level of funding for the Stabilization Fund is between two (2%) and six (6%) of the General Fund operating budget.

5. Free Cash

Free Cash is defined as the City's remaining unrestricted funds available from operations in previous fiscal years, as certified by the Massachusetts Department of Revenue. In addition to a robust Stabilization Fund, the City endeavors to maintain an ample Free Cash balance to provide sufficient financial flexibility and stability on an ongoing basis. Consequently, the City is committed to utilizing a conservative approach in building its annual budget. The desirable available balance for free cash is no less than one (1%) of the General Fund operating budget in any given year.

CITY OF NEW BEDFORD, MASSACHUSETTS

Policy Title: Investment of City Funds

Effective Date: November 3, 2014

1. Introduction

This policy covers investments in the following fund categories: General Funds, Special Revenue Funds, Enterprise Funds, Agency Funds, Capital Project Funds and Trust Funds.

2. Authority

The Treasurer has the authority to invest the City's funds, subject to the statutes of the Commonwealth of Massachusetts, Chapter 44, § 55, 55a and 55b.

The Treasurer has the authority to invest the City's Trust Funds, subject to the statutes of the Commonwealth of Massachusetts, Chapter 44, § 54. All trust funds shall fall under the control of the Treasurer unless otherwise provided or directed by the donor.

Massachusetts General Laws, Chapter 44, § 55B and Chapter 740 of the Acts of 1985 requires the Treasurer to invest all public funds not designated for immediate distribution at the highest possible rate of interest reasonably available, taking into account safety, liquidity and yield.

3. Operational Considerations

The Treasurer shall negotiate for the highest rates possible, consistent with safety principles. Whenever necessary, the Treasurer will seek collateralization for all investments not covered by FDIC and/or DIF.

The Treasurer will utilize a bank rating service (Veribanc, etc.) to ensure dollars are invested with banking institutions of the highest quality.

The Treasurer shall require any brokerage houses, brokers and dealers wishing to do business with the City, to supply the following information:

- a. Audited financial statements;
- b. Proof of National Association of Security Dealers certification;
- c. A statement of compliance with the City's investment policy;
- d. Proof of creditworthiness (minimum of 5 years in operation and capital that exceeds \$10 million).

4. Reporting Requirements

On a regular basis (quarterly, semi-annually, or annually), a report containing the following information will be prepared by the Treasurer and distributed to the Chief Financial Officer:

- a. A listing of the individual accounts and individual securities held at the end of the reporting period;
- b. A listing of the short-term investment portfolio by security type and maturity to ensure compliance with the diversification and maturity guidelines established within the framework of GASB 45;
- c. A summary of the income earned on a monthly and year to date basis;
- d. A brief statement of general market and economic conditions and other factors that may affect the City's cash position.

5. Restrictions

MGL Chapter 44, Section 55 sets forth the several restrictions of which the Treasurer must be aware when making investment selections.

- a. A Treasurer shall not at any one time have on deposit in a bank or trust company an amount exceeding 60% of the capital and surplus of such bank or trust company, or banking company, unless satisfactory security is given to it by such bank or trust company, or banking company for such excess;
- b. The Treasurer shall not make a deposit in any bank, trust company or banking company that he/she is associated as an officer or employee or has been the same for any time during the three years immediately preceding the date of any such deposit;
- c. All securities shall have a maturity from date of purchase of one year or less.

Massachusetts General Laws Chapter 44, Section 54 states that money should be deposited into banking institutions and trust companies incorporated under the laws of the Commonwealth, which are members of the Federal Deposit Insurance Corporation.

The Treasurer may invest funds in securities, other than mortgage and collateral loans, which are legal for the investment of funds under the laws of the Commonwealth provided that not more than fifteen percent of any Trust Fund shall be invested in bank stocks and insurance company stock, nor shall more than one and one-half percent of such funds be invested in the stock of any one bank or insurance company.

Common and preferred stock as well as other investment vehicles listed on the Commonwealth of Massachusetts List of Legal Investments, are permissible investment vehicles. The List of Legal Investments is maintained by the Office of the Commissioner of Banks.

The Treasurer must apply the “prudent person” standard in the context of managing the overall portfolio. The Treasurer, acting in accordance with the Investment Policy and exercising due diligence, shall be relieved of personal responsibility for an individual security’s credit risk or market price changes, provided the transactions are carried out in accordance with the terms of this policy.

Investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs; not for speculation but for investment considering the probable safety of their capital, as well as the probable income to be derived.

The Treasurer shall refrain from any personal activity that may conflict with the proper execution of the investment program or which could impair or appear to impair the ability to make impartial investment decisions. The Treasurer must disclose any material financial interest in financial institutions that do business with the City.

CITY OF NEW BEDFORD, MASSACHUSETTS

Policy Title: Other Post Employment Benefits Trust Fund

Effective Date: November 30, 2016

I. INTRODUCTION

The purpose of this policy is to establish guidelines for the management of the impact of the City's Other Post Employment Benefits (OPEB) liability on the overall budget and credit rating, within the context of the City's long-term obligations to its retirees. The Other Post-Employment Benefits (OPEB) Liability Trust Fund was initially established in 2015, with the acceptance of Chapter 32B, Section 20, of the Massachusetts General Laws, which requires the segregation of funds to address the City's actuarial liability.

The custodian of the OPEB Trust Fund is the City Treasurer. The City of New Bedford utilizes the State Retiree Benefits Trust Fund to invest funds that are designated for addressing the City's OPEB liability. Transfers into, and withdrawals from, the OPEB Trust Fund require an appropriation by the City Council, upon recommendation by the Mayor.

II. FUNDING SOURCES

The OPEB Trust Fund may be supported by transfers from multiple funding sources, potentially including taxation, enterprise fund revenue and/or Free Cash. At minimum, the City will seek to designate an amount equivalent to at least 10% of certified General Fund Free Cash for deposit into the OPEB Trust Fund on an annual basis. In addition, funding will be designated from the individual enterprise funds to offset the funds' overall share of assigned liabilities as determined by the most recent actuarial study. All interest proceeds generated by the accumulated deposits shall accrue to the Trust Fund.

III. MANAGEMENT OF OPEB LIABILITY TRUST FUND

The City's management team, working with union representatives and health care providers, will continue to make every effort to manage the OPEB liability by identifying revisions to benefit delivery and cost assignment that will reduce out year costs. Management of the Trust Fund is subject to the following parameters:

- A. Current retiree health obligations will be funded on a pay-as-you-go basis.
- B. Withdrawals under any circumstances will not occur unless the Trust Fund balance is sufficient to maintain at minimum a two year reserve for the City's share of retiree claims costs.
- C. The City may only draw upon the Trust Fund to offset the impact of unexpected increases in retiree benefit costs once the reserve benchmark has been attained, and only if such increases will stabilize annual expenditures.
- D. The City will evaluate, adopt and implement policies and strategies to limit future OPEB liabilities as legislatively allowed and appropriate.
- E. The City may, as available funds provide, opt to set aside more than the amount required to achieve and maintain the benchmark reserve.

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PROPOSAL FOR BONDS

John Taxiarchos, Interim City Treasurer
City of New Bedford, Massachusetts
c/o Hilltop Securities Inc.
54 Canal Street, 3rd Floor
Boston, MA 02114

March 13, 2024

Dear Mr. Taxiarchos:

For \$18,805,000* City of New Bedford, Massachusetts, General Obligation State Qualified Municipal Purpose Loan of 2024 Bonds as further described in your Notice of Sale dated March 7, 2024, which Notice of Sale is hereby made a part of this proposal, we bid.....and accrued interest to date of delivery for each \$100 par value of bonds, bearing interest at the rate or rates per annum as follows:

| <u>Year</u> | <u>Rate</u> | <u>Year</u> | <u>Rate</u> |
|-------------|-------------|-------------|-------------|
| 2025 |% | 2040 | % ** |
| 2026 | | 2041 | ** |
| 2027 | | 2042 | ** |
| 2028 | | 2043 | ** |
| 2029 | | 2044 | ** |
| 2030 | | 2045 | ** |
| 2031 | | 2046 | ** |
| 2032 | | 2047 | ** |
| 2033 | | 2048 | ** |
| 2034 | ** | 2049 | ** |
| 2035 | ** | 2050 | ** |
| 2036 | ** | 2051 | ** |
| 2037 | ** | 2052 | ** |
| 2038 | ** | 2053 | ** |
| 2039 | ** | 2054 | ** |

****TERM BONDS (Optional – No more than three Term Bonds.)**

| <u>Year of Mandatory Redemption</u> | <u>Year of Maturity</u> | <u>Interest Rate</u> |
|-------------------------------------|-------------------------|----------------------|
| _____ | _____ | _____ |
| _____ | _____ | _____ |
| _____ | _____ | _____ |

The undersigned hereby acknowledges receipt of the Preliminary Official Statement referred to in the aforementioned Notice of Sale.

The following is our computation of the net interest cost and percent true interest cost calculated in accordance with the Notice of Sale, is for informational purposes only, and is subject to verification prior to award.

| | | |
|-----------------------------|-----------------|---|
| Gross Interest Cost | \$ _____ | |
| Underwriters Premium | \$ _____ | BIDS MUST INCLUDE A PREMIUM OF AT LEAST \$120,000. |
| Net Interest Cost | \$ _____ | |
| Percent True Interest Cost | _____ % | |
| | (four decimals) | |

Hilltop Securities Inc. would be pleased to assist you in entering your bid on these Bonds if you will e-mail your signed bid form in advance and telephone figures about one-half hour before the time of sale. The City and Hilltop Securities Inc. are not responsible for errors in bids submitted in this manner.

TELEPHONE (617) 619-4400
HILLTOP SECURITIES INC.

*Preliminary, subject to change.