

# COMPREHENSIVE ANNUAL FINANCIAL REPORT

OF THE

## CITY OF NEW BRITAIN CONNECTICUT

FISCAL YEAR ENDED JUNE 30, 2004



John Jedrzejczyk, Director of Finance

Prepared by Finance Department

# CITY OF NEW BRITAIN, CONNECTICUT

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**CITY OF NEW BRITAIN, CONNECTICUT  
PRINCIPAL OFFICIALS**

**MAYOR**

Timothy T. Stewart

**TREASURER**

Jason Jakubowski

**DEPUTY TREASURER**

David DeFronzo

**TOWN COUNCIL**

Suzanne Bielinski, Mayor ProTem  
Michael Trueworthy, Majority Leader  
Barbara Yezierski, Assistant Majority Leader  
Paul Catanzaro, Assistant Majority Leader  
Richard Lopes  
Silvia Cruz  
James Sullivan  
Salvatore Bonola  
Teresa Sapieha-Yanchak  
Daniel Karp  
Larry Hermanowski  
Francis Ziccardi  
Lori Rocha  
James Wyskiewicz  
Audrey Fisher

**ADMINISTRATION**

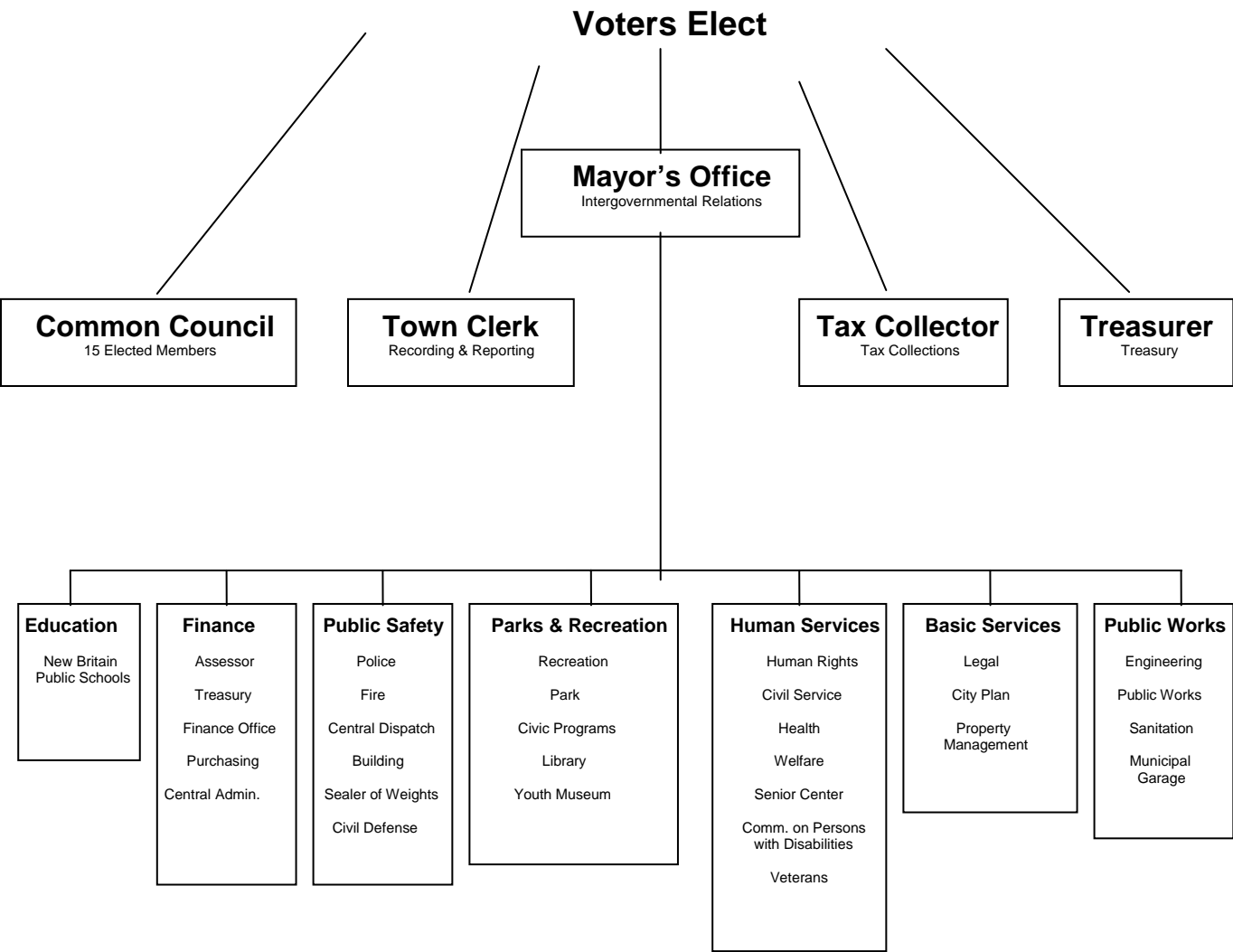
Corporation Counsel	Joseph Skelly
Town Clerk	Peter J. Denuzze
Tax Collector	Fred J. Menditto
Assessor	Charles Agli
Director of Finance	John Jedrzyjczyk
Director of Social Services	Greg Steltner
Administrative Director of Health	Greg Stelner
Acting Director of Health	Dr. Eugene Ciccone
Director of Personnel	John Byrne
Acting Director of Parks and Recreation	William A. DeMaio
Director of Public Works	Joseph F. Carilli
Director of Youth Services	Christopher Montes
Director of Licenses, Permits and Inspections	Frank M. Wiatr
Director of Water	Gilbert Bligh
Director of Municipal Development	Kenneth Malinowski

**BOARD OF EDUCATION**

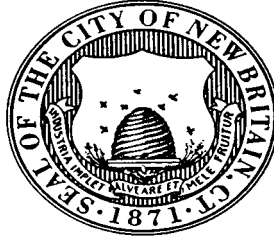
Paul Amenta, President  
Frances B. Wolski, Vice President  
James E. Sanders Sr, Secretary  
Deidra Ierardi  
Josepha M. Brusznicki  
Peter J. Kochol  
Kevin C. Laska  
Vanard A. Dawkins  
Luisa Leal  
Todd J. Skutnik  
Dr. Doris Kurtz, Superintendent of Schools

ORGANIZATIONAL CHART

ORGANIZATION OF CITY GOVERNMENT



## CITY OF NEW BRITAIN, CONNECTICUT



December 6, 2004

To the Mayor, Members of the Common Council and Citizens of the City of New Britain:

State law requires that all general-purpose local governments publish within six months of the close of each fiscal year a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the comprehensive annual financial report of the City of New Britain for the fiscal year ended June 30, 2004.

This report consists of management's representations concerning the finances of the City of New Britain. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the City of New Britain has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City of New Britain's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the City of New Britain's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material aspects.

The City of New Britain's financial statements have been audited by Scully and Wolf, LLP, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City of New Britain for the fiscal year ended June 30, 2004 are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent audit concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the City of New Britain's financial statements for the fiscal year ended June 30, 2004, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the City of New Britain was part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are located within the City's CAFR.

GAAP require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The City of New Britain's MD&A can be found immediately following the report of the independent auditors.

### The Reporting Entity and Its Services

The City of New Britain covers 13.3 square miles and was first settled as part of the Town of Berlin in 1680. It was incorporated as a separate Town in 1850 and chartered as a City in 1871. New Britain has access to Interstate 91, a major north-south highway, and Interstate 84, an east-west route connecting New England and New York via Routes 9 and 72, a limited access highway which runs through the City. Direct highway access to Hartford has been improved with the completion of the northern leg of the Central Connecticut Expressway (Route 9).

A major private sector initiative, the creation of a special taxing district in the downtown core, enables property owners to pool their money toward special downtown projects. The New Britain Downtown District continues a multi-faceted program of streetscape improvements, coordinated management (maintenance and security) and marketing.

New Britain offers a variety of housing and is committed to neighborhood preservation. Walnut Hill, a National Historic District overlooking the heart of the City, features a ninety-eight acre park, displaying some of America's rarest 19th century architecture. Over the past decade, older homes in the community have been completely renovated by their owners using a variety of specialty loan and grant programs. In addition, New Britain offers more than eight hundred housing units to its senior citizens.

The Stanley Works, a Fortune 500 company, has located its world headquarters facility at a site along Interstate 84. In addition, the City has benefited from the expansion of Reflexite, the relocation of the State Lottery Headquarters to John Downey Drive, and the recent location of Atlas Concrete Products Inc. and Norpaco within the City. The continued growth of firms such as Okay Industries, Acme-Monaco Inc., Guida's and Creed Monarch as well as the 130,000 square foot courthouse continue to stimulate the City's downtown.

New Britain is also home to the Rock Cats (the Double A baseball affiliate of the Minnesota Twins) playing in a sports facility built to the standards established by the professional major leagues, the Museum of American Art (housing the oldest museum collection of American Art) and Central Connecticut State University with its schools of Education, Technology, and Business (which is the largest in the state).



The City's offers nine major parks (A.W. Stanley, Stanley Quarter, Walnut Hill, Willow Brook, Osgood, Martha Hart, Washington, Chesley and Hungerford). Stanley Quarter Park is New England's largest public skate park with multi levels, two quarter pipes, stairs, grinding rails and pyramids. Some additional attractions offered in many of the City's parks include: paddle boats, aqua cycles, fun-yaks, a children's fishing pond, soccer fields, playgrounds, jogging tracks and outdoor ice skating.

Residents have a variety of medical facilities to call upon, including the four hundred thirty-six bed New Britain General Hospital (the 7th largest in the state), the two hundred bed Hospital for Special Care (formerly New Britain Memorial Hospital) for the chronically ill, and numerous modern clinics providing out-patient services. The Hospital for Special Care has completed a \$36 million expansion of its facility while New Britain General Hospital has completed a \$55.8 million expansion of its facility. The University of Connecticut Health Center and Hospital is within three miles of the City line in the adjacent Town of Farmington.

### **Form of Government**

New Britain became a consolidated City and Town in 1905 with a Mayor-Council-Commission form of Government. The Mayor and Council serve concurrent two-year terms and operate under a Charter adopted in 1961 with several subsequent revisions.

The Common Council, the legislative body elected biennially at large, consists of 15 Aldermen, five elected at large and ten on a five district basis (2 each). The other elected officials are City and Town Clerk, Collector of Taxes, Treasurer, and three members of the Board of Tax Review.

The Mayor presides at meetings of the Common Council and makes appointments to Boards and Commissions as provided in the Charter or as created by ordinance. The Mayor is an ex-officio member of all bipartisan Boards and Commissions. All department heads report directly to the Mayor.

### **Major Initiatives**

The City of New Britain is committed to the well-being and quality of life for its residents. However, due to the demands of City residents, the current administration has made tax reduction a primary goal. One of the most optimum ways to accomplish this is by monitoring, reviewing and validating all City expenditures, both operating and capital. The focus has now shifted away from the past practices of choosing a project, securing the funding and spending all or most of the available monies.

In line with this new philosophy, each pre-authorized capital project is now under review. Each project must have a valid, ongoing purpose that will serve to benefit the members of this community. The scope of each project is currently being assessed to determine the possibility of downsizing, the elimination of certain components or the rescinding of the project altogether. For example, monies for the renovation of the Hatch Building located in downtown New Britain have already been rescinded. Many projects, or project components, no longer have the funding in place due to Federal and State grant cutbacks. These projects, particularly related to street improvements, must be downsized to reflect the accurate funding available.

Once again, as fewer projects are being introduced and/or approved, the amount of bond authorizations are reduced, and finally, future debt service payments are being reduced as well. This, in turn, lessens the burden on future budgets.

The cost of debt is a large factor in a City's budget. Therefore, more cost effective financing options are being sought. For example, a reduction can be recognized

Both the administration and the community of New Britain have demonstrated the desire to maintain updated records and operating procedures. Consequently, a statistical revaluation has been completed effective for the October 1, 2002 Grand List. Due to this revaluation, the City's mill rate has been reduced from 54.76 to 46.93 effective for the fiscal year ending June 30, 2004. The City's last revaluation was completed for October 1, 1995, as State Statutes prescribe, 7 years prior to this most recent.

In terms of financial reporting, for the past three years, the City has received the "Certificate of Excellence in Financial Reporting" award from the Government Finance Officers Association for the preparation of the Comprehensive Annual Financial Report (CAFR). In order to receive this award, the government must publish an easily readable and efficiently organized CAFR. This report must satisfy both GAAP and applicable legal requirements.

### **Financial Information**

The Finance Department includes Accounting, Tax Assessment, Tax Collection, City Treasurer, Purchasing, Data Processing, and Risk Management. The Accounting Division of the Finance Department is managed by the Finance Director, John Jedrzejczyk, who has served the City in this capacity since 1987. The Accounting Division maintains, monitors and controls accounting records for City funds and account groups and has responsibility for banking relations and all bank accounts, as well as investment accounts for collecting or disbursing City funds. Bank and investment accounts are evaluated daily through on-line communication software.

In developing and evaluating the City's accounting system, consideration is given to the adequacy of internal accounting controls. Internal controls are designed to provide reasonable, but not absolute, assurance regarding: (1) the safeguarding of assets against loss from unauthorized use or disposition; and (2) the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits to be derived; and (2) the evaluation of costs and benefits requires estimates and judgments by management. All internal control evaluations occur within the above framework. We believe that the City's internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

### **Budgetary Controls**

The accounts of the City are organized in funds and account groups. Each fund operates with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures. Budgetary control of disbursements and encumbrances against appropriations is maintained by department, division or major activity. The City also maintains an encumbrance accounting system as one technique towards accomplishing budgetary control.

### **Pension Programs**

All full-time City employees except for the certified employees of the Consolidated School District and the regular members of the Police and Fire Departments are covered under a contributory pension plan administered by the Municipal Employees' Retirement Fund ("MERF"), a State of Connecticut multiple employer Public Employee Retirement System. Regular members of the Police and Fire Departments participate in contributory pension plans known as the Police Benefit Fund and the Firemen's Pension Plan. The certified faculty and administrative personnel of the Board of Education participate in the contributory defined benefit plan established under Chapter 167a of the Connecticut General Statutes that is administered by the Connecticut State Teacher's Retirement Board.

MERF is the administrator of a cost sharing multiple employer public employee retirement system ("PERS") established by the State of Connecticut and administered by the State Retirement Commission to provide pension benefits for the employees of participating municipalities. MERF is considered to be a part of the State of Connecticut financial reporting entity and is included in the State's financial reports as a pension trust fund.

The City is the administrator of a single-employer public employee retirement system ("PERS") established and administered by the City to provide pension benefits for its Police and Fire Department employees. Benefits and contributions under this retirement system are established by the City and may be amended only by the City Council. The PERS, is considered to be part of the City's financial reporting entity and is included in the City's financial reports as pension trust funds.

### **Cash Management**

Eligible investments for Connecticut municipalities are governed by the Connecticut General Statutes. All highly liquid investments with a maturity of three months or less when purchased are considered to be cash equivalents. Investments are carried at fair value.

The City's investments of operating funds include investments in the State of Connecticut Short-Term Investment Fund (STIF). Investment in Citizens Bank represents a typical money market account. Financial Investors Trust invest 100% of assets in money market mutual funds that are guaranteed by the U.S. Government or an agency or instrumentality of the U.S. government. The City's investment with Fidelity Investments is in the Government Class I fund, which invests only in U.S. Government securities and repurchase agreements for these securities.

### **Debt Administration**

At year end, the City had a number of debt issues outstanding. These included \$186,869 of general obligation bonds, and \$1,300 of Self liquidating debt with City commitment. Under current state statutes, the City's general obligation bonded debt issuances are subject to a legal limitation based on 7 times total tax collections plus state reimbursement for revenue loss. As of June 30, 2004, the City's net general obligation bonded debt of \$188,169 was well below the legal limit of \$697,571, and debt per capita equaled \$2.60.

### **Risk Management**

The City has not experienced any significant changes in the number and cost of insurance claims.

The City is self-insured with regards to the following types of coverage:

Workers' Compensation (including Police and Firefighter Hypertension) - \$1 million/occurrence. Excess coverage with statutory limits applies beyond the retainage.

General Liability - \$500,000/occurrence; excess coverage applies up to \$3 million/occurrence, \$4,000,000 aggregate. Stop loss coverage applies after the City has paid \$1,300,000 cumulative accident year claims.

Employee Fiduciary Bonds (except for the Treasurer, Tax Collector, Finance Director, Accounting Manager and Accounting Assistant).

Employee Medical Benefits for Board of Education and City employees with the exception of Health Organization Coverage (HMO). Stop loss coverage applies after the City has paid \$100,000 individual claims, 120% aggregate stop loss.

Auto liability coverage on all vehicles is placed with Great American Insurance Co. All risk property coverage is purchased from Coregis Insurance Organizations. Coverage provides replacement value for buildings and contents.

The Corporation Counsel's Office is diligently defending the City's interest in all legal matters. The City has appropriated in the fiscal year 2001 annual budget \$549,847 to assist in current and future claim defense and settlement. The City's potential liability of active claims is reviewed and updated annually by an independent actuary and such liability is made part of the City's financial statements.

### **Independent Audit**

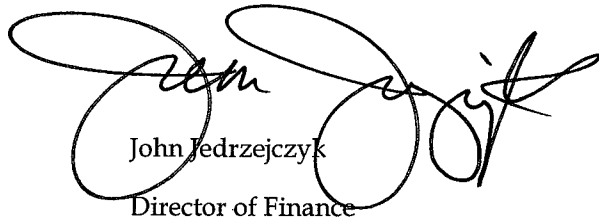
State Statute and the City Charter require an annual audit by an independent certified public accountant. The Statute further prescribes that each municipality's annual report shall be prepared in accordance with Generally Accepted Accounting Principles (GAAP). This report has been prepared in accordance with these standards. The auditors' opinion has been included in this report.

### Acknowledgements

The City has received the Certificate of Achievement for Excellence in Financial Reporting since the Fiscal Year of June 30, 2001. A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of this report could not have been accomplished without the efficient and dedicated services of the Finance Department staff. We would like to express our appreciation to the staff of the finance department and to all those who have assisted and contributed to this report. Special appreciation is conveyed to the representatives from Scully & Wolf, LLP. We also appreciate the continuing support of city leadership and the people of New Britain who are committed to fiscal integrity and financial leadership.

Respectfully submitted,



John Jedrzejczyk  
Director of Finance

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of New Britain,  
Connecticut

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 2003

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



*Nancy L. Ziehl*

President

*Jeffrey R. Enen*

Executive Director



*Scully & Wolf, LLP / Certified Public Accountants / Glastonbury, Connecticut 06033*

## INDEPENDENT AUDITORS' REPORT

To The Honorable Mayor and Members of the  
Common Council of the City of New Britain  
City of New Britain, Connecticut

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of New Britain, Connecticut, as of and for the year ended June 30, 2004, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

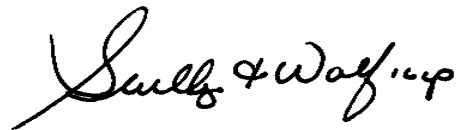
We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standard*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of New Britain, as of June 30, 2004, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 6, 2004 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Management's discussion and analysis and budgetary comparison information on pages 13 through 21 and 64 through 67 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and schedules, and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements and schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

A handwritten signature in black ink, appearing to read "Sully & Wolf". The signature is fluid and cursive, with a large initial 'S' and 'W'.

December 6, 2004



## **CITY OF NEW BRITAIN, CONNECTICUT**

### **MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2004**

This discussion and analysis of the City of New Britain, Connecticut's ("City") financial performance is provided by management to provide an overview of the City's financial activities for the fiscal year ended June 30, 2004. Please read this MD&A in conjunction with the transmittal letter beginning on page 1 and the City's financial statements, Exhibits I to IX.

#### **FINANCIAL HIGHLIGHTS**

- The City's net assets increased as a result of this year's operations. While net assets of our business-type activities increased by \$6 million, or nearly 20%, net assets of our governmental activities increased by \$23.9 million, or 90.5%.
- In its governmental activities, the City had revenues of \$254.5 million and expenses of \$257.8 million; thus decreasing the net assets of governmental activities by \$3.3 million.
- In the City's business-type activities, revenues were \$12.9 million while expenses were \$7.1 million; thus increasing the net assets of the business-type funds by \$5.8 million.
- The General Fund reported a fund balance this year of \$8 million.
- The tax collection rate of the current levy was 95.5%.

#### **OVERVIEW OF THE FINANCIAL STATEMENTS**

This annual report consists of a series of financial statements. The statement of net assets and the statement of activities (Exhibits I and II, respectively) provide information about the activities of the City as a whole and present a longer-term view of the City's finances. Fund financial statements are presented in Exhibit III to IX. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the City's operations in more detail than the government-wide statements by providing information about the City's most significant funds. The remaining statements provide financial information about activities for which the City acts solely as a trustee or agent for the benefit of those outside of the government.

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

The analysis of the City as a whole begins on Exhibit I and II. The statement of net assets and the statement of activities report information about the City as a whole and about its activities for the current period. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the City's net assets and changes in them. The City's net assets, the difference between assets and liabilities, is one way to measure the City's financial health, or financial position. Over time, increases or decreases in the City's net assets are one indicator of whether its financial health is improving or deteriorating. The reader needs to consider other non-financial factors, however, such as changes in the City's property tax base and the condition of the City's capital assets, to assess the overall health of the City.

In the statement of net assets and the statement of activities, we divide the City into three types of activities:

- *Governmental activities* – Most of the City’s basic services are reported here, including education, public safety, public works, health and welfare, parks, recreation and libraries, and general administration. Property taxes, charges for services, and state and federal grants finance most of these activities.
- *Business - type activities* – The City charges a fee to customers to help it cover all or most of the cost of certain services it provides. The City’s Water Department is reported here.

### ***Fund Financial Statements***

The fund financial statements begin with Exhibit III and provide detailed information about the most significant funds – not the City as a whole. Some funds are required to be established by Charter. However, the City Council establishes many other funds to help control and manage financial activities for particular purposes (like the Sewer Fund) or to show that it is meeting legal responsibilities for using grants, and other money (like grants received from the State and Federal Governments for education). The City’s funds are divided into three categories; governmental, proprietary and fiduciary.

- *Governmental funds (Exhibit III and IV)* – Most of the City’s basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the City’s general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the City’s programs. The relationship (or differences) between governmental activities (reported in the statement of net assets and the statement of activities) and governmental funds is described in a reconciliation at the bottom of the fund financial statements.
- *Proprietary funds (Exhibit V, VI and VII)* – When the City charges customers for the services it provides, whether to outside customers or to other units of the City, these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the statement of net assets and the statement of activities. In fact the City’s enterprise funds (a component of proprietary funds) are the same as the business-type activities reported in the government-wide statements, but provide more detail and additional information, such as cash flows, for proprietary funds. Internal service funds (the other component of proprietary funds) are used to report activities that provide supplies and services for the City’s other programs and activities – such as the City’s Self-Insurance Internal Service Fund.
- *Fiduciary funds (Exhibit VIII and IX)* – The City is the trustee, or fiduciary, for its employees’ pension plans. It is also responsible for other assets that, because of a trust arrangement, can be used only for the trust beneficiaries. All of the City’s fiduciary activities are reported in separate statements of fiduciary net assets and changes in fiduciary net assets. These activities are excluded from the City’s other financial statements because the City cannot use these assets to finance its operations. The City is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

The City's combined net assets are higher than they were one year ago increasing from \$54.4 million to \$84.3 million. The analysis below focuses on the net assets (Table 1) and changes in net assets (Table 2) of the City's governmental and business-type activities.

**Table 1**  
**Net Assets**  
**(in thousands)**

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total Primary Government</b>	
	<b><u>2004</u></b>	<b><u>2003</u></b>	<b><u>2004</u></b>	<b><u>2003</u></b>	<b><u>2004</u></b>	<b><u>2003</u></b>
Current and other assets.....	\$131,930	\$123,351	\$16,694	\$18,600	\$148,624	\$141,951
Capital assets .....	186,164	169,825	66,639	53,536	252,803	223,361
Total assets .....	318,094	293,176	83,333	72,136	401,427	365,312
Long-term debt outstanding.	199,749	205,973	32,532	11,177	232,281	217,150
Other liabilities .....	68,019	60,809	16,785	32,916	84,804	93,725
Total liabilities .....	267,768	266,782	49,317	44,093	317,085	310,875
Net assets:						
Invested in capital assets, net of debt .....	102,955	75,845	17,857	19,161	120,812	95,006
Restricted.....	2,535	2,821			2,535	2,821
Unrestricted (deficit) .....	(55,164)	(52,272)	16,159	8,882	(39,005)	(43,390)
Total net assets.....	\$ 50,326	\$ 26,394	\$34,016	\$28,043	\$ 84,342	\$ 54,437

Net assets of the City's governmental activities increased by 90.5% (\$50.3 million compared to \$26.4 million). Unrestricted net assets – the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements – totaled \$(55.2) million at June 30, 2004.

This increase in governmental net assets resulted primarily due to the following factors:

- In the General Fund, revenue receipts were higher as compared to the expenditures generated for the fiscal year. As a result of the State funding cutbacks last fiscal year, the budgeted expenditures for fiscal year 2004 were very conservative.
- In the Internal Service Funds, a \$4.5 million restatement (increase) of fiscal year 2003 actuarial claim reserve for the Worker's Compensation Fund.
- Increases in the City's capital assets which were funded by capital grants.

The net assets of business-type activities increased by nearly 2% (\$34 million compared to \$28 million) in 2004.

This increase in business-type activities resulted primarily due to the following factors:

- A significant increase in water consumption rates.
- Capital grants and contributions amounting to \$2 million.

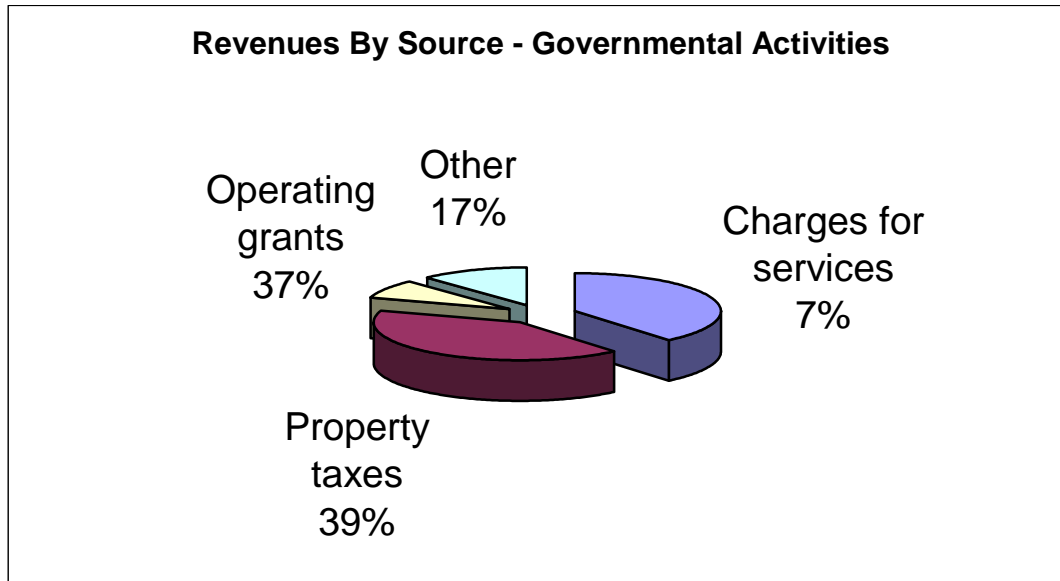
**Table 2**  
**Changes In Net Assets**  
**(in thousands)**

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total Primary Government</b>	
	<b><u>2004</u></b>	<b><u>2003</u></b>	<b><u>2004</u></b>	<b><u>2003</u></b>	<b><u>2004</u></b>	<b><u>2003</u></b>
Revenues:						
Program revenues:						
Charges for services .....	\$ 19,535	\$ 15,356	\$10,770	\$ 9,029	\$ 30,305	\$ 24,385
Operating grants and contributions .....	93,361	94,877			93,361	94,877
Capital grants and contributions .....	17,844	6,200	2,184	3,153	20,028	9,353
General revenues:						
Property taxes .....	97,783	84,956			97,783	84,956
Grants and contributions not restricted to specific purposes .....	20,496	21,807			20,496	21,807
Unrestricted investment earnings .....	2,252	3,229	131	110	2,383	3,339
Other general revenues .....	966	3,863		20	966	3,883
Total revenues .....	<u>252,237</u>	<u>230,288</u>	<u>13,085</u>	<u>12,312</u>	<u>265,322</u>	<u>242,600</u>
Program expenses:						
General government .....	4,862	5,706			4,862	5,706
Public safety .....	34,679	29,398			34,679	29,398
Public works .....	17,741	22,828			17,741	22,828
Health and welfare .....	10,107	10,286			10,107	10,286
Parks, recreation and libraries .....	12,638	13,169			12,638	13,169
Education .....	136,052	129,607			136,052	129,607
Interest on long-term debt .....	12,226	12,299	1,332		13,558	12,299
Non-departmental fixed charges ....						
Water .....			5,780	5,794	5,780	5,794
Total program expenses .....	<u>228,305</u>	<u>223,293</u>	<u>7,112</u>	<u>5,794</u>	<u>235,417</u>	<u>229,087</u>
Increase in net assets .....	<u>\$ 23,932</u>	<u>\$ 6,995</u>	<u>\$ 5,973</u>	<u>\$ 6,518</u>	<u>\$ 29,905</u>	<u>\$ 13,513</u>

The City's total revenues were \$265.3 million. The total cost of all programs and services was \$235.4 million. Our analysis below separately considers the operations of governmental and business-type activities.

### ***Governmental Activities***

Revenues for governmental activities totaled \$252.2 million; property taxes (41%), operating grants (8%) and charges for services (39%) are the major revenue sources contributing 88% of the City's revenues.



Expenses for governmental activities were \$228.3 million of which 52% were supported by program revenues, and 48% were supported from general revenues. Expenses for education (60%), public safety (15%), public works (8%), and parks and recreation (6%) made up 89% of the total governmental expenses.

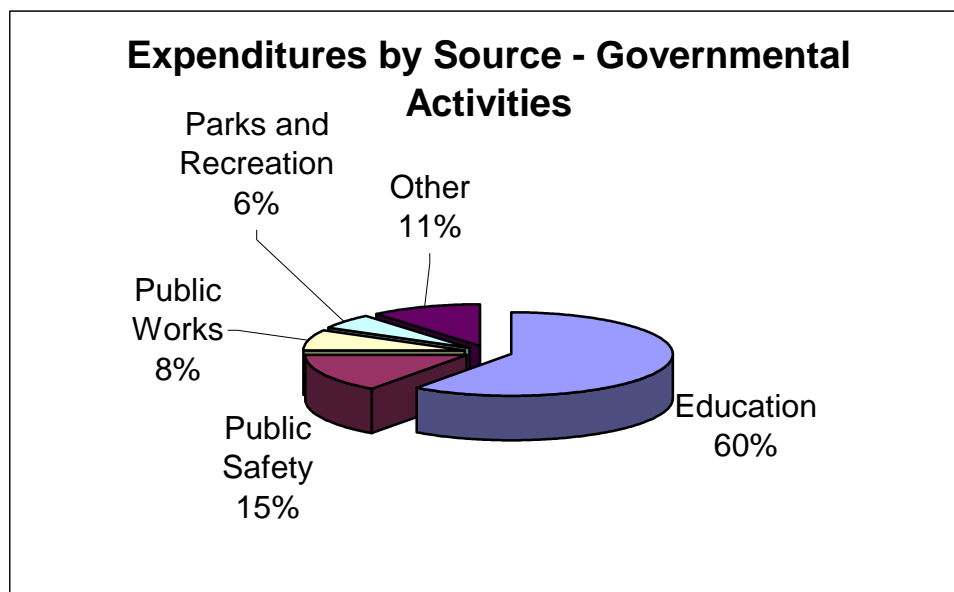
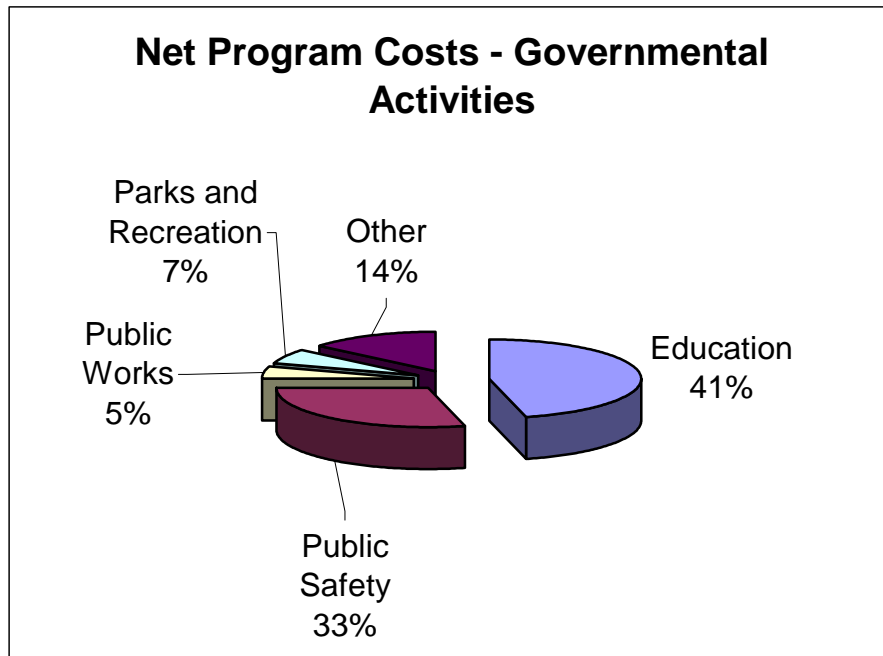


Table 3 presents the cost of each of the City's four largest programs – education, public safety, public works, and parks and recreation – as well as each program's net cost (total cost less revenues generated by the activities). The net cost shows the financial burden that was placed on the City's taxpayers by each of these functions.

**Table 3**  
**Governmental Activities**  
**(in thousands)**

	<u>Total Cost of Services</u>		<u>Net Cost of Services</u>	
	<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>
Education .....	\$136,052	\$129,607	\$39,737	\$ 47,583
Public safety .....	34,679	29,398	31,934	25,730
Public works .....	17,741	22,828	4,942	8,076
Parks and recreation.....	12,638	13,169	7,118	7,958
All others .....	<u>27,195</u>	<u>28,291</u>	<u>13,834</u>	<u>17,513</u>
Totals.....	<u>\$228,305</u>	<u>\$223,293</u>	<u>\$97,565</u>	<u>\$106,860</u>



#### ***Business-type Activities***

Revenues and expenses of the City's business-type activities amounted to \$13.1 million and \$7.1 million, respectively. Net assets increased by nearly 21% (from \$28.0 million to \$34 million). A major factor for this increase was the water consumption rate increase designed primarily to provide additional resources to meet debt service requirements. As a result of the construction of the new water filtration plant, capital assets have also increased significantly.

## **CITY FUNDS FINANCIAL ANALYSIS**

### ***Governmental Funds***

As the City completed the year, its governmental funds (as presented in the balance sheet – Exhibit III) reported a combined fund balance of \$15.6 million, which is a decrease from last year's total of \$17.0 million. Included in this year's total change in fund balance, is an increase of \$994 thousand in the General Fund, an increase of \$2.8 million in the City's other governmental funds and a decrease of \$5.1 million in the capital projects fund. The decrease in the Capital Projects Fund can be largely attributed to the commencement of construction on the additions to Lincoln and Vance Schools, scheduled to open at the start of the school year in September 2004. Due to this construction, the amount of expenditures incurred throughout this fiscal year outweighed the revenue. A bond issuance is scheduled fiscal year 2005.

### ***Proprietary Funds***

The City's proprietary fund provides the same type of information found in the government-wide financial statements, but in more detail. Unrestricted net assets of the Water Enterprise Fund amounted to \$16.2 million and those for the internal service funds amounted to \$2.4 million. The total growth in net assets for both funds was \$5.9 million and \$1.5 million, respectively. Other factors concerning the finance of these two funds have already been addressed in the discussion of the City of New Britain's business-type activities.

### ***General Fund Budgetary Highlights***

- Variances between the original budget and the final amended budget occurred as a result of revised revenue projections both on the part of the State as well as locally for items such as prior year tax levies, licenses, services and other fees. Variances also occurred within the expenditure budget as a result of transfers made to other funds for the purchase of items such as equipment and vehicles. The expenditure budget was also amended to reflect transfers to other City programs such as the local property tax relief fund and the centralized services fund.
- Due to the State revenue reductions in previous years, the budget for fiscal year 2004 was conservative. Consequently, State funding was higher than originally anticipated by approximately \$1.6 million. Furthermore, other revenues such as licenses, fees and charges for services were approximately \$2.2 million greater than originally anticipated.

The City's General Fund balance of \$8 million reported on Exhibit III differs from the General Fund's budgetary fund balance of \$6.6 million. This is principally because budgetary fund balance includes a \$1.4 of outstanding encumbrances at year end which are reported as expenditures for budgetary purposes.

## **CAPITAL ASSET AND DEBT ADMINISTRATION**

### ***Capital Assets***

At June 30, 2004, the City had \$343.2 million invested in a broad range of capital assets, including land, buildings, park facilities, vehicles and equipment, roads, bridges, and water and sewer lines – Table 4. This amount represents a net increase (including additions and deductions) of \$23.97 million, or 7.5%, over last year.

**Table 4**  
**Capital Assets at Year-end (Net of Depreciation)**  
*(in thousands)*

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total Primary Government</b>	
	<b><u>2004</u></b>	<b><u>2003</u></b>	<b><u>2004</u></b>	<b><u>2003</u></b>	<b><u>2004</u></b>	<b><u>2003</u></b>
Land .....	\$ 23,423	\$ 22,593	\$ 2,167	\$ 2,167	\$25,590	\$ 24,760
Construction in progress .....	25,065	2,210	2,645	42,282	27,710	44,492
Buildings and improvements .....	95,792	99,793			95,792	99,793
Equipment .....	4,044	4,500			4,044	4,500
Vehicles .....	3,218	2,897			3,218	2,897
Infrastructure .....	34,622	37,832			34,622	37,832
Water filtration assets .....			61,827	9,087	61,827	9,087
<b>Totals .....</b>	<b><u>\$186,164</u></b>	<b><u>\$169,825</u></b>	<b><u>\$66,639</u></b>	<b><u>\$53,536</u></b>	<b><u>\$252,803</u></b>	<b><u>\$223,361</u></b>

For governmental type funds this year's major additions included the completion of the Gates Building as well as various street projects completed throughout the year. For business type funds, this year's major additions included construction in progress for the filtration plant.

The City's fiscal-year 2004-05 capital budget calls for it to spend another \$3.4 million for capital projects, principally for building renovations including the police station and the Hatch building renovations, as well as various street improvement projects. More detailed information about the City's capital assets is presented in Note 6 to the financial statements.

#### ***Long-term debt***

At June 30, 2004 the City had \$222.5 million in bonds and notes outstanding versus \$211.5 million last year – an increase of 5.2% – as shown in Table 5.



**Table 5**  
**Outstanding Debt, at Year-end**  
**(in millions)**

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Totals</b>	
	<b><u>2004</u></b>	<b><u>2003</u></b>	<b><u>2004</u></b>	<b><u>2003</u></b>	<b><u>2004</u></b>	<b><u>2003</u></b>
General obligation bond (backed by the City) .....	\$187,030	\$199,585			\$187,030	\$199,585
Less deferred amount:						
For issuance discounts on refunding .....	(161)	(187)			(161)	(187)
Total general obligation bonds .....	186,869	199,398			186,869	199,398
Self liquidating bonds and notes (backed by specific tax and fee revenues) .....	1,300	1,780			1,300	1,780
Totals .....	<u>\$188,169</u>	<u>\$201,178</u>	<u>\$-0-</u>	<u>\$-0-</u>	<u>\$188,169</u>	<u>\$201,178</u>

The City's general obligation bond rating from Standard and Poor's and Fitch, both national rating agencies is A- an A, respectively. The City's other debt, principally self liquidating bonds and notes carries the highest rating. The State limits the amount of general obligation debt that cities can issue based on formula determined under State Statutes based on type of debt and tax base. The City's outstanding general obligation debt is significantly below this \$698 million state-imposed limit.

Other obligations include accrued vacation pay and sick leave. More detailed information about the City's long-term liabilities is presented in Note 9 to the financial statements.

## **ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

The City's elected and appointed officials considered many factors when setting the fiscal-year 2005 budget tax rates, and fees that will be charged for the business-type activities. One of those factors is the economy. Unemployment in the City now stands at 7.9% versus 6.3% a year ago. This compares with the State's unemployment rate of 4.7% and the national rate of 5.4%.

These indicators were taken into account when adopting the General Fund budget for 2004-05. Amounts available for appropriation in the General Fund budget are \$196 million, a decrease of .05% over the final 2004 budget of \$195 million. Budgeted expenditures are also expected to increase nearly 1% to \$196 million from the final appropriation of \$194 million in 2004.

## **CONTACTING THE CITY'S FINANCIAL MANAGEMENT**

This financial report is designed to provide citizens, taxpayers, customers, investors, and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Finance Department, City of New Britain, 27 West Main Street, New Britain, Connecticut, 06051.

## CITY OF NEW BRITAIN, CONNECTICUT

## STATEMENT OF NET ASSETS

JUNE 30, 2004

(thousands)

	GOVERNMENTAL ACTIVITIES	PRIMARY GOVERNMENT BUSINESS-TYPE ACTIVITIES	TOTAL
ASSETS:			
Cash and cash equivalents .....	\$ 35,032	\$13,417	\$ 48,449
Investments .....	22,189		22,189
Receivables, net .....	72,756	3,907	76,663
Internal balances .....	630	(630)	
Due from Fiduciary Fund .....	2		2
Inventory .....	50		50
Prepaid items .....	1,271		1,271
Capital assets, net .....	186,164	66,639	252,803
Total assets .....	318,094	83,333	401,427
LIABILITIES:			
Accounts and other payables .....	15,074	254	15,328
Payroll liabilities .....	10,244	70	10,314
Bond anticipation notes and other interim financing	20,624	13,738	34,362
Unearned revenue .....	3,082		3,082
Unamortized bond premium .....	99		99
Noncurrent liabilities:			
Due within one year .....	18,896	2,723	21,619
Due in more than one year .....	199,749	32,532	232,281
Total liabilities .....	267,768	49,317	317,085
NET ASSETS:			
Invested in capital assets, net of related debt ....	102,955	17,857	120,812
Restricted for:			
Trust purposes:			
Expendable .....	2,535		2,535
Unrestricted .....	(55,164)	16,159	(39,005)
Total net assets .....	\$ 50,326	\$34,016	\$ 84,342

The accompanying notes are an integral part of these financial statements.

## CITY OF NEW BRITAIN, CONNECTICUT

STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2004

(thousands)

FUNCTIONS/PROGRAMS	PROGRAM REVENUES				NET (EXPENSE) REVENUE AND CHANGES IN NET ASSETS		
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
Primary Government:							
Governmental activities:							
General government .....	\$ 4,862	\$ 1,588	\$ 39		\$ (3,235)		\$ (3,235)
Public safety .....	34,679	2,366	379		(31,934)		(31,934)
Public works .....	17,741	9,933		\$ 2,866	(4,942)		(4,942)
Health and welfare .....	10,107	1,806	7,715		(586)		(586)
Parks, recreation and libraries .....	12,638	2,514	1,951	1,055	(7,118)		(7,118)
Education .....	136,052	1,328	81,064	13,923	(39,737)		(39,737)
Interest on long-term debt .....	12,226		2,213		(10,013)		(10,013)
Total governmental activities .....	228,305	19,535	93,361	17,844	(97,565)		(97,565)
Business-type activities:							
Water .....	7,112	10,770		2,184		\$ 5,842	5,842
Total .....	\$235,417	\$30,305	\$93,361	\$20,028	(97,565)	5,842	(91,723)
General revenues:							
Property taxes .....					97,783		97,783
Grants and contributions not restricted to specific programs .....					20,496		20,496
Unrestricted investment earnings .....					2,252	131	2,383
Miscellaneous .....					966		966
Total general revenues .....					121,497	131	121,628
Change in net assets .....					23,932	5,973	29,905
Net assets, July 1, 2003, as restated .....					26,394	28,043	54,437
Net assets, June 30, 2004 .....					\$ 50,326	\$34,016	\$ 84,342

The accompanying notes are an integral part of these financial statements.

## CITY OF NEW BRITAIN, CONNECTICUT

## GOVERNMENTAL FUNDS

BALANCE SHEET  
JUNE 30, 2004

(thousands)

	GENERAL	DEBT SERVICE FUND	CAPITAL PROJECTS FUND	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
<u>A S S E T S</u>					
Cash and cash equivalents .....	\$19,148		\$ 8,787	\$ 5,516	\$ 33,451
Investments .....				4,405	4,405
Accounts receivables, net .....	39,341		15,017	11,389	65,747
Due from other funds .....	17,454		5,535	4,915	27,904
Inventories .....				50	50
TOTAL .....	\$75,943	\$-0-	\$29,339	\$26,275	\$131,557
<u>L I A B I L I T I E S</u> <u>A N D</u> <u>F U N D B A L A N C E S</u>					
Liabilities:					
Accounts payable .....	\$15,905		\$ 3,181	\$ 1,778	\$ 20,864
Due to other funds .....	14,332		13,782	2,461	30,575
Deferred revenue .....	37,696			6,208	43,904
Bond anticipation notes payable and other interim financing .....			20,624		20,624
Total liabilities .....	67,933		37,587	10,447	115,967
Fund balances (deficit):					
Reserved .....	1,424		16,580	2,670	20,674
Unreserved, reported in:					
General Fund .....	6,586				6,586
Special Revenue Funds .....				13,158	13,158
Capital Project Funds .....			(24,828)		(24,828)
Total fund balances (deficit) .....	8,010		(8,248)	15,828	15,590
TOTAL .....	\$75,943	\$-0-	\$ 29,339	\$26,275	

Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds .....	186,164
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds .....	48,946
Internal service funds are used by management to charge the costs of risk management to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net assets .....	2,446
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds .....	(202,820)
Net assets of governmental activities .....	\$ 50,326

The accompanying notes are an integral part of these financial statements.

CITY OF NEW BRITAIN, CONNECTICUTGOVERNMENTAL FUNDSSTATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
FOR THE YEAR ENDED JUNE 30, 2004

	(thousands)				
	GENERAL	DEBT SERVICE FUND	CAPITAL PROJECTS FUND	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
Revenues:					
Property taxes .....	\$ 97,808				\$ 97,808
Intergovernmental .....	87,721		\$16,789	\$30,548	135,058
Licenses, fees and charges for goods and services .....	8,597		893	7,240	16,730
Income on investments .....	441		380	494	1,315
Miscellaneous .....	1,189		48	2,368	3,605
Total revenues .....	195,756		18,110	40,650	254,516
Expenditures:					
Current:					
General government .....	4,906			51	4,957
Public safety .....	33,332		11	565	33,908
Public works .....	13,194		1,440	4,298	18,932
Health and welfare .....	2,203		47	8,192	10,442
Education .....	108,233		5,139	20,435	133,807
Parks and recreation .....	7,260		135	4,665	12,060
Capital outlay .....			18,049		18,049
Debt and sundry .....		\$ 25,460		164	25,624
Total expenditures .....	169,128	25,460	24,821	38,370	257,779
Excess (deficiency) of revenues over expenditures .....	26,628	(25,460)	(6,711)	2,280	(3,263)
Other financing sources (uses):					
Transfers in .....	3,027	25,460	2,331	1,159	31,977
Transfers out .....	(28,661)		(3,005)	(661)	(32,327)
Proceeds from the issuance of notes .....			2,318		2,318
Total other financing sources (uses) .....	(25,634)	25,460	1,644	498	1,968
Net change in fund balances .....	994		(5,067)	2,778	(1,295)
Fund balance(deficit), July 1, 2003, as restated .....	7,016	- 0 -	(3,181)	13,050	
Fund balance (deficit), June 30, 2004 .....	\$ 8,010	\$ - 0 -	\$ (8,248)	\$15,828	

Amounts reported for governmental activities in the statement of activities (Exhibit II) are different because:	
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 as depreciation expense. This is the amount by which capital outlay exceeded depreciation expense in the current period .....	17,514
In the statement of activities, only the gain or (loss) on the sale of capital assets is reported, whereas in the governmental funds, the proceeds from the sale increases financial resources. Thus, the change in net assets differs from the change in fund balance by the cost of the asset sold .....	(1,175)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds .....	(2,647)
Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. This is the amount by which repayments exceeded proceeds .....	10,901
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds .....	(268)
Internal service funds are used by management to charge the costs of risk management to individual funds. The net revenue (expense) of the internal service fund is reported with governmental activities (Exhibit VI) .....	902
Change in net assets of governmental activities (Exhibit II) .....	\$ 23,932

The accompanying notes are an integral part of these financial statements.

CITY OF NEW BRITAIN, CONNECTICUTPROPRIETARY FUNDSSTATEMENT OF NET ASSETS  
JUNE 30, 2004

(thousands)

	BUSINESS-TYPE ...ACTIVITIES.. WATER ENTERPRISE FUND	GOVERNMENTAL .ACTIVITIES.. INTERNAL SERVICE FUND
ASSETS:		
Current assets:		
Cash and cash equivalents .....	\$13,417	\$ 1,581
Investments .....		17,784
Receivables:		
Due from other funds .....		4,347
Other (net of allowance for uncollectible) .....	<u>3,907</u>	<u>156</u>
Total current assets .....	<u>17,324</u>	<u>23,868</u>
Noncurrent assets:		
Capital assets, net .....	<u>66,639</u>	
Total assets .....	<u>83,963</u>	<u>23,868</u>
LIABILITIES:		
Current:		
Accounts and accrued expenses .....	324	544
Compensated absences .....	211	
Due to other funds .....	630	1,044
Bond anticipation notes and other interim financing .....	13,738	
Current portion of notes payable .....	2,634	
Noncurrent:		
Notes payable .....	32,410	
Claim reserves .....		<u>19,834</u>
Total liabilities .....	<u>49,947</u>	<u>21,422</u>
NET ASSETS:		
Invested in capital assets, net of related debt .....	17,857	
Unrestricted .....	<u>16,159</u>	<u>2,446</u>
Total net assets .....	<u>\$34,016</u>	<u>\$ 2,446</u>

The accompanying notes are an integral part of these financial statements.

CITY OF NEW BRITAIN, CONNECTICUTPROPRIETARY FUNDSSTATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS  
FOR THE YEAR ENDED JUNE 30, 2004

	(thousands)	BUSINESS-TYPE ...ACTIVITIES.. WATER ENTERPRISE FUND	GOVERNMENTAL .ACTIVITIES.. INTERNAL SERVICE FUND
Operating revenues:			
Charges for services and goods .....	\$10,770		
Charges to other funds .....			\$20,011
Other .....			<u>3,048</u>
Total operating revenues .....	<u>10,770</u>		<u>23,059</u>
Operating expenses:			
Sources of supply expense .....	459		
Water treatment expense .....	861		
Pumping expense .....	325		
Transmission and distribution expense .....	678		
Administration and general expense .....			2,458
Customer accounts expense .....	2,123		
Depreciation expense .....	503		
Forestry expense .....	53		
Claims incurred .....			20,660
Maintenance expense .....	<u>778</u>		
Total operating expenses .....	<u>5,780</u>		<u>23,118</u>
Operating income (loss) .....	<u>4,990</u>		<u>(59)</u>
Nonoperating revenue and expenses:			
Income on investments .....	131		1,001
Reduction in actuarial claims reserve .....			(390)
Interest expenses .....	<u>(1,332)</u>		
Total nonoperating revenue and expenses .....	<u>(1,201)</u>		<u>611</u>
Capital contributions .....	<u>2,184</u>		
Change in net assets before transfers .....	5,973		552
Transfers:			
Transfers in .....			<u>350</u>
Change in net assets .....	5,973		902
Total net assets, July 1, 2003, as restated .....	<u>28,043</u>		<u>1,544</u>
Total net assets, June 30, 2004 .....	<u>\$34,016</u>		<u>\$ 2,446</u>

The accompanying notes are an integral part of these financial statements.

## CITY OF NEW BRITAIN, CONNECTICUT

## PROPRIETARY FUNDS

STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2004  
(thousands)

28

	.BUSINESS-TYPE ACTIVITIES. WATER ENTERPRISE FUND	.GOVERNMENTAL ACTIVITIES. INTERNAL SERVICE FUND
Cash flows from operating activities:		
Cash received from charges to other funds .....		\$ 21,325
Cash received from customers .....	\$ 9,466	
Cash received from other operating activities .....		3,292
Cash paid for premiums and other operating expenses .....	(4,801)	(4,114)
Cash payments for claims made .....		<u>(20,391)</u>
Net cash provided (used) by operating activities .....	<u>4,665</u>	<u>112</u>
Cash flows from noncapital financing activities:		
Transfers from other funds .....		875
Transfers to other funds .....		<u>(26)</u>
Net cash provided (used) by noncapital financing activities .....		<u>849</u>
Cash flows from capital financing activities:		
Acquisition of capital assets .....	(13,606)	
Proceeds from loan obligation .....	6,047	
Proceeds from capital grant .....	2,184	
Payment of loan obligation .....	(898)	
Interest paid on capital debt .....	<u>(1,332)</u>	
Net cash provided (used) by capital financing activities .....	<u>(7,605)</u>	
Cash flows from investing activities:		
Income on investments .....	131	744
Purchase of investments .....		<u>(1,762)</u>
Net cash provided (used) by investing activities .....	<u>131</u>	<u>(1,018)</u>
Net increase (decrease) in cash and cash equivalents .....	(2,809)	(57)
Cash and cash equivalents, July 1, 2003 .....	<u>16,226</u>	<u>1,638</u>
Cash and cash equivalents, June 30, 2004 .....	<u>\$ 13,417</u>	<u>\$ 1,581</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Operating income (loss) .....	<u>\$ 4,990</u>	<u>\$ (59)</u>
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation .....	503	
Change in assets and liabilities:		
(Increase) decrease in accounts receivable .....	(1,304)	343
(Increase) decrease in due from other funds .....		547
(Increase) decrease in inventories .....	76	
Increase (decrease) in accounts payable and accrued expenses .....	75	(1,568)
Increase (decrease) in due to other funds .....	325	676
Increase (decrease) in claim reserves .....		<u>173</u>
Total adjustments .....	<u>(325)</u>	<u>171</u>
Net cash provided (used) by operating activities .....	<u>\$ 4,665</u>	<u>\$ 112</u>
Non-cash investment activities:		
Net decrease in fair value of investments .....	<u>\$-0-</u>	<u>\$257</u>

The accompanying notes are an integral part of these financial statements.



CITY OF NEW BRITAIN, CONNECTICUTFIDUCIARY FUNDSSTATEMENT OF FIDUCIARY NET ASSETS  
JUNE 30, 2004

(thousands)

	PENSION TRUST FUNDS	AGENCY FUNDS
ASSETS:		
Cash and cash equivalents .....	\$ 4,749	\$128
Investments, at fair value:		
Equities .....	87,914	370
Fixed income .....	58,366	
Other .....	3,886	
Total investments .....	150,166	370
Total assets .....	154,915	\$498
LIABILITIES:		
Accounts payable .....	16	
Due to other funds .....		\$ 2
Due to beneficiaries .....		496
Total liabilities .....	16	\$498
NET ASSETS:		
Held in trust for pension benefits .....	\$154,899	

The accompanying notes are an integral part of these financial statements.

CITY OF NEW BRITAIN, CONNECTICUTFIDUCIARY FUNDSSTATEMENT OF CHANGES IN PLAN NET ASSETS  
PENSION TRUST FUNDS  
FOR THE YEAR ENDED JUNE 30, 2004

(thousands)

## Additions:

## Contributions:

Employer .....	\$ 1,722
Employee .....	<u>923</u>
Total .....	2,645

## Investment income:

Net appreciation in fair value of investments .....	\$14,336
Interest and dividends .....	4,661
Miscellaneous .....	<u>11</u>

Total .....	19,008
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Less investment expense .....	<u>(549)</u>
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Net investment income .....	<u>18,459</u>
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Total .....	21,104
-------------	--------

## Deductions:

Benefits .....	7,909
Administration .....	<u>121</u>

Total .....	<u>8,030</u>
-------------	--------------

Net increase .....	13,074
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Net assets held in trust for pension benefits, July 1, 2003 .....	<u>141,825</u>
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Net assets held in trust for pension benefits, June 30, 2004 ....	<u><u>\$154,899</u></u>
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The accompanying notes are an integral part  
of these financial statements.

**CITY OF NEW BRITAIN, CONNECTICUT**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2004**

(amounts expressed in thousands)

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the City of New Britain (the “City”) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant policies of the City are described below.

***A. Reporting Entity***

**Primary Government**

The City of New Britain, Connecticut (the “City”) became a consolidated City in 1905 with a Mayor-Council-Commission form of government. The Mayor and Council serve concurrent two (2) year terms and operate under a Charter adopted in 1961, with the latest revision in 2002. The Common Council, the legislative body, consists of fifteen (15) Aldermen elected biennially at large. Other elected officials include the City and Town Clerk, Collector of Taxes, Treasurer and three (3) members of the Board of Tax Review.

The municipal budget is prepared by the Board of Finance and Taxation and the Mayor who submits his recommendation to the Common Council for adoption.

All department heads report directly to the Mayor.

The City has the power to incur indebtedness by issuing bonds or notes as provided by Charter and Connecticut General Statutes.

The City operates and maintains a public water supply system, known as the City of New Britain Water Department.

The City has a Redevelopment Agency that operates as a function of the Commission on Community and Neighborhood Development (the “Commission”). The Commission is also charged with the responsibility of administering the City’s Small Cities Programs.

The City provides the following services as authorized by its Charter: Education, Water, Sewer, Refuse, Public Works, Public Safety, Parks, Recreation, Libraries, and Health and Human Services.

**Joint Ventures**

The City is a participant in two joint ventures as described below.

### **Tunxis Recycling Operating Committee**

The City is a participant with thirteen (13) other cities and towns in a joint venture, the Tunxis Recycling Operating Committee (TROC). The TROC is responsible for the development, operations and management of a solid waste recycling program for all participating communities. The governing board consists of City officials appointed by each of the participating municipalities, and assumes all the management decisions. The City of New Britain has an obligation to appropriate funds in amounts necessary to fulfill its obligations created pursuant to the intercommunity agreement dated as of August 3, 1990. Expenditures of \$126 were incurred in 2003-2004 related to the City's participation in TROC.

Unreserved, undesignated fund balance for fiscal year ended June 30, 2004 as reflected in the TROC's financial statements is \$719. A complete set of financial statements for TROC can be obtained from the TROC's administrative office at 43 Enterprise Drive, Bristol, Connecticut.

### **Bristol Resource Recovery Facility Operating Committee**

The City is a participant with thirteen (13) other cities and towns in a joint venture, the Bristol Resource Recovery Facility (BRRFOC). The BRRFOC was created pursuant to an Inter-Community Agreement to exercise certain rights on behalf of contracting municipalities in dealing with the trash to energy plant built by Ogden Martin Systems now known as Covanta Bristol, Inc. ("Covanta"). The governing board consists of City officials appointed by each of the participating municipalities, and assumes all the management decisions. The City of New Britain has an obligation to appropriate funds in amounts necessary to fulfill its obligations created pursuant to the Intercommunity Agreement dated as of August 15, 1985. These obligations deal with guarantees to meet certain tonnage requirements. The City expenditures related to the BRRFOC amounted to \$3,187 this year.

Unreserved, Undesignated fund balance for fiscal year ended June 30, 2004 as reflected in BRRFOC's financial statements is \$15.1 million. A complete set of financial statements for BRRFOC can be obtained from the BRROC's administrative office at 43 Enterprise Drive, Bristol, Connecticut.

On May 15, 1995, the BRRFOC issued \$68,040 in Solid Waste Revenue Refunding Bonds with interest rates varying from 5.2% to 6.5% to current refund \$66,835 of outstanding special obligation bonds of the Connecticut Development Authority. The proceeds from the original bonds were loaned by the Authority to Ogden Martin Systems of Bristol, Inc. Under the service agreement, the service fee is an obligation of the contracting municipalities to which each has pledged its full faith and credit. Should any contracting municipality default in its obligation to pay the service fee, the other contracting municipalities shall have an obligation to continue to pay the aggregate service fee. If the Company does not perform its obligations under the service agreement, and Covanta fails to perform such obligations pursuant to its guarantee, the contracting municipalities have certain rights to terminate the service agreement and, upon termination, would no longer be obligated to pay the service fee. The current balance of the bonds outstanding is \$46,670.

### **Jointly Governed Organizations**

#### **The Mattabassett District**

The Mattabassett District is a quasi-municipal district established in accordance with State statutes to provide sewer treatment services for the Towns of Berlin, Cromwell and the City of New Britain. A twelve person Board of Directors is appointed by the member towns with New Britain appointing the majority of members (7), Berlin appoints three members and Cromwell appoints two members. The Board of Directors is responsible for hiring, firing, purchasing, administration, budget adoption and fiscal operations. The District may issue bonds in its own name. The Mattabassett District levies its annual assessment, which the City is obligated to pay.

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

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the City. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

The various types included in the financial statements are described below:

### **Governmental Funds**

Governmental Funds are those through which most governmental functions typically are financed.

*General Fund* - the primary operating fund of the City. This fund is used to account for all financial transactions and resources except those required to be accounted for in another fund. Revenues are derived primarily from property taxes, state and federal grants, licenses, permits, charges for service, and interest income.

*Special Revenue Funds* - account for revenue derived from specific sources (other than major capital projects) that are restricted by legal and regulatory provisions to finance specific activities.

*Capital Project Funds* - account for all financial resources used for the acquisition or construction of major capital facilities not being financed by proprietary funds.

*Debt Service Funds* - account for the payment of principal and interest on general long-term debt of the City.

## **Proprietary Funds**

Proprietary funds are used to account for activities that are similar to those often found in the private sector. These funds are accounted for on the flow of economic resources measurement focus and use the accrual basis of accounting. The following are the City's proprietary funds:

*Enterprise Funds* - account for operations that are financed in a manner similar to private business enterprises, where the intent is that costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges. The Water Enterprise Fund is the City's only enterprise fund.

*Internal Service Funds* - account for the financing of goods or services provided by one department to other departments or agencies of the City on a cost-reimbursement basis. The City's internal service funds are comprised of the Special Reserve Fund, the Health Insurance Fund, the Workers' Compensation Fund and the General Accident Casualty and Liability Fund.

## **Fiduciary Funds**

Fiduciary Funds are used to account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations, and other governments. Fiduciary funds are not included in the government-wide statements. The fiduciary funds are as follows:

*Pension Trust Fund* - accounts for the New Britain police and fire retirement system.

*Agency Funds* - are custodial in nature (assets equal liabilities) and do not involve measurement of results of operation. The school system Student Activity Fund and the Contractor's Bond Fund are the City's agency funds.

### **C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, charges for services, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received.

The City reports the following major governmental funds:

The General Fund is the City's primary operating fund. It accounts for all financial resources of the City, except those required to be accounted for in another fund.

The Debt Service Fund accounts for the payment of principal and interest on long-term debt of the City.

The Capital Projects Fund is used to account for the financial resources for the acquisition or construction of major capital facilities, other than those financed by proprietary funds.

The City reports the following major proprietary funds:

The Water Enterprise Fund accounts for all activities related to the transmission and distribution of drinking water.

Additionally, the City reports the following fund types:

The Internal Service Funds account for the risk management activities for the City.

The Pension Trust Fund accounts for the activities of the New Britain police and fire retirement system, which accumulates resources for pension benefit payments to qualified City employees.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The City has elected not to follow subsequent private-sector guidance.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between certain City's functions because the elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include property taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Water Enterprise Fund, and of the City's Internal Service Funds are charges to customers for sales and services. Operating expenses for enterprise funds and internal service fund include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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.

#### ***D. Deposits and Investments***

The City's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

State statutes authorize the City to invest in obligations of the U.S. Treasury, commercial paper, corporate bonds, repurchase agreements, and certain other investments as described in Note 4-A.

Investments for the City are reported at fair value.

#### ***E. Receivables and Payables***

Activity between funds that are representative of lending /borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds". Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances". All trade and property tax receivables are shown net of an allowance for uncollectibles.

The City's property taxes are levied each June on 70% of the assessed value listed on the prior October 1 Grand List for all taxable property located in the City. Although taxes are levied in June, the legal right to attach property does not exist until July 1 and, as such, taxes are due and payable in two installments on July 1 and January 1 following the date of the Grand List. Additional property taxes are assessed for motor vehicles and are payable in one installment due July 1. Taxes are overdue on August 1, and interest is levied at 1-1/2% per month. The City files liens against property if taxes, which are due July 1, remain unpaid on the following June 30.

The City has established a reserve in the amount of \$750 for property taxes receivable that are deemed to be uncollectible.

#### ***F. Inventories and Prepaid Items***

All inventories are valued at cost using the first-in/first-out (FIFO) method. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

#### ***G. Capital Assets***

Capital assets, which include property, plant, equipment, and infrastructure assets, (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of 5 years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.



The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Property, plant, and equipment of the primary government, as well as the component units, is depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings.....	25-50
Building improvements .....	20
Machinery and equipment .....	5-20
Vehicles .....	5
Infrastructure .....	10-65

#### ***H. Compensated Absences***

Under the terms of its various union contracts, City and Board of Education employees are permitted to accumulate earned but unused sick pay benefits and, with approval, vacation benefits. The accumulated liability for sick time and vacation, as reported in the governmental funds, at the end of fiscal year was valued at \$8,442.

#### ***I. Long-Term Obligations***

In the government-wide financial statements, and proprietary fund types, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of any significant applicable bond premium or discount. Significant bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

#### ***J. Interest Rate Swap Agreements and Options***

The City has entered into an interest rate swap agreement and an option to enter into an interest rate swap agreement to modify interest rates on outstanding debt. Other than the net interest expenditures and revenue resulting from these agreements, no amounts are recorded in the financial statements (see Note 10).

#### ***K. Fund Equity***

In the fund financial 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 specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

## 2. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

### A. *Explanation of Certain Differences Between the Governmental Fund Balance Sheet and the Government-Wide Statement of Net Assets*

The governmental fund balance sheet includes a reconciliation between fund balance - total governmental funds and net assets governmental activities as reported in the government-wide statement of net assets. One element of that reconciliation explains that “long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds”. The details of this \$(202,981) difference are as follows:

Bonds payable .....	\$188,330
Less: Deferred charge on refunding (to be amortized as interest expense) .....	(161)
Notes payable .....	2,154
Accrued interest payable .....	3,910
Capital leases payable.....	46
Compensated absences .....	8,442
Unamortized bond premium.....	<u>99</u>
Net adjustment to reduce fund balance - total governmental funds to arrive at net assets - governmental activities .....	<u><u>\$202,820</u></u>

### B. *Explanation of Certain Differences Between the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances and the Government-Wide Statement of Activities*

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balances - total governmental funds and changes in net assets of governmental activities as reported in the government-wide statement of activities. One element of that reconciliation explains that “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”. The details of this \$17,514 difference are as follows:

Capital outlay .....	\$25,479
Depreciation expense.....	<u>(7,965)</u>
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities .....	<u><u>\$17,514</u></u>

Another element of that reconciliation states that “the net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net assets”. The details of this (\$1,175) difference are as follows:

In the statement of activities, only the gain or (loss) on the sale of capital assets is reported. However, in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net assets differs from the change in fund balance by the cost of the capital assets sold. ....	<u><u>\$ (1,175)</u></u>
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Another element of that reconciliation states that “the issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities”. The details of this \$10,901 difference are as follows:

Proceeds from the issuance of notes .....	\$ (2,318)
Principal repayments:	
General obligation debt.....	13,035
Notes payable .....	164
Capital leases .....	21
Amortization of bond premium.....	25
Refunding deferral .....	<u>(26)</u>
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities.....	<u>\$10,901</u>

Another element of that reconciliation states that “some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds”. The details of this \$(268) difference are as follows:

Compensated absences.....	\$(472)
Accrued interest .....	<u>204</u>
Net adjustment to decrease net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities.....	<u>\$(268)</u>

### 3. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

#### A. Budgetary Information

The City uses the following procedures in establishing the budgetary data included in the financial statements for the General Fund, the City’s only budgeted fund.

City department heads are required to submit to the Mayor estimates in detail of the amounts of money required by their department for the ensuing fiscal year. For these submissions, the Mayor and the Board of Finance and Taxation shall prepare an annual budget of the City. The proposed budget shall include the rate of taxation, a statement of bonds to mature and interest payable as well as the capital budget. The final vote of the Common Council to approve the Mayor’s proposed budget for the ensuing fiscal year shall be by majority vote. If the Mayor shall disapprove, he shall issue a veto message and a two thirds vote of the Common Council shall be required to override the veto.

Advisory budgets for Special Revenue Funds which are utilized to account for specific grant programs are established in accordance with the requirements of the grantor agencies. In some instances such budgets comprehend more than one fiscal year and are comprehending a fiscal period which does not coincide with the City’s fiscal year. Such budgets are not legally adopted by the City.

Legal authorization for Capital Projects Fund spending is provided by the related bond ordinances and/or intergovernmental grant agreements.

Special appropriations requiring an increase in estimated income and expenditures in any fund shall be approved by two-thirds vote of the Common Council. A transfer of monies external to a departmental budget shall be authorized by a majority vote of the Common Council. The Mayor shall be authorized to transfer monies within a department budget upon written request. The limit for any individual line item transfer shall depend on its classification, which is spelled out in the ordinance.

The City's budgeting system requires accounting for certain transactions be on a basis other than generally accepted accounting principles (GAAP basis). A major difference between the budget and GAAP basis is that encumbrances are recognized as a charge against a budget appropriation in the year in which the purchase order is issued and, accordingly, encumbrances outstanding at year-end are recorded in budgetary reports as expenditures in the current year, whereas, on a GAAP basis, encumbrances are recorded as reservations of fund balance.

Unencumbered appropriations lapse at year-end with the exception of the Capital Projects Fund.

Also, in accordance with the provision of Governmental Accounting Standards Board Statement No. 24, the City has reported "on-behalf" payments made by the State of Connecticut into the teachers' retirement system in the governmental funds.

Encumbrance accounting is employed in governmental funds. Encumbrances (e.g., purchase orders, contracts) outstanding at year end are reported as reservations of fund balances and do not constitute expenditures or liabilities because the commitments will be reappropriated and honored during the subsequent year.

## ***B. Deficit Fund Equity***

The following funds have a deficit fund balance/net assets at June 30, 2004:

Nonmajor:

Special Revenue Funds:

Local Capital Improvements.....	\$121
Substance Abuse Grant.....	\$1
Oval Grove Welfare to Work.....	\$10
Bioterrorism.....	\$41
Victim Services Coordinator Grant .....	\$1
Youth Build Program.....	\$14
Emergency Shelter Grant.....	\$12
Business Outreach.....	\$120
Redevelopment Commission .....	\$6
Capital Projects Fund .....	\$8,248
Internal Service Funds:	
General Accident and General Liability .....	\$1,057
Workers' Compensation .....	\$2,930

The Special Revenue Funds and Internal Service Funds deficit balances will be eliminated by program income. In the Capital Projects Fund, bonding and State grants will be used to fund the deficit balance.

#### 4. CASH, CASH EQUIVALENTS AND INVESTMENTS

The deposit of public funds is controlled by the Connecticut General Statutes (Section 7-402). Deposits may be made in a “qualified public depository” as defined by Statute, or, in amounts not exceeding the Federal Deposit Insurance Corporation insurance limit in an “out of state bank”, as defined by the Statutes, which is not a “qualified public depository”.

The Connecticut General Statutes (Section 7-400) permit municipalities to invest in: (1) obligations of the United States and its agencies; (2) highly rated obligations of any state of the United States or of any political subdivision, authority or agency thereof; and (3) shares or other interests in custodial arrangements or pools maintaining constant net asset values and in highly rated no-load open end money market and mutual funds (with constant or fluctuating net asset values) whose portfolios are limited to obligations of the United States and its agencies, and repurchase agreements fully collateralized by such obligations. Other provisions of the Statutes cover specific municipal funds with particular investment authority. The provisions of the Statutes regarding the investment of municipal pension funds does not specify permitted investments. Therefore, investment of such funds is generally controlled by the laws applicable to fiduciaries and the provisions of the applicable plan.

The Statutes (Sections 3-24f and 3-27f) also provide for investment in shares of the Connecticut Short Term Investment Fund (STIF) and the Tax Exempt Proceeds Fund (TEPF). These investment pools are under the control of the State Treasurer, with oversight provided by the Treasurer’s Cash Management Advisory Board, and are regulated under the State Statutes and subject to annual audit by the Auditors of Public Accounts. Investment yields are accounted for on an amortized-cost basis with an investment portfolio that is designed to attain a market-average rate of return throughout budgetary and economic cycles. Investors accrue interest daily based on actual earnings, less expenses and transfers to the designated surplus reserve, and the fair value of the position in the pool is the same as the value of the pool shares.

##### A. *Cash and Cash Equivalents*

The following is a summary of cash and cash equivalents at June 30, 2004:

Deposits:	
Demand accounts.....	\$23,224
Certificates of Deposit .....	<u>72</u>
Total Deposits.....	23,296
Petty cash.....	2
Other cash equivalents*:	
State Tax Exempt Proceeds Fund .....	484**
Connecticut Short-Term Investment Fund (STIF) ..	16,728**
Money Market Fund .....	4,698**
Financial Investors Trust Portfolio Money Market Fund.....	<u>8,118**</u>
TOTAL CASH AND CASH EQUIVALENTS ....	<u>\$53,326</u>

\* Short-term, highly liquid investments that are both readily convertible to known amounts of cash and purchased within 90 days of maturity.

\*\* Risk Category cannot be determined since the City does not own identifiable securities but invests as a shareholder of the investment pool.

## **B. Deposits**

At June 30, 2004 the carrying amount of the City deposits was \$23,296 and the bank balance was \$36,986. Of the bank balance, \$606 was covered by Federal Depository Insurance. Section 36a-333 of the Connecticut General Statutes requires that each depository maintain segregated collateral in an amount equal to a defined percentage of its public deposits based upon the bank's risk based capital ratio. A minimum of \$3,571 based on June 30, 2004 deposits was collateralized at Risk Category 3. Risk Category 3 is defined as collateral held by the pledging financial institution, or by its trust department or agent, but not in the City's name. The balance of deposits of \$32,809 were uninsured and uncollateralized.

## **C. Investments**

The City's investments are categorized below to give an indication of the level of risk assumed by the entity at year end. Category 1 includes investments that are insured or registered or for which the securities are held by the City or its agent in the City's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent in the City's name. Category 3 includes uninsured and unregistered investments for which securities are held by the counterparty, or by its trust department or agent but not in the City's name.

	.....Category.....			Fair
	<u>1</u>	<u>2</u>	<u>3</u>	<u>Value</u>
Government Bonds.....	\$ 27,356			\$ 27,356
Common Stocks .....	110,473			110,473
Corporate Bonds.....	31,010			31,010
	<hr/>			
Total.....	<u>\$-0-</u>	<u>\$168,839</u>	<u>\$-0-</u>	168,839
Non-categorized investments:*				
Mutual Funds.....				<u>3,886</u>
TOTAL.....				<u>\$172,725</u>

\* Categorization is not applicable since the City does not own identifiable securities, but invests as a shareholder of the investment pool

Due to higher cash flows at certain times during the year, the City's cash and cash equivalents in Category 3 investment were substantially higher than at year end.

## 5. RECEIVABLES

Receivables as of year end for the City's individual major funds and nonmajor, internal service, and fiduciary funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	<u>General</u>	<u>Capital Projects</u>	<u>Nonmajor and Other Funds</u>	<u>Internal Service Fund</u>	<u>Business Activities Water Enterprise Fund</u>	<u>Total</u>
Receivables:						
Interest* .....					\$ 313	\$ 313
Taxes .....	\$ 8,920					8,920
Water .....					2,794	2,794
Sewer .....			\$ 3,333		865	4,198
Accounts .....	924		3,650	\$156	252	4,982
Housing loans .....			3,339			3,339
Intergovernmental .....	63	\$15,017	1,067			16,147
Intergovernmental – School Building Grants.	30,184					30,184
Gross receivables .....	40,091	15,017	11,389	156	4,224	70,877
Less: allowance for uncollectibles .....	750		155**		317	1,222
Net total receivables .....	<u>\$39,341</u>	<u>\$15,017</u>	<u>\$11,234</u>	<u>\$156</u>	<u>\$3,907</u>	<u>\$69,655</u>

\* Accrued interest on property taxes and long-term housing loans in the amount of \$7,008 are not included in the fund financial statements.

\*\* Allowance for uncollectible amounts related to loan receivables is not included in the fund financial statements.

Revenues are reported net of uncollectible amounts. Total uncollectible amounts related to revenues of the current period are as follows:

Uncollectibles related to:	
Property taxes .....	\$ 750
Water receivables .....	317
Loan receivables .....	<u>155</u>
TOTAL .....	<u>\$1,222</u>

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of deferred revenue and unearned revenue reported in the governmental funds were as follows:

	<u>Unavailable</u>	<u>Unearned</u>
Delinquent property taxes receivable.....	\$ 7,512	
Housing loans .....	3,339	
School building grants .....	29,971	
Grant drawdowns prior to meeting all eligibility requirements ..	<u>          </u>	<u>\$3,082</u>
Total deferred/unearned revenue for governmental funds .....	<u>\$40,822</u>	<u>\$3,082</u>

## 6. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2004 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Governmental activities</b>				
Capital assets, not being depreciated:				
Land.....	\$ 22,593	\$ 830		\$ 23,423
Construction in progress.....	<u>2,210</u>	<u>22,855</u>		<u>25,065</u>
Total capital assets, not being depreciated .	<u>24,803</u>	<u>23,685</u>		<u>48,488</u>
Capital assets, being depreciated:				
Buildings .....	182,285	200	\$ (287)	182,198
Machinery and equipment .....	15,603	506	(39)	16,070
Vehicles .....	12,690	980	(279)	13,391
Infrastructure .....	<u>83,808</u>	<u>108</u>	<u>(907)</u>	<u>83,009</u>
Total capital assets being depreciated .....	<u>294,386</u>	<u>1,794</u>	<u>(1,512)</u>	<u>294,668</u>
Less accumulated depreciation for:				
Buildings .....	82,492	3,936	(22)	86,406
Machinery and equipment .....	11,103	960	(37)	12,026
Vehicles .....	9,793	658	(278)	10,173
Infrastructure .....	<u>45,976</u>	<u>2,411</u>		<u>48,387</u>
Total accumulated depreciation.....	<u>149,364</u>	<u>7,965</u>	<u>(337)</u>	<u>156,992</u>
Total capital assets, being depreciated, net	<u>145,022</u>	<u>(6,171)</u>	<u>(1,175)</u>	<u>137,676</u>
Governmental activities capital assets, net.	<u>\$169,825</u>	<u>\$17,514</u>	<u>\$(1,175)</u>	<u>\$186,164</u>



	<b><u>Beginning Balance</u></b>	<b><u>Increases</u></b>	<b><u>Decreases</u></b>	<b><u>Ending Balance</u></b>
<b>Business-type activities</b>				
Capital assets, not being depreciated:				
Land.....	\$ 2,167			\$ 2,167
Construction in progress.....	42,282	\$13,509	\$53,146	2,645
Total capital assets, not being depreciated .	44,449	13,509	53,146	4,812
Capital assets, being depreciated:				
Source of supply .....	5,391			5,391
Pumping plant.....	2,910			2,910
Water treatment plant .....	2,520			2,520
Filter plant .....		53,146		53,146
Transmission and distribution .....	10,781	72		10,853
General plant and administrative equipment .....	1,014	25		1,039
Total capital assets, being depreciated .....	22,616	53,243		75,859
Less accumulated depreciation for:				
Source of supply .....	2,078	53		2,131
Pumping plant.....	1,332	56		1,388
Water treatment .....	1,558	46		1,604
Filter plant .....		89		89
Transmission and distribution .....	7,816	180		7,996
General plant and administrative equipment .....	745	79		824
Total accumulated depreciation.....	13,529	503		14,032
Total capital assets, being depreciated, net .	9,087	52,740		61,827
Business-type activities capital assets, net ..	<u>\$53,536</u>	<u>\$66,249</u>	<u>\$53,146</u>	<u>\$66,639</u>

Depreciation expense was charged to functions/programs as follows:

#### **Governmental activities**

General government.....	\$ 946
Public safety.....	512
Public works .....	3,324
Parks and recreation .....	527
Education .....	<u>2,656</u>
Total depreciation expense - governmental activities .....	<u>\$7,965</u>

#### **Business-type activities**

Enterprise Fund - water depreciation expense - business-type activities.....	<u>\$503</u>
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## Construction Commitments

The City has active construction projects as of June 30, 2004. The following is a summary of capital projects as of June 30, 2004:

<u>Project</u>	<u>Project Authorization</u>	<u>Cumulative Expenditures</u>
Public buildings .....	\$ 44,901	\$ 33,409
Schools.....	41,650	19,553
Infrastructure.....	116,572	32,584
Parks and recreation.....	3,425	1,093
Miscellaneous .....	<u>39,388</u>	<u>26,281</u>
Total.....	<u>\$245,936</u>	<u>\$112,920</u>

## 7. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

During the course of operations, transactions are processed through a fund on behalf of another fund. Additionally, revenues received in one fund are transferred to another fund. A summary of interfund balances as of June 30, 2004 is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund.....	Enterprise Fund .....	\$ 165
	Agency Funds.....	2
	Capital Projects Fund .....	13,782
	Nonmajor Fund .....	2,461
	Internal Service Fund .....	1,044
Capital Projects Fund .....	General Fund.....	5,535
Nongovernmental Funds ...	General Fund.....	4,450
	Enterprise Fund .....	465
Internal Service Fund .....	General Fund.....	<u>4,347</u>
TOTAL .....		<u>\$32,251</u>

All interfund receivables and payables are the result of regularly recurring transactions and represent temporary balances.

Interfund transfers:

<u>Transfers to</u>	<u>Transfer From.....</u>				<u>Total Transfer</u>
	<u>General Fund</u>	<u>Capital Projects</u>	<u>Other Government</u>	<u>Internal Service</u>	
General.....		\$2,481	\$546		\$ 3,027
Debt Service.....	\$24,882	463	115		25,460
Capital Projects .....	2,281	50			2,331
Nonmajor Governmental	1,148	11			1,159
Internal Service .....	<u>350</u>				<u>350</u>
TOTAL .....	<u>\$28,661</u>	<u>\$3,005</u>	<u>\$661</u>	<u>\$ - 0 -</u>	<u>\$32,327</u>

All transfers represent routine transactions that occur annually to move resources from one fund to another.

## 8. LEASES

### Capital Leases

The City has entered into a lease agreement for a certain parcel of property. The lease agreement qualifies as a capital lease for accounting purposes (titles transfer at the end of lease term) and, therefore, has been recorded at the present value of the future minimum lease payments as of the date of the lease inception based on imputed interest rate of 11.99%.

The following is a schedule of future minimum lease payments under the capital lease.

<u>Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Imputed Interest</u>	<u>Total</u>
2005 .....	\$23	\$3	\$26
2006 .....	23	3	26
Total lease payments.....	<u>\$46</u>	<u>\$6</u>	<u>\$52</u>

## 9. BOND ANTICIPATION NOTES AND INTERIM FINANCING

The following bond anticipation notes and other interim financing obligations, which serve as temporary financing for certain Capital Projects and the Enterprise Fund, were outstanding at June 30, 2004:

<u>Description</u>	<u>Fund</u>	<u>Rate</u>	<u>Maturity Date</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
2004 bond anticipation notes.....	Capital Projects and Enterprise Fund .....	2%	04/05/2005		\$32,965		\$32,965
2003 bond anticipation notes.....	Capital Projects and Enterprise Fund .....	2.25%		\$24,155		\$24,155	
Clean Water Interim financing ..	Enterprise .....	2%		17,954	6,046	24,000	
Clean Water Interim financing ..	Capital Projects .....	2%		<u>1,560</u>	<u>2,155</u>	<u>2,318</u>	<u>1,397</u>
TOTAL .....				<u>\$43,669</u>	<u>\$41,166</u>	<u>\$50,473</u>	<u>\$34,362</u>

### Clean Water Fund

The City is currently participating in capital projects under the State of Connecticut Clean Water Fund established in accordance with Section 22a-477 of the General Statutes of Connecticut. The Clean Water Fund is administered by the State Department of Environmental Protection and provides grant and loan funds to municipalities for "eligible water quality project costs". The following is the City's liability under the two percent (2%) interim loan portion of the project as reflected in the capital projects funds.

<u>Fund</u>	<u>State Project</u>	<u>Amount</u>
Capital Projects .....	CWF #400-DC .....	<u>\$1,397</u>

The notes are reflected in the Capital Projects Fund as a current liability at June 30, 2004 pending completion of the project.

## 10. LONG-TERM DEBT

A schedule of bond indebtedness as of June 30, 2004 is as follows:

### General Fund Long-Term Bonded Debt

	<u>Interest Rate (%)</u>	<u>Original Issue</u>	<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Balance Outstanding</u>
Consolidated School District:					
1988 Series	6.4% - 6.7%	\$ 16,795	04/01/88	04/01/08	\$ 2,240
1992 Series	4.6% - 6.5%	6,875	02/01/92	02/01/07	1,230
1993 Series A	3.8% - 6.0%	13,300	02/01/93	10/01/12	6,640
1993 Series B	3.8% - 6.0%	13,075	02/01/93	04/01/12	5,770
1994 Series	4.0% - 5.0%	17,700	02/01/94	02/01/14	8,850
1996 Series	4.4% - 5.0%	4,325	03/15/96	04/15/11	1,395
1997 Series	4.4% - 5.1%	13,115	04/15/97	04/15/13	6,540
1999 Series	4.65%	12,425	04/13/99	04/01/13	9,715
2000 Series A	5.0% - 5.3%	5,600	04/12/00	04/01/15	4,100
2003 Series	2.0% - 5.25%	<u>1,550</u>	11/01/02	05/01/14	<u>1,238</u>
Subtotal		<u>104,760</u>			<u>47,718</u>
Public Improvement:					
1986 Series	6.4% - 6.5%	9,915	10/01/86	10/01/06	970
1988 Series	6.4% - 7.0%	4,300	04/01/88	04/01/08	860
1992 Series	4.6% - 6.5%	8,285	02/01/92	02/01/12	3,200
1993 Series B	3.8% - 6.0%	16,210	02/01/93	04/01/12	7,210
1996 Series	4.4% - 5.0%	1,350	03/15/96	04/15/11	180
1997 Series	4.4% - 5.1%	8,925	04/15/97	04/15/13	3,255
1999 Series	4.65%	1,300	04/13/99	04/01/13	250
2000 Series B	5.71%	12,080	04/01/00	04/01/20	10,555
2003 Series	3.0% - 5.0%	<u>1,255</u>	04/01/03	04/15/08	<u>962</u>
Subtotal		<u>63,620</u>			<u>27,442</u>
General Obligation Pension Bonds:					
1998 Series	5.72% - 6.64%	<u>106,000</u>	02/01/98	02/01/26	<u>100,760</u>
Refunding Bonds of 1989:					
1998 Series	4.00% - 5.00%	<u>6,565</u>	06/01/98	04/01/09	<u>2,885</u>
General Obligation Taxable Worker's Compensation Bonds:					
2000 Series	Variable	<u>7,000</u>	06/01/00	06/01/10	<u>4,200</u>
Refunding Bonds of 1995:					
2003 Series	2.0% - 5.25%	<u>4,070</u>	11/01/02	05/01/14	<u>4,025</u>
TOTAL GENERAL FUND DEBT .....		<u>\$292,015</u>			<u>\$187,030</u>

### Self Liquidating Long-Term Bonded Debt

	<u>Interest Rate (%)</u>	<u>Original Issue</u>	<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Balance Outstanding</u>
Sewer:					
1999 Series	4.65%	\$ 900	04/13/99	04/01/13	\$ 450
Subway:					
1999 Series	5.3% - 6.0%	<u>2,610</u>	05/01/99	05/01/06	<u>850</u>
TOTAL SELF-LIQUIDATING DEBT .....		<u>\$3,510</u>			<u>\$1,300</u>

### Changes in Long-Term Liabilities

Long-term liability activity for the year ended June 30, 2004, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<b>Governmental activities</b>					
Bonds payable:					
General obligation bonds	\$199,585		\$(12,555)	\$187,030	\$12,790
Less deferred amounts:					
For issuance					
discounts on					
refunding .....	(187)		26	(161)	(26)
Total general obligation					
bonds .....	199,398		(12,529)	186,869	12,764
Self liquidating bonds ....	<u>1,780</u>		<u>(480)</u>	<u>1,300</u>	<u>505</u>
Total bonds payable .....	201,178		(13,009)	188,169	13,269
Notes payable:					
Clean Water notes .....		\$ 2,318	(164)	2,154	116
Capital leases.....	67		(21)	46	23
Compensated absences.....	7,970	472		8,442	2,100
Risk management .....	<u>19,271</u>	<u>21,050</u>	<u>(20,487)</u>	<u>19,834</u>	<u>3,388</u>
Governmental activity					
long-term liabilities .....	<u>\$228,486</u>	<u>\$23,840</u>	<u>\$(33,681)</u>	<u>\$218,645</u>	<u>\$18,896</u>
<b>Business-type activities</b>					
Notes payable:					
Clean water notes .....	\$11,679	\$24,000	\$(635)	\$35,044	\$2,634
Compensated absences.....	<u>226</u>		<u>(15)</u>	<u>211</u>	<u>89</u>
Business-type activity					
long-term liabilities .....	<u>\$11,905</u>	<u>\$24,000</u>	<u>\$(650)</u>	<u>\$35,255</u>	<u>\$2,723</u>

In prior years, the City had defeased certain general obligation bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the Town's financial statements. At June 30, 2004, \$6,780 of bonds outstanding are considered defeased.

#### Debt Limit

The City's indebtedness does not exceed the legal debt limitations as required by the Connecticut General Statutes as reflected in the following schedule:

<u>Category</u>	<u>Debt Limit</u>	<u>Net Indebtedness</u>	<u>Balance</u>
General purpose.....	\$224,219	\$171,543	\$52,676
Schools .....	\$448,439	\$27,458	\$420,981
Sewers .....	\$373,699	\$18,057	\$355,642
Urban renewal .....	\$323,872		\$323,872
Pension deficit .....	\$298,959		\$298,959

The total overall statutory debt limitation for the City is equal to seven times annual receipts from taxation (\$697,571).

The indebtedness above includes \$163,336 of authorized bonds which were unissued as of June 30, 2004.

The Water Department Enterprise Fund is used to account for the operations of the City of New Britain Water Department in a manner similar to private business enterprises. Under Section 7-374B of the General Statutes of Connecticut, water bonds are treated as self-liquidating debt and are excluded in determining the net bonded debt.

Subway bonds represent debt related to constructing and maintaining underground conduits for electric light and telephone wires and cables. The bonds are general obligations of the City, which are financed by assessments levied against the utility companies which use the system. Under Section 7-374B of the General Statutes, the bonds are treated as self-liquidating and are excluded in determining the net bonded debt.

The maturities relating to all bonds and serial notes of the City as of June 30, 2004 are as follows:

<b>Year Ending June 30,</b>	<b>Principal General Obligation</b>	<b>Principal Self Liquidating</b>	<b>Principal Clean Water Notes</b>	<b>Interest General Obligation</b>	<b>Interest Self Liquidating</b>	<b>Interest Clean Water Notes</b>	<b>Total</b>
2005	\$ 12,790	\$ 505	\$ 1,950	\$ 11,150	\$ 71	\$ 995	\$ 27,461
2006	13,455	525	1,950	10,443	43	836	27,252
2007	13,085	90	1,950	9,688	13	790	25,616
2008	12,145	90	1,950	8,916	8	742	23,851
2009	11,245	90	1,950	8,281	4	701	22,271
2010	11,025		1,950	7,646		647	21,268
2011	10,580		1,950	7,011		598	20,139
2012	10,690		1,950	6,413		548	19,601
2013	8,245		1,950	5,802		498	16,495
2014	6,195		1,950	5,353		450	13,948
2015	5,185		1,950	4,984		377	12,496
2016	5,125		1,950	4,660		331	12,066
2017	5,465		1,950	4,336		300	12,051
2018	5,820		1,950	3,988		253	12,011
2019	6,205		1,950	3,616		206	11,977
2020	6,610		1,950	3,219		155	11,934
2021	6,010		1,950	2,795		105	10,860
2022	6,515		1,583	2,404		59	10,561
2023	6,940		1,267	1,982		25	10,214
2024	7,400		1,198	1,533		2	10,133
2025	7,890			1,055			8,945
2026	8,410			544			8,954
<b>TOTAL</b>	<b>\$187,030</b>	<b>\$1,300</b>	<b>\$37,198</b>	<b>\$115,819</b>	<b>\$139</b>	<b>\$8,618</b>	<b>\$350,104</b>

Note: Self Liquidating principal includes sewer debt of \$450 and subway debt of \$850.

Note: Due to a variable interest rate on the 2000 Series C issue of federally taxable bonds, the interest payments are computed based on the current interest rate of 1.4%. This rate will change on a yearly basis.

### Interest Rate Swap Agreements

The City has entered into an interest rate swap agreement for the following outstanding debt:

<b><u>Type</u></b>	<b><u>Face Value</u></b>	<b><u>Interest Rate</u></b>	<b><u>Maturity Date</u></b>
General Obligation Pension Bonds	\$40,000	Variable	February 1, 2026

The agreement requires the City pay a fixed interest rate to the counterparties to the swap, and the counterparties pay the City a variable interest rate that is determined by the agreement. The City continues to make payments to the bondholders, and only the net difference in interest payments is exchanged with the counterparty. By entering into this agreement, the City has in effect exchanged its variable liability for a fixed rate obligation. As a result of this agreement, the City is exposed to the market risk relating to the relationship between the variable interest rate on the bonds and the rate that it receives under the swap agreement.

The agreement calls for the following exchange of interest rates:

<u>Counterparty</u>	<u>Face value</u>	<u>Interest Rate Assumed by City</u>	<u>Interest Rate Assumed by Counterparty</u>
Ambac	\$40,000	6.47%	Taxable variable 7 day reset

### **Option on Interest Rate Swap Agreements (Swaption)**

Effective April 8, 2003, the City entered into a swaption with Societe Generale, New York Branch, (the “Institution”), having the following terms and conditions:

On April 24, 2003, the Institution paid the City \$1.3 Million in exchange for an option to enter into an interest rate swap agreement with the City exercisable by the Institution on April 7, 2005.

In the event of the exercise of the swaption, the Institution will pay to the City the fixed rate of 6% on the notional amount of the City’s 1998 fixed rate pension bonds semi-annually, and the City will pay to the Institution a floating rate equal to the 1 month LIBOR rate compounded monthly, and payable semi-annually.

The City shall have the option to early termination of the swap agreement provided that if such termination requires a payment by the City to the Institution, the City shall establish a date within six months of the date on which the swap is terminated and shall make such payment on such established date.

If the option is exercised the actual savings ultimately recognized by the transaction will be affected by the relationship between the interest rate terms of the fixed rate bonds versus the floating rate equal to the one (1) month LIBOR rate compounded monthly and payable semi-annually.

## **11. FUND BALANCES/NET ASSETS**

The following is a description of the various reserve accounts used to indicate that a portion of equity is legally segregated for a specific purpose and is unavailable for appropriation:

### **A. Fund Balance and Net Assets Reserved**

Reserved for Encumbrances – represents outstanding purchase orders at year end on contracts which the Town intends to honor.

Reserved for Inventory – the balance of inventory accounts has been reserved to indicate that the portion of fund balance represented is not available for appropriation or expenditure.

Reserved for Employees’ Pension Benefits – represents the amount of funds accumulated in the Pension Trust Fund to pay for pension benefits.



Reserved Retained Earnings for Internal Service Fund – represents amounts in the Risk Management Fund which are legally reserved for self-insured losses.

Fund balance/net asset reserves are as follows:

	<u>General</u>	<u>Nonmajor Governmental</u>	<u>Capital Projects</u>	<u>Internal Service</u>	<u>Fiduciary</u>
Encumbrances .....	\$1,424	\$ 85	\$16,580		
Inventory .....		50			
Trust purposes .....		2,535			
Pension benefits .....					\$154,899
Self-insurance.....				\$2,446	
TOTAL .....	<u>\$1,424</u>	<u>\$2,670</u>	<u>\$16,580</u>	<u>\$2,446</u>	<u>\$154,899</u>

#### **B. Fund Balance – Designations**

Nonmajor Governmental – The following programs have designated a portion of fund balance in the governmental funds to be used for future purposes:

Stanley Quarter Park .....	\$ 64
Cemetery Fund .....	102
Sewer Fund.....	866
Recreation Amusement Fund .....	4
Darius Miller Walnut Hill .....	32
YSB Program Activity .....	2
Drug Investigation.....	<u>151</u>
TOTAL.....	<u>\$1,221</u>

## **12. RISK MANAGEMENT**

Insurance coverages are purchased by the City for the following exposures:

- Property damage
- Auto liability
- Boiler and machinery exposures

**Property Damage:** Purchased insurance covers physical loss or damage to City property (other than vehicles). Generally, the deductible is \$25; different deductibles apply to certain classes of property and types of loss. The City maintains a blanket building and contents policy on a 90% co-insurance coverage basis.

**Auto Liability:** The insured limit of coverage is \$3,000 with no deductible; uninsured/underinsured motorists' coverage is \$40, no deductible. The policy provides liability coverage for both vehicles and mobile equipment.

**Boiler and Machinery Exposures:** Insurance coverage includes direct damage limit per accident of \$40 the deductible is \$25. This policy provides coverage for damage resulting from sudden and accidental breakdown of boilers, refrigeration and air conditioning equipment, pressure vessels, piping and accessory equipment.

### Self-Insurance Plans

The City is self-insured, or maintains large risk retentions, with regard to the following types of coverage:

- Medical Health Insurance
- General Liability
- Workers' compensation (including Policemen and Firemen Hypertension)
- Employee Fiduciary Bonds (except for the Tax Collector, Treasurer and selected Treasury/Finance personnel)

The City has opted to manage certain of its risks internally and set aside assets for claim settlement in its Internal Service Funds. The Internal Service Funds are used to account for the City's medical, workers' compensation and general accident, casualty and liability risks. During 1994, the City adopted Statement No. 10, as amended by Statement No. 17, of the Government Accounting Standards Board.

The City's medical self-insurance program is administered by Blue Cross/Blue Shield. Under the medical plan, the City self-insures individual coverage up to a maximum of \$100 for major medical, and for hospitalization for the contract year July 1, 2002 to June 30, 2003. The City has obtained coverage which insures claims in excess of these amounts. When a claim is submitted, the administrator processes and pays the claims from funds accumulated by the City in an internal service fund. The internal service fund is funded annually by the City's General Fund and the Board of Education based upon information provided by the administrator using an actuarial method to determine such information. The charges by the internal service fund to the City's General Fund are to be adjusted over future contract years so that internal service fund revenues and expenses are approximately equal over such period of time. The City's medical claim liability of approximately \$1,573 is reported in the internal service fund at June 30, 2004, and is based on the requirements of Governmental Accounting Standards Board Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated.

The City's self-insurance program for general accident, casualty and liability is administered internally. When a claim is submitted, the City processes and pays the claim from funds now accumulated by the City in an internal service fund. The General Liability Internal Service Fund was funded in 1994 to the extent that the City's financial resources would be required during the next twelve months. The charges by the General Liability Internal Service Fund to other funds will be adjusted over future years so that internal service revenues and expenses are approximately equal over such period of time. The City currently carries excess general liability insurance coverage, which reflects a self-insured retention of \$500. The City retains the first \$500 per occurrence; coverage is provided by the insurer for the next \$3,000 per occurrence/\$4,000 aggregate. The insurance coverage includes a stop loss feature, providing coverage after the City has paid \$1,300 cumulative accident year claims. Separate policies for special risks are carried by the City to complement the self-insured program; these include:

- Owners, landlords and tenants liability coverage for the Fafnir property and for foreclosed properties
- Liability coverage for the Terrific Toys program

The City's self-insurance program for workers' compensation is administered internally. When a claim is submitted, the City processes and pays the claim from funds now accumulated by the City in an internal service fund. The Workers' Compensation Internal Service Fund was funded in 1994 to the extent that the City's financial resources would be required during the next twelve months. The charges by the Workers' Compensation Internal Service Fund to other funds will be adjusted over future years so that internal service revenues and expenses are approximately equal over such period of time. The City's aggregate workers' compensation claim liability of approximately \$16 million has been recorded in the workers' compensation internal service fund. The City currently carries excess workers' compensation insurance coverage. The City retains the first \$1,000 per accident; limits are statutory.

Settled claims have not exceeded the commercial coverages in any of the previous three years.

The changes in the claim reserves for the fiscal years ending June 30, 2004 and June 30, 2003 as follows:

	.....June 30, 2004.....			.....June 30, 2003.....		
		Workers'	General Accident Casualty And		Workers'	General Accident Casualty And
	<u>Medical</u>	<u>Compensation</u>	<u>Liability</u>	<u>Medical</u>	<u>Compensation</u>	<u>Liability</u>
Beginning of year claim reserve....	\$ 1,400	\$15,643	\$2,228	\$ 1,449	\$13,991	\$3,245
Current year incurred claims and changes in prior year estimate ....	18,685	2,246	119	18,118	3,252	(883)
Claim payments.....	(18,512)	(1,856)	(119)	(18,167)	(1,600)	(134)
End of year claim reserve.....	<u>\$ 1,573</u>	<u>\$16,033</u>	<u>\$2,228</u>	<u>\$ 1,400</u>	<u>\$15,643</u>	<u>\$2,228</u>

### 13. EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS

#### Overview

Substantially all City employees except for the certified employees of the Consolidated School District and the regular members of the Police and Fire Departments are covered under a contributory pension plan administered by the Municipal Employees' Retirement Fund ("MERF"), a State of Connecticut Multiple Employer Public Employee Retirement System. Regular members of the Police and Fire Departments participate in contributory pension plans known as the Police Benefit Fund and the Firemen's Pension Plan. The certified faculty and administrative personnel of the Board of Education participate in the contributory defined benefit plan established under Section 10.183 of the Connecticut General Statutes that is administered by the Connecticut State Teachers' Retirement Board.

#### Municipal Employees' Retirement Fund (MERF)

MERF is the administrator of a cost sharing multiple employer public employee retirement system ("PERS") established by the State of Connecticut and administered by the State Retirement Commission to provide pension benefits for the employees of participating municipalities. MERF is considered to be a part of the State of Connecticut financial reporting entity and is included in the State's financial reports as a pension trust fund. Those reports may be obtained by writing to the State of Connecticut, Office of the State Comptroller, 55 Elm Street, Hartford, Connecticut 06106 or by calling (860) 702-3480.

Any local government authority in the State of Connecticut, including towns, cities, boroughs, regional school districts, housing authorities, or other special districts, may elect to participate for one or more of its departments, including elective officers; only teachers who are covered under the Connecticut State Teachers' Retirement System are ineligible.

Plan provisions are set by statute of the State of Connecticut. MERF provides retirement benefits, as well as death and disability benefits. Annual cost of living increases commence each July immediately after retirement with a minimum 2.5% to maximum of 6% up to 65 years of age after which COLAs will remain at a minimum of 3% to a maximum of 5%. All benefits vest after ten years of continuous service. Members who retire after age 55 with ten years of service or after 25 years of service, irrespective of age, are entitled to an annual retirement benefit, payable monthly for life, in an amount for each year of service equal to:

- If not covered by Social Security: 2% of the average of earnings for the three highest paid years of service.
- If covered by Social Security: 1-1/6% of the average of earnings not in excess of the taxable wage base for the ten highest paid years, plus 2% of the average of earnings for the three highest paid years of service which is in excess of the average of earnings not in excess of the taxable wage base for the ten highest paid years.

### Funding Policy

Covered employees are required by State statute to contribute 2 ¼% of earnings upon which Social Security tax is paid plus 5% of earnings on which no Social Security tax is paid. Each participating municipality is required to contribute the amounts necessary to finance the remaining costs of the Plan. The contribution requirements of the City are established and may be amended by the State Retirement System.

The current rate is 3% of covered payroll. The City's and employee contributions to MERF for the year ended June 30, 2004, June 30, 2003 and June 30, 2002 are as follows:

<b><u>Fiscal Year Ended</u></b>	<b><u>City Contribution Amount</u></b>	<b><u>Employee Contribution Amount</u></b>	<b><u>Total Contribution Amount</u></b>	<b><u>Total Payroll covered by the MERF</u></b>
June 30, 2002	\$951	\$1,585	\$2,536	\$31,693
June 30, 2003	\$1,054	\$1,758	\$2,812	\$35,164
June 30, 2004	\$1,274	\$1,664	\$2,938	\$33,306

### Employee Retirement System

#### Plan Description

The City is the administrator of a single-employer public employee retirement system ("PERS") established and administered by the City to provide pension benefits for its Police and Fire Department employees. Benefits and contributions under this retirement system are established by the City and may be amended only by the City Council. The PERS, is considered to be part of the City's financial reporting entity and is included in the City's financial reports as pension trust funds. A separate stand-alone financial report for the PERS is not issued by the City.

Under the plans, all City police employees hired on or before, July 1, 2000 are eligible; those hired after this date shall be enrolled in the Connecticut Municipal Employees' Retirement Fund B. All Fire Department employees hired on, or before, July 1, 1995 are eligible; those hired after July 1, 1995 shall be enrolled in the Connecticut Municipal Employees' Retirement Fund B. Consequently these are "closed plans." Police Department and Fire Department employees are 100% vested after ten years of service. If an employee leaves covered employment or dies before he or she is vested, accumulated employee contributions are refunded without interest. The retirement benefit is calculated at 50% (2-1/2% per year for the first 20 years) of the compensation being paid to an active member of the same grade as that at which the member retired except that firemen may contribute at the level of a lieutenant's pay and retire at that grade and patrolmen may contribute at the level of a sergeant's pay and retire at that grade. An additional 1/2% of pay is added for each of the next five years of allowable service plus 1% for each year of allowable service over 25 to a maximum of 80%.

The financial information of the PERS is as follows:

*Statement of Plan Net Assets*

	<b>.....Employee Retirement Funds.....</b>		
	<b>Police Benefit Plan</b>	<b>Firemen's Benefit Plan</b>	<b>Total</b>
Assets:			
Cash and cash equivalents .....	\$ 2,248	\$ 2,501	\$ 4,749
Investments .....	74,146	76,020	150,166
 TOTAL .....	 \$76,394	 \$78,521	 \$154,915
Liabilities:			
Accounts payable .....	\$8	\$8	\$16
Net assets:			
Reserved for employee retirement .....	\$76,386	\$78,513	\$154,899

*Statement of Changes in Plan Net Assets*

	<b>.....Employee Retirement Funds.....</b>		
	<b>Police Benefit Plan</b>	<b>Firemen's Benefit Plan</b>	<b>Total</b>
Additions:			
Contributions:			
Employer .....	\$ 713	\$ 1,009	\$ 1,722
Plan members .....	439	484	923
Total contribution .....	1,152	1,493	2,645
Investment income (loss):			
Net appreciation (depreciation) in fair value of investments .....	7,556	6,780	14,336
Interest and dividends .....	2,013	2,648	4,661
Miscellaneous .....	8	3	11
Total investment income (loss) .....	9,577	9,431	19,008
Investment expense .....	(291)	(258)	(549)
Net investment income .....	9,286	9,173	18,459
Total .....	10,438	10,666	21,104
Deductions:			
Benefits .....	(4,390)	(3,519)	(7,909)
Administration .....	(58)	(63)	(121)
Total .....	(4,448)	(3,582)	(8,030)
Net increase (decrease) .....	5,990	7,084	13,074
Net assets held in trust for pension benefits, July 1, 2003 .....	70,396	71,429	141,825
Net assets held in trust for pension benefits, June 30, 2004 .....	<u>\$76,386</u>	<u>\$78,513</u>	<u>\$154,899</u>

As of the most recent actuarial valuation, PERS membership consisted of:

	<b><u>Fire</u></b>	<b><u>Police</u></b>
Retirees and beneficiaries currently receiving benefits .....	129	160
Current employees:		
Vested .....	122	81
Non-vested .....	<u>4</u>	<u>40</u>
Total .....	<u>255</u>	<u>281</u>

## Summary of Significant Accounting Policies and Plan Asset Matters

Basis of Accounting: PERS financial statements are prepared using the accrual basis of accounting. Employee and employer contributions are recognized as revenues in the period in which employee services are performed. Benefit payments and refunds are payable when due and payable in accordance with the terms of the PERS.

Methods Used to Value Investments: All funds are invested through an investment agreement with Fleet Investment Services and Paine Webber and are reported at fair value.

### Funding Policy and Progress

The employees hired prior to July 1, 1990 shall receive full escalation of pension benefits and contribute 7% of their salaries. Employees hired on or after July 1, 1990 receive no escalation of pension benefits and contribute 5-1/2% of their salaries. The City is required to contribute the remaining amounts necessary to finance the coverage for its employees. For the fiscal year ended June 30, 2004, these required contributions were \$234 and \$650 for the fire and police plans, respectively. Benefits and contributions are established by the City and may be amended only by the City Council and Union negotiation.

### Annual Pension Cost and Net Pension Obligations

The City's annual pension cost and net pension obligation to the PERS for the current year were as follows:

	<b><u>Fire</u></b>	<b><u>Police</u></b>
Annual required contribution .....	\$ 234	\$650
Interest on net pension obligation .....	(3)	(32)
Adjustment to annual required contribution .....	<u>1</u>	<u>21</u>
Annual pension cost .....	232	639
Contributions made .....	<u>(1,009)</u>	<u>(713)</u>
Increase (decrease) in net pension obligation .....	(777)	(74)
Net pension obligation, July 1, 2003.....	<u>(43)</u>	<u>(377)</u>
Net pension obligation (asset), June 30, 2004.....	<u>\$ (820)</u>	<u>\$(451)</u>

The following is a summary of certain significant actuarial assumptions and other PERS information:

	<b><u>Fire</u></b>	<b><u>Police</u></b>
Actuarial Valuation Date	March 1, 2003	March 1, 2003
Actuarial Cost Method	Entry Age Normal	Entry Age Normal
Amortization Method	Level Percentage of Payroll-Closed	Level Percentage of Payroll-Closed
Remaining Amortization Period	29 years	29 years
Asset Valuation Method	90% of Market	90% of Market
Actuarial Assumptions:		
Investment rate of return	7.5%	7.5%
Projected Salary Increases*	3.5%	3.75%

\*Includes inflation at 4%

### Trend Information

Fire Plan

<b>Fiscal Year Ended</b>	<b>Annual Pension Cost (APC)</b>	<b>Actual Contribution</b>	<b>Percentage of APC Contributed</b>	<b>Net Pension Obligation (Asset)</b>
6/30/2002	\$818	\$893	109%	\$ (92)
6/30/2003	817	768	94	(43)
6/30/2004	232	1,009	435	(820)

Police Plan

<b>Fiscal Year Ended</b>	<b>Annual Pension Cost (APC)</b>	<b>Actual Contribution</b>	<b>Percentage of APC Contributed</b>	<b>Net Pension Obligation (Asset)</b>
6/30/2002	\$272	\$375	138%	\$(245)
6/30/2003	270	402	149	(377)
6/30/2004	639	713	113	(451)

Pension Plan Required Supplementary Information*Schedule of Funding Progress*Fire Plan

<b>Actuarial Valuation Date</b>	<b>Actuarial Value of Assets (a)</b>	<b>Actuarial Accrued Liability (b)</b>	<b>Unfunded Actuarial Accrued Liability (UAAL) (c)</b>	<b>Covered Payroll (d)</b>	<b>UAAL as % of Covered Payroll (c/d)</b>
12/01/1999	\$65,572	\$64,562	\$ (1,010)	\$7,397	(13.7)%
2/28/2001	68,937	62,921	(6,016)	6,526	(92.2)
3/01/2003	76,915	65,434	(11,481)	7,426	(154.6)

Police Plan

<b>Actuarial Valuation Date</b>	<b>Actuarial Value of Assets (a)</b>	<b>Actuarial Accrued Liability (b)</b>	<b>Unfunded Actuarial Accrued Liability (UAAL) (c)</b>	<b>Covered Payroll (d)</b>	<b>UAAL as % of Covered Payroll (c/d)</b>
12/01/1999	\$71,240	\$61,910	\$(9,330)	\$8,060	(115.8)%
2/28/2001	68,608	64,741	(3,867)	6,727	(57.5)
3/01/2003	69,758	67,116	(2,642)	7,084	(37.3)



### *Schedule of Employer Contributions*

#### Fire Plan

	<b><u>Annual Required Contribution</u></b>	<b><u>Percentage Contributed</u></b>
6/30/1999	\$899	102%
6/30/2000	899	100
6/30/2001	819	100
6/30/2002	819	109
6/30/2003	819	94
6/30/2004	234	431

#### Police Plan

	<b><u>Annual Required Contribution</u></b>	<b><u>Percentage Contributed</u></b>
6/30/1999	\$1,075	105%
6/20/2000	1,075	106
6/30/2001	273	110
6/30/2002	278	135
6/30/2003	278	145
6/30/2004	650	110

#### **Single-employer Defined Benefit Pension Plan**

In addition to the above PERS, the City is currently paying benefits to three groups of retirees by means of annual appropriations. This program covers those individuals whose pension payments commenced prior to November 1972. Since no active employees are included, their benefits are not advance funded but paid as they come due from General Fund appropriations, i.e., on a “pay-as-you-go” basis. The unfunded liability for this plan is decreasing rapidly since the average age is 84 years.

There are twenty-two (22) retirees, thirty-seven (37) beneficiaries, and no active employees covered by this plan.

#### Summary of Significant Accounting Policies and Plan Asset Matters

The annual required contribution (ARC) and the annual pension cost represent the actual benefits paid out during the year.

#### Funding Policy

Funds are budgeted in the General Fund to cover pension benefits paid each year. Annual contributions are equal to the annual benefit payments. Benefits and contributions were established by City Charter.

#### Annual Pension Cost and Net Pension Obligation

The City’s annual pension cost, which is equal to the annual benefit payments, for the current year amounted to \$1,004. The “pay-as-you-go” Plan does not have a net pension obligation as of June 30, 2004.

Trend Information

<b><u>Fiscal Year Ended</u></b>	<b><u>Annual Pension Cost (APC)</u></b>	<b><u>Actual Contribution</u></b>	<b><u>Percentage of APC Contributed</u></b>	<b><u>Net Pension Obligation</u></b>
6/30/2002	\$1,165	\$1,165	100%	N/A
6/30/2003	1,107	1,107	100	N/A
6/30/2004	1,004	1,004	100	N/A

Pension Plan Required Supplementary Information*Schedule of Funding Progress*

<b><u>Actuarial Valuation Date</u></b>	<b><u>Actuarial Value of Assets</u></b>	<b><u>Actuarial Accrued Liability (AAL)</u></b>	<b><u>Unfunded AAL</u></b>	<b><u>Funded Ratio</u></b>	<b><u>Covered Payroll</u></b>	<b><u>UAAL as a % of Covered Payroll</u></b>
04/30/1996	\$-0-	\$13,516	\$13,516	0.0%	N/A	N/A
06/30/1997	-0-	12,270	12,270	0.0	N/A	N/A
06/30/2000	-0-	10,618	10,618	0.0	N/A	N/A

*Schedule of Employer Contributions*

<b><u>Fiscal Year Ended</u></b>	<b><u>Annual Required Contribution</u></b>	<b><u>Percentage Contributed</u></b>
06/30/1999	\$1,424	100
06/30/2000	1,387	100
06/30/2001	1,262	100
06/30/2002	1,165	100
06/30/2003	1,107	100
06/30/2004	1,004	100

Commonly accepted actuarial formulas and methods were employed for projecting the estimated pension payments for future years, and the computation of the actuarial liabilities for the “pay-as-you-go” Plan. Amortization methods and periods, asset valuation methods and projected salary increases are not applicable.

**Certified Employees of the School District**

All certified employees of the Consolidated School District of New Britain participate in the State of Connecticut Teachers’ Retirement System under Section 10.183 of the General Statutes of the State of Connecticut. A teacher is eligible to receive a normal retirement benefit if he or she has: (1) attained age sixty and has accumulated twenty years of credited service in the public schools of Connecticut or (2) attained any age and has accumulated thirty five years of credited service, at least twenty-five years of which are service in the public schools of Connecticut.

The Consolidated School District withholds seven percent (7%) of all teachers’ annual salaries and transmits the funds to the State Teachers’ Retirement Board. For the year ended June 30, 2004 the certified employees of the City contributed \$3,988 to this plan and the total payroll for certified employees covered by this plan for the year was \$57,150.

The retirement system for teachers is funded by the State based upon the recommendation of the Teachers' Retirement Board. Such contribution includes amortization of actuarially computed unfunded liability. These obligations are established under the authority of the Connecticut General Statutes. For the year ended June 30, 2004 the City has recorded, in the General Fund, intergovernmental revenue and education expenditures in the amount of \$3,561 as payments made by the State of Connecticut on-behalf of the City. The City does not have any liability for teacher pensions.

The State of Connecticut Teacher Retirement System is considered to be a part of the State of Connecticut financial reporting entity and is included in the State's financial reports as a pension trust fund. Those reports may be obtained by writing to the State of Connecticut, Office of the State Comptroller, 55 Elm Street, Hartford, Connecticut 06106.

### **Total Payroll**

Total payroll for the City for the year ended June 30, 2004 was \$116,857 of which \$104,415 was covered under the various pension plans described above.

## **14. CONTINGENT LIABILITIES**

The City of New Britain is a defendant in a number of lawsuits. It is the opinion of management that such pending litigation will not be finally determined so as to result in a judgement or judgements against the City which would materially affect its financial position.

## **15. RESTATEMENT OF PRIOR YEAR BALANCES**

The beginning fund balance of the Worker's Compensation, Internal Service Fund has been restated to reflect a correction in the actuarial valuation of the funds claim reserves. The following schedule summarizes the restatement.

	<b><u>As Previously Reported</u></b>	<b><u>Restatement</u></b>	<b><u>Balance As Restated</u></b>
Net assets, June 30, 2003 .....	\$2,293	\$(4,492)	\$(2,199)

The beginning fund balance of the A. W. Stanley, Special Revenue Fund has been restated to reflect the previous transfer of assets for the benefit of the A. W. Stanley Park to the New Britain Foundation for Public Giving. Both net assets and fund balance at June 30, 2003 have been reduced as a result of this restatement. The following schedule summarizes the restatement.

	<b><u>As Previously Reported</u></b>	<b><u>Restatement</u></b>	<b><u>Balance As Restated</u></b>
Fund balance, June 30, 2003 .....	\$94	\$(94)	\$ - 0 -

CITY OF NEW BRITAIN, CONNECTICUTGENERAL FUND

SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES  
 BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
 FOR THE YEAR ENDED JUNE 30, 2004

(thousands)

....BUDGETED AMOUNTS.....

	ORIGINAL	FINAL	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
General property taxes:				
Current Taxes .....	\$ 93,135	\$ 93,135	\$ 92,537	\$ (598)
Prior Year Levy .....	2,150	2,621	2,577	(44)
Interest and Liens .....	1,060	1,277	1,354	77
Supplemental Motor Vehicle .....	1,050	1,278	1,278	
Miscellaneous .....		8		(8)
Total general property taxes .....	97,395	98,319	97,746	(573)
Intergovernmental revenues (State):				
State Education for the Blind .....	150	150	341	191
H.E.W. Private Schools .....	105	105	104	(1)
Special School Transportation .....	524	524	398	(126)
Elementary and Secondary Transportation .....	1,975	1,975	2,173	198
Special Education .....	1,750	1,750	1,490	(260)
Education Equalization .....	58,741	59,163	59,157	(6)
Miscellaneous .....	1	1	159	158
State Infraction Distribution .....	3	145	2	(143)
Principal Subsidy .....	3,975	3,975	3,528	(447)
Interest Subsidy .....	1,657	2,213	2,213	
DCA Tax Abatements .....	31	31	34	3
Town Aid Road Fund .....	174	174	174	
Veterans Exemption Reimbursement .....			60	60
Tax Relief for the Elderly .....		680	681	1
State Property Tax Relief .....	3,779	3,779	3,784	5
Telephone Access Line Tax Relief .....	500	500	451	(49)
Civil Defense .....	22	22	31	9
Off Track Betting .....	275	275	263	(12)
State Pilot Hospital Colleges .....	3,715	3,715	3,711	(4)
State Pilot Model Housing .....	125	299	299	
Manufacturers in Distress .....	80	167	168	1
Boat License Distribution .....	13	13	13	
Bingo .....	1	1	1	
Manufacturing Equipment Tax Reimbursement .....	1,120	1,215	1,215	
Federal Emergency Management Agency .....		55	55	
Legalized Gaming Distribution .....	3,805	3,805	3,635	(170)
Total .....	82,521	84,732	84,140	(592)
Intergovernmental revenues (other than State):				
In lieu of taxes .....	30	30	20	(10)
Total intergovernmental revenues .....	82,551	84,762	84,160	(602)
Licenses and permits:				
Building Structures and Equipment .....	567	642	621	(21)
All Other Licenses .....	9	9	12	3

(Continued) - 1.

CITY OF NEW BRITAIN, CONNECTICUT  
 GENERAL FUND  
 SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES  
 BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS), ETC.

(thousands)				
	....BUDGETED AMOUNTS....			VARIANCE FAVORABLE (UNFAVORABLE)
	ORIGINAL	FINAL	ACTUAL	
Licenses and permits (continued):				
Protection.....	\$ 1	\$ 1	\$ 46	\$ 45
Health.....	31	31	38	7
Disposal.....	10	10	51	41
Planning and Zoning.....	14	14	11	(3)
Total licenses and permits .....	632	707	779	72
Charges for services:				
City Hall Commissions Rent.....	116	116	126	10
Town Clerk.....	607	1,513	1,516	3
Recreation.....	554	588	536	(52)
Public Safety.....	1,134	1,754	1,642	(112)
Parking.....	1,627	1,691	1,708	17
Engineering.....	15	18	68	50
Health.....	55	55	82	27
Public Works.....	1,309	1,544	1,750	206
Parking Tickets.....	260	280	370	90
Assessor.....	4	4	7	3
Senior Center.....	15	15	13	(2)
Total charges for services .....	5,696	7,578	7,818	240
Total licenses, fees and charges for services.....	6,328	8,285	8,597	312
Other revenue:				
Investment Income.....	530	530	441	(89)
Miscellaneous.....	247	576	669	93
Sale of Real Estate Property.....	405	405	17	(388)
Board of Education.....	115	115	496	381
Commission on Persons with Disabilities.....			1	1
Commission on Community and Neighborhood Development.....	6	6	6	
Total other revenue.....	1,303	1,632	1,630	(2)
Total revenues .....	187,577	192,998	192,133	(865)
Other financing sources:				
Transfers in.....	3,151	3,449	3,027	(422)
TOTAL .....	<u>\$190,728</u>	<u>\$196,447</u>	195,160	<u>\$(1,287)</u>
Budgetary revenues are different than GAAP revenues because:				
State of Connecticut "on-behalf" contributions to the Connecticut State Teachers' Retirement				
System for Town teachers are not budgeted .....			3,561	
Property taxes collected within 60 days of year end are recorded in the year collected for				
budgetary purposes .....			62	
Total revenues and other financing sources as reported on the statement of revenues, expenditures,				
and changes in fund balances - governmental funds - Exhibit IV.....			<u>\$198,783</u>	

CITY OF NEW BRITAIN, CONNECTICUTGENERAL FUND

SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES  
 BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
 FOR THE YEAR ENDED JUNE 30, 2004

(thousands)				
....BUDGETED AMOUNTS....				VARIANCE FAVORABLE (UNFAVORABLE)
	ORIGINAL	FINAL	ACTUAL	
General Government:				
Legislative.....	\$ 108	\$ 109	\$ 107	\$ 2
Boards and Commissions.....	20	20	19	1
Judicial.....	63	64	62	2
Elections.....	372	376	352	24
Mayor's Office.....	458	433	432	1
Planning and Zoning.....	190	194	191	3
Finance.....	3,092	3,234	2,635	599
Recording and Reporting.....	532	567	565	2
Legal.....	1,323	1,327	422	905
Central Services.....	163	163	159	4
Total General Government.....	6,321	6,487	4,944	1,543
Public Safety:				
Police.....	14,701	15,898	15,669	229
Fire.....	14,495	14,822	14,791	31
Lighting.....	744	729	729	
Building.....	691	657	654	3
Civil Preparedness.....	83	85	81	4
Central Emergency Dispatch.....	1,589	1,494	1,478	16
Total Public Safety.....	32,303	33,685	33,402	283
Public Works:				
Bureau of Engineering.....	507	499	492	7
Administration.....	510	555	551	4
Street Services.....	3,341	3,193	3,278	(85)
Public Buildings.....	2,831	2,865	2,839	26
Capital Projects.....	634	575	575	
Signals and Control.....	418	383	419	(36)
Waste Disposal.....	5,005	4,921	5,085	(164)
Total Public Works.....	13,246	12,991	13,239	(248)
Parks and Recreation:				
Administration.....	328	329	328	1
Forestry.....	203	223	240	(17)
Horticulture.....	295	300	310	(10)
Maintenance.....	2,385	2,494	2,500	(6)
Special Projects.....	75	34	10	24
Recreation Department.....	711	645	742	(97)
Willow Brook Sports Complex.....	52	104	56	48
Willow Brook Food Concessions.....	137	139	136	3

(Continued) - 1.

CITY OF NEW BRITAIN, CONNECTICUT  
 GENERAL FUND  
 SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES  
 BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS), ETC.

(thousands)				
....BUDGETED AMOUNTS.....				
	ORIGINAL	FINAL	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
Parks and Recreation (continued):				
City Supported Agencies.....	\$ 2,784	\$ 2,784	\$ 2,783	\$ 1
Cultural Organizations.....	97	97	128	(31)
Total Parks and Recreation.....	7,067	7,149	7,233	(84)
Health and Social Services:				
Rights and Opportunities Commission.....	93	93	90	3
Civil Service Commission.....	312	352	358	(6)
Nursing.....	351	334	323	11
Environmental Control.....	390	323	324	(1)
Administration.....	172	184	174	10
Social Services.....	208	258	257	1
Senior Center.....	510	512	501	11
Handicap Services.....	106	109	106	3
Veterans Services.....	72	74	72	2
Total Health and Human Services.....	2,214	2,239	2,205	34
Education.....	104,136	104,742	104,694	48
Total Expenditures.....	165,287	167,293	165,717	1,576
Transfers Out:				
Insurance Reserve.....		350	350	
Capital Non-Recurring.....		1,994	1,648	346
Capital Equipment Reserve.....		574	578	(4)
Capital Projects.....		55	55	
Dog Fund.....	99	99	99	
Centralized Services Fund.....		104	104	
Local Property Tax Relief Fund.....		550	550	
Debt Service.....	25,033	25,035	24,882	153
Grants and Contributions.....	147	230	233	(3)
High School Athletics.....	162	162	162	
Total Transfers Out.....	25,441	29,153	28,661	492
TOTAL.....	<u>\$190,728</u>	<u>\$196,446</u>	194,378	<u>\$2,068</u>
Budgetary expenditures are different than GAAP expenditures because:				
State of Connecticut "on-behalf" payments to the Connecticut State Teachers' Retirement System for Town teachers are not budgeted.....			3,561	
Encumbrances for purchases and commitments ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year received for financial reporting purposes.....			(150)	
Total expenditures and other financing sources as reported on the statement of revenues, expenditures, changes in fund balances - governmental funds - Exhibit IV .....			<u>\$197,789</u>	

## **GENERAL FUND**

The General Fund is the principal fund of the City and is used to account for all activities of the City not included in other specific funds. The General Fund accounts for the normal recurring activities of the City such as the police department, fire department, parks and recreation, public works and the Board of Education. These activities are funded primarily by property taxes levied on individuals and local businesses.



CITY OF NEW BRITAIN, CONNECTICUTGENERAL FUNDCOMPARATIVE BALANCE SHEET  
JUNE 30, 2004 AND 2003

(thousands)		
	2004	2003
<u>A S S E T S</u>		
Cash and cash equivalents .....	\$19,148	\$30,286
Property taxes receivable (net of allowance for uncollectible accounts) .....	8,170	8,236
Accounts receivable .....	924	423
Due from other governments .....	30,247	33,952
Due from other funds .....	<u>17,454</u>	<u>8,809</u>
TOTAL .....	<u>\$75,943</u>	<u>\$81,706</u>
 <u>L I A B I L I T I E S</u> <u>A N D</u> <u>F U N D B A L A N C E</u>		
Liabilities:		
Accounts payable and accrued expenses .....	\$15,905	\$15,820
Due to other funds .....	14,332	17,344
Deferred revenue .....	<u>37,696</u>	<u>41,526</u>
Total liabilities .....	<u>67,933</u>	<u>74,690</u>
Fund balance:		
Reserve for encumbrances .....	1,424	1,274
Unreserved, undesignated .....	<u>6,586</u>	<u>5,742</u>
Total fund balance .....	<u>8,010</u>	<u>7,016</u>
TOTAL .....	<u>\$75,943</u>	<u>\$81,706</u>

CITY OF NEW BRITAIN, CONNECTICUT

SCHEDULE OF TAX COLLECTIONS  
FOR THE YEAR ENDED JUNE 30, 2004

(thousands)

GRAND LIST YEAR	MILL RATE	UNCOLLECTED TAXES JULY 1, 2003	.....NET ADDITIONS	LAWFUL..... DEDUCTIONS	TRANSFERS TO SUSPENSE	ADJUSTED AMOUNT COLLECTIBLE	.....COLLECTIONS..... TAXES	INTEREST	LIEN FEES	TOTAL	UNCOLLECTED TAXES JUNE 30, 2004
2002	46.93	\$ 98,270	\$367	\$1,928		\$ 96,709	\$93,815	\$ 514	\$60	\$94,389	\$2,894
2001	54.76	3,216	110	104	\$ 23	3,199	1,917	415	10	2,342	1,282
2000	50.88	1,163	13	18	8	1,150	414	167	5	586	736
1999	49.98	635	3	4	17	617	87	48	1	136	530
1998	49.42	494		3	15	476	30	24	7	61	446
1997	49.48	445		4	20	421	16	13	2	31	405
1996	49.58	435		1	17	417	11	15	4	30	406
1995	49.83	429		1	20	408	8	11	2	21	400
1994	50.85	327			20	307	9	15	2	26	298
1993	50.85	274			22	252	5	10	1	16	247
1992	49.36	243			13	230	4	7	1	12	226
1991	49.54	256			11	245	1	3		4	244
1990	48.15	308		1	13	294	2	5	1	8	292
1989	45.76	291		1	22	268	2	5	1	8	266
1988	43.90	264			14	250	2	5		7	248
TOTAL .....		<u>\$107,050</u>	<u>\$493</u>	<u>\$2,065</u>	<u>\$235</u>	<u>\$105,243</u>	<u>\$96,323</u>	<u>\$1,257</u>	<u>\$97</u>	<u>97,677</u>	<u>\$8,920</u>
Suspense collections .....										<u>7</u>	
Total collections .....										97,684	
Property taxes receivable considered available:											
June 20, 2003 .....										(596)	
June 30, 2004 .....										<u>658</u>	
Total property tax revenue .....										<u>\$97,746</u>	

## NONMAJOR GOVERNMENTAL FUNDS

### Special Revenue Funds

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are designated or legally restricted to expenditures for specific purposes. The nature and purpose of each Special Revenue Fund is as follows:

<b>Fund</b>	<b>Funding Source</b>	<b>Function</b>
Stanley Quarter Park	Golf fees and Concession income	Operations of Public Golf Course
Lead Paint Reduction	State and Federal grants	Lead paint mitigation
Cemetery	Lot sales, internments, trust income	Fairview Cemetery operations
Dog	License fees and State grants	Animal Population Control
Willowbrook Park Pool	License, fees and charges for service	Operations of the Willowbrook Park Pool
Sewer Use	User fees and investment earnings	Operation of the sewer systems
Paul Byrne Grant	State grant	Subsidizes after school programs for City's youth
New Britain Marketing Collaborative	New Britain Chamber of Commerce and the City's General Fund.	Promote the City and it's various activities and events
Local Capital Improvement	State grant	Capital Improvement Fund
Youth Summer Transportation	State grant	Youth transportation to State recreation areas
Larvicide Grant	State grant	Preventing the spread of the West Niles Virus
Board of Education State & Federal Grants	State and Federal grants	Education Programs
Statue Restoration	State grant	Police bicycle patrol program
Lead Poisoning Prevention	State grant	Prevent lead poisoning in City youth
Substance Abuse (TCE) Grant	Federal grant	Drug rehabilitation programs
Martin Luther King Brick Sale	Donations	Account for the sale of bricks
Smoking Cessation Grant	State grants	Provides support and counseling to encourage the cessation of smoking
Exercise the Right Choice	State grant	After school programs
Exercise the Right Choice II	State grant	After school programs
Grassroots Tennis Grant	State to the Connecticut Tennis Foundation	Indoor tennis programs
National Recreation Trails Grant	Federal grant	Development of a self-guided nature trail
Immunization Action Plan	State grant	Infant vaccination Program
Bullet Proof Vest Grant	Federal grant	Subsidizes the purchase of bullet proof vests for the City's police officers
DSS Food Stamp Workfare	State grant	Activities for food stamp recipients
Oval Grove Welfare to Work	City of New Britain Housing Authority	Workfare program
Bioterrorism Grant	Federal grant	Assists the City with the development of plans in the event of a bio-terrorist attack
System of Care Grant	State grant passed through Wheeler Clinic	Programs to respond to the mental health needs of City youth
Historical Records Preservation	State grant	Preservation of the City's Records
21 <sup>st</sup> Century Grant	State grant	Provides after school programs for the City's school age population
Centralized and Distribution Services	Various funding sources	This fund houses the costs for centralized services, mainly cell phone costs at this point, until these charges are ready to be allocated to the various City funds
Local Property Tax Relief Program	Various funding sources	Tax abatement for low income seniors and veterans
Conversation on Race	State and Federal grants	Interracial awareness program
Victim Services Coordinator Grant	State grant	Provides for overtime expenses for the City's victim service coordinator
COPS Ahead Homeland Security Grant	Federal grant	Police overtime to provide homeland security
Federal Omnibus Appropriation	Federal grant	Reducing crime and improving public safety
Independent Living	State grant	Teach transitional living skills to youth
AIDS Outreach	State grant	HIV prevention, education, testing and support services

<b>Fund</b>	<b>Funding Source</b>	<b>Function</b>
Youth Service Bureau Care Unit	State grant	Help at-risk children and their families
Juvenile Justice Center	Federal and State grants	Prevent City youth from committing delinquent or re-entering the Juvenile Court System
STD Control Program	State grant	STD prevention education and testing
Summer Food	State grant	Breakfast and lunch to needy children during the summer
Recreation Donation	Donations from local businesses	Fund various youth activities and scholarship awards
Recreation Amusement	Rental of recreation equipment	For the maintenance and purchase of new equipment
Weed and Seed	Federal grant	Crime reduction, economic growth projects, and neighborhood restoration
Health Per Capita	State grant	Augment local public health effort
Highway Safety Grant	State grant	Purchasing intoxilyzers for the City's police department
Drug Investigation	State Drug Asset Forfeiture Fund	Drug education and enforcement.
Senior Citizens Center		Operations of the City's Senior Center
Mobile Data Communication	State, Federal and Local funding	Enhance the City's Emergency Response System
Pulmonary Screening	State grant	Pulmonary screening
Drug Enforcement Training	State grant	Reduction of drug trafficking and drug use
Safe Neighborhood Program	State grant	Crime prevention and safer neighborhoods
Mayor's Fun Day	State grant	Provides music, activities, food, and fun for children of all ages
State Narcotics Task Force	State grant	Reducing drug trafficking
Youth Service Bureau Program Activity	Donations	Youth Service Bureau and Community Services
School Lunch Program	Federal, State and Local	School lunch programs
School Rental Account	Rental fees	Rental of school facilities
High School Athletic	Gate receipts	Purchase athletic equipment and supplies
Adult Education	Federal, State and local	Educational programs for adult residents
Summer School Music	Various funding sources	Summer school music program
Youth Build Program	Federal grant	Training at-risk youth in construction principles & practices for future employment opportunities.
Economic Development Administration Grant	Federal grant	Economic development feasibility study of the Route 9 and 72 corridors
Willow Street Grant	Federal grant	Demolition of housing units transferred to the City
Community and Neighborhood Development	State grant	Provide community and neighborhood development
Urban Action Grant	State grant	Community & economic development projects
New Britain Industrial Park	State grant	Planning activities at the former New Britain machine site
Business Outreach	State grant	Development costs for the Constructive Workshops business incubator
Emergency Shelter Grant	Federal grant	Housing opportunities for homeless individuals
Community Development Block Grant	Federal grant	Housing and community activities to for low- and moderate-income persons
HOME Project	Federal grant	Acquisition, rehabilitation and creation of housing for low and moderate income persons
Lead Grant	Federal grant	Residences in need of lead removal
State Home Programs	State grant	Rehabilitation of residential units
CHFA Broad Street Demolition	State grant	Demolition activities in the Broad St. Neighborhood Revitalization Zone
Redevelopment Commission	Various funding sources	Activities of the redevelopment commission
Brownfield Pilot	Federal grant	Evaluation of Brownfield sites
Oak Street Neighborhood	State grant	Demolition activities in the North-Oak Neighborhood Revitalization Zone.
Nuisance Abatement	State grant	To coordinate policies, acquire & redevelop properties identified as nuisances by the local Police & the State Attorney General's Office
Rental	Rental income	DMD properties
C.B. Erwin Walnut Hill Park	Investment earnings	The upkeep of Walnut Hill Park
Darius Miller Walnut Hill	Investment earnings	The upkeep of Walnut Hill Park
C.B. Stanley Walnut Hill	Investment earnings	The upkeep of Walnut Hill Park
Parks and Recreation	Investment earnings	The upkeep of Walnut Hill Park and Fairview Cemetery.
Darius Miller F/B/O Fairview Cemetery	Investment earnings	The upkeep of Fairview Cemetery

CITY OF NEW BRITAIN, CONNECTICUTNONMAJOR GOVERNMENTAL FUNDS

## COMBINING BALANCE SHEET

JUNE 30, 2004

(thousands)

	.....SPECIAL REVENUE.....					
	STANLEY QUARTER PARK	LEAD PAINT REDUCTION PROGRAM	CEMETERY FUND	DOG FUND	WILLOWBROOK PARK POOL	SEWER USE FUND
<u>A S S E T S</u>						
Cash and cash equivalents .....	\$264		\$ 166			
Investments .....			1,383			
Accounts receivable .....	14		10	\$16	\$351	\$3,333
Loans receivable .....						
Due from other governments .....						
Due from other funds .....		\$44		29		2,919
Inventory .....						
TOTAL.....	<u>\$278</u>	<u>\$44</u>	<u>\$1,559</u>	<u>\$45</u>	<u>\$351</u>	<u>\$6,252</u>
<u>L I A B I L I T I E S</u>						
<u>A N D</u>						
<u>F U N D B A L A N C E</u>						
Liabilities:						
Accounts payable .....	\$ 59		\$ 15	\$21		\$ 177
Due to other governments .....	6					
Due to other funds .....	48		531		\$232	
Deferred revenue .....		\$44				
Total liabilities .....	<u>113</u>	<u>44</u>	<u>546</u>	<u>21</u>	<u>232</u>	<u>177</u>
Fund balance (deficit):						
Reserved for encumbrances .....	43		1			28
Reserved for inventories .....						
Reserved for trust purposes .....						
Unreserved, designated .....	64		102			866
Unreserved, undesignated .....	58		910	24	119	5,181
Total fund balance (deficit) .....	<u>165</u>		<u>1,013</u>	<u>24</u>	<u>119</u>	<u>6,075</u>
TOTAL.....	<u>\$278</u>	<u>\$44</u>	<u>\$1,559</u>	<u>\$45</u>	<u>\$351</u>	<u>\$6,252</u>

(Continued) - 1.

CITY OF NEW BRITAIN, CONNECTICUTNONMAJOR GOVERNMENTAL FUNDS

## COMBINING BALANCE SHEET (CONTINUED)

JUNE 30, 2004

(thousands)

	.....SPECIAL REVENUE.....						
	PAUL BYRNE GRANT	NEW BRITAIN MARKETING COLLABORATIVE	LOCAL CAPITAL IMPROVEMENT	YOUTH SUMMER TRANSPORTATION	LARVACIDE GRANT	BOE STATE AND FEDERAL GRANTS	STATUE RESTORATION FUND
<hr/>							
<u>A S S E T S</u>							
Cash and cash equivalents .....						\$1,211	
Investments .....							
Accounts receivable .....			\$601			2,226	
Loans receivable .....							
Due from other governments .....	\$18						
Due from other funds .....		\$21			\$8		
Inventory .....							
	<hr/>						
TOTAL.....	<u>\$18</u>	<u>\$21</u>	<u>\$601</u>	<u>\$-0-</u>	<u>\$8</u>	<u>\$3,437</u>	<u>\$-0-</u>
<hr/>							
<u>L I A B I L I T I E S</u>							
<u>A N D</u>							
<u>F U N D B A L A N C E</u>							
<hr/>							
Liabilities:							
Accounts payable .....			\$ 33			\$ 842	
Due to other governments .....							
Due to other funds .....	\$18		689			192	
Deferred revenue .....						2,055	
	<hr/>						
Total liabilities .....	<u>18</u>		<u>722</u>			<u>3,089</u>	
	<hr/>						
Fund balance (deficit):							
Reserved for encumbrances .....							
Reserved for inventories .....							
Reserved for trust purposes .....							
Unreserved, designated .....							
Unreserved, undesignated .....		\$21	(121)		\$8	348	
	<hr/>						
Total fund balance (deficit) .....	<u>21</u>		<u>(121)</u>		<u>8</u>	<u>348</u>	
	<hr/>						
TOTAL.....	<u>\$18</u>	<u>\$21</u>	<u>\$ 601</u>	<u>\$-0-</u>	<u>\$8</u>	<u>\$3,437</u>	<u>\$-0-</u>

(Continued) - 2.

CITY OF NEW BRITAIN, CONNECTICUTNONMAJOR GOVERNMENTAL FUNDS

## COMBINING BALANCE SHEET (CONTINUED)

JUNE 30, 2004

(thousands)

	.....SPECIAL REVENUE.....				
	LEAD POISONING PREVENTION FUND	SUBSTANCE ABUSE (TCE) GRANT	MARTIN LUTHER KING BRICK SALE	SMOKING CESSATION GRANT	EXERCISE THE RIGHT CHOICE
<u>A S S E T S</u>					
Cash and cash equivalents .....					
Investments .....					
Accounts receivable .....					
Loans receivable .....					
Due from other governments .....					\$75
Due from other funds .....	\$1		\$7	\$1	
Inventory .....					
TOTAL.....	<u>\$1</u>	<u>\$-0-</u>	<u>\$7</u>	<u>\$1</u>	<u>\$75</u>
<u>L I A B I L I T I E S</u>					
<u>A N D</u>					
<u>F U N D B A L A N C E</u>					
Liabilities:					
Accounts payable .....	\$1				\$ 2
Due to other governments .....					
Due to other funds .....		\$ 1			73
Deferred revenue .....					
Total liabilities .....	<u>1</u>	<u>1</u>			<u>75</u>
Fund balance (deficit):					
Reserved for encumbrances .....					
Reserved for inventories .....					
Reserved for trust purposes .....					
Unreserved, designated .....		(1)	\$7	\$1	
Unreserved, undesignated .....					
Total fund balance (deficit) .....		<u>(1)</u>	<u>7</u>	<u>1</u>	
TOTAL.....	<u>\$1</u>	<u>\$-0-</u>	<u>\$7</u>	<u>\$1</u>	<u>\$75</u>

(Continued) - 3.

CITY OF NEW BRITAIN, CONNECTICUTNONMAJOR GOVERNMENTAL FUNDS

## COMBINING BALANCE SHEET (CONTINUED)

JUNE 30, 2004

(thousands)

	.....SPECIAL REVENUE.....								
	EXERCISE	GRASSROOTS	NATIONAL	IMMUNIZATION	BULLET	DSS	OVAL		SYSTEM
	THE RIGHT	TENNIS	RECREATION	ACTION	PROOF	FOOD	GROVE	BIOTERRORISM	OF CARE
	CHOICE II	GRANT	TRAILS	PLAN	VEST	STAMP	WELFARE	GRANT	GRANT
			GRANT		GRANT	WORKFARE	TO WORK		
<hr/>									
<u>A S S E T S</u>									
Cash and cash equivalents .....									
Investments .....									
Accounts receivable .....									\$ 8
Loans receivable .....									
Due from other governments .....	\$92			\$40					
Due from other funds .....					\$4	\$18			3
Inventory .....									
<hr/>									
TOTAL.....	<u>\$92</u>	<u>\$-0-</u>	<u>\$-0-</u>	<u>\$40</u>	<u>\$4</u>	<u>\$18</u>	<u>\$-0-</u>	<u>\$-0-</u>	<u>\$11</u>
<hr/>									
<u>L I A B I L I T I E S</u>									
<u>A N D</u>									
<u>F U N D B A L A N C E</u>									
<hr/>									
Liabilities:									
Accounts payable .....	\$ 8			\$ 7		\$ 3		\$ 2	\$ 4
Due to other governments .....									
Due to other funds .....	81			33			\$ 10	39	
Deferred revenue .....									
<hr/>									
Total liabilities .....	<u>89</u>			<u>40</u>		<u>3</u>	<u>10</u>	<u>41</u>	<u>4</u>
<hr/>									
Fund balance (deficit):									
Reserved for encumbrances .....									
Reserved for inventories .....									
Reserved for trust purposes .....									
Unreserved, designated .....									
Unreserved, undesignated .....	3				\$4	15	(10)	(41)	7
<hr/>									
Total fund balance (deficit) .....	<u>3</u>				<u>4</u>	<u>15</u>	<u>(10)</u>	<u>(41)</u>	<u>7</u>
<hr/>									
TOTAL.....	<u>\$92</u>	<u>\$-0-</u>	<u>\$-0-</u>	<u>\$40</u>	<u>\$4</u>	<u>\$18</u>	<u>\$-0-</u>	<u>\$-0-</u>	<u>\$11</u>

(Continued) - 4.



CITY OF NEW BRITAIN, CONNECTICUTNONMAJOR GOVERNMENTAL FUNDS

## COMBINING BALANCE SHEET (CONTINUED)

JUNE 30, 2004

(thousands)

	SPECIAL REVENUE					
	HISTORICAL	21ST	CENTRALIZED	LOCAL	CONSERVATION	VICTIM
	RECORDS	CENTURY	AND	PROPERTY	ON RACE	SERVICES
	PRESERVATION	GRANT	DISTRIBUTION	TAX RELIEF	FUND	COORDINATOR
			SERVICES	PROGRAM		GRANT
						COPS AHEAD
						HOMELAND
						SECURITY
						GRANT
<u>A S S E T S</u>						
Cash and cash equivalents .....						
Investments .....						
Accounts receivable .....						
Loans receivable .....						
Due from other governments .....						
Due from other funds .....	\$19	\$197	\$76	\$550	\$3	\$2
Inventory .....						\$22
TOTAL.....	<u>\$19</u>	<u>\$197</u>	<u>\$76</u>	<u>\$550</u>	<u>\$3</u>	<u>\$2</u>
						<u>\$22</u>
<u>L I A B I L I T I E S</u>						
<u>A N D</u>						
<u>F U N D B A L A N C E</u>						
Liabilities:						
Accounts payable .....		\$ 7				\$ 3
Due to other governments .....						
Due to other funds .....						
Deferred revenue .....						
Total liabilities .....		7				3
Fund balance (deficit):						
Reserved for encumbrances .....						1
Reserved for inventories .....						
Reserved for trust purposes .....						
Unreserved, designated .....						
Unreserved, undesignated .....	\$19	190	\$76	\$550	\$3	(2)
Total fund balance (deficit) .....	<u>19</u>	<u>190</u>	<u>76</u>	<u>550</u>	<u>3</u>	<u>(1)</u>
TOTAL.....	<u>\$19</u>	<u>\$197</u>	<u>\$76</u>	<u>\$550</u>	<u>\$3</u>	<u>\$ 2</u>
						<u>\$22</u>

(Continued) - 5.

CITY OF NEW BRITAIN, CONNECTICUTNONMAJOR GOVERNMENTAL FUNDS

## COMBINING BALANCE SHEET (CONTINUED)

JUNE 30, 2004

(thousands)

	.....SPECIAL REVENUE.....								
	FEDERAL OMNIBUS APPROPRIATION	INDEPENDENT LIVING	AIDS OUTREACH	YSB CARE UNIT	JUVENILE JUSTICE CENTER	STD CONTROL PROGRAM	SUMMER FOOD	RECREATION DONATION FUND	RECREATION AMUSEMENT FUND
<u>A S S E T S</u>									
Cash and cash equivalents .....									
Investments .....									
Accounts receivable .....		\$5			\$47	\$1			\$ 2
Loans receivable .....									
Due from other governments .....									
Due from other funds .....	\$95	1	\$19	\$40			\$39	\$16	16
Inventory .....									
TOTAL.....	<u>\$95</u>	<u>\$6</u>	<u>\$19</u>	<u>\$40</u>	<u>\$47</u>	<u>\$1</u>	<u>\$39</u>	<u>\$16</u>	<u>\$18</u>
<u>L I A B I L I T I E S</u>									
<u>A N D</u>									
<u>F U N D B A L A N C E</u>									
Liabilities:									
Accounts payable .....	\$11	\$1	\$ 7	\$ 3	\$ 9	\$1			\$ 1
Due to other governments .....									
Due to other funds .....					38				
Deferred revenue .....									
Total liabilities .....	<u>11</u>	<u>1</u>	<u>7</u>	<u>3</u>	<u>47</u>	<u>1</u>			<u>1</u>
Fund balance (deficit):									
Reserved for encumbrances .....								\$ 3	1
Reserved for inventories .....									
Reserved for trust purposes .....									4
Unreserved, designated .....									
Unreserved, undesignated .....	84	5	12	37			\$39	13	12
Total fund balance (deficit) .....	<u>84</u>	<u>5</u>	<u>12</u>	<u>37</u>			<u>39</u>	<u>16</u>	<u>17</u>
TOTAL.....	<u>\$95</u>	<u>\$6</u>	<u>\$19</u>	<u>\$40</u>	<u>\$47</u>	<u>\$1</u>	<u>\$39</u>	<u>\$16</u>	<u>\$18</u>

(Continued) - 6.

CITY OF NEW BRITAIN, CONNECTICUTNONMAJOR GOVERNMENTAL FUNDS

## COMBINING BALANCE SHEET (CONTINUED)

JUNE 30, 2004

(thousands)

	.....SPECIAL REVENUE.....							
	WEED AND SEED FUND	HEALH PER CAPITA	HIGHWAY SAFETY GRANT	DRUG INVESTIGATION	SENIOR CITIZENS CENTER	MOBILE DATA COMMUNICATION	PULMONARY SCREENING FUND	DRUG ENFORCEMENT TRAINING
<u>A S S E T S</u>								
Cash and cash equivalents .....								
Investments .....								
Accounts receivable .....	\$78			\$ 6				
Loans receivable .....								
Due from other governments .....								
Due from other funds .....		\$44	\$3	150	\$29	\$335	\$3	\$104
Inventory .....								
TOTAL.....	<u>\$78</u>	<u>\$44</u>	<u>\$3</u>	<u>\$156</u>	<u>\$29</u>	<u>\$335</u>	<u>\$3</u>	<u>\$104</u>
<u>L I A B I L I T I E S</u>								
<u>A N D</u>								
<u>F U N D B A L A N C E</u>								
Liabilities:								
Accounts payable .....	\$ 6	\$ 3	\$1	\$ 19	\$ 4			
Due to other governments .....								
Due to other funds .....	72							
Deferred revenue .....								
Total liabilities .....	<u>78</u>	<u>3</u>	<u>1</u>	<u>19</u>	<u>4</u>			
Fund balance (deficit):								
Reserved for encumbrances .....		3		5				
Reserved for inventories .....								
Reserved for trust purposes .....								
Unreserved, designated .....				151				
Unreserved, undesignated .....		38	2	(19)	25	\$335	\$3	\$104
Total fund balance (deficit) .....		<u>41</u>	<u>2</u>	<u>137</u>	<u>25</u>	<u>335</u>	<u>3</u>	<u>104</u>
TOTAL.....	<u>\$78</u>	<u>\$44</u>	<u>\$3</u>	<u>\$156</u>	<u>\$29</u>	<u>\$335</u>	<u>\$3</u>	<u>\$104</u>

(Continued) - 7.

CITY OF NEW BRITAIN, CONNECTICUTNONMAJOR GOVERNMENTAL FUNDS

## COMBINING BALANCE SHEET (CONTINUED)

JUNE 30, 2004

(thousands)

	.....SPECIAL REVENUE.....							
	SAFE NEIGHBORHOOD PROGRAM	MAJOR'S FUN DAY	STATE NARCOTICS TASK FORCE	YSB PROGRAM ACTIVITY	SCHOOL LUNCH PROGRAM	SCHOOL RENTAL ACCOUNT	HIGH SCHOOL ATHLETIC FUND	ADULT EDUCATION FUND
<u>A S S E T S</u>								
Cash and cash equivalents .....					\$356	\$212	\$119	\$73
Investments .....						3		
Accounts receivable .....								
Loans receivable .....					429			
Due from other governments .....								
Due from other funds .....		\$2	\$75	\$19				
Inventory .....					50			
TOTAL.....	<u>\$-0-</u>	<u>\$2</u>	<u>\$75</u>	<u>\$19</u>	<u>\$835</u>	<u>\$215</u>	<u>\$119</u>	<u>\$73</u>
 <u>L I A B I L I T I E S</u> <u>A N D</u> <u>F U N D B A L A N C E</u>								
Liabilities:								
Accounts payable .....					\$294			
Due to other governments .....								
Due to other funds .....					335	\$ 15	\$ 29	
Deferred revenue .....								
Total liabilities .....					629	15	29	
Fund balance (deficit):								
Reserved for encumbrances .....					50			
Reserved for inventories .....								
Reserved for trust purposes .....								
Unreserved, designated .....				\$ 2				
Unreserved, undesignated .....		\$2	\$75	17	156	200	90	\$73
Total fund balance (deficit) .....		2	75	19	206	200	90	73
TOTAL.....	<u>\$-0-</u>	<u>\$2</u>	<u>\$75</u>	<u>\$19</u>	<u>\$835</u>	<u>\$215</u>	<u>\$119</u>	<u>\$73</u>

(Continued) - 8.

CITY OF NEW BRITAIN, CONNECTICUTNONMAJOR GOVERNMENTAL FUNDS

## COMBINING BALANCE SHEET (CONTINUED)

JUNE 30, 2004

(thousands)

	.....SPECIAL REVENUE.....							
	SUMMER SCHOOL MUSIC FUND	YOUTH BUILD PROGRAM	ECONOMIC DEVELOPMENT ADMINISTRATION GRANT	WILLOW STREET GRANT	COMMUNITY AND NEIGHBORHOOD DEVELOPMENT	URBAN ACTION GRANT	NEW BRITAIN INDUSTRIAL PARK	BUSINESS OUTREACH
<u>A S S E T S</u>								
Cash and cash equivalents .....	\$67	\$263	\$73		\$22	\$1	\$27	\$66
Investments .....								
Accounts receivable .....			17	\$184		1		
Loans receivable .....								
Due from other governments .....								
Due from other funds .....								
Inventory .....								
TOTAL.....	<u>\$67</u>	<u>\$263</u>	<u>\$90</u>	<u>\$184</u>	<u>\$22</u>	<u>\$2</u>	<u>\$27</u>	<u>\$66</u>
<u>L I A B I L I T I E S</u> <u>A N D</u> <u>F U N D B A L A N C E</u>								
Liabilities:								
Accounts payable .....			\$18		\$22			\$ 93
Due to other governments .....								
Due to other funds .....		\$277	72	\$184				83
Deferred revenue .....								10
Total liabilities .....		<u>277</u>	<u>90</u>	<u>184</u>	<u>22</u>			<u>186</u>
Fund balance (deficit):								
Reserved for encumbrances .....								
Reserved for inventories .....								
Reserved for trust purposes .....								
Unreserved, designated .....								
Unreserved, undesignated .....	\$67	(14)				\$2	\$27	(120)
Total fund balance (deficit) .....	<u>67</u>	<u>(14)</u>				<u>2</u>	<u>27</u>	<u>(120)</u>
TOTAL.....	<u>\$67</u>	<u>\$263</u>	<u>\$90</u>	<u>\$184</u>	<u>\$22</u>	<u>\$2</u>	<u>\$27</u>	<u>\$ 66</u>

(Continued) - 9.

CITY OF NEW BRITAIN, CONNECTICUTNONMAJOR GOVERNMENTAL FUNDS

## COMBINING BALANCE SHEET (CONTINUED)

JUNE 30, 2004

(thousands)

	.....SPECIAL REVENUE.....							
	COMMUNITY							
	EMERGENCY	DEVELOPMENT	HOME	LEAD	STATE	CHFA	REDEVELOPMENT	BROWNFIELD
	SHELTER	BLOCK	PROJECT	GRANT	HOME	BROAD STREET	COMMISSION	PILOT
	GRANT	GRANT			PROGRAMS	DEMOLITION		
<u>A S S E T S</u>								
Cash and cash equivalents .....		\$1,336	\$ 362	\$142	\$457	\$180	\$ 6	\$15
Investments .....								
Accounts receivable .....			25		55			
Loans receivable .....		1,606	980	753				
Due from other governments .....		413						
Due from other funds .....		605	99					
Inventory .....								
TOTAL.....	\$-0-	\$3,960	\$1,466	\$895	\$512	\$180	\$6	\$15
<u>L I A B I L I T I E S</u>								
<u>A N D</u>								
<u>F U N D B A L A N C E</u>								
Liabilities:								
Accounts payable .....	\$ 12	\$ 27	\$ 11	\$ 33			\$12	
Due to other governments .....								
Due to other funds .....		14			\$ 99			
Deferred revenue .....		1,610	982	862	410	\$180		\$15
Total liabilities .....	12	1,651	993	895	509	180	12	15
Fund balance (deficit):								
Reserved for encumbrances .....								
Reserved for inventories .....								
Reserved for trust purposes .....								
Unreserved, designated .....								
Unreserved, undesignated .....	(12)	2,309	473		3		(6)	
Total fund balance (deficit) .....	(12)	2,309	473		3		(6)	
TOTAL.....	\$-0-	\$3,960	\$1,466	\$895	\$512	\$180	\$ 6	\$15

(Continued) - 10.

CITY OF NEW BRITAIN, CONNECTICUTNONMAJOR GOVERNMENTAL FUNDS

## COMBINING BALANCE SHEET (CONTINUED)

JUNE 30, 2004

(thousands)

	.....SPECIAL REVENUE.....						
	OAK STREET NEIGHBORHOOD	NUISANCE ABATEMENT	RENTAL	C.B. ERWIN WALNUT HILL PARK	DARIUS MILLER WALNUT HILL	C.B. STANLEY WALNUT HILL	PARKS AND RECREATION FUND
<u>A S S E T S</u>							
Cash and cash equivalents .....	\$6	\$34	\$38		\$ 7	\$ 1	\$12
Investments .....				\$292	1,105	1,390	
Accounts receivable .....							
Loans receivable .....							
Due from other governments .....							
Due from other funds .....					1		
Inventory .....							
TOTAL.....	<u>\$6</u>	<u>\$34</u>	<u>\$38</u>	<u>\$292</u>	<u>\$1,113</u>	<u>\$1,391</u>	<u>\$12</u>
<u>L I A B I L I T I E S</u>							
<u>A N D</u>							
<u>F U N D B A L A N C E</u>							
Liabilities:							
Accounts payable .....							
Due to other governments .....							
Due to other funds .....							
Deferred revenue .....	\$6	\$34					
Total liabilities .....	<u>6</u>	<u>34</u>					
Fund balance (deficit):							
Reserved for encumbrances .....							
Reserved for inventories .....							
Reserved for trust purposes .....					\$ 911	\$1,389	
Unreserved, designated .....					32		
Unreserved, undesignated .....			\$38	\$292	170	2	\$12
Total fund balance (deficit) .....			<u>38</u>	<u>292</u>	<u>1,113</u>	<u>1,391</u>	<u>12</u>
TOTAL.....	<u>\$6</u>	<u>\$34</u>	<u>\$38</u>	<u>\$292</u>	<u>\$1,113</u>	<u>\$1,391</u>	<u>\$12</u>

(Continued) - 11.

CITY OF NEW BRITAIN, CONNECTICUTNONMAJOR GOVERNMENTAL FUNDS

## COMBINING BALANCE SHEET (CONTINUED)

JUNE 30, 2004

(thousands)

.....SPECIAL REVENUE.....

	DARIUS MILLER F/B/O FAIRVIEW CEMETERY	TOTAL	INTERFUND ELIMINATIONS	TOTAL NONMAJOR GOVERNMENTAL FUNDS
<u>A S S E T S</u>				
Cash and cash equivalents .....		\$ 5,516		\$ 5,516
Investments .....	\$235	4,405		4,405
Accounts receivable .....		6,983		6,983
Loans receivable .....		3,339		3,339
Due from other governments .....		1,067		1,067
Due from other funds .....		5,619	\$ (704)	4,915
Inventory .....		50		50
TOTAL.....	<u>\$235</u>	<u>\$26,979</u>	<u>\$ (704)</u>	<u>\$26,275</u>
<u>L I A B I L I T I E S</u>				
<u>A N D</u>				
<u>F U N D B A L A N C E</u>				
Liabilities:				
Accounts payable .....		\$ 1,772		\$ 1,772
Due to other governments .....		6		6
Due to other funds .....		3,165	\$ (704)	2,461
Deferred revenue .....		6,208		6,208
Total liabilities .....		11,151	(704)	10,447
Fund balance (deficit):				
Reserved for encumbrances .....		85		85
Reserved for inventories .....		50		50
Reserved for trust purposes .....	\$235	2,535		2,535
Unreserved, designated .....		1,221		1,221
Unreserved, undesignated .....		11,937		11,937
Total fund balance (deficit) .....	<u>235</u>	<u>15,828</u>		<u>15,828</u>
TOTAL.....	<u>\$235</u>	<u>\$26,979</u>	<u>\$ (704)</u>	<u>\$26,275</u>



CITY OF NEW BRITAIN, CONNECTICUTNONMAJOR GOVERNMENTAL FUNDSCOMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
FOR THE YEAR ENDED JUNE 30, 2004

	(thousands)					
	.....SPECIAL REVENUE.....					
	STANLEY QUARTER PARK	LEAD PAINT REDUCTION PROGRAM	CEMETERY FUND	DOG FUND	WILLOWBROOK PARK POOL	SEWER USE FUND
Revenues:						
Intergovernmental revenue .....		\$147			\$940	
Revenues from the use of money .....			\$ 94			\$ 155
Licenses, fees, and charges for goods and services .....	\$1,442		282	\$ 34		5,018
Other revenues .....						
Total revenues.....	1,442	147	376	34	940	5,173
Expenditures:						
General government .....						
Public safety .....				130		
Public works .....			343			4,119
Health and welfare .....		147				
Parks, recreation, and libraries .....	1,340				956	
Education .....						
Total expenditures.....	1,340	147	343	130	956	4,119
Excess (deficiency) of revenues over expenditures .....	102		33	(96)	(16)	1,054
Other financing sources (uses):						
Transfers in .....			12	99		
Transfers out .....	(72)		(60)			(449)
Total other financing sources (uses).....	(72)		(48)	99		(449)
Net change in fund balances .....	30		(15)	3	(16)	605
Fund balance (deficit), beginning of year .	135	-0-	1,028	21	135	5,470
Fund balance (deficit), end of year .....	\$ 165	\$-0-	\$1,013	\$ 24	\$119	\$6,075

(Continued) - 1.

CITY OF NEW BRITAIN, CONNECTICUTNONMAJOR GOVERNMENTAL FUNDSCOMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2004

	(thousands)						
	.....SPECIAL REVENUE.....						
	PAUL BYRNE GRANT	NEW BRITAIN MARKETING COLLABORATIVE	LOCAL CAPITAL IMPROVEMENT	YOUTH SUMMER TRANSPORTATION	LARVACIDE GRANT	BOE STATE AND FEDERAL GRANTS	STATUE RESTORATION FUND
Revenues:							
Intergovernmental revenue .....	\$ 18		\$1,055			\$15,968	
Revenues from the use of money .....							
Licenses, fees, and charges for goods and services .....		\$30				1,031	
Other revenues .....							
Total revenues.....	18	30	1,055			16,999	
Expenditures:							
General government .....							
Public safety .....							
Public works .....							
Health and welfare .....							
Parks, recreation, and libraries .....	36	31	1,128			16,651	\$ 20
Education .....							
Total expenditures.....	36	31	1,128			16,651	20
Excess (deficiency) of revenues over expenditures .....	(18)	(1)	(73)			348	(20)
Other financing sources (uses):							
Transfers in .....							
Transfers out .....							
Total other financing sources (uses).....							
Net change in fund balances .....	(18)	(1)	(73)	(1)		348	(20)
Fund balance (deficit), beginning of year .	18	22	(48)	1	\$8	- 0 -	20
Fund balance (deficit), end of year .....	\$-0-	\$21	\$ (121)	\$-0-	\$8	\$ 348	\$-0-

(Continued) - 2.

CITY OF NEW BRITAIN, CONNECTICUTNONMAJOR GOVERNMENTAL FUNDSCOMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2004

	(thousands)				
	.....SPECIAL REVENUE.....				
	LEAD POISONING PREVENTION FUND	SUBSTANCE ABUSE (TCE) GRANT	MARTIN LUTHER KING BRICK SALE	SMOKING CESSATION GRANT	EXERCISE THE RIGHT CHOICE
Revenues:					
Intergovernmental revenue .....	\$46	\$260			\$221
Revenues from the use of money .....					
Licenses, fees, and charges for goods and services .....					
Other revenues .....					
Total revenues.....	46	260			221
Expenditures:					
General government .....					
Public safety .....					
Public works .....					
Health and welfare .....	46	261			
Parks, recreation, and libraries .....					231
Education .....					
Total expenditures.....	46	261			231
Excess (deficiency) of revenues over expenditures .....		(1)			(10)
Other financing sources (uses):					
Transfers in .....					
Transfers out .....					
Total other financing sources (uses).....					
Net change in fund balances .....		(1)			(10)
Fund balance (deficit), beginning of year .	-0-	-0-	\$7	\$1	10
Fund balance (deficit), end of year .....	<u>\$-0-</u>	<u>\$ (1)</u>	<u>\$7</u>	<u>\$1</u>	<u>\$-0-</u>

(Continued) - 3.

CITY OF NEW BRITAIN, CONNECTICUTNONMAJOR GOVERNMENTAL FUNDSCOMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2004

	(thousands)								
	.....SPECIAL REVENUE.....								
	EXERCISE THE RIGHT CHOICE II	GRASSROOTS TENNIS GRANT	NATIONAL RECREATION TRAILS GRANT	IMMUNIZATION ACTION PLAN	BULLET PROOF VEST GRANT	DSS FOOD STAMP WORKFARE	OVAL GROVE WELFARE TO WORK	BIOTERRORISM GRANT	SYSTEM OF CARE GRANT
Revenues:									
Intergovernmental revenue .....	\$373			\$ 80	\$ 1	\$142		\$ 41	
Revenues from the use of money .....									
Licenses, fees, and charges for goods and services .....									
Other revenues .....							\$ 35		\$105
Total revenues.....	373			80	1	142	35	41	105
Expenditures:									
General government .....									
Public safety .....					13				
Public works .....									
Health and welfare .....				91		101	45	82	105
Parks, recreation, and libraries .....	373	\$ 2	\$ 16						
Education .....									
Total expenditures.....	373	2	16	91	13	101	45	82	105
Excess (deficiency) of revenues over expenditures .....		(2)	(16)	(11)	(12)	41	(10)	(41)	
Other financing sources (uses):									
Transfers in .....			16		12				
Transfers out .....									
Total other financing sources (uses).....			16		12				
Net change in fund balances .....		(2)		(11)		41	(10)	(41)	
Fund balance (deficit), beginning of year .	3	2	-0-	11	4	(26)	-0-	-0-	7
Fund balance (deficit), end of year .....	\$ 3	\$-0-	\$-0-	\$-0-	\$ 4	\$ 15	\$(10)	\$(41)	\$ 7

(Continued) - 4.

CITY OF NEW BRITAIN, CONNECTICUTNONMAJOR GOVERNMENTAL FUNDSCOMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2004

	(thousands)						
	.....SPECIAL REVENUE.....						
	HISTORICAL RECORDS PRESERVATION	21ST CENTURY GRANT	CENTRALIZED AND DISTRIBUTION SERVICES	LOCAL PROPERTY TAX RELIEF PROGRAM	CONSERVATION ON RACE FUND	VICTIM SERVICES COORDINATOR GRANT	COPS AHEAD HOMELAND SECURITY GRANT
Revenues:							
Intergovernmental revenue .....	\$ 17	\$382				\$10	
Revenues from the use of money .....							
Licenses, fees, and charges for goods and services .....	9						
Other revenues .....					\$2	1	
Total revenues.....	26	382			2	11	
Expenditures:							
General government .....			\$ 51				
Public safety .....						18	
Public works .....							
Health and welfare .....							
Parks, recreation, and libraries .....	37	321			2		
Education .....							
Total expenditures.....	37	321	51		2	18	
Excess (deficiency) of revenues over expenditures .....	(11)	61	(51)			(7)	
Other financing sources (uses):							
Transfers in .....			118	\$550		5	\$22
Transfers out .....							
Total other financing sources (uses).....			118	550		5	22
Net change in fund balances .....	(11)	61	67	550		(2)	22
Fund balance (deficit), beginning of year .	30	129	9	-0-	3	1	-0-
Fund balance (deficit), end of year .....	\$ 19	\$190	\$ 76	\$550	\$3	\$ (1)	\$22

(Continued) - 5.

CITY OF NEW BRITAIN, CONNECTICUTNONMAJOR GOVERNMENTAL FUNDSCOMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2004

	(thousands)								
	.....SPECIAL REVENUE.....								
	FEDERAL OMNIBUS APPROPRIATION	INDEPENDENT LIVING	AIDS OUTREACH	YSB CARE UNIT	JUVENILE JUSTICE CENTER	STD CONTROL PROGRAM	SUMMER FOOD	RECREATION DONATION FUND	RECREATION AMUSEMENT FUND
Revenues:									
Intergovernmental revenue .....	\$67	\$ 61	\$86	\$ 68	\$317	\$15	\$86		
Revenues from the use of money .....									
Licenses, fees, and charges for goods and services .....									\$32
Other revenues .....			1	9		2		\$17	
Total revenues.....	67	61	87	77	317	17	86	17	32
Expenditures:									
General government .....	12								
Public safety .....									
Public works .....									
Health and welfare .....		80	86	259	318	22	78		
Parks, recreation, and libraries .....								9	24
Education .....									
Total expenditures.....	12	80	86	259	318	22	78	9	24
Excess (deficiency) of revenues over expenditures .....	55	(19)	1	(182)	(1)	(5)	8	8	8
Other financing sources (uses):									
Transfers in .....	8	5		142					
Transfers out .....									
Total other financing sources (uses).....	8	5		142					
Net change in fund balances .....	63	(14)	1	(40)	(1)	(5)	8	8	8
Fund balance (deficit), beginning of year .	21	19	11	77	1	5	31	8	9
Fund balance (deficit), end of year .....	\$84	\$ 5	\$12	\$ 37	\$-0-	\$-0-	\$39	\$16	\$17

(Continued) - 6.

CITY OF NEW BRITAIN, CONNECTICUTNONMAJOR GOVERNMENTAL FUNDSCOMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2004

(thousands)

.....SPECIAL REVENUE.....

	WEED AND SEED FUND	HEALTH PER CAPITA	HIGHWAY SAFETY GRANT	DRUG INVESTIGATION	SENIOR CITIZENS CENTER	MOBILE DATA COMMUNICATION	PULMONARY SCREENING FUND	DRUG ENFORCEMENT TRAINING
Revenues:								
Intergovernmental revenue .....	\$ 77	\$ 68	\$ 49	\$ 61		\$114		\$101
Revenues from the use of money .....								
Licenses, fees, and charges for goods and services .....					\$ 75			
Other revenues .....				38				
Total revenues.....	77	68	49	99	75	114		101
Expenditures:								
General government .....								
Public safety .....	222		37	99		15		19
Public works .....								
Health and welfare .....		78					\$ 3	
Parks, recreation, and libraries .....					93			
Education .....								
Total expenditures.....	222	78	37	99	93	15	3	19
Excess (deficiency) of revenues over expenditures .....	(145)	(10)	12		(18)	99	(3)	82
Other financing sources (uses):								
Transfers in .....								
Transfers out .....				(5)				
Total other financing sources (uses).....				(5)				
Net change in fund balances .....	(145)	(10)	12	(5)	(18)	99	(3)	82
Fund balance (deficit), beginning of year .	145	51	(10)	142	43	236	6	22
Fund balance (deficit), end of year .....	\$ -0-	\$ 41	\$ 2	\$137	\$ 25	\$335	\$ 3	\$104

(Continued) - 7.

CITY OF NEW BRITAIN, CONNECTICUTNONMAJOR GOVERNMENTAL FUNDSCOMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2004

	(thousands)							
	.....SPECIAL REVENUE.....							
	SAFE NEIGHBORHOOD PROGRAM	MAJOR'S FUN DAY	STATE NARCOTICS TASK FORCE	YSB PROGRAM ACTIVITY	SCHOOL LUNCH PROGRAM	SCHOOL RENTAL ACCOUNT	HIGH SCHOOL ATHLETIC FUND	ADULT EDUCATION FUND
Revenues:								
Intergovernmental revenue .....					\$3,504			
Revenues from the use of money .....								
Licenses, fees, and charges for goods and services .....		\$9		\$ 6	76	\$ 44	\$ 127	\$31
Other revenues .....								
Total revenues.....		9		6	3,580	44	127	31
Expenditures:								
General government .....								
Public safety .....								
Public works .....								
Health and welfare .....				7				
Parks, recreation, and libraries .....		7						
Education .....					3,459	37	260	25
Total expenditures.....		7		7	3,459	37	260	25
Excess (deficiency) of revenues over expenditures .....		2		(1)	121	7	(133)	6
Other financing sources (uses):								
Transfers in .....	\$ 25						162	
Transfers out .....								
Total other financing sources (uses).....	25						162	
Net change in fund balances .....	25	2		(1)	121	7	29	6
Fund balance (deficit), beginning of year .	(25)	-0-	\$75	20	85	193	61	67
Fund balance (deficit), end of year .....	\$-0-	\$2	\$75	\$19	\$206	\$200	\$ 90	\$73

(Continued) - 8.



CITY OF NEW BRITAIN, CONNECTICUTNONMAJOR GOVERNMENTAL FUNDSCOMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2004

	(thousands)							
	.....SPECIAL REVENUE.....							
	SUMMER SCHOOL MUSIC FUND	YOUTH BUILD PROGRAM	ECONOMIC DEVELOPMENT ADMINISTRATION GRANT	WILLOW STREET GRANT	COMMUNITY AND NEIGHBORHOOD DEVELOPMENT	URBAN ACTION GRANT	NEW BRITAIN INDUSTRIAL PARK	BUSINESS OUTREACH
Revenues:								
Intergovernmental revenue .....		\$ 347	\$73	\$184				
Revenues from the use of money .....								
Licenses, fees, and charges for goods and services .....	\$19							
Other revenues .....								
Total revenues.....	19	347	73	184				
Expenditures:								
General government .....								
Public safety .....								
Public works .....								
Health and welfare .....		209	73	184				
Parks, recreation, and libraries .....								
Education .....	3							
Total expenditures.....	3	209	73	184				
Excess (deficiency) of revenues over expenditures .....	16	138						
Other financing sources (uses):								
Transfers in .....								
Transfers out .....								
Total other financing sources (uses).....								
Net change in fund balances .....	16	138						
Fund balance (deficit), beginning of year .	51	(152)	-0-	-0-	\$-0-	\$2	\$27	\$(120)
Fund balance (deficit), end of year .....	\$67	\$ (14)	\$-0-	\$-0-	\$-0-	\$2	\$27	\$(120)

(Continued) - 9.

CITY OF NEW BRITAIN, CONNECTICUTNONMAJOR GOVERNMENTAL FUNDSCOMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE (CONTINUED)  
AS OF JUNE 30, 2004

	(thousands)							
	.....SPECIAL REVENUE.....							
	EMERGENCY SHELTER GRANT	COMMUNITY DEVELOPMENT BLOCK GRANT	HOME PROJECT	LEAD GRANT	STATE HOME PROGRAMS	CHFA BROAD STREET DEMOLITION	REDEVELOPMENT COMMISSION	BROWNFIELD PILOT
Revenues:								
Intergovernmental revenue .....	\$ 74	\$2,785	\$1,543	\$563	\$574			\$2
Revenues from the use of money .....								
Licenses, fees, and charges for goods and services .....								
Other revenues .....		439	688					
Total revenues.....	74	3,224	2,231	563	574			2
Expenditures:								
General government .....								
Public safety .....								
Public works .....								
Health and welfare .....	84	3,000	1,663	563	574		\$ 1	2
Parks, recreation, and libraries .....								
Education .....								
Total expenditures.....	84	3,000	1,663	563	574		1	2
Excess (deficiency) of revenues over expenditures .....	(10)	224	568				(1)	
Other financing sources (uses):								
Transfers in .....								
Transfers out .....								
Total other financing sources (uses).....								
Net change in fund balances .....	(10)	224	568				(1)	
Fund balance (deficit), beginning of year .	(2)	2,085	(95)	-0-	3	\$-0-	(5)	-0-
Fund balance (deficit), end of year .....	<u>\$ (12)</u>	<u>\$2,309</u>	<u>\$ 473</u>	<u>\$-0-</u>	<u>\$ 3</u>	<u>\$-0-</u>	<u>\$ (6)</u>	<u>\$-0-</u>

(Continued) - 10.

CITY OF NEW BRITAIN, CONNECTICUTNONMAJOR GOVERNMENTAL FUNDSCOMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2004

	(thousands)						
	.....SPECIAL REVENUE.....						
	OAK STREET NEIGHBORHOOD	NUISANCE ABATEMENT	RENTAL	C.B. ERWIN WALNUT HILL PARK	DARIUS MILLER WALNUT HILL	C.B. STANLEY WALNUT HILL	PARKS AND RECREATION FUND
Revenues:							
Intergovernmental revenue .....	\$5	\$23					
Revenues from the use of money .....				\$ 30	\$ 97	\$ 100	
Licenses, fees, and charges for goods and services .....			\$ 6				
Other revenues .....							
Total revenues.....	5	23	6	30	97	100	
Expenditures:							
General government .....							
Public safety .....							
Public works .....							
Health and welfare .....	5	23	2				
Parks, recreation, and libraries .....				3	17	15	
Education .....							
Total expenditures.....	5	23	2	3	17	15	
Excess (deficiency) of revenues over expenditures .....			4	27	80	85	
Other financing sources (uses):							
Transfers in .....							
Transfers out .....				(14)		(66)	
Total other financing sources (uses).....				(14)		(66)	
Net change in fund balances .....			4	13	80	19	
Fund balance (deficit), beginning of year .	-0-	-0-	34	279	1,033	1,372	\$12
Fund balance (deficit), end of year .....	\$-0-	\$-0-	\$38	\$292	\$1,113	\$1,391	\$12

(Continued) - 11.

CITY OF NEW BRITAIN, CONNECTICUTNONMAJOR GOVERNMENTAL FUNDSCOMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2004

	(thousands)			
				.....SPECIAL REVENUE.....
	DARIUS MILLER F/B/O FAIRVIEW CEMETERY	TOTAL	INTERFUND ELIMINATIONS	TOTAL NONMAJOR GOVERNMENTAL FUNDS
Revenues:				
Intergovernmental revenue .....		\$30,548		\$30,548
Revenues from the use of money .....	\$ 18	494		494
Licenses, fees, and charges for goods and services .....		7,240		7,240
Other revenues .....		2,368		2,368
Total revenues.....	18	40,650		40,650
Expenditures:				
General government .....		51		51
Public safety .....		565		565
Public works .....		4,462		4,462
Health and welfare .....		8,192		8,192
Parks, recreation, and libraries .....	4	4,665		4,665
Education .....		20,435		20,435
Total expenditures.....	4	38,370		38,370
Excess (deficiency) of revenues over expenditures .....	14	2,280		2,280
Other financing sources (uses):				
Transfers in .....		1,176	\$(17)	1,159
Transfers out .....	(11)	(678)	17	(661)
Total other financing sources (uses).....	(11)	498		498
Net change in fund balances .....	3	2,778		2,778
Fund balance (deficit), beginning of year .	232	13,050	-0-	13,050
Fund balance (deficit), end of year .....	\$235	\$15,828	\$-0-	\$15,828

## **CAPITAL PROJECTS FUND**

The Capital Projects Fund is used to account for the financial resources for the acquisition or construction of major capital facilities, other than those financed by proprietary funds and trust funds.

Revenues to the Capital Projects Fund consist of the proceeds of long and short-term debt, grants, and transfers from operating funds and the Capital and Non-Recurring Expenditure Fund.

Appropriations are made on a project life basis by the City Council in the form of resolutions or bond ordinances.

The schedule on the following pages displays for each project:

1. The original appropriation as amended.
2. Expenditures for the current fiscal year.
3. Expenditures for all fiscal years.
4. Outstanding encumbrances.
5. The project balance at fiscal year end.

For management reporting purposes, projects are classified into functional areas.

If projects are completed with remaining funded balances, the unexpended balance is transferred to the Capital Reserve Account of the Capital and Non-Recurring Expenditure Fund. The Reserve is then used as a source of funding for future projects.

CITY OF NEW BRITAIN, CONNECTICUTCAPITAL PROJECTS FUND

SCHEDULE OF EXPENDITURES - ACTUAL VS. APPROPRIATIONS (NON-GAAP BUDGETARY BASIS)  
 FOR THE YEAR ENDED JUNE 30, 2004

(thousands)

PROJECT DESCRIPTION	AMENDED BUDGET	CURRENT YEAR EXPENDITURES AND TRANSFERS	CUMULATIVE EXPENDITURES	ENCUMBERED	AVAILABLE BUDGET
Capital Equipment Reserve.....	\$ 7,005	\$ 706	\$ 6,148	\$ 23	\$ 834
Capital and Nonrecurring.....	24,676	3,137	20,018	268	4,390
Subway.....	1,371	1,128	1,628		(257)
Lincoln, Northend, Vance.....	41,650	17,503	19,553	10,922	11,175
Advanced refunding 1995 issue, 2002.....	4,700		92		4,608
City Hall Renovation.....	33,491	111	33,409	1	81
Broad, Beaver, Main and North.....	6,600	1,782	4,384	1,207	1,009
Main Street Reconstruction.....	3,250	264	2,898	60	292
Arch Street Walkway.....	4,020	736	3,161	384	475
Police Headquarters Renovation.....	11,410				11,410
EMS Ambulance.....	3,275	101	510	4	2,761
Driving Range.....	1,100	110	1,093	9	(2)
Storm Water System Improvement.....	7,136	23	23	8	7,105
Hatch Building Renovation.....	2,370	23	23	128	2,219
Environmental Remediation.....	7,707	115	115	315	7,277
Local Capital Improvement.....	950	4	310	27	613
Fafnir Booth Street Industrial Park.....	8,100	6	7,582	26	492
St. Clair, Lester, East Street.....	10,200	33	342	80	9,778
Willow Brook Phase IV.....	2,450	11	186	180	2,084
Street Lighting.....	575		72	7	496
Hart Street Extension.....	9,500	480	704	244	8,552
Broad Street Reconstruction.....	25,200	317	2,249	458	22,493
NB Machine Industrial Park.....	3,600	43	1,234	96	2,270
Fafnir Smart Park Expansion.....	2,900	147	1,168	19	1,713
Judicial District Parking Garage.....		212	212		(212)
Willow Street Project.....	2,325				2,325
Sewer I & I Improvements.....	20,375	834	5,806	2,114	12,455
<b>TOTAL .....</b>	<b>\$245,936</b>	<b>\$27,826</b>	<b>\$112,920</b>	<b>\$16,580</b>	<b>\$116,436</b>

## **INTERNAL SERVICE FUNDS**

Internal Services Funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the government and to other government units, on a cost reimbursement basis.

**Special Reserve Fund** – to account for monies reserved for future insurance expenditures.

**Health Insurance Fund** – to account for revenues and expenditures related to the City's Medical Self-Insurance Plan.

**Workers Compensation Fund** – to account for revenues and expenditures related to the City's Worker's Compensation Plan.

**General Accident Casualty & Liability Fund** – to account for revenues and expenditures related to the City's self-insurance program for general liability coverage.

CITY OF NEW BRITAIN, CONNECTICUTINTERNAL SERVICE FUNDSCOMBINING BALANCE SHEET  
JUNE 30, 2004

(thousands)

	SPECIAL RESERVE FUND	HEALTH INSURANCE FUND	WORKERS' COMPENSATION	GENERAL ACCIDENT CASUALTY AND LIABILITY	TOTAL
<u>A S S E T S</u>					
Cash and cash equivalents .....	\$ 966		\$ 582	\$ 33	\$ 1,581
Investments .....	2,753		13,753	1,278	17,784
Due from other funds .....		\$4,347			4,347
Accounts receivable .....		156			156
Total assets.....	<u>\$3,719</u>	<u>\$4,503</u>	<u>\$14,335</u>	<u>\$1,311</u>	<u>\$23,868</u>
L I A B I L I T I E S A N D <u>N E T A S S E T S</u>					
Liabilities:					
Accounts payable and accrued expenses .....		\$ 216	\$ 188	\$ 140	\$ 544
Due to other funds .....			1,044		1,044
Claim reserves .....		1,573	16,033	2,228	19,834
Total liabilities .....		1,789	17,265	2,368	21,422
Net assets .....	<u>\$3,719</u>	<u>2,714</u>	<u>(2,930)</u>	<u>(1,057)</u>	<u>2,446</u>
Total liabilities and net assets.....	<u>\$3,719</u>	<u>\$4,503</u>	<u>\$14,335</u>	<u>\$ 1,311</u>	<u>\$23,868</u>



CITY OF NEW BRITAIN, CONNECTICUTINTERNAL SERVICE FUNDSCOMBINING SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS  
FOR THE YEAR ENDED JUNE 30, 2004

	(thousands)				
	SPECIAL RESERVE FUND	HEALTH INSURANCE FUND	WORKERS' COMPENSATION	GENERAL ACCIDENT CASUALTY AND LIABILITY	TOTAL
Operating revenues:					
Charges to other funds .....		\$18,714	\$ 1,297		\$20,011
Other revenues .....		2,944	55	\$ 49	3,048
Total operating revenues .....		21,658	1,352	49	23,059
Operating expenses:					
Claims incurred .....		18,685	1,856	119	20,660
Administrative costs .....	\$ 13	1,879	562	4	2,458
Total operating expenses .....	13	20,564	2,418	123	23,118
Operating income (loss) .....	(13)	1,094	(1,066)	(74)	(59)
Non-operating revenues (expenses):					
Revenues from the use of money .....	188	11	725	77	1,001
Increase in actuarial claims reserve .....			(390)		(390)
Total non-operating revenues (expenses) .....	188	11	335	77	611
Net income (loss) before transfers .....	175	1,105	(731)	3	552
Other financing sources (uses):					
Transfers (to) other funds .....					
Transfers from other funds .....	350				350
Total other financing sources (uses) .....	350				350
Change in net assets .....	525	1,105	(731)	3	902
Net assets (deficit), beginning of year, as restated ...	3,194	1,609	(2,199)	(1,060)	1,544
Net assets (deficit), end of year .....	\$3,719	\$ 2,714	\$(2,930)	\$(1,057)	\$ 2,446

## CITY OF NEW BRITAIN, CONNECTICUT

## INTERNAL SERVICE FUNDS

COMBINING SCHEDULE OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2004

(thousands)

	SPECIAL RESERVE FUND	HEALTH INSURANCE FUND	WORKERS' COMPENSATION	GENERAL ACCIDENT CASUALTY AND LIABILITY	TOTAL
Cash flows from operating activities:					
Cash received from charges to other funds .....		\$ 19,302	\$ 1,973	\$ 50	\$ 21,325
Cash received from other operating activities .....	\$ 21	2,862	409		3,292
Cash paid for premiums and other operating expenses .....	(13)	(3,663)	(442)	4	(4,114)
Cash payments for claims made .....		(18,512)	(1,856)	(23)	(20,391)
Net cash provided (used) by operating activities .....	8	(11)	84	31	112
Cash flows from non-capital financing activities:					
Cash received from other funds .....	875				875
Cash paid to other funds .....				(26)	(26)
Net cash provided (used) by non-capital financing activities .....	875			(26)	849
Cash flows from investing activities:					
Interest income .....	113	11	568	52	744
Purchase of investments .....	(214)		(1,414)	(134)	(1,762)
Net cash provided (used) by investing activities .....	(101)	11	(846)	(82)	(1,018)
Net increase (decrease) in cash and cash equivalents .....	782		(762)	(77)	(57)
Cash and cash equivalents, beginning of year .....	184	- 0 -	1,344	110	1,638
Cash and cash equivalents, end of year .....	\$ 966	\$ - 0 -	\$ 582	\$ 33	\$ 1,581
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES					
Operating income (loss) .....	\$(13)	\$ 1,094	\$(1,066)	\$(74)	\$ (59)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
(Increase) decrease in accounts receivable .....	21	(41)	354	9	343
(Increase) decrease in due from other funds .....		547			547
Increase (decrease) in accounts payable and accrued expenses .....		(1,784)	120	96	(1,568)
Increase (decrease) in due to other funds .....			676		676
Increase (decrease) in claim reserves .....		173			173
Total adjustments .....	21	(1,105)	1,150	105	171
Net cash provided (used) by operating activities .....	\$ 8	\$ (11)	\$ 84	\$ 31	\$ 112
Non-cash investment activities:					
Net increase (decrease) in the fair value of investments .....	\$75	\$ - 0 -	\$157	\$25	\$257

## **FIDUCIARY FUNDS**

Fiduciary Funds are used to account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations, and other governments. Fiduciary Funds are not included in the government-wide statements. The Fiduciary Funds are as follows:

**Pension Trust Funds** – to account for the accumulation of resources to be used for retirement annuity payments in accordance with contract amounts and times in the future. These funds cover all members of the Fire Department and sworn members of the Police Department. Resources are contributed by employees at rates fixed by contract and by the City at amounts determined by an annual actuarial study.

**Student Activity Fund** – to account for the collection and payment of expenses for education extra-curricular activities at the high school, middle school, and grammar schools. Annually, the Board of Education transfers funds from their General Fund Budget.

**Contractor's Bond Fund** – to account for all bonds collected from contractor's – these bonds will be returned to payee upon successful completion of related construction project.

CITY OF NEW BRITAIN, CONNECTICUTPENSION TRUST FUNDSCOMBINING BALANCE SHEET  
JUNE 30, 2004

(thousands)

	FIREMEN'S PENSION FUND	POLICE BENEFIT FUND	TOTAL
<u>A S S E T S</u>			
Cash and cash equivalents .....	\$ 2,501	\$ 2,248	\$ 4,749
Investments .....	<u>76,020</u>	<u>74,146</u>	<u>150,166</u>
TOTAL .....	<u>\$78,521</u>	<u>\$76,394</u>	<u>\$154,915</u>
L I A B I L I T I E S A N D <u>N E T A S S E T S</u>			
Liabilities:			
Accounts payable and accrued expenses .....	\$ 8	\$ 8	\$ 16
Net assets held in trust for pension benefits .....	<u>78,513</u>	<u>76,386</u>	<u>154,899</u>
TOTAL .....	<u>\$78,521</u>	<u>\$76,394</u>	<u>\$154,915</u>

CITY OF NEW BRITAIN, CONNECTICUTPENSION TRUST FUNDSCOMBINING SCHEDULE OF CHANGES IN PLAN NET ASSETS  
FOR THE YEAR ENDED JUNE 30, 2004

(thousands)

	FIREMEN'S PENSION FUND	POLICE BENEFIT FUND	TOTAL
Additions:			
Contributions:			
Employer .....	\$ 1,009	\$ 713	\$ 1,722
Employee .....	484	439	923
Total contributions .....	1,493	1,152	2,645
Investment income:			
Net appreciation fair value of investments .....	6,780	7,556	14,336
Interest and dividends .....	2,648	2,013	4,661
Miscellaneous .....	3	8	11
Total investment income .....	9,431	9,577	19,008
Less investment expense .....	(258)	(291)	(549)
Net investment income .....	9,173	9,286	18,459
Total additions.....	10,666	10,438	21,104
Deductions:			
Benefits .....	3,519	4,390	7,909
Administration .....	63	58	121
Total deductions.....	3,582	4,448	8,030
Net increase .....	7,084	5,990	13,074
Net assets held in trust for pension benefits, July 1, 2003 .....	71,429	70,396	141,825
Net assets held in trust for pension benefits, June 30, 2004 .....	<u>\$78,513</u>	<u>\$76,386</u>	<u>\$154,899</u>

CITY OF NEW BRITAIN, CONNECTICUTAGENCY FUNDSCOMBINING BALANCE SHEET  
AS OF JUNE 30, 2004

(thousands)			
	CONTRACTOR'S BOND FUND	STUDENT ACTIVITY FUNDS	TOTAL
<u>A S S E T S</u>			
Cash and cash equivalents .....	\$ 16	\$112	\$128
Investments .....	298	72	370
TOTAL.....	<u>\$314</u>	<u>\$184</u>	<u>\$498</u>
 L I A B I L I T I E S A N D <u>F U N D   B A L A N C E</u>			
Liabilities:			
Due to other funds.....	\$ 2		\$ 2
Due to beneficiaries.....	312	\$184	496
Total liabilities .....	314	184	498
Fund balance .....	-0-	-0-	-0-
TOTAL.....	<u>\$314</u>	<u>\$184</u>	<u>\$498</u>

CITY OF NEW BRITAIN, CONNECTICUTAGENCY FUNDSCOMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
FOR THE YEAR ENDED JUNE 30, 2004

(thousands)

	BALANCE JULY 1, 2003	ADDITIONS	DEDUCTIONS	BALANCE JUNE 30, 2004
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CONTRACTOR'S BOND FUND

## Assets:

Cash and cash equivalents.		\$ 16		\$ 16
Investments.....	\$301	90	\$93	298

TOTAL .....	\$301	\$106	\$93	\$314
-------------	-------	-------	------	-------

## Liabilities:

Due to other funds.....	\$ 17	\$ 4	\$19	\$ 2
Due to beneficiaries.....	284	80	52	312

TOTAL .....	\$301	\$84	\$71	\$314
-------------	-------	------	------	-------

STUDENT ACTIVITY FUNDS

## Assets:

Cash and cash equivalents.	\$127	\$712	\$727	\$112
Investments.....	71	1		72

TOTAL .....	\$198	\$713	\$727	\$184
-------------	-------	-------	-------	-------

## Liabilities:

Due to beneficiaries.....	\$198	\$713	\$727	\$184
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TOTAL ALL FUNDS

## Assets:

Cash and cash equivalents.	\$127	\$728	\$727	\$128
Investments.....	372	91	93	370

TOTAL .....	\$499	\$819	\$820	\$498
-------------	-------	-------	-------	-------

## Liabilities:

Due to other funds.....	\$ 17	\$ 4	\$ 19	\$ 2
Due to beneficiaries.....	482	793	779	496

TOTAL .....	\$499	\$797	\$798	\$498
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## **CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS**

The following schedules present only the capital asset balances related to governmental funds. The assets are reported at historical cost or estimated historical cost.

The City's capitalization policy requires the recording of capital assets with original cost of \$5,000 or more. Infrastructure assets are also recorded based on a threshold of \$5,000. Provision for depreciation is not included in the schedules.



CITY OF NEW BRITAIN, CONNECTICUTCAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDSCOMPARATIVE SCHEDULE BY SOURCE  
JUNE 30, 2004 AND 2003

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	2004	2003
<hr/>		
(thousands)		
<hr/>		
Governmental funds capital assets:		
Land .....	\$ 23,423	\$ 22,593
Buildings .....	182,198	182,285
Equipment .....	16,070	15,603
Vehicles .....	13,391	12,690
Infrastructure .....	83,009	83,808
Construction in progress .....	<u>25,065</u>	<u>2,210</u>
TOTAL .....	<u>\$343,156</u>	<u>\$319,189</u>
Investment in governmental funds capital assets by source:		
Capital Projects Funds:		
General obligation bonds and notes .....	\$178,232	\$177,461
State grants .....	140,747	118,145
General Fund revenues .....	14,403	15,512
Special Revenue Fund revenues .....	4,806	3,103
Gifts .....	<u>4,968</u>	<u>4,968</u>
TOTAL .....	<u>\$343,156</u>	<u>\$319,189</u>

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CITY OF NEW BRITAIN, CONNECTICUTCAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS

## SCHEDULE BY FUNCTION AND ACTIVITY

AS OF JUNE 30, 2004

(thousands)

FUNCTION AND ACTIVITY	LAND AND BUILDINGS	EQUIPMENT	VEHICLES	INFRASTRUCTURE	CONSTRUCTION IN PROGRESS	TOTAL
General Government.....	\$ 79,405	\$ 1,134	\$ 443	\$ 170		\$ 81,152
Public Safety.....	592	3,744	5,399			9,735
Public Works.....	420	1,109	5,499	82,596	\$ 5,352	94,976
Health and Social Services.....		262	86			348
Parks and Recreation.....	10,424	1,546	1,703	243		13,916
Education.....	114,780	8,275	261		19,713	143,029
TOTAL .....	<u>\$205,621</u>	<u>\$16,070</u>	<u>\$13,391</u>	<u>\$83,009</u>	<u>\$25,065</u>	<u>\$343,156</u>

CITY OF NEW BRITAIN, CONNECTICUTCAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDSCHEDULE OF CHANGES BY FUNCTION AND ACTIVITY  
FOR THE YEAR ENDED JUNE 30, 2004

(thousands)

FUNCTION AND ACTIVITY	GOVERNMENTAL FUNDS CAPITAL ASSETS JUNE 30, 2003	TRANSFERS IN AND ADDITIONS	TRANSFERS OUT AND DELETIONS	GOVERNMENTAL FUNDS CAPITAL ASSETS JUNE 30, 2004
General Government .....	\$ 80,518	\$ 1,044	\$ 410	\$ 81,152
Public Safety .....	9,292	477	34	9,735
Public Works .....	90,092	5,793	909	94,976
Health and Social Services .....	94	352	98	348
Park and Recreation .....	13,916	22	22	13,916
Education .....	125,277	17,791	39	143,029
TOTAL .....	<u>\$319,189</u>	<u>\$25,479</u>	<u>\$1,512</u>	<u>\$343,156</u>

TABLE 1

CITY OF NEW BRITAIN, CONNECTICUT  
GOVERNMENT-WIDE EXPENSES BY FUNCTION  
LAST THREE FISCAL YEARS  
(thousands)

FISCAL YEAR	GENERAL GOVERNMENT	PUBLIC SAFETY	PUBLIC WORKS	HEALTH AND WELFARE	PARKS, RECREATION AND LIBRARIES	EDUCATION	INTEREST ON LONG-TERM DEBT	NON- DEPARTMENTAL FIXED CHARGES*	WATER	TOTAL
2002.....	\$7,327	\$25,874	\$18,295	\$7,573	\$11,220	\$123,103	\$12,930	\$10,709	\$6,328	\$223,359
2003.....	\$5,706	\$29,398	\$22,828	\$10,286	\$13,169	\$129,607	\$12,299		\$5,794	\$229,087
2004.....	\$4,862	\$34,679	\$17,741	\$10,107	\$12,638	\$136,052	\$12,226		\$5,842	\$234,147

\* Nondepartmental fixed charges are allocated by function after fiscal year ended June 30, 2002.

CITY OF NEW BRITAIN, CONNECTICUTGOVERNMENT-WIDE REVENUES  
LAST THREE FISCAL YEARS

(thousands)

FISCAL YEAR	.....PROGRAM REVENUES.....			.....GENERAL REVENUES.....				TOTAL
	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	PROPERTY TAXES	GRANTS AND CONTRIBUTIONS NOT RESTRICTED TO SPECIFIC PURPOSES	UNRESTRICTED INVESTMENT EARNINGS	OTHER GENERAL REVENUES	
2002.....	\$26,723	\$92,470	\$8,411	\$78,945	\$18,587	\$3,324	\$2,160	\$230,620
2003.....	\$24,385	\$94,877	\$9,353	\$84,956	\$21,807	\$3,339	\$3,883	\$242,600
2004.....	\$30,305	\$93,361	\$6,105	\$97,783	\$20,496	\$2,252	\$966	\$251,268

CITY OF NEW BRITAIN, CONNECTICUTGENERAL GOVERNMENTAL REVENUES AND TRANSFERS BY SOURCE  
BUDGETARY BASIS  
LAST TEN FISCAL YEARS

(thousands)

FISCAL YEAR	TAXES	LICENSES FEES AND PERMITS	INTERGOVERNMENTAL REVENUE	CHARGES FOR SERVICES	INVESTMENT AND OTHER REVENUE	TRANSFER FROM OTHER FUNDS	TOTAL
1995.....	\$74,534	\$491	\$59,845	\$4,419	\$1,382	\$ 711	\$141,382
1996.....	74,850	482	60,989	4,337	1,154	2,268	144,080
1997.....	74,400	478	60,517	4,301	1,401	765	141,862
1998.....	72,757	534	66,405	4,808	1,623	820	146,947
1999.....	73,401	597	71,912	5,370	2,067	837	154,184
2000.....	73,605	646	74,593	5,813	3,484	4,533	162,674
2001.....	75,795	509	80,128	5,603	2,729	6,076	170,840
2002.....	78,340	784	83,847	6,083	4,754	3,426	177,234
2003.....	84,094	645	84,314	7,086	8,678	5,736	190,553
2004.....	97,746	779	84,160	7,818	1,630	3,027	195,160

Note: These statistics include only General Fund revenues, expenditures and transfers.

CITY OF NEW BRITAIN, CONNECTICUTGENERAL GOVERNMENTAL EXPENDITURES AND OTHER USES BY FUNCTION  
LAST TEN FISCAL YEARS

(thousands)											
FISCAL YEAR	GENERAL GOVERNMENT	PUBLIC SAFETY	PUBLIC WORKS	PARKS AND RECREATION	SOCIAL SERVICES	EDUCATION	TRANSFERS TO OTHER FUNDS	OTHER EXPENDITURES	NON- DEPARTMENTAL FIXED CHARGES*	DEBT SERVICE	TOTAL
1995..	\$3,297	\$18,011	\$ 9,199	\$5,239	\$6,623	\$64,081	\$16,027	\$ 97	\$18,075		\$140,649
1996..	5,322	17,787	8,436	5,590	4,588	66,135	18,253	954	16,677		143,742
1997..	3,401	18,542	9,946	5,520	3,350	67,806	16,380	415	15,840		141,200
1998..	3,598	19,414	9,543	5,214	2,367	70,920	22,116	181	12,972		146,325
1999..	3,747	20,393	10,007	5,532	1,551	75,599	25,688	196	10,080	\$508	153,301
2000..	3,814	22,352	10,396	5,676	1,644	79,906	36,810	112	8,392		169,102
2001..	3,742	22,588	10,708	5,938	1,686	85,470	30,101	597	9,087		169,917
2002..	3,930	23,240	10,890	6,351	1,748	98,260	30,646	335	9,527		184,927
2003..	4,781	29,448	12,206	7,154	2,155	99,518	34,717				189,979
2004..	4,944	33,402	13,239	7,233	2,205	104,694	28,661				194,378

\* Nondepartmental fixed charges are allocated by function after fiscal year ended June 30, 2002.

Note: These statistics include only General Fund revenues, expenditures and transfers.

TABLE 5

CITY OF NEW BRITAIN, CONNECTICUTPROPERTY TAX LEVIES AND COLLECTIONS  
LAST TEN FISCAL YEARS

FISCAL YEAR	MILL RATE	TOTAL TAX LEVY*	CURRENT TAX COLLECTIONS*	PERCENT OF LEVY COLLECTED	DELINQUENT TAX COLLECTIONS*	TOTAL TAX COLLECTIONS*	TOTAL COLLECTIONS AS A PERCENT OF CURRENT LEVY	OUTSTANDING DELINQUENT TAXES*	OUTSTANDING DELINQUENT TAXES AS A PERCENT OF CURRENT LEVY
1993 1995	50.85	\$74,022	\$71,240	96.24%	\$2,213	\$73,453	99.23%	\$7,409	10.01%
1994 1996	50.85	74,200	71,185	95.94%	2,266	73,451	98.99%	7,778	10.48%
1995 1997	49.83	73,212	70,110	95.76%	2,869	72,979	99.68%	7,467	10.20%
1996 1998	49.58	72,134	69,749	96.69%	1,989	71,738	99.45%	7,821	10.84%
1997 1999	49.48	72,166	69,680	96.56%	2,515	72,195	100.04%	7,065	9.79%
1998 2000	49.42	72,836	70,322	96.55%	2,297	72,619	99.70%	7,006	9.62%
1999 2001	49.98	74,903	72,236	96.44%	2,476	74,712	99.75%	8,063	10.76%
2000 2002	50.88	77,444	74,664	96.41%	2,416	77,080	99.53%	8,205	10.59%
2001 2003	54.76	84,038	80,822	96.17%	2,133	82,955	98.71%	8,986	10.69%
2002 2004	46.93	96,709	93,815	97.01%	2,508	96,323	99.60%	8,920	9.22%

\*Amounts presented in thousands



## CITY OF NEW BRITAIN, CONNECTICUT

STATEMENT OF DEBT LIMITATION  
FOR THE YEAR ENDED JUNE 30, 2004

(thousands)

Total Tax Collections (Including interest and lien fees) received by Treasurer for the year ended June 30, 2004 .....					\$97,684*
Reimbursement for revenue loss (year ended June 30, 2004):					
Veterans Exemption .....					60
Tax relief for the elderly (C.G.S. 7-129d) and disability exemptions .....					681
Manufacturing Equipment Exemption .....					1,215
Boat registration reimbursement .....					13
BASE for debt limitation computation .....					<u>\$99,653</u>
* Budgetary basis	General			Urban	
	Purposes	Schools	Sewers	Renewal	Pension
Debt limitation:					
2-1/4 times base .....	\$224,219				
4-1/2 times base .....		\$448,439			
3-3/4 times base .....			\$373,699		
3-1/4 times base .....				\$323,872	
3 times base .....					\$298,959
Total debt limitation .....	<u>224,219</u>	<u>448,439</u>	<u>373,699</u>	<u>323,872</u>	<u>298,959</u>
Indebtedness:					
Bonds payable .....	140,162	47,718	450		
Notes payable .....	29,362	5,000			
Bonds authorized - unissued .....	<u>103,629</u>	<u>41,650</u>	<u>18,057</u>		
Total indebtedness .....	<u>273,153</u>	<u>94,368</u>	<u>18,507</u>		
Less: Self-liquidating indebtedness:					
Sewer: Bonds payable .....			450		
Subways: Bonds payable .....	850				
Statutory Exclusion-Pension Obligation .....	<u>100,760</u>				
School construction grants .....		<u>66,910</u>			
Total self-liquidating indebtedness .....	<u>101,610</u>	<u>66,910</u>	<u>450</u>		
Total indebtedness less self-liquidating indebtedness .....	<u>171,543</u>	<u>27,458</u>	<u>18,057</u>		
Debt limitation in excess of outstanding and authorized debt .....	<u>\$ 52,676</u>	<u>\$420,981</u>	<u>\$355,642</u>	<u>\$323,872</u>	<u>\$298,959</u>

NOTE: In no case shall total indebtedness exceed seven times annual receipts from taxation (\$697,571).

TABLE 7

CITY OF NEW BRITAIN, CONNECTICUTRATIO OF NET GENERAL BONDED DEBT TO ASSESSED VALUE AND NET BONDED DEBT  
LAST TEN FISCAL YEARS

FISCAL YEAR	NET ASSESSED VALUE <sup>3</sup>	ESTIMATED FULL VALUE <sup>3</sup>	NET LONG-TERM DEBT <sup>1 3</sup>	RATIO OF NET LONG-TERM DEBT TO ASSESSED VALUE (%)	RATIO OF NET LONG-TERM DEBT TO ESTIMATED FULL VALUE (%)	POPULATION <sup>2</sup>	NET LONG-TERM DEBT PER CAPITA
1995.....	\$1,452,532	\$2,075,045	\$106,565	7.34%	5.14%	72,315	1
1996.....	1,460,543	2,086,490	103,800	7.11%	4.97%	72,315	1
1997.....	1,468,456	2,097,794	117,380	7.99%	5.60%	72,315	2
1998.....	1,460,008	2,085,725	214,200	14.67%	10.27%	70,948	3
1999.....	1,454,304	2,077,577	218,680	15.04%	10.53%	70,948	3
2000.....	1,466,745	2,095,349	232,900	15.88%	11.12%	70,492	3
2001.....	1,484,295	2,120,421	220,955	14.89%	10.42%	70,010	3
2002.....	1,507,861	2,154,087	209,200	13.87%	9.71%	71,538	3
2003.....	1,518,115	2,168,736	199,398	13.13%	9.19%	71,538	3
2004.....	2,054,305	2,934,721	187,030	9.10%	6.37%	71,538	3

<sup>1</sup> Excludes Self-Liquidating Debt and includes Overlapping Debt. School building grants have not been deducted.<sup>2</sup> State of Connecticut, Municipal Fiscal Indicator, Fiscal Year Ending 1993 - 1997.<sup>3</sup> Amounts presented in thousands.

CITY OF NEW BRITAIN, CONNECTICUT

RATIO OF ANNUAL DEBT SERVICE EXPENDITURES FOR GENERAL BONDED DEBT  
TO TOTAL GENERAL GOVERNMENTAL EXPENDITURES  
LAST TEN FISCAL YEARS

FISCAL YEAR ENDED JUNE 30,	PRINCIPAL (3)	INTEREST (3)	TOTAL DEBT SERVICE (3)	TOTAL GENERAL FUND EXPENDITURES (1)(3)	RATIO OF DEBT SERVICE TO TOTAL GENERAL FUND EXPENDITURES (%)
1995 (2)	\$ 8,852	\$6,158	\$15,010	\$140,608	10.68%
1996 (2)	9,332	6,169	15,501	146,208	10.60%
1997 (2)	8,910	5,816	14,726	144,888	10.16%
1998 (2)	9,660	6,476	16,136	151,567	10.65%
1999 (2)	9,085	5,773	14,858	153,299	9.69%
2000 (2)	9,205	5,700	14,905	164,553	9.06%
2001 (2)	10,571	6,684	17,255	172,701	9.99%
2002 (2)	10,781	6,222	17,003	180,229	9.43%
2003	10,983	5,694	16,677	189,979	8.78%
2004	11,296	5,246	16,542	195,160	8.48%

(1) Includes General Fund expenditures and operating transfers out.

(2) Excludes Enterprise Fund New Britain Water Department debt.

(3) Amounts presented in thousands.

NOTE: All years are shown on a GAAP basis (Generally Accepted Accounting Principles).

CITY OF NEW BRITAIN, CONNECTICUTPROPERTY VALUE, CONSTRUCTION, AND BANK DEPOSITS  
LAST TEN FISCAL YEARS

FISCAL YEAR	COMMERCIAL .....CONSTRUCTION.....		RESIDENTIAL .....CONSTRUCTION.....		BANK DEPOSITS*	.....PROPERTY VALUE.....		
	NUMBER OF UNITS	VALUE*	NUMBER OF UNITS	VALUE*		COMMERCIAL*	RESIDENTIAL*	EXEMPT*
1995...	183	\$12,277	659	\$3,917	\$ 19,284	\$364,585	\$ 800,345	\$46,223
1996...	179	18,932	684	3,933	43,846	351,991	806,220	48,824
1997...	225	8,465	688	3,542	44,364	298,097	834,083	43,301
1998...	238	26,552	670	3,243	87,046	296,382	827,825	51,479
1999...	162	9,167	647	3,246	88,075	292,315	826,045	54,095
2000...	172	32,774	873	5,599	98,108	294,816	833,111	57,905
2001...	185	13,411	741	5,808	146,830	298,343	843,080	57,092
2002...	189	24,651	816	9,151	452,173	303,080	824,800	61,504
2003...	193	15,159	761	9,862	69,643	305,141	858,545	63,756
2004...	183	12,277	659	3,917	63,079	470,499	1,208,039	65,060

\*Amounts presented in thousands

CITY OF NEW BRITAIN, CONNECTICUTASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY  
LAST TEN FISCAL YEARS

(thousands)

FISCAL YEAR	GRAND LIST OCTOBER 1,	.....REAL PROPERTY.....		.....PERSONAL PROPERTY.....		.....TOTALS.....	
		ASSESSED VALUE	ESTIMATED VALUE	ASSESSED VALUE	ESTIMATED VALUE	ASSESSED VALUE	ESTIMATED VALUE
1995	1993	\$1,176,568	\$1,680,811	\$275,964	\$394,234	\$1,452,532	\$2,075,045
1996	1994	1,179,061	1,684,374	281,482	402,117	1,460,543	2,086,491
1997	1995	1,151,862	1,645,518	316,594	452,276	1,468,456	2,097,794
1998	1996	1,150,847	1,644,068	309,160	441,658	1,460,007	2,085,726
1999	1997	1,148,943	1,641,348	305,361	436,230	1,454,304	2,077,578
2000	1998	1,149,843	1,642,633	316,902	452,717	1,466,745	2,095,350
2001	1999	1,148,144	1,640,206	336,151	480,215	1,484,295	2,120,421
2002	2000	1,129,388	1,613,412	378,473	540,676	1,507,861	2,154,088
2003	2001	1,178,494	1,683,563	403,377	576,253	1,581,871	2,259,816
2004*	2002	2,526,284	3,608,977	540,438	772,055	3,066,722	4,381,032

\*The October 1, 2002 Grand List was a revaluation year.

## POPULATION AND DENSITY

<u>Year</u>	<u>Population</u>	<u>% Increase</u>	<u>City Density</u>
1950	73,726	7.34	5,543
1960	82,201	11.50	6,181
1970	83,441	1.51	6,274
1980	73,840	(11.51)	5,552
1990	75,491	2.24	5,676
1998	70,340	(6.82)	5,272
1999	70,010	(0.46)	5,248
2000	71,538	0.02	5,363

## AGE DISTRIBUTION OF THE POPULATION

Source: U.S. Census Bureau, Census 2000, State of Connecticut

	City of New Britain		State of Connecticut		United States of America	
	<u>Families</u>	<u>%</u>	<u>Families</u>	<u>%</u>	<u>Families</u>	<u>%</u>
Less than 10,000	1,518	8.9	33,423	3.8	4,155,386	5.8
10,000 - 14,999	972	5.7	23,593	2.7	3,115,586	4.3
15,000 - 24,999	2,358	13.8	63,262	7.1	7,757,397	10.7
25,000 - 34,999	2,403	14.0	75,413	8.5	8,684,429	12.0
35,000 - 49,999	2,870	16.8	120,134	13.6	12,377,108	17.1
50,000 - 74,999	3,689	21.6	198,924	22.5	16,130,100	22.3
75,000 - 99,999	1,865	10.9	141,981	16.0	9,009,327	12.5
100,000 - 149,999	1,090	6.4	132,177	14.9	6,936,210	9.6
150,000 - 199,999	139	.8	42,472	4.8	1,983,673	2.8
200,000 and up	204	1.1	54,368	6.1	2,112,564	2.9
Total	<u>17,108</u>	<u>100.0</u>	<u>885,747</u>	<u>100.0%</u>	<u>72,261,780</u>	<u>100.0</u>

(Continued) - 1.

CITY OF NEW BRITAIN, CONNECTICUT  
 DEMOGRAPHIC AND ECONOMIC STATISTICS (CONTINUED)

## INCOME LEVELS

	<u>City of New Britain</u>	<u>State of Connecticut</u>	<u>United States of America</u>
Per Capita			
Income 2000	\$23,379	\$40,640	\$29,676
Median Family			
Income 2000	\$41,056	\$64,502	\$51,751
Median Household			
Income 2000	\$34,185	\$53,108	\$42,148

Source: State of Connecticut

## MAJOR EMPLOYERS

<u>Employer</u>	<u>As of Dec. 31, 2003</u> <u>No. of Employees</u>	<u>As of December 31, 2002</u> <u>No. of Employees</u>
City of New Britain	1,917	1,912
New Britain General Hospital	1,700	1,700
The Hospital for Special Care	1,370	1,370
Central Connecticut State University	1,330	1,330
The Stanley Works	1,000	1,200
Tilcon Connecticut	900	1,000
State of Connecticut	500	900
Grove Hill Medical Center	450	500
Moore Medical	404	282
Creed Monarch	337	270
Guida's Dairy	282	337
American Savings Bank	270	404
Parker/Skinner Value	205	205

Source: Municipal Development Agency, City of New Britain

## EMPLOYMENT DATA

## By Place of Residence

	<u>.City of New Britain.</u>		<u>.....Percentage Unemployed.....</u>		
	<u>Employed</u>	<u>Unemployed</u>	<u>City of</u> <u>New Britain</u>	<u>Hartford</u> <u>Labor Mkt</u>	<u>State of</u> <u>Connecticut</u>
2003	31,972	2,460	7.1	9.4	4.5
2002	31,665	2,106	6.2	4.0	3.9
2001	31,887	1,841	5.7	3.3	3.3
2000	32,668	1,330	3.9	2.5	2.3
1999	31,567	1,821	5.5	3.3	3.2
1998	32,294	1,772	5.2	3.5	3.4
1997	32,061	2,665	7.7	5.6	5.1
1996	32,071	2,925	8.4	6.1	5.7
1995	33,191	2,705	7.5	3.8	4.7
1994	33,102	2,782	7.8	5.9	5.6
1993	34,083	3,272	8.8	6.6	6.2
1992	33,163	4,203	11.2	9.6	7.5

Source: Connecticut Department of Economic and Community Development, Town Profiles  
 1998 - 1999

(Continued) - 2.

CITY OF NEW BRITAIN, CONNECTICUT  
 DEMOGRAPHIC AND ECONOMIC STATISTICS (CONTINUED)

## TAX EXEMPT PROPERTIES

<u>Publicly Owned</u>	<u>As of 10/02</u>	<u>As of 10/01</u>
City of New Britain	\$171,684,170	\$157,120,810
State of Connecticut	239,455,180	179,227,920
Federal	2,927,190	2,543,710
City of Hartford	352,520	239,400
New Britain Housing Authority	<u>27,662,740</u>	<u>20,339,700</u>
Total Publicly Owned	<u>\$442,081,800</u>	<u>\$359,471,540</u>

Privately Owned

Total Privately Owned	<u>\$244,359,255</u>	<u>\$209,821,390</u>
Total Tax Exempt	<u>\$686,441,055</u>	<u>\$569,292,930</u>

Percentage as compared to Net Taxable

Grand List (10/1/01) 37.50%

Percentage as compared to Net Taxable

Grand List (10/1/02) 33.41%

Source: Assessor's Office, City of New Britain

## Principal Taxpayers

(2002 Net Taxable Grand List)

<u>Name</u>	<u>Nature of Business</u>	<u>Taxable Valuation</u>	<u>Percent of Net Taxable Grand List (%)</u>
Stanley Works	Manufacturing	\$ 41,739,448	2.03%
Brittany Farms Associates	Rentals	20,151,732	.98
Conn. Light and Power Co	Utility	17,667,410	.86
Computer Science Corp	Leased Equipment	17,032,367	.83
NB-BTMC LLC	Retail	11,459,070	.56
Conn. Natural Gas Corp	Utility	11,247,542	.55
Investment Associates LTP	Professional Services	10,847,229	.53
HSC Community Services Inc	Nursing Home	9,673,736	.47
Creed Monarch	Manufacturing	9,309,629	.45
Montowese Industrial Park Inc.	Retail	<u>9,077,110</u>	<u>.44</u>
		<u>\$158,205,273</u>	<u>7.70%</u>

(Concluded) - 3.



CITY OF NEW BRITAIN, CONNECTICUTSCHOOL DATA  
LAST TEN FISCAL YEARS

## SCHOOL FACILITIES

<u>School</u>	<u>Grades</u>	<u>Date Occupied</u>	<u>Additions and Renovations</u>	<u>Enrollment 09/16/2004</u>	<u>City Rated Capacity</u>
Chamberlain .....	K-5	1952	1982, 1989, 1993	613	757
DiLoreto .....	K-5	1951	1982, 1991	585	822
Gaffney .....	K-5	1959	1982, 1990	565	639
Holmes .....	K-5	1955	1978, 1991, 1997	525	697
Jefferson .....	K-5	1956	1982, 1991, 1997	452	567
Lincoln .....	K-5	1925	1976, 1982, 1994	457	610
Northend .....	K-5	1932	1982	282	330
Smalley .....	K-5	1971	1982, 1997	665	816
Smith .....	K-5	1952	1982, 1993	618	767
Vance .....	K-5	1926	1988, 1994	415	592
NB Center or School					
Readiness .....	Pre-K	1992	n/a	75	175
Pulaski Middle .....	6-8	1961	1982, 1992	952	1,350
Roosevelt .....	6-8	1993	1993	689	792
Slade .....	6-8	1960	1982, 1992	912	1,190
New Britain High School .....	9-12	1972	1982, 1989	2,969	2,094
City Total .....				10,774	12,198

Source: Superintendent's Office, New Britain Board of Education

## SCHOOL ENROLLMENT

<u>School Year</u>	<u>Elementary</u>	<u>Middle</u>	<u>Secondary</u>	<u>Outside Placement</u>	<u>Special Education</u>	<u>Pre-K</u>	<u>Total</u>
1991-1992	4,714	1,703	1,630	86	62	57	8,166
1992-1993	4,683	1,754	1,705	77	67	67	8,276
1993-1994	4,668	1,884	1,783	89	71	44	8,450
1994-1995	4,885	1,900	1,828	95	69	61	8,743
1995-1996	5,141	2,065	1,886	87	73	76	9,241
1996-1997	5,124	2,106	2,017	121	77	83	9,407
1997-1998	5,179	2,154	2,117	130	79	125	9,654
1998-1999	5,305	2,215	2,202	136	90	145	9,957
1999-2000	5,400	2,239	2,413	132	*	164	10,216
2000-2001	5,341	2,280	2,502	157	*	172	10,295
2001-2002	5,269	2,406	2,720	204	*	163	10,558
2002-2003	5,135	2,648	2,799	159	*	190	10,772
2003-2004	5,135	2,648	2,799	-	*	190	10,772
Projected							
2004-2005	4,859	2,580	2,823	-	*	169	10,431
2005-2006	4,829	2,476	2,982	-	*	171	10,458
2006-2007	4,824	2,336	3,083	-	*	173	10,416
2007-2008	4,782	2,292	3,054	-	*	175	10,303
2008-2009	4,823	2,212	2,976	-	*	177	10,188
2009-2010	4,772	2,246	2,847	-	*	179	10,044
2010-2011	4,771	2,201	2,782	-	*	181	9,935
2011-2012	4,725	2,255	2,660	-	*	183	9,823
2012-2013	4,693	2,213	2,660	-	*	185	9,751

Source: Superintendent's Office, New Britain Board of Education

\* Enrollment of Special Education students incorporated into school population by level of enrollment.

CITY OF NEW BRITAIN, CONNECTICUTMISCELLANEOUS STATISTICS  
AS OF 6/30/04

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DATE OF INCORPORATION:	1850
FORM OF GOVERNMENT:	Mayor - Concurrent two-year terms Council - Concurrent two-year terms Commission - Appointed by the Mayor
AREA OF TOWN:	13.3 square miles
CITY ATTRACTIONS:	New Britain Rockcats - a baseball affiliate of the Minnesota Twins Central Connecticut State University - known for it's schools of Education, Technology, and Business State of Connecticut Government Center, Regional Courthouse, and Department of Public Utility Control building
	Number of Parks: 8 (including Central Park)
	Number of Hospitals: 2
	Number of Libraries: 3 (includes the main library and 2 branches)
SEWERS:	The City is the largest member of a three-municipality sewer district, The Mattabassett District. It is divided approximately 75% - City of New Britain, 15% - Town of Berlin, and 10% Town of Cromwell. Mandated sewer use charges defray the cost of the yearly operation and maintenance assessment.
PUBLIC WORKS:	Number of Maintenance Personnel: 59 Miles of Public Roadway Serviced: 163 miles
WATER:	The City's Water Department serves residents of various communities such as New Britain, Berlin, Newington, Farmington and Plainville. Number of Reservoirs: 6 Acreage owned outside the City: 6,692
UTILITIES:	Gas: Supplied by the Connecticut Natural Gas Corporation Electricity: Supplied by Connecticut Light & Power
SUBWAYS:	The City rents to four utilities including Connecticut Light & Power and Southern New England Telephone.
SOLID WASTE:	The City is a participant in two joint ventures: Tunxis Recycling Operating Committee (which includes 12 other cities and towns) and Bristol Resource Recovery Facility Operating Committee (which includes 14 other cities and towns).

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CITY OF NEW BRITAIN, CONNECTICUT  
MUNICIPAL EMPLOYEES

	<u>6/30/03</u>	<u>6/30/02</u>	<u>12/31/01</u>	<u>12/31/99</u>
Board of Education	1,302	1,331	1,286	1,264
General Government	<u>615</u>	<u>623</u>	<u>616</u>	<u>616</u>
TOTAL	<u>1,917</u>	<u>1,954</u>	<u>1,902</u>	<u>1,880</u>

## General Government Employees:

<u>Department</u>	<u>Full-time Employees As of 6/30/2003</u>
Police (including mgmt, civilians and dispatch)	197
Fire (including mgmt)	141
Administrative, Financial and all other	65
Health and Welfare	19
Parks and Recreation (including Stanley Golf)	67
Public Works, Engineering, Sanitation, Garage	76
Water	<u>50</u>
Total	<u>615</u>

Employee Relations

Almost all City employees, with the exception of management, are represented by a bargaining organization as follows:

<u>Board of Education Groups</u>		<u>6/30/04 Employees Represented</u>	<u>Current Contract Exp Date</u>
Education Employees	American Federation of State, County and Municipal Employees - General Government Local 1186	196	6/30/04
Teachers Aides	New Britain Federation of Para-Professionals-Teachers Aides 2407	265	6/30/04
Teachers	New Britain Federation of Teachers, Teachers 871	824	6/30/04
School Administrators	American Federation of School Administrators - Administration 51	37	6/30/05
Supervisory Employees	American Federation of State, County Principal Employees - Local 818	7	6/30/05
Support Services Administrators	American Federation of School Administrators - Administration 51	2	6/30/05

(Continued) - 1.

TABLE 14

CITY OF NEW BRITAIN, CONNECTICUT  
MUNICIPAL EMPLOYEES

General Government Groups		6/30/04 Employees Represented	Current Contract Exp Date	
City Hall Supervisors	American Federation of State, County and Municipal Employees - Supervisors Local 818	39	6/30/05	
Firefighters	Hardware City Firefighters - Fire 992	130	6/30/03	
Police Officers	American Federation of State, County and Municipal Employees - Local 1165	148	6/30/02*	
City Hall Employees	American Federation of State, County and Municipal Employees - Local 1186	226	6/30/03	
Managers and Professional Employees	Non-Affiliated Association (MPA)	9	6/30/05	
Professional Union	American Federation of State, County and Municipal Employees - Local 1303-332	49	6/30/03	
Non-Affiliated Employees	Management (Mgmt)	6	N/A	
Emergency Dispatch Employees	Connecticut Independent Labor Union (CILU)	16	6/30/06	
	<u>06/30/2003</u>	<u>06/30/2002</u>	<u>12/31/2001</u>	<u>12/31/1999</u>
Board of Education	1,302	1,331	1,286	1,264
General Government	<u>615</u>	<u>623</u>	<u>616</u>	<u>616</u>
TOTAL	<u>1,917</u>	<u>1,954</u>	<u>1,902</u>	<u>1,880</u>

<sup>1</sup> Undefined/indefinite by ordinance

\* Under Negotiation

Source: Finance Department, City of New Britain

(Concluded) - 2.

## Single Audit Section



*Scully & Wolf, LLP / Certified Public Accountants / Glastonbury, Connecticut 06033*

To The Honorable Mayor and Members of the  
Common Council of the City of New Britain  
New Britain, Connecticut

In accordance with federal requirements, we present the following report which describes the results of our testing of federal awards.

### **Compliance**

We have audited the compliance of the City of New Britain (the "City") with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2004. The major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the City's management. Our responsibility is to express an opinion on compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the City's compliance with those requirements.

As described in items 04-1, 04-2, 04-3, 04-4, and 04-5 in the accompanying schedule of findings and questioned costs, the City did not comply with requirements regarding eligibility, period of availability of Federal funds, and activities allowed or unallowed that are applicable to its Lead Hazard Control Grant Program. Compliance with such requirements is necessary, in our opinion, for the City to comply with requirements applicable to that program.

In our opinion, except for the noncompliance described in the preceding paragraph, the City complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2004.

The results of our auditing procedures also disclosed other instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as items 04-6 and 04-7.

### **Internal Control Over Compliance**

The management of the City is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

We noted certain matters involving the internal control over compliance and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in our judgment, could adversely affect the City's ability to administer a major federal program in accordance with applicable requirements of laws, regulations, contracts and grants. Reportable conditions are described in the accompanying schedule of findings and questioned costs as items 04-1, 04-2, 04-3, 04-4, 04-5, 04-6 and 04-7.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with the applicable requirements of laws, regulations, contracts and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses.

However, of the reportable conditions described above, we consider items 04-1, 04-2, 04-3, 04-4, and 04-5 to be material weaknesses.

### **Schedule of Expenditures of Federal Awards**

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of and for the year ended June 30, 2004, and have issued our report thereon dated December 6, 2004. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

This report is intended solely for the information and use of management, the Common Council, Board of Education, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

December 6, 2004

**CITY OF NEW BRITAIN, CONNECTICUT**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2004**

FEDERAL GRANTOR/PASS-THROUGH GRANTOR PROGRAM TITLE	FEDERAL CFDA NUMBER	EXPENDITURES
<b>Environmental Protection Agency</b>		
Direct programs:		
Brownfield PILOT .....	66.814	\$ 2,300
Water Filtration Project.....	66.454	<u>1,750,230</u>
Total Environmental Protection Agency .....		<u>1,752,530</u>
<b>U.S. Department of Housing and Urban Development</b>		
Direct programs:		
Multi-Family Property Disposition .....	14.199	183,600
Community Development Block Grant.....	14.218	2,720,268
Emergency Shelter Grant.....	14.231	84,494
Home Program .....	14.239	1,647,894
Youth Build Program .....	14.243	209,010
Lead Hazard Control.....	14.900	<u>563,160</u>
Total U.S. Department of Housing .....		<u>5,408,426</u>
<b>U.S. Department of Agriculture</b>		
Passed through the State Department of Education:		
Snack Program - Early Childhood Program .....	10.556	70,483
School Breakfast Program .....	10.553	478,739
National School Lunch Program .....	10.555	2,008,925
Summer Food Service Program.....	10.559	91,778
Food Distribution Program.....	10.550	<u>140,228</u>
Total U.S. Department of Agriculture .....		<u>2,790,153</u>
<b>U.S. Department of Justice</b>		
Direct programs:		
Weed and Seed .....	16.595	222,204
Drug Investigation .....	16.590	1,549
Local Law Enforcement Block Grant .....	16.592	12,011
Passed through the Bureau of Justice Assistance:		
Bullet Proof Vests .....	16.607	<u>13,295</u>
Total U.S. Department of Justice .....		<u>249,059</u>



**CITY OF NEW BRITAIN, CONNECTICUT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS, ETC.**

<b>FEDERAL GRANTOR/PASS-THROUGH GRANTOR PROGRAM TITLE</b>	<b>FEDERAL CFDA NUMBER</b>	<b>EXPENDITURES</b>
<b>U.S. Department of Commerce</b>		
Direct Program:		
Economic Development.....	11.303	\$ <u>90,203</u>
<b>Federal Highway Administration</b>		
Passed through the State Department of Transportation:		
Surface Transportation Program:	20.205	
Project: Broad, Beaver, Main and North Street Reconstruction.....		<u>1,388,898</u>
<b>U.S. Department of the Interior</b>		
Direct Program:		
Urban Park and Recreation Recovery Project .....	15.919	<u>350,926</u>
<b>U.S. Department of Education</b>		
Direct Program:		
Twenty-First Century Community Learning Centers .....	84.287	645,472
Passed through the State Department of Education:		
Twenty-First Century Community Learning Centers .....	84.287	<u>321,086</u>
Total.....		<u>966,558</u>
Passed through the State Department of Education:		
Education Consolidation and Improvement Act (P.L. 100-297) Title I:		
Project Nos.:	84.010	
861-300030101 .....		1,192,983
861-400030101 .....		<u>3,445,689</u>
Total.....		<u>4,638,672</u>
Title III Part A – English Language Acquisition:	84.365	
Project Nos.:		
927-300030101.....		60,719
927-300031101.....		12,110
927-400030101.....		<u>109,498</u>
Total.....		<u>182,327</u>

**CITY OF NEW BRITAIN, CONNECTICUT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS, ETC.**

FEDERAL GRANTOR/PASS-THROUGH GRANTOR PROGRAM TITLE	FEDERAL CFDA NUMBER	EXPENDITURES
<b>U.S. Department of Education (continued)</b>		
Passed through the State Department of Education (cont.):		
Carl D. Perkins Act Vocational Education (VOED)		
(P.L. 98-524):	84.048	
Project No. 901-400130101 .....		<u>\$ 273,524</u>
Drug-Free Schools and Communities Act (P.L. 99-570):	84.186	
Drug-Free Schools Act:		
Project Nos.:		
929-300030101 .....		26,173
929-400030101 .....		<u>47,101</u>
Total.....		<u>73,274</u>
Education for Homeless Children and Youth:	84.196	
Project No. 907-40000001.....		<u>30,230</u>
School Renovation, IDEA and Technology		
(Self Improvement):	84.352	
Project Nos.:		
909-200000103 .....		117,127
909-200000128 .....		3,446
909-200000130 .....		<u>15,078</u>
Total.....		<u>135,651</u>
Title II Part A - Teachers:	84.367	
Project Nos.:		
924-300030101.....		196,252
924-400030101.....		<u>802,574</u>
Total.....		<u>998,826</u>
Title VI - Innovative Education Strategies:	84.298	
Project Nos.:		
942-300030101.....		45,255
942-400030101.....		<u>87,552</u>
Total.....		<u>132,807</u>

**CITY OF NEW BRITAIN, CONNECTICUT**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS, ETC.**

FEDERAL GRANTOR/PASS-THROUGH GRANTOR PROGRAM TITLE	FEDERAL CFDA NUMBER	EXPENDITURES
<b>U.S. Department of Education (continued)</b>		
Passed through the State Department of Education (cont.):		
Title I Migrant - Consortium Incentive:	84.011	
Project Nos.:		
960-30000102.....		\$ 4,028
961-300000102.....		91,660
961-40000102.....		<u>3,181</u>
Total.....		<u>98,869</u>
Advanced Placement Fee Payment Program:	84.330	
Project No. 904-200000105.....		<u>130,892</u>
Title I Part B – Reading First:		
Project No. 923-300000103.....	84.357	<u>120,000</u>
Adult Education:	84.007	
Project Nos.:		
910-400360140.....		72,500
910-400370140.....		<u>72,500</u>
Total.....		<u>145,000</u>
IDEA Part B – Individual with Disabilities:	84.027	
Project Nos.:		
962-300000102.....		716
962-300031101.....		578,758
962-300910149.....		9,136
962-300920149.....		33,933
962-300950149.....		35,579
962-300970149.....		2,073
962-400031101.....		1,001,446
962-400910149.....		<u>16,862</u>
Total.....		<u>1,678,503</u>
Preschool Grants Program:	84.173	
Project Nos.:		
963-300031101.....		40,391
963-400031101.....		<u>58,910</u>
Total.....		<u>99,301</u>

**CITY OF NEW BRITAIN, CONNECTICUT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS, ETC.**

FEDERAL GRANTOR/PASS-THROUGH GRANTOR PROGRAM TITLE	FEDERAL CFDA NUMBER	EXPENDITURES
<b>U.S. Department of Education (continued)</b>		
Passed through the State Department of Education (cont.):		
Title II Part D – Enhancement through Technology:	84.318	
Project Nos.:		
918-300001103.....		\$ 23,415
918-300002103.....		32,643
918-300030101.....		36,122
918-400030101.....		<u>70,933</u>
Total.....		<u>163,113</u>
Comprehensive School Reform:	84.332	
Project No. 911-300000103.....		<u>49,555</u>
State Program Improvement Grants:	84.323	
Project Nos.:		
954-100003241.....		19,443
954-300001239.....		4,023
954-300000239.....		9,610
954-400000241.....		<u>16,666</u>
Total.....		<u>49,742</u>
Total U.S. Department of Education .....		<u>9,966,844</u>
<b>U.S. Department of Health and Human Services</b>		
Direct Program:		
Prevention and Treatment of Substance Abuse .....	93.959	260,227
Passed through the State Department of Public Health:		
Immunization Action Plan Program .....	93.268	56,277
Lead .....	93.197	146,957
Bioterrorism .....	93.283	82,368
STD Control.....	93.977	11,804
HIV Prevention .....	93.940	50,750
Passed through Department of Children and Families:		
Independent Living Skills .....	93.674	<u>79,660</u>
Total U.S. Department of Health and Human Services.....		<u>688,043</u>

**CITY OF NEW BRITAIN, CONNECTICUT**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS, ETC.**

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FEDERAL GRANTOR/PASS-THROUGH GRANTOR PROGRAM TITLE	FEDERAL CFDA NUMBER	EXPENDITURES
<b>U.S. Department of Homeland Security</b>		
Passed through the Office of Policy and Management:		
Federal Emergency Management .....	97.042	\$ 54,922
Passed through the Military Department :		
Civil Defense .....	97.067	<u>30,840</u>
Total U.S. Department of Homeland Security .....		<u>85,762</u>
TOTAL .....		<u>\$22,770,844</u>

See Notes to Schedules

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**CITY OF NEW BRITAIN, CONNECTICUT**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2004**

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**I. SUMMARY OF AUDITORS' RESULTS**

*Financial Statements*

Type of auditors' report issued – unqualified

Internal control over financial reporting:

- Material weaknesses identified? \_\_\_\_\_ yes        X   no
- Reportable conditions identified that are not considered to be material weaknesses? \_\_\_\_\_ yes        X   none reported
- Noncompliance material to financial statements noted? \_\_\_\_\_ yes        X   no

**Federal Awards**

Internal control over major programs:

- Material weakness identified?   X   yes      \_\_\_\_\_ no
- Reportable condition identified that is not considered to be a material weaknesses?   X   yes      \_\_\_\_\_ none reported

Type of auditors' report issued on compliance for major programs – qualified for U.S. Department of Housing and Urban Development Lead Hazard Control CFDA 14.900, unqualified for all others.

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133?

  X   yes      \_\_\_\_\_ no

- The following schedule reflects the major programs included in the audit:

<b><u>Federal Grantor and Program</u></b>	<b><u>Federal CFDA Number</u></b>	<b><u>Expenditures</u></b>
U.S. Department of Education:		
Education Consolidation and Improvement Act (P.L. 100-297)		
Title I	84.010	\$4,638,672
Twenty-First Century Community Learning Centers	84.287	\$966,558
Title II Part A - Teachers	84.367	\$998,826
Special Education Cluster:		
IDEA Part B - Individuals with Disabilities	84.027	\$1,678,503
Preschool Grants Program	84.173	\$99,301

**CITY OF NEW BRITAIN, CONNECTICUT**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS, ETC.**

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<b>Federal Grantor and <u>Program</u></b>	<b>Federal CFDA <u>Number</u></b>	<b><u>Expenditures</u></b>
U.S. Department of Education (cont.): Title III Part A - English Language Acquisition	84.365	\$182,327
U.S. Department of Housing and Community Development:		
Community Development Block Grant	14.218	\$2,720,268
Home Program	14.239	\$1,647,894
Lead Hazard Control	14.900	\$563,160
U.S. Department of Agriculture:		
Child Nutrition Cluster:		
National School Lunch	10.555	\$2,008,925
School Breakfast	10.553	\$478,739
Snack Program - Early Childhood Program	10.556	\$70,483
Summer Food Service Program	10.559	\$91,778

- Dollar threshold used to distinguish between type A and type B programs - \$683,125.
- The City qualified as a low-risk auditee? \_\_\_\_\_ yes        X   no

**II. FINANCIAL STATEMENT FINDINGS**

- We issued reports, dated December 6, 2004, on internal control over financial reporting and on compliance and other matters based on an audit of financial statements performed in accordance with *Government Auditing Standards*.
- Our report on compliance indicated no reportable instances of noncompliance.
- Our report on internal control over financial reporting indicated no reportable conditions.

**CITY OF NEW BRITAIN, CONNECTICUT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS, ETC.**

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**III. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS**

**FINDING #04-1      Eligibility**

**Grantor:** U.S. Department of Housing and Urban Development

**CFDA Number:** 14.900 - Lead Hazard Control

**Criteria:** According to the eligibility requirements of Section 1011 of Title X, “owner occupied units must be the principal residence of families with incomes at or below 80% of the area median income level, and not less than 90% of the units assisted with grants under this section shall be occupied by a child under the age of six or shall be units where a child under the age of six spends a significant amount of time visiting”. For grants made to assist rental units the landlord shall give priority in renting to families with a child under the age of six for a minimum of 3 years.

**Condition:** The City does not provide for verification of the compliance requirements outlined in Section 1011 of Title X. Appropriate documentation was not provided to determine that Section 1011 criteria was met.

**Effect:** The City may have provided federal assistance to ineligible units.

**Cause:** The City failed to identify eligibility per the requirements according to Section 1011 of Title X.

**Recommendation:** We recommend implementing policies and procedures to ensure that the City verifies eligibility per Title X and also documents compliance with the eligibility requirements of Title X.



**CITY OF NEW BRITAIN, CONNECTICUT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS, ETC.**

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<b>FINDING #04-2</b>	<b>Eligibility</b>
<b>Grantor:</b>	U.S. Department of Housing and Urban Development
<b>CFDA Number:</b>	14.900 - Lead Hazard Control
<b>Criteria:</b>	According to the eligibility requirements of Section 1011 of Title X, when providing assistance to housing owned by owner-occupants, all units assisted shall be the principal residence of families with income at or below 80% of the area median income level.
<b>Condition:</b>	A random sample of 10 files from a total of 18 active lead hazard control files for the year was selected. Our testing revealed that the City provided Lead Hazard Control assistance to one rental property owner even though the file indicated that the owner's income was above the level allowed by Title X.
<b>Effect:</b>	\$83,855 of costs are questioned as a result of failing to meet eligibility requirements.
<b>Cause:</b>	The City miscalculated the owner's rental income by using 100% occupancy for all rental units in the property.
<b>Recommendation:</b>	We recommend implementing policies and procedures to ensure that the City verifies income eligibility requirements according to Title X and also documents income eligibility requirements of Title X.

**CITY OF NEW BRITAIN, CONNECTICUT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS, ETC.**

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**FINDING #04-3      Period of Availability of Federal Funds**

**Grantor:** U.S. Department of Housing and Urban Development

**CFDA Number:** 14.900 - Lead Hazard Control

**Criteria:** In accordance with the City's work plan, the City should have completed and cleared 150 units by the end of their assistance period. The City had 90 units completed and cleared by February 29, 2004.

**Condition:** The City did not comply with their established goals for the number of units to be cleared of lead hazards through February 29, 2004.

**Effect:** Management lacked the appropriate oversight required for acceptable program performance.

**Cause:** The City has experienced problems maintaining the requirements to carry out two lead hazard control programs simultaneously.

**Recommendation:** We recommend implementing policies and procedures to ensure that established work plan goals are met.

**FINDING #04-4      Activities Allowed or Unallowed**

**Grantor:** U.S. Department of Housing and Urban Development

**CFDA Number:** 14.900 - Lead Hazard Control

**Criteria:** The City is required to ensure that the results of the risk assessment are sufficient to support lead hazard control decisions.

**Condition:** The City provided assistance to an owner of rental property for a change order that included work not identified or supported by the original risk assessment.

**Effect:** \$3,500 of costs are questioned, which represent the amount paid to the rental property owner for the change order.

**Cause:** The City failed to support the change order for additional lead hazard control work that was not identified by the original risk assessment.

**Recommendation:** We recommend implementing policies and procedures to ensure that all lead hazard control work is properly identified in the original risk assessment and is properly identified as being an eligible activity.

**CITY OF NEW BRITAIN, CONNECTICUT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS, ETC.**

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<b>FINDING #04-5</b>	<b>Activities Allowed or Unallowed</b>
<b>Grantor:</b>	U.S. Department of Housing and Urban Development
<b>CFDA Number:</b>	14.900 - Lead Hazard Control
<b>Criteria:</b>	The complete abatement of all lead paint is not acceptable as a cost effective strategy for lead hazard control unless justification is provided and approved for such activity.
<b>Condition:</b>	The City provided assistance to the owners of the Walnut Hills Co-op and the Alderhouse Residential Artist Co-op. These units received gut rehabilitation that resulted in the complete abatement of all paint.
<b>Effect:</b>	\$280,000 of costs are questioned, which represents the total amount paid to assist the owners of the Walnut Hills Co-op and the Alderhouse Residential Artist Co-op.
<b>Cause:</b>	The City failed to obtain federal approval to conduct complete abatement activities on projects funded by the Lead Hazard Control Grant.
<b>Recommendation:</b>	We recommend implementing policies and procedures to ensure that when Federal assistance is provided, it is properly approved by the Federal awarding agency.

**CITY OF NEW BRITAIN, CONNECTICUT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS, ETC.**

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**FINDING #04-6      Special Tests and Provisions**

**Grantor:** U.S. Department of Housing and Urban Development

**CFDA Number:** 14.218 - Community Development Block Grant

**Criteria:** Community Development Block Grant funds cannot be obligated or expended before receipt of HUD's approval of a Request for Release of Funds.

**Condition:** The City spent \$6,960 of federal funds on construction expenditures before receipt of HUD's approval of a Request for Release of Funds.

**Cause:** The City has not implemented policies and procedures to ensure that Community Development Block Grant funds are not expended prior to the receipt of HUD's approval of a Request for Release of Funds.

**Effect:** No effect can be determined

**Recommendation:** We recommend implementing policies and procedures to ensure that federal funds are spent in accordance with grant compliance requirements.

**FINDING #04-7      Reporting**

**Grantor:** U.S. Department of Housing and Urban Development

**CFDA Number:** 14.218 - Community Development Block Grant

**Criteria:** Expenditure reports are required to be supported by the general ledger.

**Condition:** Total expenditures reported on the CDBG Financial Summary, a section of the Consolidated Annual Performance and Evaluation Report, did not agree to the general ledger by \$60,864.

**Cause:** The City has not implemented policies and procedures which provide for compliance with specific reporting guidelines.

**Effect:** No effect can be determined

**Recommendation:** We recommend implementing policies and procedures that provide for filing expenditure reports using the general ledger as the basis for reporting.

**CITY OF NEW BRITAIN, CONNECTICUT**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS, ETC.**

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**IV. STATUS OF PRIOR YEAR FINDING**

**Finding 03-01**                      **U.S. Department of Education**  
**Educational Grant Programs**  
**Passed through the State of Connecticut Department of**  
**Education**

**Condition:**                      The City's General Fund provides resources, on a temporary basis, for the payment of expenditures incurred by the State and Federal grants program that are administered by the Board of Education. This process is further facilitated by recording grant expenditures in the Board of Education's operating budget and subsequently reclassifying them to the appropriate fund based upon education department prepared journal entries. During the fiscal year these journal entries were not received by the finance office on a timely basis, therefore causing the education expenditures, reported by the Board of Education, to be overstated at year-end. In December audit issues were raised regarding this fund, and subsequently additional entries were prepared and posted. Additionally, the Board of Education has not established general ledger control over the operations of this fund. The absence of the general ledger does not provide sufficient internal controls over this fund or the ability to prepare timely and accurate financial reports.

**Recommendation:**              We recommend the establishment of general ledger control over the State and Federal Educational Grants Fund. Additionally, we recommend the development of written accounting policies and procedures for the administration of this fund. Such policies and procedures should provide for the timely reconciliation of the financial records, timely and accurate reporting of the funds activity, and the timely preparation of the journal entries adjusting the City's General Fund expenditures.

**Current Status:**                      During the current year, a policy to reconcile the Board of Education grant expenditures with the records of the Finance Office was implemented. However, this policy has not been formally documented. Additionally, general ledger control has been established over the operations of the Educational Grants Fund.

**CITY OF NEW BRITAIN, CONNECTICUT**  
**FEDERAL FINANCIAL ASSISTANCE PROGRAMS**

**NOTES TO SCHEDULES**  
**FOR THE YEAR ENDED JUNE 30, 2004**

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Various agencies of the Federal Government have made financial assistance available to the City of New Britain. These grants fund a number of programs including housing, education, human services, transportation and general government activities.

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting records of the Federal grant programs of the City of New Britain are maintained in separate funds. The accounting policies of the City conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant policies relating to the aforementioned grant programs.

***Basis of Accounting***

The financial statements contained in the City's annual audit report are prepared on the modified accrual basis. The following is a summary of such basis:

- . Revenues are recognized when earned. Certain grants are recognized based on grant award since they are considered entitlement grants; other grants, which are dependent upon expenditure factor for determining eligibility recognize grant revenue to the extent of expenditures.
- . Expenditures are recorded on the accrual basis. Encumbrances are reflected as a reserve against fund balance and accordingly are not reflected as an expenditure.

***U.S.D.A. Contributions***

The United States Department of Agriculture makes available commodities for donations to schools. An amount of \$140,228 is reflected as revenue in the accompanying financial schedules and represents the market value of such commodities received during the period.



*Scully & Wolf, LLP / Certified Public Accountants / Glastonbury, Connecticut 06033*

To The Honorable Mayor and Members of the  
Common Council of the City of New Britain  
New Britain, Connecticut

In accordance with State of Connecticut requirements, we present the following report which describes the results of our testing of State financial assistance.

### **Compliance**

We have audited the compliance of the City of New Britain (the "City") with the types of compliance requirements described in the *Office of Policy and Management Compliance Supplement* that are applicable to each of its major state programs for the year ended June 30, 2004. The major state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major state programs is the responsibility of the City's management. Our responsibility is to express an opinion on compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the State Single Audit Act (C.G.S. Sections 4-230 to 4-236). Those standards and the State Single Audit Act require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the City's compliance with those requirements.

In our opinion, the City complied, in all material respects, with the requirements referred to above that are applicable to each of its major state programs for the year ended June 30, 2004.

### **Internal Control Over Compliance**

The management of the City is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to state programs. In planning and performing our audit, we considered the internal control over compliance with requirements that could have a direct and material effect on a major state program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with the State Single Audit Act.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants caused by error or fraud that would be material in relation to a major state program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

### **Schedule of Expenditures of State Financial Assistance**

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of and for the year ended June 30, 2004 and have issued our report thereon dated December 6, 2004. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying schedule of expenditures of state financial assistance is presented for purposes of additional analysis as required by the State Single Audit Act and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

This report is intended solely for the information and use of the Common Council, the Board of Education, management, the Office of Policy and Management, state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

December 6, 2004



**CITY OF NEW BRITAIN, CONNECTICUT**

**SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE  
FOR THE YEAR ENDED JUNE 30, 2004**

STATE GRANTOR PASS-THROUGH GRANTOR PROGRAM TITLE	STATE GRANT PROGRAM IDENTIFICATION NUMBER	EXPENDITURES
<b>Department of Education</b>		
Technology Infrastructure .....	12052-SDE64370-40312	\$ 160,165
Priority School District.....	11000-SDE64370-17043- 82052	1,625,480
Extended School Hours Program in Priority Schools .....	11000-SDE64370-17043- 82054	201,892
Summer School Accountability in Priority Schools .....	11000-SDE64370-17043- 82055	158,609
Bilingual Education.....	11000-SDE64370-17042	143,257
School Readiness and Child Day Care in Priority Schools .....	11000-SDE64370-17043- 82056	2,196,324
State Match - Food Service .....	11000-SDE64370-16072	56,771
Early Reading Success in Priority Schools .....	11000-SDE64370-14043- 82053	975,190
Adult Education.....	11000-SDE64370-17030	623,786
Youth Service Bureau .....	11000-SDE64370-17052	258,395
School Readiness Quality Enhancement.....	12060-SDE64370-90242	67,733
Family Resource Centers .....	11000-SDE64370-16110	155,950
Magnet School Transportation .....	11000-SDE64370-17057	34,800
Open Choice .....	11000-SDE64370-17053	14,000
Health Services .....	11000-SDE64370-17034	<u>104,361</u>
Total Department of Education .....		<u>6,776,713</u>
<b>Office of Policy and Management</b>		
Local Capital Improvement .....	11000-OPM20600-40254	1,127,353
Manufacturer's (PILOT) Grant.....	11000-OPM20600-1703	1,215,073
Property Tax Relief for Elderly and Totally Disabled Homeowners .....	11000-OPM20600-17018	680,977
Property Tax Relief on Distressed Municipalities.....	11000-OPM20600-17016	167,604
Property Tax Relief for Veterans .....	11000-OPM20600-17024	60,053
Property Tax Relief for Elderly Homeowners Freeze Program .....	11000-OPM20600-17021	65,571
Drug Enforcement Program.....	11000-OPM20600-17028	19,859
2002 Safe and Drug-Free Schools.....	11000-OPM20350-21529	65,433

**CITY OF NEW BRITAIN, CONNECTICUT**  
**SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE, ETC.**

STATE GRANTOR PASS-THROUGH GRANTOR PROGRAM TITLE	STATE GRANT PROGRAM IDENTIFICATION NUMBER	EXPENDITURES
<b>Office of Policy and Management (cont.)</b>		
Statue Restoration Program .....	*	\$ 19,841
Safe and Drug-Free Schools.....	12060-OPM20350-20654	67,004
Police Youth Enrichment Program.....	11000-OPM20350-12251	17,476
December 2003 Snow Storm .....	12060-OPM20600-21748	<u>54,923</u>
Total Office of Policy and Management.		<u>3,561,167</u>
<b>Department of Children and Families</b>		
Passed through Wheeler Clinic: Systems of Care Grant.....	11000-DCF91110-12243	<u>104,539</u>
<b>Connecticut State Library</b>		
Historical Preservation Grant .....	12060-CSL66094-35150	<u>37,100</u>
<b>Department of Transportation</b>		
Town Aid Road Grant - Transportation Fund ..	12001-DOT57131-17036	<u>284,746</u>
Elderly Persons - Disabilities .....	12062-DOT57931-21361	<u>34,632</u>
Highway Safety Grant.....	12062-DOT57116-20559	<u>44,420</u>
Municipal Grant Agreements Transportation Fund:		
Projects:		
Broad, Beaver, Main and North Street Reconstruction - 88-150 .....	13033-DOT57141-21140	347,225
CCSU Project - 88-148 .....	13033-DOT57191-21172	<u>24,700</u>
Total.....		<u>371,925</u>
Total Department of Transportation .....		<u>735,723</u>
<b>Department of Environmental Protection</b>		
Clean Water Fund .....	21014-OTT14230-40001	8,739,075
Willow Brook Park Pool .....	13019-DEP44420-41239	<u>416,213</u>
Total Department of Environmental Protection.....		<u>9,155,288</u>

**CITY OF NEW BRITAIN, CONNECTICUT**  
**SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE, ETC.**

STATE GRANTOR PASS-THROUGH GRANTOR PROGRAM TITLE	STATE GRANT PROGRAM IDENTIFICATION NUMBER	EXPENDITURES
<b>Board of Education and Services for the Blind</b>		
Education of Handicapped Blind Children .....	11000-ESB65020-12060	\$ 340,598
<b>Department of Social Services</b>		
Food Stamp Workforce .....	12060-DSS60732-20735	100,981
Medicaid .....	11000-DSS60000-16020	<u>723,996</u>
Total Department of Social Services.....		<u>824,977</u>
<b>Office of the State Comptroller</b>		
Mashantucket Pequot/Mohegan Fund .....	12009-OSC15910-17005	3,634,967
State-Owned Property .....	11000-OSC15910-17004	3,784,001
Boat Grant .....	12027-OSC15910-40211	13,433
Private Colleges and General Hospitals.....	11000-OSC15910-17006	<u>3,711,226</u>
Total Office of the State Comptroller.....		<u>11,143,627</u>
<b>State Department of Economic and Community Development</b>		
Urban Action Grant:	13019-ECD46000-41236-093	
	13019-ECD46000-41240-094	
Projects:		
Arch Street Walkway.....		738,498
Oak Street .....		5,000
Nuisance Abatement .....		<u>23,000</u>
Total .....		<u>766,498</u>
Tax Abatement Program .....	11000-ECD46400-17008-038	<u>33,763</u>
State (PILOT) Model Housing .....	11000-ECD46400-17012-039	<u>299,323</u>
State Home Program .....	12060-ECD46054-20452	<u>573,559</u>
Total State Department of Economic and Community Development .....		<u>1,673,143</u>

**CITY OF NEW BRITAIN, CONNECTICUT**  
**SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE, ETC.**

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STATE GRANTOR PASS-THROUGH GRANTOR PROGRAM TITLE	STATE GRANT PROGRAM IDENTIFICATION NUMBER	EXPENDITURES
<b>State Department of Public Health</b>		
STD Control .....	11000-DPH48500-17013	\$ 3,418
HIV Prevention .....	11000-DPH48500-12236	35,651
Health Per Capita Grant.....	11000-DPH48500-17009	77,926
Child Lead Poisoning .....	11000-DPH48500-12227	46,227
Immunization Action Plan .....	11000-DPH48500-10020	15,810
TB Control.....	11000-DPH48500-16112	<u>3,156</u>
Total State Department of Public Health .....		<u>182,188</u>
<b>State Department of Special Revenue</b>		
Off Track Betting.....	34004-DSR18307-40001	262,915
Bingo payments .....	34003-DSR18309-42350	<u>872</u>
Total State Department of Special Revenue .....		<u>263,787</u>
<b>State Department of Public Safety</b>		
State Asset Forfeitures.....	12060-DPS32155-35142	60,762
Telecommunications.....	12060-DPS32740-35190	<u>15,304</u>
Total State Department of Public Safety .....		<u>76,066</u>
<b>Judicial Department</b>		
Victim Services Coordinator .....	12060-JUD95810-20785	16,860
Juvenile Justice Center.....	11000-JUD96114-12105-017	<u>317,910</u>
Total Judicial Department .....		<u>334,770</u>
Total State Financial Assistance before exempt programs .....		<u>35,209,686</u>

**CITY OF NEW BRITAIN, CONNECTICUT**  
**SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE, ETC.**

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STATE GRANTOR PASS-THROUGH GRANTOR PROGRAM TITLE	STATE GRANT PROGRAM IDENTIFICATION NUMBER	EXPENDITURES
<b>EXEMPT PROGRAMS</b>		
<b>Department of Education</b>		
Education Cost Sharing .....	11000-SDE64370-17041	\$ 59,156,962
Transportation of School Children .....	11000-SDE64370-17027	2,138,589
Nonpublic School Transportation .....	11000-SDE64370-17049	398,365
Special Education: Agency Placement and Excess Costs .....	11000-SDE64370-17047	1,490,040
School Building Grants:		
Principal Subsidy .....	11000-SDE64370-17002	3,527,511
Interest Subsidy .....	11000-SDE64370-17014	<u>2,213,467</u>
Total Exempt programs .....		<u>68,924,934</u>
TOTAL .....		<u>\$104,134,620</u>

\*State grant program identification number not available

See Notes to Schedules

**CITY OF NEW BRITAIN, CONNECTICUT**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2004**

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**I. SUMMARY OF AUDITORS' RESULTS**

*Financial Statements*

Type of auditors' report issued – unqualified

Internal control over financial reporting:

- Material weakness identified? \_\_\_\_\_ yes        X   no
- Reportable conditions identified that are not considered to be material weaknesses? \_\_\_\_\_ yes        X   none reported
- Noncompliance material to financial statements noted? \_\_\_\_\_ yes        X   no

*State Financial Assistance*

Internal control over major programs:

- Material weakness identified? \_\_\_\_\_ yes        X   no
- Reportable conditions identified that are not considered to be material weaknesses? \_\_\_\_\_ yes        X   none reported

Type of auditors' report issued on compliance for major programs – unqualified

Any audit findings disclosed that are required to be reported in accordance with section 4-236-24 of the regulations to the State Single Audit Act? \_\_\_\_\_ yes        X   no

- The following schedule reflects the major programs included in the audit:

<b>State Grantor and Program</b>	<b>State CORE-CT Number</b>	<b><u>Expenditures</u></b>
Department of Education:		
School Readiness and Child Day Care		
In Priority Schools	11000-SDE64370-17043-82056	\$2,196,324
Adult Education	11000-SDE64370-17030	\$623,786
Priority School	11000-SDE64370-17043-82052	\$1,625,480
Early Reading Success In Priority Schools	11000-SDE64370-17043-82053	\$975,190

**CITY OF NEW BRITAIN, CONNECTICUT**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS, ETC.**

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Office of Policy and Management:		
Property Tax Relief for Elderly Homeowners	11000-OPM20600-17018	\$680,977
Local Capital Improvement	11000-OPM20600-40254	\$1,127,353
Manufacturers PILOT Grant	11000-OPM20600-1703	\$1,215,073
Office of the State Comptroller:		
Private Colleges and General Hospitals	11000-OSC15910-17006	\$3,711,226
State-Owned Property	11000-OSC15910-17004	\$3,784,001
Mashantucket Pequot/Mohegan Fund	12009-OSC15910-17005	\$3,634,967
Department of Economic and Community Development:		
Urban Action	13019-ECD46000-41236-093	\$766,498
State Home Program	12060-ECD46054-20452	\$573,559
Department of Environmental Protection:		
Clean Water Fund	21014-OTT14230-40001	\$8,739,075
Willow Brook Park Pool	13019-DEP44420-41239	\$416,213
Department of Social Services:		
Medicaid	11000-DSS60000-16020	\$723,996
Department of Transportation:		
Municipal Grant Agreements		
Transportation Fund	13033-DOT57141-21140	\$371,925

## II. FINANCIAL STATEMENT FINDINGS

- We issued reports, dated December 6, 2004, on internal control over financial reporting and on compliance and other matters based on an audit of financial statements performed in accordance with *Government Auditing Standards*.
- Our report on compliance indicated no reportable instances of noncompliance.
- Our report on internal control over financial reporting indicated no reportable conditions.

**CITY OF NEW BRITAIN, CONNECTICUT**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS, ETC.**

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**III. STATUS OF PRIOR YEAR FINDING**

**Finding 03-01                      State of Connecticut Department of Education  
Educational Grants Program**

**Condition:**                      The City's General Fund provides resources, on a temporary basis, for the payment of expenditures incurred by the State and Federal grants program that are administered by the Board of Education. This process is further facilitated by recording grant expenditures in the Board of Education's operating budget and subsequently reclassifying them to the appropriate fund based upon education department prepared journal entries. During the fiscal year these journal entries were not received by the finance office on a timely basis, therefore causing the education expenditures, reported by the Board of Education, to be overstated at year-end. In December audit issues were raised regarding this fund, and subsequently additional entries were prepared and posted. Additionally, the Board of Education has not established general ledger control over the operations of this fund. The absence of the general ledger does not provide sufficient internal controls over this fund or the ability to prepare timely and accurate financial reports.

**Recommendation:**              We recommend the establishment of general ledger control over the State and Federal Educational Grants Fund. Additionally, we recommend the development of written accounting policies and procedures for the administration of this fund. Such policies and procedures should provide for the timely reconciliation of the financial records, timely and accurate reporting of the funds activity, and the timely preparation of the journal entries adjusting the City's General Fund expenditures.

**Current Status:**                      During the current year, a policy to reconcile the Board of Education grant expenditures with the records of the Finance Office was implemented. However, this policy has not been formally documented. Additionally, general ledger control has been established over the operations of the Educational Grants Fund.



**CITY OF NEW BRITAIN, CONNECTICUT**

**STATE FINANCIAL ASSISTANCE PROGRAMS**

**NOTES TO SCHEDULES  
FOR THE YEAR ENDED JUNE 30, 2004**

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Various departments and agencies of the State of Connecticut have provided financial assistance to the City of New Britain through grants and other authorizations in accordance with the General Statutes of the State of Connecticut. These financial assistance programs fund several programs including education, public works, social services, property tax relief, and transportation.

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies of the City conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant policies relating to the aforementioned grant programs.

***Basis of Accounting***

The financial statements contained in the City's annual audit report are prepared on the modified accrual basis. The following is a summary of such basis:

- . Revenues are recognized when earned. Certain grants are recognized based on grant award since they are considered entitlement grants; other grants, which are dependent upon expenditure factor for determining eligibility recognize grant revenue to the extent of expenditures.
- . Expenditures are recorded on the accrual basis. Encumbrances are reflected as a reserve against fund balance and accordingly are not reflected as an expenditure.

The Schedule of Expenditures of State Financial Assistance, contained in this report, is prepared based on Section 4-230-19 of the Single Audit Act. In accordance with this section, certain grants are not dependent on expenditure activity, and accordingly, are considered to be expended in the fiscal year of receipt. These grant program receipts are reflected in the expenditures column of the Schedule of Expenditures of State Financial Assistance.

**2. LOAN PROGRAMS**

In accordance with the State Single Audit Act, loan program participation constitutes state financial assistance (C.G.S. Section 4-230). The following is a summary of the Permanent Funding Obligation (PFO) for the year ended June 30, 2004:

Clean Water Fund	
Outstanding balance, July 1, 2003.....	\$31,193,208
Issued.....	8,200,604
Payments.....	<u>(798,333)</u>
Outstanding balance, June 30, 2004.....	<u>\$38,595,479</u>