

City of New Britain Connecticut



Comprehensive Annual Financial Report

Fiscal Year Ended June 30, 2008

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

OF THE

**CITY OF NEW BRITAIN
CONNECTICUT**

FISCAL YEAR ENDED JUNE 30, 2008



Robert Curry, Director of Finance

Prepared by Finance Department

CITY OF NEW BRITAIN, CONNECTICUT
COMPREHENSIVE ANNUAL FINANCIAL REPORT

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Introductory Section

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

MAYOR

Timothy T. Stewart

TREASURER

Teresa Sapieha-Yanchak

TOWN COUNCIL

Suzanne Bielinski, Mayor ProTem
Michael Treworthy, Majority Leader
Paul Catanzaro, Assistant Majority Leader
Adam Platosz, Assistant Majority Leader
Tonilynn Collins, Majority Whip
Louis Salvio, Minority Leader
Mark Bernacki, Assistant Minority Leader
Shirley Black
Gregory Gerratana
Silvia Cruz
Eva Magnuszewski
Lawrence Hermanowski
Roy Centeno
Phil Sherwood
Lori Rocha

ADMINISTRATION

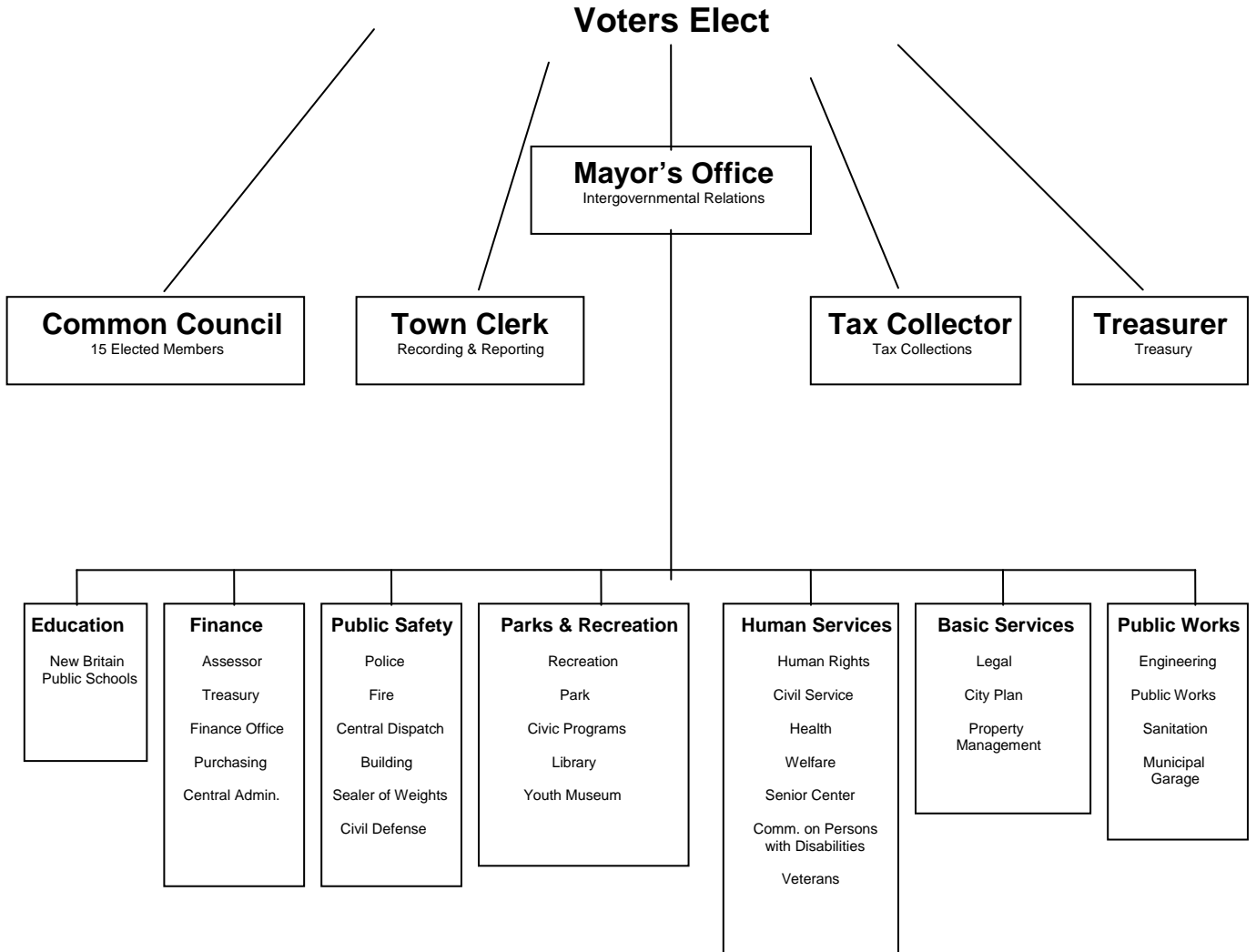
Corporation Counsel	Joseph Skelly
Town Clerk	Peter J. Denuzze
Tax Collector	Cheryl Blogoslawski
Assessor	Michael Konik
Director of Finance	Robert Curry
Director of Health	Eugene Ciccone
Director of Personnel	Karen Levine
Director of Parks and Recreation	William A. DeMaio
Acting Director of Public Works	Mark Moriarty
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

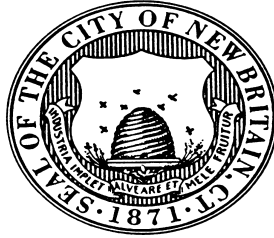
Frances Wolski, President
Peter Kochol, Vice President
Brian K. Riley
Sharon Beloin-Saavedra
Paul Carver
Marilyn Krackowsky
James Sanders
Lucretia Holley
Patricia Staskelunas-Coyle
Aram Ayalon
Dr. Doris Kurtz, Superintendent of Schools

ORGANIZATIONAL CHART

ORGANIZATION OF CITY GOVERNMENT



CITY OF NEW BRITAIN, CONNECTICUT



December 23, 2008

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, 2008.

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 Blum, Shapiro & Company, P.C., 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, 2008 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, 2008, 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 independent auditors’ report.

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 98-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 800 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 recent growth of many small businesses representing a variety of sectors. TD Banknorth, a national leader in the financial sector has recently located its corporate headquarters in downtown New Britain. Webster Bank has also recently located offices in the North West section of town. Continued growth of City-based corporations will increase both employment and tax revenue.

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 (which recently underwent a 43,000 square foot, \$26 million renovation/expansion) and Central Connecticut State University with its schools of Education, Technology, and Business (which is the largest in the state).

The City 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 436- bed Hospital of Central Connecticut, the 200 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 the Hospital of Central Connecticut 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, 5 elected at large and 10 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 continued to make tax reduction and grand list growth a primary goal. One way to accomplish this goal is to expand the City's economic development efforts, while at the same time, monitoring, reviewing and validating all City expenditures, both operating and capital.

In line with these objectives, the City has continued to sell properties to employers and entrepreneurs who are building and expanding to create new jobs for New Britain's workers. By far, one of this year's greatest accomplishments was partnering with Celebration Foods to move its corporate headquarters and a major portion of its manufacturing facilities to our City. This has produced over 300 new jobs and an additional \$20 million in property valuations on our grand list.

The City is also engaged in another significant project that will have a major impact on our community. That is the development of 60 acres of land on the former Pinnacle Heights Housing site. This will provide a significant boost to our City's grand list and provide more jobs within our community.

This past year, record stretches of streets and crumbling sidewalks have been repaved and replaced under our new street paving program. This program will be continued for several more years.

Another innovative program during the past year was our participation in an energy auction. We were able to secure a 19-month fixed price contract that will save us more than \$330,000 over the projected cost of electricity. We will continue to seek similar cost-saving measures to ensure that our residents get top quality services at affordable prices. This contract also included a clean energy component which was part of the reason that the city has received a Clean Energy Community Award.

In terms of public safety, the City is a much safer place to live than it was several years ago. A new police substation at Chesley Park is helping to make the east end a safer place. Additionally, there are plans to construct a new police station in the heart of the entertainment district that will enhance the neighborhood and reassure visitors and residents that downtown New Britain is a safe and attractive place to visit.

Financial Information

The Finance Department includes Accounting, Tax Assessment, Tax Collection, City Treasurer, Purchasing, Data Processing and Risk Management. 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 judgements 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, the regular members of the Police Department hired prior to April 1, 2000 and the regular members of the Fire Department hired prior to July 1, 1995, 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 hired prior to April 1, 2000 and July 1, 1995 respectively, 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 \$178,775 of general obligation bonds, and \$90 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 seven times total tax collections plus state reimbursement for revenue loss. As of June 30, 2008, the City's net general obligation bonded debt of \$179 was well below the legal limit of \$657.

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 \$4 million/occurrence, \$4,000,000 aggregate.

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 \$150,000 individual claims, 125% aggregate stop loss.

First dollar Auto Liability coverage on all vehicles is placed with Metrogard/Royal; excess Auto Liability coverage is placed with United National. All risk property coverage is purchased from Allianz Global. Coverage provides replacement value for buildings and contents. Coverage for vacant and unoccupied buildings for which rehabilitation or sale is anticipated is provided by Lloyd's on an actual cash basis.

The Corporation Counsel's Office is diligently defending the City's interest in all legal matters. The City has appropriated in the fiscal year 2008 annual budget \$295,000 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

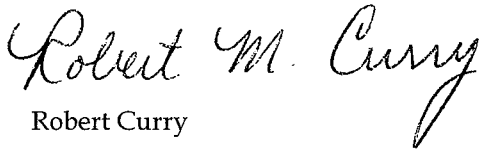
State Statute and the City Charter require an annual audit by an independent certified public accountant. The Statute further prescribes that each municipality's annual report shall be prepared in accordance with Generally Accepted Accounting Principles (GAAP). This report has been prepared in accordance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

Acknowledgements

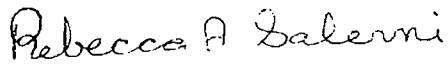
The City has received the Certificate of Achievement for Excellence in Financial Reporting since the Fiscal Year of June 30, 2001. A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements 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. I would like to express my appreciation to the staff of the finance department and to all those who have contributed to this report. Special appreciation is conveyed to the representatives from Blum, Shapiro & Company, P.C. 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,

A handwritten signature in cursive script that reads "Robert M. Curry". The signature is written in black ink and is positioned to the left of the printed name.

Robert Curry
Finance Director

A handwritten signature in cursive script that reads "Rebecca A. Salerni". The signature is written in black ink and is positioned to the left of the printed name.

Rebecca Salerni
Manager of Accounting

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, 2007

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.



Charles S. Cox

President

Jeffrey R. Emery

Executive Director

Financial Section



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, 2008, 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 consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we express no such opinion. An audit also 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, Connecticut, as of June 30, 2008 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.

Management's discussion and analysis on pages 3 through 11 and budgetary comparison information on pages 58 through 61 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.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 23, 2008 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 conjunction with this report in considering the results of our audit.

Blum, Shapiro & Company, P.C.

December 23, 2008

CITY OF NEW BRITAIN, CONNECTICUT

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2008

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, 2008. Please read this MD&A in conjunction with the transmittal letter 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 \$2.9 million, or nearly 7%, net assets of our governmental activities increased by \$14 million, or 15.2%.
- In its governmental activities, the City had revenues of \$303 million and expenses of \$289 million; thus increasing the net assets of governmental activities by \$14 million.
- In the City's business-type activities, revenues were \$14 million while expenses were \$11 million; thus increasing the net assets of the business-type funds by \$3 million.
- The General Fund reported a fund balance this year of \$13.1 million.
- The tax collection rate of the current levy was 95.3%

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 Exhibits 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 two 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 (Exhibits 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 included with the fund financial statements.
- *Proprietary funds (Exhibits 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 (Exhibits 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 \$135 million to \$152 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)

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2008	2007	2008	2007	2008	2007
Current assets	\$ 109,818	\$ 121,413	\$ 22,965	\$ 19,260	\$ 132,783	\$ 140,673
Capital assets:						
Capital assets not being depreciated	127,769	102,764	3,574	4,821	131,343	107,585
Capital assets being depreciated, net	127,540	124,701	62,904	63,242	190,444	187,943
Total assets	<u>365,127</u>	<u>348,878</u>	<u>89,443</u>	<u>87,323</u>	<u>454,570</u>	<u>436,201</u>
Long-term debt outstanding	208,205	208,740	42,226	43,893	250,431	252,633
Other liabilities	50,678	47,943	1,294	405	51,972	48,348
Total liabilities	<u>258,883</u>	<u>256,683</u>	<u>43,520</u>	<u>44,298</u>	<u>302,403</u>	<u>300,981</u>
Net Assets:						
Invested in capital assets, net of debt	147,314	121,481	25,400	25,320	172,714	146,801
Restricted	2,714	2,734			2,714	2,734
Unrestricted (deficit)	<u>(43,784)</u>	<u>(32,020)</u>	<u>20,523</u>	<u>17,705</u>	<u>(23,261)</u>	<u>(14,315)</u>
Total Net Assets	\$ <u>106,244</u>	\$ <u>92,195</u>	\$ <u>45,923</u>	\$ <u>43,025</u>	\$ <u>152,167</u>	\$ <u>135,220</u>

Net assets of the City's governmental activities increased by 15.2% (\$106 million compared to \$92 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 \$(43.8) million at June 30, 2008.

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

- Increase in capital assets
- Not using contingency.

The net assets of business-type activities increased by nearly 7% (\$46 million compared to \$43 million) in 2008.

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

- Conservative spending;
- Increase in revenue.

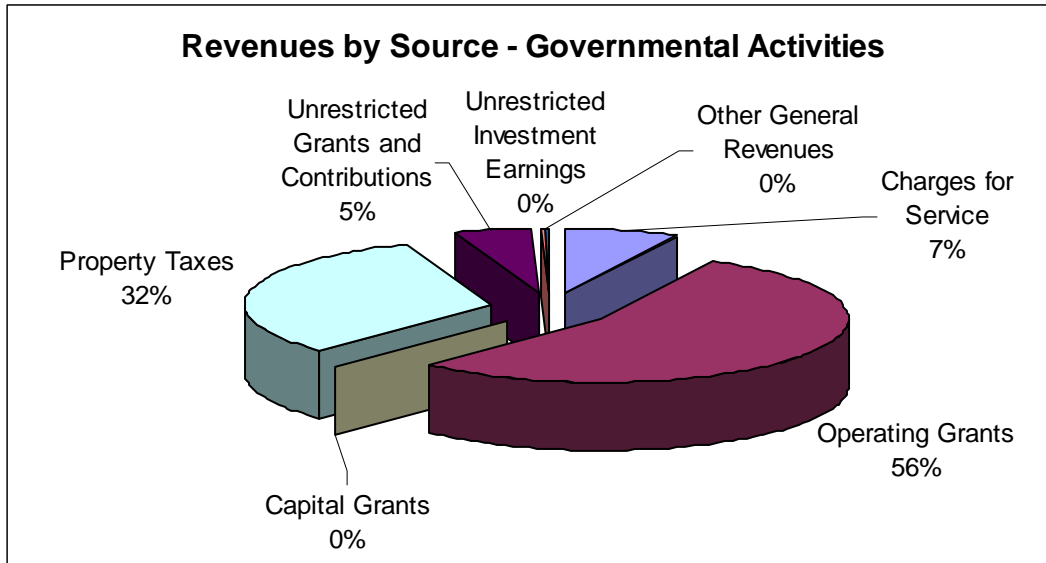
TABLE 2
CHANGES IN NET ASSETS
(In Thousands)

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2008	2007	2008	2007	2008	2007
Revenues:						
Program revenues:						
Charges for services	\$ 22,242	\$ 18,427	\$ 13,946	\$ 11,616	\$ 36,188	\$ 30,043
Operating grants and contributions	164,686	113,388			164,686	113,388
Capital grants and contributions	30	2,193			30	2,193
General revenues:						
Property taxes	96,133	97,941			96,133	97,941
Grants and contributions not restricted to specific programs	14,897	17,292			14,897	17,292
Unrestricted investment earnings	1,150	6,289		675	1,150	6,964
Other general revenues	696	1,166			696	1,166
Total revenues	<u>299,834</u>	<u>256,696</u>	<u>13,946</u>	<u>12,291</u>	<u>313,780</u>	<u>268,987</u>
Program expenses:						
General government	12,547	12,165			12,547	12,165
Public safety	33,466	33,434			33,466	33,434
Public works	10,436	22,746			10,436	22,746
Health and welfare	8,707	6,786			8,707	6,786
Parks, recreation and libraries	9,275	10,097			9,275	10,097
Education	204,322	147,860			204,322	147,860
Interest on long-term debt	10,032	10,799			10,032	10,799
Water			11,048	11,034	11,048	11,034
Total program expenses	<u>288,785</u>	<u>243,887</u>	<u>11,048</u>	<u>11,034</u>	<u>299,833</u>	<u>254,921</u>
Increase in net assets before transfers	11,049	12,809	2,898	1,257	13,947	14,066
Transfers	<u>3,000</u>				<u>3,000</u>	<u>-</u>
Increase in Net Assets	<u>\$ 14,049</u>	<u>\$ 12,809</u>	<u>\$ 2,898</u>	<u>\$ 1,257</u>	<u>\$ 16,947</u>	<u>\$ 14,066</u>

The City's total revenues were \$314 million. The total cost of all programs and services was \$300 million. Our analysis below separately considers the operations of governmental and business-type activities.

Governmental Activities

Revenues for governmental activities totaled \$300 million; property taxes (32%), operating grants (56%) and charges for services (7%) are the major revenue sources contributing 93% of the City's revenues.



Expenses for governmental activities were \$289 million of which 65% were supported by program revenues, and 35% were supported from general revenues. Expenses for education (71%), public safety (12%), public works (4%), and parks and recreation (3%) made up 90% of the total governmental expenses.

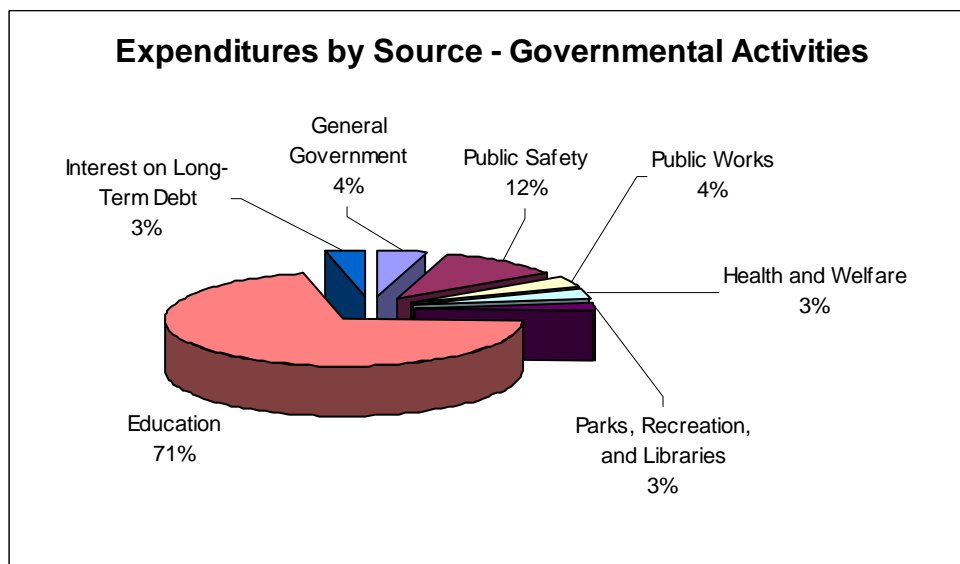
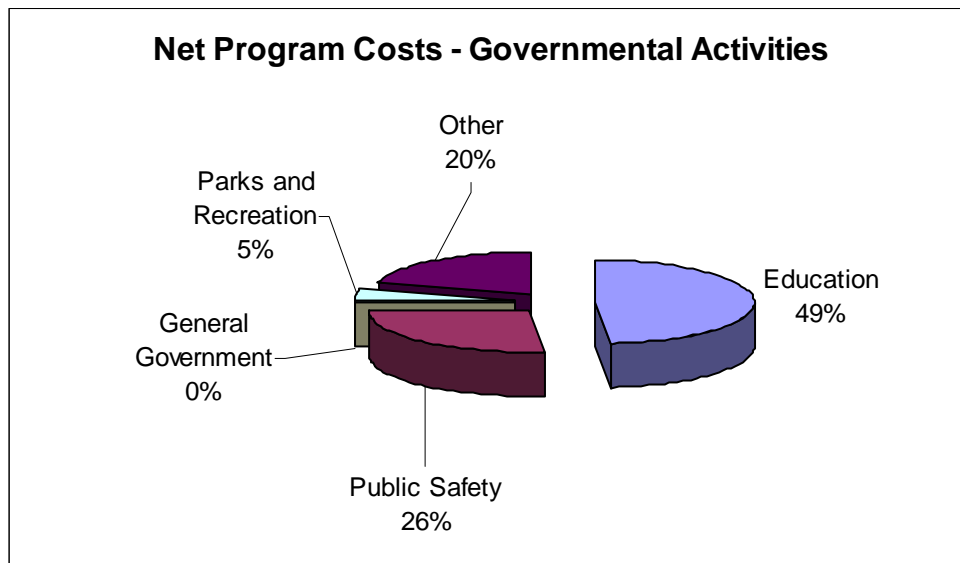


Table 3 presents the cost of each of the City's four largest programs - education, public safety, public works, and parks and recreation - as well as each program's net cost (total cost less revenues generated by the activities). The net cost shows the financial burden that was placed on the City's taxpayers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

TABLE 3
GOVERNMENTAL ACTIVITIES
(In Thousands)

	Total Cost of Services		Net Cost of Services	
	2008	2007	2008	2007
Education	\$ 204,322	\$ 147,860	\$ 56,182	\$ 46,569
Public safety	33,466	33,434	29,871	29,863
General Government	10,436	22,746	(12,723)	5,564
Parks and recreation	9,275	10,097	6,052	6,453
All others	31,286	29,750	22,445	21,430
Totals	\$ 288,785	\$ 243,887	\$ 101,827	\$ 109,879



Business-Type Activities

Revenues and expenses of the City’s business-type activities amounted to \$14 million and \$11 million, respectively. Net assets increased by nearly 15.2% (from \$43 million to \$46 million). A major factor for this increase was additional revenues as well as conservative spending.

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 \$4.7 million, which is a decrease from last year’s total of \$11.2 million. Included in this year’s total change in fund balance, is an increase of \$2 million in the General Fund, a decrease of nearly \$3 million in the City’s other governmental funds and a decrease of \$6 million in the Capital Projects Fund. The decrease in the capital projects fund balance can be attributed to the fact that the City borrowed less than previous years and also received less intergovernmental revenue. Spending on capital projects remained at the same level.

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 \$20.5 million and those for the internal service funds amounted to \$1.6 million. The increase in unrestricted net assets for the Water Enterprise Fund was \$2.8 million, and the decrease in net assets for the internal service funds was \$3.8 million. 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 2008 was conservative. Consequently, State funding was higher than originally anticipated.

The City's General Fund balance of \$13 million reported on Exhibit III differs from the General Fund's budgetary fund balance of nearly \$9.5 million. This is principally because budgetary fund balance includes \$3.6 million in outstanding encumbrances at year end which are reported as expenditures for budgetary purposes.

Capital Asset and Debt Administration

Capital Assets

At June 30, 2008, the City had \$321.7 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 \$26.2 million, or 8.9% over last year.

TABLE 4
CAPITAL ASSETS AT YEAR-END (Net of Depreciation)
(In Thousands)

	Governmental Activities		Business-Type Activities		Total	
	2008	2007	2008	2007	2008	2007
Land	\$ 23,670	\$ 23,699	\$ 1,949	\$ 1,949	\$ 25,619	\$ 25,648
Construction in progress	104,099	79,065	1,625	1,625	105,724	80,690
Buildings and improvements	82,407	85,374			82,407	85,374
Equipment	2,435	2,397			2,435	2,397
Vehicles	7,622	4,462			7,622	4,462
Infrastructure	35,076	32,468			35,076	32,468
Water filtration assets			62,904	64,489	62,904	64,489
Totals	\$ <u>255,309</u>	\$ <u>227,465</u>	\$ <u>66,478</u>	\$ <u>68,063</u>	\$ <u>321,787</u>	\$ <u>295,528</u>

For governmental type funds this year's major additions included various street projects which have continued throughout the year.

The City's fiscal-year 2008-09 capital budget calls for it to spend another \$10 million. More detailed information about the City's capital assets is presented in Note 5 to the financial statements.

Long-Term Debt

At June 30, 2008, the City had \$192,945 in bonds and notes outstanding versus \$192,900 last year - an increase of .02% - as shown in Table 5.

**TABLE 5
OUTSTANDING DEBT, AT YEAR-END
(In Thousands)**

	Governmental Activities		Business-Type Activities		Total	
	2008	2007	2008	2007	2008	2007
General obligation bonds (Backed by the City)	\$ 178,775	\$ 178,900	\$ 14,170	\$ 14,000	\$ 192,945	\$ 192,900
Less deferred amount:						
For issuance discounts on refunding	<u>(1,245)</u>	<u>(86)</u>			<u>(1,245)</u>	<u>(86)</u>
Total general obligation bonds	177,530	178,814	14,170	14,000	191,700	192,814
Self-liquidating bonds and notes (backed by specific tax and free revenues)	<u>90</u>	<u>180</u>				<u>180</u>
Total	<u>\$ 177,620</u>	<u>\$ 178,994</u>	<u>\$ 14,170</u>	<u>\$ 14,000</u>	<u>\$ 191,700</u>	<u>\$ 192,994</u>

During the fiscal year the City issued certain refunding bonds as follows:

City of New Britain, Connecticut, Taxable General Obligation Variable Rate Demand Refunding Pension Bonds, Series 2008C, dated and issued May 30, 2008, with an interest rate of 2.66% in the amount of \$40,700 to refund \$40,000 of outstanding General Obligation Pension Bonds - Federally Taxable, issued February 24, 1998. This issued allowed the City to reduce its total debt service payments by \$765 and to obtain an economic gain (the difference between the present values of the debt service payments on the old and new debt) of \$503.

City of New Britain, Connecticut, General Obligation Refunding Bonds, Series 2008B, dated and issued April 1, 2008, with an interest rate of 2.8% to 5.0% in the amount of \$15,485 to refund \$13,798 of outstanding General obligation variable rate bonds, 1999 and 2000 series B. This issue allowed the City to reduce its total debt service payments by \$419.

The net proceeds of the two issues \$56,850, after the receipt of premiums and the payment of certain expenses, were used to purchase U.S. Government securities. Those securities were deposited in an irrevocable trust with and escrow agent to provide for all future debt service payments on the refunded bonds. As a result, the bonds are considered defeased.

The City's general obligation bond rating from both Standard and Poor's and Fitch, both national rating agencies, is A. The City's other debt, principally self liquidating bonds and notes carry 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 \$681 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 8 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 2009 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 8.1% versus 6.7% a year ago. This compares with the State's unemployment rate of 5.5% and the national rate of 5.5%.

These indicators were taken into account when adopting the General Fund budget for 2008-09. Amounts available for appropriation in the General Fund budget are \$212 million, an increase of 1.4% over the final 2007 budget of \$209 million.

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.

Basic Financial Statements

CITY OF NEW BRITAIN, CONNECTICUT

STATEMENT OF NET ASSETS

JUNE 30, 2008

(In Thousands)

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Assets:			
Cash and cash equivalents	\$ 26,766	\$ 17,083	\$ 43,849
Investments	21,663		21,663
Receivables, net	58,638	5,243	63,881
Internal balances	618	(618)	-
Other deferred asset		1,257	1,257
Inventory	106		106
Prepaid items	2,027		2,027
Capital assets:			
Capital assets not being depreciated	127,769	3,574	131,343
Capital assets being depreciated, net	127,540	62,904	190,444
Total assets	<u>365,127</u>	<u>89,443</u>	<u>454,570</u>
Liabilities:			
Accounts and other payables	26,664	1,294	27,958
Bond anticipation notes	19,255		19,255
Unearned revenue	2,616		2,616
Unamortized bond premium	2,143		2,143
Noncurrent liabilities:			
Due within one year	21,635	2,435	24,070
Due in more than one year	186,570	39,791	226,361
Total liabilities	<u>258,883</u>	<u>43,520</u>	<u>302,403</u>
Net Assets:			
Invested in capital assets, net of related debt	147,314	25,400	172,714
Restricted for:			
Trust purposes:			
Expendable	2,714		2,714
Unrestricted	(43,784)	20,523	(23,261)
Total Net Assets	<u>\$ 106,244</u>	<u>\$ 45,923</u>	<u>\$ 152,167</u>

The accompanying notes are an integral part of the financial statements

CITY OF NEW BRITAIN, CONNECTICUT

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2008

(In Thousands)

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
		Charges For Services	Operating Grants And Contributions	Capital Grants And Contributions	Governmental Activities	Business-Type Activities	Total
Primary Government:							
Governmental activities:							
General government	\$ 12,547	\$ 1,488	\$ 27	\$	\$ (11,032)	\$	\$ (11,032)
Public safety	33,466	3,125	470		(29,871)		(29,871)
Public works	10,436	12,111	11,018	30	12,723		12,723
Health and welfare	8,707	684	5,921		(2,102)		(2,102)
Parks, recreation and libraries	9,275	3,043	180		(6,052)		(6,052)
Education	204,322	1,791	146,349		(56,182)		(56,182)
Interest on long-term debt	10,032		721		(9,311)		(9,311)
Total Governmental activities	288,785	22,242	164,686	30	(101,827)	-	(101,827)
Business-type activities							
Water	11,048	13,946				2,898	2,898
Total	\$ 299,833	\$ 36,188	\$ 164,686	\$ 30	(101,827)	2,898	(98,929)
General revenues:							
Property taxes					96,133		96,133
Grants and contributions not restricted to specific programs					14,897		14,897
Unrestricted investment earnings					1,150		1,150
Transfer in from fiduciary fund					3,000		3,000
Miscellaneous					696		696
Total general revenues					115,876	-	115,876
Change in net assets					14,049	2,898	16,947
Net Assets at Beginning of Year					92,195	43,025	135,220
Net Assets at End of Year					\$ 106,244	\$ 45,923	\$ 152,167

The accompanying notes are an integral part of the financial statements

CITY OF NEW BRITAIN, CONNECTICUT

BALANCE SHEET - GOVERNMENTAL FUNDS

JUNE 30, 2008
(In Thousands)

	<u>General</u>	<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS					
Cash and cash equivalents	\$ 17,143	\$	\$ 587	\$ 7,932	\$ 25,662
Investments				3,887	3,887
Accounts receivables, net	29,568		8,283	12,401	50,252
Due from other funds	21,372		1,893	3,603	26,868
Inventories				106	106
	<u>68,083</u>	<u>-</u>	<u>10,763</u>	<u>27,929</u>	<u>106,775</u>
Total Assets	\$ <u>68,083</u>	\$ <u>-</u>	\$ <u>10,763</u>	\$ <u>27,929</u>	\$ <u>106,775</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 20,938	\$	\$ 11	\$ 2,081	\$ 23,030
Due to other funds	11,134		14,568	3,725	29,427
Deferred revenue	22,871			7,493	30,364
Bond anticipation notes payable and other interim financing			19,255		19,255
Total liabilities	<u>54,943</u>	<u>-</u>	<u>33,834</u>	<u>13,299</u>	<u>102,076</u>
Fund balances:					
Reserved	3,661		13,596	2,990	20,247
Unreserved, reported in:					
General Fund	9,479				9,479
Special Revenue Funds				11,640	11,640
Capital Project Funds			(36,667)		(36,667)
Total fund balances	<u>13,140</u>	<u>-</u>	<u>(23,071)</u>	<u>14,630</u>	<u>4,699</u>
Total Liabilities and Fund Balances	\$ <u>68,083</u>	\$ <u>-</u>	\$ <u>10,763</u>	\$ <u>27,929</u>	\$ <u>106,775</u>

(Continued on next page)

CITY OF NEW BRITAIN, CONNECTICUT

BALANCE SHEET - GOVERNMENTAL FUNDS (CONTINUED)

JUNE 30, 2008

Reconciliation of the Balance Sheet - Governmental Funds
to the Statement of Net Assets:

Amounts reported for governmental activities in the statement of net assets (Exhibit I) are different because of the following:

Fund balances - total governmental funds (Exhibit III)	\$	4,699
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Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:

Governmental capital assets	\$	434,223	
Less accumulated depreciation		<u>(178,914)</u>	
Net capital assets			255,309

Other long-term assets are not available to pay for current-period expenditures and, therefore, are not recorded in the funds:

Net pension asset	2,027
Property tax receivables greater than 60 days	9,199
Interest receivable on property taxes	8,138
Housing loans receivable	4,651
Interest on housing loans	14
Receivable from the state for school construction projects	13,672

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 funds are reported with governmental activities in the statement of net assets.

1,684

Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds:

Net pension obligation	(95)
Bonds and notes payable	(178,865)
Clean water notes payable	(4,925)
Interest payable on bonds and notes	(2,934)
Compensated absences	(5,432)
Deferred charges on refunding	1,245
Unamortized bond premium	<u>(2,143)</u>

Net Assets of Governmental Activities (Exhibit I)	\$	<u><u>106,244</u></u>
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The accompanying notes are an integral part of the financial statements

CITY OF NEW BRITAIN, CONNECTICUT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDSFOR THE YEAR ENDED JUNE 30, 2008
(In Thousands)

	<u>General</u>	<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:					
Property taxes	\$ 95,447	\$	\$	\$	\$ 95,447
Intergovernmental	138,925		10,275	30,653	179,853
Licenses, fees and charges for goods and services	9,728		3,411	7,502	20,641
Income on investments	677		213	(112)	778
Miscellaneous	5,079		248	2,702	8,029
Total revenues	<u>249,856</u>	<u>-</u>	<u>14,147</u>	<u>40,745</u>	<u>304,748</u>
Expenditures:					
Current:					
General government	4,930			198	5,128
Public safety	33,482			966	34,448
Public works	12,945		121	5,228	18,294
Health and welfare	1,862			6,793	8,655
Education	160,456		11,674	26,768	198,898
Parks and recreation	7,464			2,827	10,291
Capital outlay			23,585		23,585
Debt and sundry		25,374			25,374
Total expenditures	<u>221,139</u>	<u>25,374</u>	<u>35,380</u>	<u>42,780</u>	<u>324,673</u>
Excess (Deficiency) of Revenues over Expenditures	<u>28,717</u>	<u>(25,374)</u>	<u>(21,233)</u>	<u>(2,035)</u>	<u>(19,925)</u>
Other Financing Sources (Uses):					
Transfers in	5,370	25,374	815	400	31,959
Transfers out	(31,804)		(464)	(1,144)	(33,412)
Issuance of notes			1,115		1,115
Issuance of bonds			12,965		12,965
Premium on long-term debt issued			783		783
Proceeds from the sale of refunding bonds		56,850			56,850
Payment to refund bond escrow agent		(56,850)			(56,850)
Total other financing sources (uses)	<u>(26,434)</u>	<u>25,374</u>	<u>15,214</u>	<u>(744)</u>	<u>13,410</u>
Net Change in Fund Balances	2,283	-	(6,019)	(2,779)	(6,515)
Fund Balances at Beginning of Year	<u>10,857</u>	<u>-</u>	<u>(17,052)</u>	<u>17,409</u>	<u>11,214</u>
Fund Balances at End of Year	<u>\$ 13,140</u>	<u>\$ -</u>	<u>\$ (23,071)</u>	<u>\$ 14,630</u>	<u>\$ 4,699</u>

(Continued on next page)

CITY OF NEW BRITAIN, CONNECTICUT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - GOVERNMENTAL FUNDS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2008

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund

Balances - Governmental Funds to the Statement of Activities:

Amounts reported for governmental activities in the statement of activities (Exhibit II) are different because:

Net change in fund balances - total governmental funds (Exhibit IV)	\$ (6,515)
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Governmental funds report capital outlays as expenditures. In the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense:

Capital outlay and other expenditures	32,753
Depreciation expense	(4,839)

In the statement of activities, only the gain 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 assets sold.	(70)
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Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds, and revenues recognized in the funds are not reported in the statement of activities:

School building grant receipts	(5,372)
Property tax receivable - accrual basis change	1,354
Property tax interest and lien revenue - accrual basis change	(668)
Housing loans receivable	592
Housing loans interest	4

Change in pension assets and liabilities	4
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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 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 amortized and deferred in the statement of activities. The details of these differences in the treatment of long-term debt and related items are as follows:

Bond principal payments	14,360
Payments on clean water fund notes	275
Issuance of bonds and notes	(12,965)
Deferred charges on refunding	(1,180)
Refunding bonds issued	(56,185)
Payments to bond refunding agent	56,185
Bond premium	(783)

Some expenses reported in the statement of activities do not require the use of current resources and, therefore, are not reported as expenditures in the governmental funds:

Compensated absences	189
Accrued interest	651
Amortization of deferred charge on refunding	(21)
Amortization of bond premium	123

Internal service funds are used by management to charge costs to individual funds. The net revenue of certain activities of internal services funds is reported with governmental activities.

(3,843)

Change in Net Assets of Governmental Activities (Exhibit II)	\$ <u>14,049</u>
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The accompanying notes are an integral part of the financial statements

CITY OF NEW BRITAIN, CONNECTICUT

STATEMENT OF NET ASSETS - PROPRIETARY FUNDS

JUNE 30, 2008
(In Thousands)

	Business-Type Activities Water Enterprise Fund	Governmental Activities Internal Service Fund
Assets:		
Current assets:		
Cash and cash equivalents	\$ 17,083	\$ 1,104
Investments		17,776
Other deferred asset	1,257	
Receivables:		
Other (net of allowance for uncollectible)	5,243	460
Due from other funds		5,900
Total current assets	23,583	25,240
Noncurrent assets:		
Capital assets, net	66,478	
Total assets	90,061	25,240
Liabilities:		
Current liabilities:		
Accounts payable and accrued expenses	1,294	699
Compensated absences	181	
Due to other funds	618	2,724
Current portion of bonds and notes payable	2,254	
Total current liabilities	4,347	3,423
Noncurrent liabilities:		
Bonds and notes payable	38,824	
Compensated absences	967	
Claim reserves		20,133
Total liabilities	44,138	23,556
Net Assets:		
Invested in capital assets, net of related debt	25,400	
Unrestricted	20,523	1,684
Total Net Assets	\$ 45,923	\$ 1,684

The accompanying notes are an integral part of the financial statements

CITY OF NEW BRITAIN, CONNECTICUT

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND
NET ASSETS - PROPRIETARY FUNDS

FOR THE YEAR ENDED JUNE 30, 2008

(In Thousands)

	<u>Business-Type Activities</u>	<u>Governmental Activities</u>
	<u>Water</u>	<u>Internal</u>
	<u>Enterprise Fund</u>	<u>Service Fund</u>
Operating Revenues:		
Charges for services and goods	\$ 13,946	\$
Charges to other funds		15,821
Other		4,875
Total operating revenues	<u>13,946</u>	<u>20,696</u>
Operating Expenses:		
Cost of sales, services and administration	7,977	
Administration and general expense		1,232
Depreciation expense	1,662	
Claims incurred		27,975
Total operating expenses	<u>9,639</u>	<u>29,207</u>
Operating Income (Loss)	<u>4,307</u>	<u>(8,511)</u>
Nonoperating Revenue (Expenses):		
Income on investments		309
Decrease in actuarial claims reserve		(94)
Interest expense	(1,272)	
Loss on disposal of capital assets	(137)	
Net nonoperating revenue (expenses)	<u>(1,409)</u>	<u>215</u>
Change in Net Assets Before Transfers	<u>2,898</u>	<u>(8,296)</u>
Transfers:		
Transfers in		5,680
Transfers out		(1,227)
Total transfers	<u>-</u>	<u>4,453</u>
Change in Net Assets	2,898	(3,843)
Total Net Assets at Beginning of Year	<u>43,025</u>	<u>5,527</u>
Total Net Assets at End of Year	<u>\$ 45,923</u>	<u>\$ 1,684</u>

The accompanying notes are an integral part of the financial statements

CITY OF NEW BRITAIN, CONNECTICUT
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2008
(In Thousands)

	Business-Type Activities	Governmental Activities
	Water	Internal
	Enterprise Fund	Service Fund
Cash Flows from Operating Activities:		
Cash received from charges to other funds	\$	\$ 19,952
Cash received from customers	14,053	
Cash received from other operating activities		5,463
Cash paid for premiums and other operating expenses	(8,447)	(422)
Cash payments for claims made		(37,270)
Net cash provided by (used in) operating activities	5,606	(12,277)
Cash Flows from Noncapital Financing Activities:		
Transfers from other funds		5,680
Transfers to other funds		(1,227)
Net cash provided by noncapital financing activities	-	4,453
Cash Flows from Capital Financing Activities:		
Acquisition of capital assets	(1,571)	
Sale of capital assets	85	
Proceeds from loan obligation	14,170	
Payment of loan obligation	(15,835)	
Interest paid on capital debt	(1,272)	
Net cash used in by capital financing activities	(4,423)	-
Cash Flows from Investing Activities:		
Income on investments	489	794
Purchase of investments		2,124
Net cash provided by investing activities	489	2,918
Net Increase (Decrease) in Cash and Cash Equivalents	1,672	(4,906)
Cash and Cash Equivalents at Beginning of Year	15,411	6,010
Cash and Cash Equivalents at End of Year	\$ 17,083	\$ 1,104
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:		
Operating income (loss)	4,307	(8,511)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:		
Depreciation	1,662	
Change in assets and liabilities:		
(Increase) decrease in accounts receivable	(676)	(55)
(Increase) decrease in due from other funds		(3,550)
(Increase) decrease in other deferred asset	(712)	
Increase (decrease) in accounts payable and accrued expenses	1,125	82
Increase (decrease) in due to other funds	(100)	(243)
Total adjustments	1,299	(3,766)
Net Cash Provided by (Used in) Operating Activities	\$ 5,606	\$ (12,277)
Noncash Investment Activities:		
Net increase in fair value of investments	\$ -	\$ (485)

The accompanying notes are an integral part of the financial statements

CITY OF NEW BRITAIN, CONNECTICUT

STATEMENT OF FIDUCIARY NET ASSETS - FIDUCIARY FUNDS

JUNE 30, 2008

(In Thousands)

	Pension Trust Funds	Agency Funds
	<u> </u>	<u> </u>
Assets:		
Cash and cash equivalents	\$ 3,141	\$ 459
Investments, at fair value:		
Equities	47,183	
Fixed income	70,496	
Mutual funds	36,256	175
Certificates of deposit		285
Total investments	<u>153,935</u>	<u>460</u>
Interfund receivable	<u>1</u>	
Total Assets	<u>157,077</u>	<u>\$ 919</u>
Liabilities:		
Accounts payable	14	\$
Due to beneficiaries		<u>919</u>
Total Liabilities	<u>14</u>	<u>\$ 919</u>
Net Assets:		
Held in Trust for Pension Benefits	<u>\$ 157,063</u>	

The accompanying notes are an integral part of the financial statements

CITY OF NEW BRITAIN, CONNECTICUT
STATEMENT OF CHANGES IN PLAN NET ASSETS
PENSION TRUST FUNDS - FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2008
(In Thousands)

Additions:	
Contributions:	
Employer	\$ 296
Employee	689
Total contributions	<u>985</u>
Investment income:	
Net depreciation in fair value of investments	(11,923)
Interest and dividends	8,963
Miscellaneous	13
Total investment income	<u>(2,947)</u>
Less investment expense	(496)
Net investment income	<u>(3,443)</u>
Total additions	<u>(2,458)</u>
Deductions:	
Benefits	9,677
Administration	95
Total deductions	<u>9,772</u>
Transfers	<u>(3,000)</u>
Net Decrease	(15,230)
Net Assets at Beginning of Year	<u>172,293</u>
Net Assets at End of Year	<u>\$ 157,063</u>

The accompany notes are an integral part of the financial statements

THE CITY OF NEW BRITAIN, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS

(amounts expressed in thousands)

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-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 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 twelve 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 has an obligation to appropriate funds in amounts necessary to fulfill its obligations created pursuant to the intercommunity agreement dated as of August 31, 1990. Expenditures of \$118 were incurred in 2007-08 related to the City's participation in TROC.

Unreserved, fund balance, of the General Fund, for fiscal year ended June 30, 2008 as reflected in the Committee's financial statements is \$1,171. 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 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 the contracting municipalities in dealing with the trash to energy plant built by Ogden Martin Systems of Bristol, Inc., 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 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 to the BRRFOC amounted to \$3,451 this year.

Unreserved, fund balance for fiscal year ended June 30, 2008 as reflected in the BRRFOC's financial statements is \$13.1 million. A complete set of financial statements for BRRFOC can be obtained from the administrative office at 43 Enterprise Drive, Bristol, Connecticut.

On April 2005, the Committee issued \$41,920 in Solid Waste Revenue Refunding Bonds (Covanta Bristol, Inc. Project - 2005 series) with interest rates varying from 3.00% to 5.00%. The proceeds of the bonds, in addition to other funds made available as part of the transaction and the allowed investment earnings thereon, were used to current refund \$46,670 of outstanding revenue bonds of the Committee. The proceeds from the original bonds were loaned by the Authority to Ogden Martin Systems of Bristol, Inc. now known as Covanta 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 \$34,320.

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 seven, 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 activities) 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 is 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, except for agency funds which have no measurement focus. 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 3.

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, other than infrastructure 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. The government reports infrastructure on a subsystem basis. Accordingly, the amounts spent for the construction or acquisition of infrastructure assets are capitalized and reported in the government-wide financial statements regardless of their amount.

In the case of the initial capitalization of general infrastructure assets (i.e., those reported by governmental activities) the government chose to include all such items regardless of their acquisition date or amount. The government was able to estimate the historical cost for the initial reporting of these assets through backtracking (i.e., estimating the current replacement cost of the infrastructure to be capitalized and using an appropriate price-index to deflate the cost to the acquisition year or estimated acquisition year). As the government constructs or acquires additional capital assets each period, including infrastructure assets, they are capitalized and reported at historical cost. The reported value excludes normal maintenance and repairs which are essentially amounts spent in relation to capital assets that do not increase the capacity or efficiency of the item or extend its useful life beyond the original estimate. In the case of donations, the government values these capital assets at the estimated fair value of the item at the date of its 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 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 \$5,432. The City and Board of Education compensated absences is generally liquidated by the General Fund.

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 8).

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. 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, 2008:

	<u>Amount</u>
Nonmajor:	
Special Revenue Funds:	
Local Capital Improvement	\$ 35
American Savings Grant	21
National Recreation Trails Grant	1
Bullet Proof Vest Grant	9
YSB Care Unit	1
Highway Safety Grant	54
Drug Enforcement Training	2
Assistance to CCSU Police Dept	15
School Rental Account	27
Youthbuild	14
Business Outreach Center	173
Emergency Shelter Grant	19
Lead Grant	158
Redevelopment Commission	6
Brownfield Pilot	14
EFSP Program	4
Capital Projects Fund	23,071
Internal Service Funds:	
Workers' Compensation	140
General Accident and Liability	307

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.

3. 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 the Statutes, 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 do 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 State Short-Term Investment Fund (STIF) and the State 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, 2008:

Deposits:		
Demand accounts	\$	28,981
Certificates of deposit		<u>284</u>
Total deposits		29,265
Petty cash		5
Cash equivalents:		
State Tax Exempt Proceeds Fund (TEPF)		13
State Short-Term Investment Fund (STIF)		16,738
Financial Investors Trust Portfolio Money Market Fund		1,712
Less: Certificates of deposit classified as investments		<u>(284)</u>
Total Cash and Cash Equivalents	\$	<u><u>47,449</u></u>

Deposits

At June 30, 2008, the carrying amount of the City deposits was \$29,265, and the bank balance was \$32,063.

Custodial Credit Risk - Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City does not have a deposit policy for custodial credit risk. Of the June 30, 2008 bank balance, \$911 was covered by Federal Depository Insurance. Connecticut General Statutes require that each depository maintain segregated collateral (not required to be based on a security agreement between the depository and the municipality and, therefore, not perfected in accordance with Federal law) in an amount equal to a defined percentage of its public deposits based upon the depository's risk based capital ratio. A minimum of \$3,115 based on June 30, 2008 deposits, was collateralized (collateral held by the pledging bank's trust department is not in the City's name). The balance of deposits of \$28,037 was uninsured and uncollateralized.

Cash Equivalents

Cash equivalents are short-term, highly liquid investments that are both readily convertible to known amounts of cash and purchased within 90 days of maturity. At June 30, 2008, the City's cash equivalents amounted to \$18,463. The following table provides a summary of the City's cash equivalents (excluding U.S. Government guaranteed obligations) as rated by nationally recognized statistical rating organizations.

	<u>Standard and Poor's</u>
State Short-Term Investment Fund (STIF)	AAAm
State Tax Exempt Proceeds Fund (TEPF)*	
Financial Investors Trust Portfolio Money Market Fund	AAAm

*Not rated

B. Investments

Investments as of June 30, 2008 in all funds are as follows:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Weighted Average Maturity (Years)</u>
Interest Bearing Investments:	\$	
Certificates of deposit*	284	0.83
Corporate bonds	18,843	13.38
U.S. government and agency obligations	62,121	18.56
Other Investments:		
Marketable Equity Securities	57,125	
Pooled open-end mutual fund accounts:		
Mutual Funds	<u>37,685</u>	
Total	<u>\$ 176,058</u>	

Portfolio weighted average maturity for interest bearing investments 17.30

*Subject to coverage by Federal Depository Insurance and collateralization as described under "Deposits" above.

Interest Rate Risk - The City does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk - Investments - As indicated above, State Statutes limit the investment options of cities and towns. The City has no investment policy that would further limit its investment choices. The following table provides a summary of the City's investments (excluding U.S. Government guaranteed obligations) as rated by nationally recognized statistical rating organizations.

	<u>Standard and Poor's</u>	<u>Moody's Investor Service</u>
Corporate bonds	CCC- through AA	Aa1

Concentration of Credit Risk - The City does not have a policy which limits investments in any one issuer that is in excess of five percent of the City's total investments.

Custodial Credit Risk - Custodial credit risk for an investment is the risk that, in the event of the failure of the counterparty (the institution that pledges collateral or repurchase agreement securities to the City or that sells investments to or buys them for the City), the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. At June 30, 2008, the City had \$119,246 of unregistered securities held by a counterparty.

4. 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>Business Activities Water Enterprise</u>	<u>Total</u>
Receivables:					
Interest*	\$	\$	\$	\$ 47	\$ 47
Taxes	10,758				10,758
Water				2,889	2,889
Sewer			2,182		2,182
Accounts	5,888	8,283	5,308	2,624	22,103
Housing loans			4,877		4,877
Intergovernmental			494		494
Intergovernmental - School Building Grants	13,672				13,672
Gross receivables	<u>30,318</u>	<u>8,283</u>	<u>12,861</u>	<u>5,560</u>	<u>57,022</u>
Less allowance for uncollectibles	<u>750</u>		<u>226**</u>	<u>317</u>	<u>1,293</u>
Net Total Receivables	<u>\$ 29,568</u>	<u>\$ 8,283</u>	<u>\$ 12,635</u>	<u>\$ 5,243</u>	<u>\$ 55,729</u>

* Accrued interest on property taxes, long-term housing loans and sewer receivables in the amount of \$8,419 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>226</u>
Total	<u>\$ 1,293</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	\$ 9,199	\$
Housing loans	4,877	
School building grants	13,672	
Grant drawdowns prior to meeting all eligibility requirements	<u> </u>	<u>2,616</u>
Total Deferred/Unearned Revenue for Governmental Funds	<u>\$ 27,748</u>	<u>\$ 2,616</u>

5. CAPITAL ASSETS

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

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 23,699	\$	\$ (29)	\$ 23,670
Construction in progress	<u>79,065</u>	<u>28,810</u>	<u>(3,776)</u>	<u>104,099</u>
Total capital assets, not being depreciated	<u>102,764</u>	<u>28,810</u>	<u>(3,805)</u>	<u>127,769</u>
Capital assets, being depreciated:				
Buildings	183,194			183,194
Machinery and equipment	13,026	383	(37)	13,372
Vehicles	15,188	3,649	(904)	17,933
Infrastructure	<u>88,268</u>	<u>3,687</u>	<u> </u>	<u>91,955</u>
Total capital assets being depreciated	<u>299,676</u>	<u>7,719</u>	<u>(941)</u>	<u>306,454</u>
Less accumulated depreciation for:				
Buildings	97,820	2,967		100,787
Machinery and equipment	10,629	345	(37)	10,937
Vehicles	10,726	448	(863)	10,311
Infrastructure	<u>55,800</u>	<u>1,079</u>	<u> </u>	<u>56,879</u>
Total accumulated depreciation	<u>174,975</u>	<u>4,839</u>	<u>(900)</u>	<u>178,914</u>
Total capital assets, being depreciated, net	<u>124,701</u>	<u>2,880</u>	<u>(41)</u>	<u>127,540</u>
Governmental Activities Capital Assets, Net	<u>\$ 227,465</u>	<u>\$ 31,690</u>	<u>\$ (3,846)</u>	<u>\$ 255,309</u>

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Business-Type Activities:				
Capital assets, not being depreciated:				
Land	\$ 1,949	\$	\$	\$ 1,949
Construction in progress	1,625			1,625
Total capital assets, not being depreciated	<u>3,574</u>	<u>-</u>	<u>-</u>	<u>3,574</u>
Capital assets, being depreciated:				
Source of supply	5,429			5,429
Pumping plant	2,955		(129)	2,826
Water treatment plant	3,242		(2,598)	644
Filter plant	55,695			55,695
Transmission and distribution	12,919	139	(53)	13,005
General plant and administrative equipment	2,756	163	(974)	1,945
Total capital assets, being depreciated	<u>82,996</u>	<u>302</u>	<u>(3,754)</u>	<u>79,544</u>
Less accumulated depreciation for:				
Source of supply	2,289	53		2,342
Pumping plant	1,557	51	(117)	1,491
Water treatment	1,754	12	(1,682)	84
Filter plant	3,303	1,113		4,416
Transmission and distribution	6,916	225	(39)	7,102
General plant and administrative equipment	2,688	208	(1,691)	1,205
Total accumulated depreciation	<u>18,507</u>	<u>1,662</u>	<u>(3,529)</u>	<u>16,640</u>
Total capital assets being depreciated, net	<u>64,489</u>	<u>(1,360)</u>	<u>(225)</u>	<u>62,904</u>
Business-Type Activities Capital Assets, Net	<u>\$ 68,063</u>	<u>\$ (1,360)</u>	<u>(225)</u>	<u>\$ 66,478</u>

Depreciation expense was charged to functions/programs as follows:

Governmental activities:

General government	\$ 494
Public safety	732
Public works	777
Health and social services	22
Parks and recreation	255
Education	<u>2,559</u>

Total Depreciation Expense - Governmental Activities \$ 4,839

Business-type activities:

Enterprise Fund - water depreciation expense business-type activities	<u>\$ 1,662</u>
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Construction Commitments

The City has active construction projects as of June 30, 2008. The following is a summary of capital projects as of June 30, 2008:

<u>Project</u>	<u>Project Authorization</u>	<u>Cumulative Expenditures</u>
Public buildings	\$ 50,127	\$ 35,839
Schools	68,620	65,756
Infrastructure	87,583	44,115
Parks and recreation	13,971	4,107
Miscellaneous	95,319	69,771
Total	\$ 315,620	\$ 219,588

6. 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, 2008 is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Internal Service Fund	\$ 2,724
	Nonmajor Fund	3,725
	Capital Projects Fund	14,568
	Enterprise Fund	355
Nonmajor Fund	General Fund	3,340
	Enterprise Fund	263
Capital Projects Fund	General Fund	1,893
Fiduciary Fund	General Fund	1
Internal Service Fund	General Fund	5,900
Total		\$ 32,769

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

Interfund transfers:

	<u>Transfers In</u>				<u>Total Transfers</u>
	<u>General Fund</u>	<u>Capital Projects</u>	<u>Debt Service</u>	<u>Other Governmental Funds</u>	
Transfers Out:					
General	\$	\$ 815	\$ 25,374	\$ 5,615	\$ 31,804
Fiduciary Fund	3,000				3,000
Capital Projects	448			16	464
Nonmajor Governmental	695			449	1,144
Internal Service	1,227				1,227
Total	\$ 5,370	\$ 815	\$ 25,374	\$ 6,080	\$ 37,639

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

7. 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, were outstanding at June 30, 2008:

Description	Fund	Rate	Maturity Date	Beginning Balance	Additions	Reductions	Ending Balance
2008 bond anticipation notes	Capital Projects Fund	4.00%	03/31/2009	\$	\$ 19,255	\$	\$ 19,255
2007 bond anticipation notes	Capital Projects Fund	4.25%	04/04/2008	18,685		18,685	
				<u>\$ 18,685</u>	<u>\$ 19,255</u>	<u>\$ 18,685</u>	<u>\$ 19,255</u>

8. LONG-TERM DEBT

A schedule of bond indebtedness as of June 30, 2008 is as follows:

	Interest Rate (%)	Original Issue	Date of Issue	Date of Maturity	Balance Outstanding
Consolidated School District:					
1993 Series A	3.8% - 6.0%	\$ 13,300	02/01/93	10/01/12	\$ 3,680
1993 Series B	3.8% - 6.0%	13,075	02/01/93	04/01/12	2,880
1994 Series	4.0% - 5.0%	17,700	02/01/94	02/04/14	5,310
1996 Series	4.4% - 5.0%	4,325	03/15/96	04/15/11	575
1997 Series	4.4% - 5.1%	13,115	04/15/97	04/15/13	3,280
1998 Series	4.0% - 5.0%	40	06/01/98	04/01/09	3
2000 Series A	5.0% - 5.3%	5,600	04/12/00	04/01/14	2,600
2002 Refunding Series	2.0% - 5.0%	1,830	11/04/02	05/01/14	1,173
2006 Series	5.0% - 4.125%	11,000	04/15/06	04/15/21	9,532
2007 Series	5.0% - 3.75%	6,600	04/05/07	04/15/22	6,160
2008 Series A	2.8% - 5.0%	1,750	04/01/08	04/01/28	1,750
2008 Series B Refunding Bonds	2.8% - 5.0%	6,275	04/01/08	04/01/35	6,275
Subtotal		<u>94,610</u>			<u>43,218</u>
Public Improvement:					
1992 Series	4.6% - 6.5%	8,285	02/01/92	02/01/12	1,600
1993 Series B	3.8% - 6.0%	16,210	02/01/93	04/01/12	3,600
1997 Series	4.4% - 5.1%	8,925	04/15/97	04/15/13	720
1998 Series	4.0% - 5.0%	6,565	06/01/98	04/01/09	552
2002 Refunding Series	2.0% - 5.0%	2,240	11/04/02	05/01/14	1,437
2006 Series	5.0% - 4.125%	6,460	04/15/06	04/15/21	5,598
2007 Series	5.0% - 3.75%	6,975	04/05/07	04/15/22	6,510
2008 Series A	2.8% - 5.0%	11,215	04/01/08	04/01/28	11,215
2008 Series B Refunding Bonds	2.8% - 5.0%	9,120	04/01/08	04/01/35	9,120
Subtotal		<u>75,995</u>			<u>40,352</u>

	<u>Interest Rate (%)</u>	<u>Original Issue</u>	<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Balance Outstanding</u>
General Obligation Pension Bonds: 1998 Series	5.72% - 6.64%	\$ 66,000	02/01/98	02/01/26	\$ 51,830
General Obligation Taxable Worker's Compensation Bonds: 2000 Series	Variable	7,000	06/01/00	06/01/10	1,400
MERF Bonds of 2005 2005 Series	4.93%	1,450	07/28/05	06/01/23	1,275
General Obligation Pension Bonds: 2008 Series C Refunding Bonds	6.371%	40,700	05/30/08	02/01/26	40,700
Total General Fund Debt		\$ 285,755			\$ 178,775

Self Liquidating Long-Term Bonded Debt

Sewer:

2008 Series B Refunding Bonds	2.8% - 5.0%	\$ 90	04/01/08	04/01/35	\$ 90
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General Fund Long-Term Bonded Debt

The City uses all of the above general long-term bonded debt for the acquisition and construction of capital assets except for the General Obligation Pension Bonds of 1998 and the MERF Bonds of 2005.

Changes in Long-Term Liabilities

Long-term liability activity for the year ended June 30, 2008 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities:					
Bonds payable:					
General obligation bonds	\$ 178,900	\$ 69,150	\$ (69,275)	\$ 178,775	\$ 14,835
Less deferred amounts:					
For issuance discounts on refunding	(86)	(1,180)	21	(1,245)	
Total general obligation bonds	178,814	67,970	(69,254)	177,530	14,835
Self liquidating bonds	180		(90)	90	90
Total bonds payable	178,994	67,970	(69,344)	177,620	14,925
Notes payable:					
Clean Water notes	4,085	1,115	(275)	4,925	310
OPEB Obligation		95		95	
Compensated absences	5,621	122	(311)	5,432	2,380
Risk management	20,039	27,975	(27,881)	20,133	4,020
Governmental Activity Long-Term Liabilities	\$ 208,739	\$ 97,277	\$ (97,811)	\$ 208,205	\$ 21,635

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Business-Type Activities:					
Bonds payable	\$ 14,000	\$ 14,170	\$ (14,000)	\$ 14,170	\$ 420
Notes payable:					
Clean Water notes	28,743		(1,835)	26,908	1,834
Compensated absences	1,150	183	(185)	1,148	181
Business-Type Activity					
Long-Term Liabilities	\$ <u>43,893</u>	\$ <u>14,353</u>	\$ <u>(16,020)</u>	\$ <u>42,226</u>	\$ <u>2,435</u>

Defeased Bonds

During the fiscal year, the City issued certain refunding bonds as follows:

City of New Britain, Connecticut, Taxable General Obligation Variable Rate Demand Refunding Pension Bonds, Series 2008C, dated and issued May 30, 2008, with an interest rate of 2.66% in the amount of \$40,700 to refund \$40,000 of outstanding General Obligation Pension Bonds - Federally Taxable, issued February 24, 1998. This issued allowed the City to reduce its total debt service payments by \$765 and to obtain an economic gain (the difference between the present values of the debt service payments on the old and new debt) of \$503.

City of New Britain, Connecticut, General Obligation Refunding Bonds, Series 2008B, dated and issued April 1, 2008, with an interest rate of 2.8% to 5.0% in the amount of \$15,485 to refund \$13,798 of outstanding General obligation variable rate bonds, 1999 and 2000 series B. This issue allowed the City to reduce its total debt service payments by \$419.

The net proceeds of the two issues \$56,850, after the receipt of premiums and the payment of certain expenses, were used to purchase U.S. Government Securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the refunded bonds. As a result, the bonds are considered defeased.

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 City's financial statements. At June 30, 2008, \$36,510 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:

Category	Debt Limit	Net Indebtedness	Balance
General purpose	\$ 219,100	\$ 145,259	\$ 73,841
Schools	438,201	82,576	355,625
Sewers	365,167	15,547	349,620
Urban renewal	316,478		316,478
Pension deficit	292,134		292,134

The total overall statutory debt limitation for the City is equal to seven times annual receipts from taxation (\$681,027).

The indebtedness above includes \$163,319 of authorized bonds which were unissued as of June 30, 2008.

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 governmental activities of the City as of June 30, 2008 are as follows:

Year Ending June 30,	Principal General Obligation	Principal Self Liquidating	Principal Clean Water Notes	Interest General Obligation	Interest Self Liquidating	Interest Clean Water Notes	Total
2009	\$ 14,835	\$ 90	\$ 310	\$ 10,024	\$ 4	\$ 96	\$ 25,359
2010	13,900		310	9,276		89	23,575
2011	13,430		310	8,573		83	22,396
2012	13,530		310	7,877		78	21,795
2013	11,070		310	7,171		71	18,622
2014	9,021		310	6,619		64	16,014
2015	8,010		310	6,122		58	14,500
2016	7,955		310	5,673		53	13,991
2017	8,295		310	5,227		46	13,878
2018	8,645		310	4,745		40	13,740
2019	9,025		310	4,242		35	13,612
2020	9,430		310	3,713		27	13,480
2021	8,830		310	3,099		21	12,260
2022	8,180		310	2,496		16	11,002
2023	7,705		250	1,993		9	9,957
2024	8,049		183	1,503		5	9,740
2025	8,530		59	994		2	9,585
2026	9,050		59	449		1	9,559
2027	645		34	61			740
2028	640			30			670
Total	\$ 178,775	\$ 90	\$ 4,925	\$ 89,887	\$ 4	\$ 794	\$ 274,475

Note: Self Liquidating principal includes sewer debt of \$90.

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 6.0%. This rate will change on a yearly basis.

The maturities relating to all bonds and serial notes of the business-type activities of the City as of June 30, 2008 are as follows:

<u>Year Ending June 30,</u>	<u>Principal Clean Water Notes</u>	<u>Principal Bonds</u>	<u>Interest Clean Water Notes</u>	<u>Interest Bonds</u>	<u>Total</u>
2009	\$ 1,834	\$ 420	\$ 669	\$ 655	\$ 3,578
2010	1,834	415	617	638	3,504
2011	1,834	405	570	627	3,436
2012	1,834	410	523	611	3,378
2013	1,834	465	475	594	3,368
2014	1,834	515	429	574	3,352
2015	1,834	560	358	549	3,301
2016	1,834	560	315	521	3,230
2017	1,834	560	286	493	3,173
2018	1,834	560	241	465	3,100
2019	1,834	560	197	437	3,028
2020	1,835	565	148	409	2,957
2021	1,835	565	100	380	2,880
2022	1,464	560	57	357	2,438
2023	1,200	555	25	333	2,113
2024	400	550	2	308	1,260
2025		550		282	832
2026		550		256	806
2027		545		230	775
2028		545		204	749
2029		545		178	723
2030		540		152	692
2031		540		127	667
2032		535		101	636
2033		535		76	611
2034		530		50	580
2035		530		25	555
Total	\$ <u>26,908</u>	\$ <u>14,170</u>	\$ <u>5,012</u>	\$ <u>9,632</u>	\$ <u>55,722</u>

Interest Rate Swap Agreements

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

<u>Type</u>	<u>Face Value</u>	<u>Interest Rate</u>	<u>Maturity Date</u>
General Obligation: Pension Bonds	\$ 66,000	5.72% - 6.64%	February 1, 2026

Under terms of the agreement, the City will pay its counterparty a fixed interest rate in exchange for receiving the actual variable rate the City pays to its variable rate bondholders. The City and its counterparty will net the difference in these two payments, and the City will continue to pay its bondholders. As a result of this agreement, the City has in effect exchanged its variable rate liability for a fixed rate obligation. This agreement does expose the City to certain market risks relating to 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>
Bank of Montreal	\$ 51,830	1-month LIBOR	5.50%

Option on Interest Rate Swap Agreements (Swaption)

Effective October 26, 2005, the City entered into a swaption with the Bank of Montreal (the Institution), having the following terms and conditions:

On November 2, 2005, the Institution paid the City \$1.0 million in exchange for an option to enter into an interest rate swap agreement with the City exercisable by the Institution on August 1, 2008.

In the event of the exercise of this swaption, the Institution will pay the City the fixed rate of 5.50% on the notional amount of the City's 1998 fixed rate pension bonds semi-annually, and the City will pay the Institution a floating rate equal to the 1 month LIBOR rate compounded monthly and payable semi-annually.

The City has the option of 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 eighteen months of the date on which the swap is terminated and shall make such payment on such established date.

Effective on June 30, 2008, this swap remains unexercised.

Effective September 14, 2006, and later amended on April 13, 2007, the City entered into a interest rate swap with the Deutsche Bank (the Institution) having the following terms and conditions:

On September 14, 2006, the Institution paid the City \$1,843,240 in the form of an up-front payment under the terms of the interest rate swap agreement. On February 1, 2008, the Institution began paying the City a floating rate equal to the 78% of the 10-year LIBOR Index on the notional amount of the City's outstanding \$40 million Series 1998 General Obligation Pension Bonds, and the City will began paying the Institution a fixed rate of 100% of the 1-month LIBOR Index compounded monthly and payable annually.

The City has the option to early termination of the swap agreement provided that if such termination requires a payment by the City to the Institution.

Effective January 1, 2008, the City entered into several interest rate locks with Deutsche Bank (the Institution), having the following terms and conditions:

On April 1, 2009, the Institution will begin paying the City a floating rate equal to the SIFMA Index on the notional amount of the City's anticipated \$10,000,000 Series 2009 General Obligation Bonds, and the City will pay the Institution a fixed rate of 3.390% compounded weekly and payable monthly.

On April 1, 2010, the Institution will begin paying the City a floating rate equal to the SIFMA Index on the notional amount of the City's anticipated \$12,000,000 Series 2010 General Obligation Bonds, and the City will pay the Institution a fixed rate of 3.579% compounded weekly and payable monthly.

On April 1, 2011, the Institution will begin paying the City a floating rate equal to the SIFMA Index on the notional amount of the City's anticipated \$14,000,000 Series 2011 General Obligation Bonds, and the City will pay the Institution a fixed rate of 3.807% compounded weekly and payable monthly.

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

Effective April 29, 2008, the City entered into an interest rate swap with Deutsche Bank (the “Institution”) with respect to its \$40,000,000 Series 1998 General Obligation Bonds Federally Taxable issued on February 24, 1998 , having the following terms and conditions:

Beginning May 1, 2008 and until the termination of the swap, which is February 1, 2026, the Institution will pay the City a floating rate equal to the 1-month LIBOR Index and the City will pay the Institution a fixed rate of 6.371% compounded weekly and payable monthly. This transaction replaced a similar swap with AMBAC Financial Services, Limited Partnership, with largely the same terms.

9. 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 Net Assets 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	\$ 3,661	\$ 201	\$ 13,596	\$	\$
Inventory		75			
Trust purposes		2,714			
Pension benefits					157,063
Self-insurance				1,684	
Total	<u>\$ 3,661</u>	<u>\$ 2,990</u>	<u>\$ 13,596</u>	<u>\$ 1,684</u>	<u>\$ 157,063</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:

Cemetery Fund	\$	101
Conversation on race		1
Recreation Amusement		4
Darius Miller Walnut Hill		32
Drug Investigation		90
		<hr/>
Total	\$	<u>228</u>

10. 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 \$150 for major medical, and for hospitalization for the contract year July 1, 2007 to June 30, 2008. 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 \$2,014 is reported in the internal service fund at June 30, 2008, 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, 2008 and 2007 as follows:

	June 30, 2008			June 30, 2007		
	Medical	Workers' Compensation	General Accident Casualty and Liability	Medical	Workers' Compensation	General Accident Casualty and Liability
Beginning of year claim reserve	\$ 1,920	\$ 16,117	\$ 2,002	\$ 2,276	\$ 15,935	\$ 1,113
Current year incurred claims and changes in prior year estimate	25,951	1,938	86	25,466	182	889
Claim payments	(25,857)	(1,938)	(86)	(25,822)		
End of Year Claim Reserve	\$ <u>2,014</u>	\$ <u>16,117</u>	\$ <u>2,002</u>	\$ <u>1,920</u>	\$ <u>16,117</u>	\$ <u>2,002</u>

11. 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 five 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 1/4% 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 7% of covered payroll. The City's and employee contributions to MERF for the years ended June 30, 2008, 2007 and 2006 are as follows:

Fiscal Year Ended	City Contribution Amount	Employee Contribution Amount	Total Contribution Amount	Total Payroll Covered by the MERF
June 30, 2006	\$ 2,621	\$ 1,963	\$ 4,584	\$ 39,250
June 30, 2007	3,078	2,150	5,228	43,012
June 30, 2008	2,111	1,434	3,545	28,647

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 years to a maximum of 80%.

The financial information of the PERS is as follows:

Statement of Plan Net Assets

	Employee Retirement Funds		
	Police Benefit Plan	Firemen's Benefit Plan	Total
Assets:			
Cash and cash equivalents	\$ 1,312	\$ 1,829	\$ 3,141
Investments	75,899	78,036	153,935
Due from other funds	1		1
Total	77,212	79,865	157,077
Liabilities:			
Accounts payable	7	7	14
Net assets:			
Reserved for employee retirement	\$ 77,205	\$ 79,858	\$ 157,063

Statement of Changes in Plan Net Assets

	Employee Retirement Funds		
	Police Benefit Plan	Firemen's Benefit Plan	Total
Additions:			
Contributions:			
Employer	\$ 85	\$ 211	\$ 296
Plan members	352	337	689
Total contribution	<u>437</u>	<u>548</u>	<u>985</u>
Investment income:			
Net depreciation in fair value of investments	(8,054)	(3,869)	(11,923)
Interest and dividends	5,722	3,241	8,963
Miscellaneous	5	8	13
Total investment income	<u>(2,327)</u>	<u>(620)</u>	<u>(2,947)</u>
Investment expense	<u>(226)</u>	<u>(270)</u>	<u>(496)</u>
Net investment income	<u>(2,553)</u>	<u>(890)</u>	<u>(3,443)</u>
Total additions	<u>(2,116)</u>	<u>(342)</u>	<u>(2,458)</u>
Deductions:			
Benefits	5,032	4,645	9,677
Administration	48	47	95
Total deductions	<u>5,080</u>	<u>4,692</u>	<u>9,772</u>
Transfer	<u>(1,500)</u>	<u>(1,500)</u>	<u>(3,000)</u>
Net decrease	(8,696)	(6,534)	(15,230)
Net assets held in trust for pension benefits, beginning of year	<u>85,901</u>	<u>86,392</u>	<u>172,293</u>
Net Assets Held in Trust for Pension Benefits, End of Year	<u>\$ 77,205</u>	<u>\$ 79,858</u>	<u>\$ 157,063</u>

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

	Fire	Police
Retirees and beneficiaries currently receiving benefits	155	174
Current employees:		
Vested	90	82
Non-vested	<u> </u>	<u>11</u>
Total	<u>245</u>	<u>267</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, 2008, these required contributions were \$211 and \$85 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:

	<u>Fire</u>	<u>Police</u>
Annual required contribution	\$ 211	\$ 85
Interest on net pension obligation	(118)	(33)
Adjustment to annual required contribution	<u>115</u>	<u>32</u>
Annual pension cost	208	84
Contributions made	<u>(211)</u>	<u>(85)</u>
Decrease in net pension obligation	(3)	(1)
Net Pension Asset, Beginning of Year	<u>(1,578)</u>	<u>(445)</u>
Net Pension Asset, End of Year	\$ <u><u>(1,581)</u></u>	\$ <u><u>(446)</u></u>

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

	<u>Fire</u>	<u>Police</u>
Actuarial Valuation Date	January 1, 2007	January 1, 2007
Actuarial Cost Method	Entry Age Normal	Entry Age Normal
Amortization Method	Level Percentage of Payroll-Closed	Level Percentage of Payroll-Closed
Remaining Amortization Period	28 years	28 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 InformationFire Plan

<u>Fiscal Year Ended</u>	<u>Annual Pension Cost (APC)</u>	<u>Actual Contribution</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation (Asset)</u>
6/30/2006	\$ 225	\$ 599	266%	\$ (1,264)
6/30/2007	425	739	174	(1,578)
6/30/2008	208	211	101	(1,581)

Police Plan

<u>Fiscal Year Ended</u>	<u>Annual Pension Cost (APC)</u>	<u>Actual Contribution</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation (Asset)</u>
6/30/2006	\$ 645	\$ 607	94%	\$ (417)
6/30/2007	391	419	107	(445)
6/30/2008	84	85	101	(446)

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

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Accrued Liability (b)</u>	<u>Unfunded Actuarial Accrued Liability (UAAL) (c)</u>	<u>Covered Payroll (d)</u>	<u>UAAL as % of Covered Payroll (c/d)</u>
03/01/2003	\$ 76,915	\$ 65,434	\$ (11,481)	\$ 7,426	(154.6)
03/01/2005	78,249	70,151	(8,098)	6,502	(124.5)
01/01/2007	83,474	74,781	(8,694)	5,698	(152.6)

Police Plan

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Accrued Liability (b)</u>	<u>Unfunded Actuarial Accrued Liability (UAAL) (c)</u>	<u>Covered Payroll (d)</u>	<u>UAAL as % of Covered Payroll (c/d)</u>
03/01/2003	\$ 69,758	\$ 67,116	\$ (2,642)	\$ 7,084	\$ (37.3)
03/01/2005	77,963	71,971	(5,992)	6,640	(90.2)
01/01/2007	83,762	74,590	(9,172)	6,356	(144.3)

Schedule of Employer Contributions

Fire Plan

	<u>Annual Required Contribution</u>	<u>Percentage Contributed</u>
6/30/2003	\$ 819	94%
6/30/2004	234	431
6/30/2005	234	125
6/30/2006	234	256
6/30/2007	433	174
6/30/2008	211	101

Police Plan

	<u>Annual Required Contribution</u>	<u>Percentage Contributed</u>
6/30/2003	\$ 278	145%
6/30/2004	650	110
6/30/2005	650	99
6/30/2006	650	93
6/30/2007	394	107
6/30/2008	85	101

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 12 retirees, 21 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 \$738. The “pay-as-you-go” Plan does not have a net pension obligation as of June 30, 2008.

Trend Information

Fiscal Year Ended	Annual Pension Cost (APC)	Actual Contribution	Percentage of APC Contributed	Net Pension Obligation
6/30/2006	\$ 831	\$ 831	100%	N/A
6/30/2007	787	787	100	N/A
6/30/2008	738	738	100	N/A

Pension Plan Required Supplementary Information*Schedule of Funding Progress*

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Liability (AAL)	Unfunded AAL	Funded Ratio	Covered Payroll	UAAAL as a % of Covered Payroll
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

*latest actuarial valuation date

Schedule of Employer Contributions

Fiscal Year Ended	Annual Required Contribution	Percentage Contributed
06/30/2003	\$ 1,107	100%
06/30/2004	1,004	100
06/30/2005	898	100
06/30/2006	831	100
06/30/2007	787	100
06/30/2008	738	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.

Post Employment Benefits**A. Plan Description**

The City, in accordance with various collective bargaining agreements, provides retiree medical benefits for the lifetime of the retired member and covered dependents. The plan covers City, Board of Education, Police and Fire employees as further defined in collective bargaining agreements and other written materials. Eligibility and premium sharing information is detailed in the various collective bargaining agreements. The City does not issue separate stand alone financial statements for the plan.

At July 1, 2006, plan membership consisted of the following:

Active members	1,580
Retired members	361
Spouses of retired members	<u>246</u>
Total Participants	<u><u>2,187</u></u>

B. Funding Policy

The City currently pays for postemployment health care benefits on a pay-as-you go basis. As of June 30, 2008, the City has not established a trust fund to irrevocably segregate assets to fund the liability associated with the post employment benefits, which would require the reporting of a trust fund in accordance with GASB guidelines. It is the City’s intention to open such a trust during the fiscal year ending June 30, 2009. The contribution requirements of plan members and the City are also negotiated with the various unions representing the employees. Retired plan members and beneficiaries currently receiving benefits are required to contribute specified amounts monthly towards the cost of health insurance premiums as follows:

City Employees

Generally retirees and their dependents are covered for a period of seven years from the date of retirement. In most cases retirees can continue coverage beyond the seven-year period at their own expense. Cost sharing is based on years of service at retirement as follows:

<u>Years of Service</u>	<u>City Pays</u>
25+	100%
20-24	80%
15-19	60%
10-14	40%

In some cases retirees have access to post retirement health coverage through the City, but at their own expense. In those instances, upon the retiree’s death, spousal coverage is available, but at their own expense.

Board of Education

Teachers - Pre 65 is 100% retiree paid;

Administrator (Local 51) - Pre 65 is 50% retiree and 50% Board cost sharing for a period of two years from the date of retirement. Retirees can continue coverage beyond the two-year period at their own expense. Spouses and dependents are covered and surviving spouses and dependents may continue coverage in accordance with COBRA.

NBSSA/AFSA - is 75% retiree and 25% Board cost sharing for a period of two years from the date of retirement. Retirees can continue coverage beyond the two-year period at their own expense.

AFSCME - Coverage is offered for the first five years from retirement. Cost sharing is the same as for active employees, (2006/07, 12% retiree and 88% Board, prior to January 1, 1997, 5% retiree and 95% Board). Beyond the fifth year, retirees are offered COBRA.

Police

If the date of hire is prior to July 1, 1993, retirees and their dependents are covered for a period of seven years from the date of retirement. Cost sharing is based on years of service at retirement as follow:

<u>Years of Service</u>	<u>City Pays</u>
20+	100%
15-19	80%
10-14	60%
5-9	40%

Retirees can continue coverage beyond the seven-year period at their own expense. If the date of hire is after July, 1993, the retiree has access to post retirement health coverage through the City at their own expense.

Fire

If the date of hire and retirement is prior to June 23, 2004, the retiree and their dependents are covered for a period of seven years from the date of retirement. Cost sharing is based on years of service at retirement as follows:

<u>Years of Service</u>	<u>City Pays</u>
20+	100%
15-19	80%
5-14	60%

Employees who retire after June 23, 2004 and their dependents are covered for a period of ten years from the date of retirement. Cost sharing is based on years of service at retirement and is the same as above. Retirees can continue coverage beyond the seven or ten-year period at their own expense. If the date of hire is after June 23, 2004 retirees have access to post retirement health coverage through the City at their own expense.

Annual OPEB Cost and Net OPEB Obligations

The City of New Britain's annual other post employment benefit (OPEB) cost is calculated based on the annual required contribution (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the City's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the City's net OPEB obligation (asset):

Annual required contribution (ARC)	\$	3,724
Interest on OPEB obligation		-
Adjustment to annual required contribution		-
Annual OPEB cost (expense)		<u>3,724</u>
Contributions made		<u>3,629</u>
Decrease in net OPEB obligation		95
Net OPEB obligation, beginning of year		<u>-</u>
Net OPEB Obligation, End of Year	\$	<u><u>95</u></u>

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the fiscal year ending June 30, 2008 is presented below. Data is only presented for the fiscal year ending June 30, 2008 due to this being the year of implementation:

<u>Fiscal Year Ending</u>	<u>Annual OPEB Cost (AOC)</u>	<u>Actual Contribution</u>	<u>Percentage of AOC Contributed</u>	<u>Net OPEB Obligation (Asset)</u>
6/30/2008	\$ 3,724	\$ 3,629	97.4%	\$95

As of July 1, 2006, the most recent actuarial valuation date, the plan was 0% funded. The actuarial accrued liability for benefits was approximately \$42,853, and the actuarial value of the assets was \$-0-, resulting in an unfunded actuarial accrued liability (UAAL) of approximately \$42,853.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about the future employment, mortality and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as accrual results are compared with past expectations and new estimates are made about the future. The following schedule of funding progress presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Schedule of Funding Progress

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability (AAL)</u>	<u>Unfunded AAL (OAAL)</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAAL as a Percentage of Covered Payroll</u>
7/1/2006	\$ -0-	\$ 42,853	\$ 42,853	0.0 %	N/A	N/A

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

In the July, 1 2006 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions include a 8.0% rate of return, which is the rate of the expected long-term investment returns of plan assets calculated based on the funding policy of the plan at the valuation date. The annual healthcare cost trend rate is 9% initially, reduced by decrements to an ultimate rate of 5% after four years.

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 60 and has accumulated 20 years of credited service in the public schools of Connecticut or (2) attained any age and has accumulated 35 years of credited service, at least 25 years of which are service in the public schools of Connecticut.

The Consolidated School District withholds 7.25% of all teachers' annual salaries and transmits the funds to the State Teachers' Retirement Board. For the year ended June 30, 2008, the certified employees of the City contributed \$4,437 to this plan, and the total payroll for certified employees covered by this plan for the year was \$61,193.

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, 2008, the City has recorded, in the General Fund, intergovernmental revenue and education expenditures in the amount of \$45,298 as payments made by the State of Connecticut on-behalf of the City. This amount is significantly higher than the prior year because the State of Connecticut increased the contribution significantly. 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.

12. CONTINGENT LIABILITIES

The City 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 judgment or judgments against the City which would materially affect its financial position.

**Required Supplementary
Information**

CITY OF NEW BRITAIN, CONNECTICUT

GENERAL FUND

**SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
(In Thousands)**

FOR THE YEAR ENDED JUNE 30, 2008

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Property taxes:				
General property taxes	\$ 95,319	\$ 95,319	\$ 94,181	\$ (1,138)
Interest and liens	1,200	1,200	1,265	65
Miscellaneous	10	10	1	(9)
Total general property taxes	<u>96,529</u>	<u>96,529</u>	<u>95,447</u>	<u>(1,082)</u>
Intergovernmental revenues (State):				
State Education for the Blind	150	150	88	(62)
H.E.W. Private Schools	90	90	88	(2)
Special School Transportation	509	509	340	(169)
Elementary & Secondary Transportation	2,522	2,522	2,651	129
Special Education	2,500	2,500	2,637	137
Education Equalization	72,539	71,312	69,444	(1,868)
State Infraction Distribution	3	3	27	24
Principal Subsidy	3,573	3,573	3,023	(550)
Interest Subsidy	1,077	1,077	721	(356)
DCA Tax Abatements	33	33	29	(4)
Town Aid Road Fund	284	284	384	100
Veterans Exemption Reimbursement			42	42
Tax Relief for the Elderly			494	494
State Property Tax Relief	3,928	3,928	4,297	369
Telephone Access Line Tax Relief	400	400	292	(108)
Civil Defense	20	20	34	14
Off Track Betting	260	260	246	(14)
State Pilot Hospital Colleges	3,510	3,510	3,725	215
State Pilot Model Housing	150	150	122	(28)
Manufacturers in Distress	100	100	93	(7)
Boat License Distribution	13	13	13	-
Bingo	1	1	1	-
Disability Exemption			28	28
Manufacturing Equipment Tax Reimbursement	900	900	1,185	285
Legalized Gaming Distribution	3,436	3,436	3,567	131
Dial-a-Ride	65	65	47	(18)
Miscellaneous	1	1	9	8
Total intergovernmental revenues (State)	<u>96,064</u>	<u>94,837</u>	<u>93,627</u>	<u>(1,210)</u>
Intergovernmental revenues (Other than State):				
In lieu of taxes	15	15	-	(15)
Total intergovernmental revenues	<u>96,079</u>	<u>94,852</u>	<u>93,627</u>	<u>(1,225)</u>

(Continued on following page)

CITY OF NEW BRITAIN, CONNECTICUT

GENERAL FUND

SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) (CONTINUED)FOR THE YEAR ENDED JUNE 30, 2008
(In Thousands)

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Licenses and Permits:				
Building Structures and Equipment	\$ 915	\$ 915	\$ 929	\$ 14
All Other License	67	67	61	(6)
Protection	79	79	55	(24)
Health	40	40	57	17
Disposal	2,062	2,062	1,734	(328)
Planning and Zoning	10	10	14	4
Total licenses and permits	<u>3,173</u>	<u>3,173</u>	<u>2,850</u>	<u>(323)</u>
Charges for Services:				
City Hall Commissions Rent	101	101	101	-
Town Clerk	2,113	2,113	1,457	(656)
Recreation	783	842	1,007	165
Public Safety	896	896	1,729	833
Parking	1,850	1,850	1,835	(15)
Public Works - Project Management	309	309	184	(125)
Health	25	25	31	6
Public Works - Rights of Way	103	103	114	11
Parking Tickets	692	692	403	(289)
Assessor	5	5	4	(1)
Senior Center	20	20	13	(7)
Total charges for services	<u>6,897</u>	<u>6,956</u>	<u>6,878</u>	<u>(78)</u>
Total licenses, fees and charges for services	<u>10,070</u>	<u>10,129</u>	<u>9,728</u>	<u>(401)</u>
Other Revenue:				
Investment Income	1,600	1,600	677	(923)
Miscellaneous	198	199	427	228
Sale of Real Estate Property	3,506	3,506	3,562	56
Board of Education	215	215	1,124	909
Development	8	8	7	(1)
Total other revenue	<u>5,527</u>	<u>5,528</u>	<u>5,797</u>	<u>269</u>
Total revenues	208,205	207,038	204,599	(2,439)
Other Financing Sources:				
Transfers in	<u>3,525</u>	<u>5,400</u>	<u>5,370</u>	<u>(30)</u>
Total budgeted revenues and transfers	<u>\$ 211,730</u>	<u>\$ 212,438</u>	209,969	<u>\$ (2,469)</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			45,298	
Cancellation of prior year encumbrances are recognized as budgetary revenue			(41)	
Total Revenues and Other Financing Sources as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds Exhibit IV			<u>\$ 255,226</u>	

CITY OF NEW BRITAIN, CONNECTICUT

GENERAL FUND

SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)

FOR THE YEAR ENDED JUNE 30, 2008

(In Thousands)

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
General Government:				
Legislative	\$ 110	\$ 127	\$ 124	\$ 3
Boards and Commissions	20	20	16	4
Judicial	68	68	65	3
Elections	501	548	519	29
Mayor's Office	403	401	391	10
Planning and Zoning	210	217	213	4
Finance	2,517	2,451	2,329	122
Recording and Reporting	532	514	509	5
Legal	1,067	958	702	256
Central Services	146	150	141	9
Total	<u>5,574</u>	<u>5,454</u>	<u>5,009</u>	<u>445</u>
Public Safety:				
Police	15,378	17,639	16,659	980
Fire	12,905	13,947	13,858	89
Lighting	761	833	831	2
Building	573	564	552	12
Civil Preparedness	139	140	130	10
Central Emergency Dispatch	1,712	1,695	1,630	65
Total	<u>31,468</u>	<u>34,818</u>	<u>33,660</u>	<u>1,158</u>
Public Works:				
Administration	435	354	341	13
Street Services	3,226	3,382	3,104	278
Public Buildings	2,719	2,651	2,580	71
Capital Project	798	849	840	9
Signals and Control	252	564	242	322
Waste Disposal	5,824	5,765	5,239	526
Total	<u>13,254</u>	<u>13,565</u>	<u>12,346</u>	<u>1,219</u>
Parks and Recreation:				
Administration	296	301	297	4
Forestry	204	193	188	5
Horticulture	293	295	287	8
Maintenance	2,455	2,163	2,510	(347)
Special Projects	4	304	11	293
Recreation Department	801	803	792	11
Willow Brook Sports Complex	174	228	223	5
City Supported Agencies	3,046	3,046	3,045	1
Cultural Organizations	59	58	58	-
Total	<u>7,332</u>	<u>7,391</u>	<u>7,411</u>	<u>(20)</u>

(Continued on following page)

CITY OF NEW BRITAIN, CONNECTICUT

GENERAL FUND

SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2008

(In Thousands)

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Health and Social Services:				
Rights and Opportunities Commission	\$ 90	\$ 91	\$ 80	\$ 11
Civil Service Commission	321	307	305	2
Nursing	393	308	291	17
Environmental Control	289	246	238	8
Administration	235	231	221	10
Social Services	30	37	33	4
Senior Center	545	546	540	6
Handicap Services	124	124	120	4
Veterans Services	33	33	31	2
Total	<u>2,060</u>	<u>1,923</u>	<u>1,859</u>	<u>64</u>
Education	<u>117,067</u>	<u>117,519</u>	<u>117,397</u>	<u>122</u>
Total expenditures	<u>176,755</u>	<u>180,670</u>	<u>177,682</u>	<u>2,988</u>
Other financing uses:				
Transfers out:				
Insurance Reserve	2,935	5,686	5,680	6
Capital Nonrecurring	20	20	20	-
Capital Equipment Reserve	250	250	250	-
Capital Projects	545	545	545	-
Dog Fund	97	97	97	-
Debt Service	25,092	25,279	24,925	354
Grants and Contributions	276	262	287	(25)
Total	<u>29,215</u>	<u>32,139</u>	<u>31,804</u>	<u>335</u>
Total	\$ <u>205,970</u>	\$ <u>212,809</u>	209,486	\$ <u>3,323</u>

Budgetary expenditures are different than GAAP expenditures because:

State of Connecticut on-behalf payments to the Connecticut State Teachers'

Retirement System for City Teachers are not budgeted.

45,298

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.(1,841)Total Expenditures and Other Financing Uses as Reported on the Statement of
Revenues, Expenditures Changes in Fund Balances - Governmental Funds -
Exhibit IV\$ 252,943

Combining and Individual Fund Statements and Schedules

General Fund

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, CONNECTICUT

GENERAL FUND

COMPARATIVE BALANCE SHEET

JUNE 30, 2008 AND 2007
(In Thousands)

	<u>2008</u>	<u>2007</u>
ASSETS		
Cash and cash equivalents	\$ 17,143	\$ 21,144
Property taxes receivable, net of allowance for uncollectible accounts	10,008	8,668
Accounts receivable	5,888	631
Due from other governments	13,672	19,176
Due from other funds	<u>21,372</u>	<u>13,679</u>
Total Assets	<u>\$ 68,083</u>	<u>\$ 63,298</u>
LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts payable and accrued expenses	\$ 20,938	\$ 19,885
Due to other funds	11,134	5,580
Deferred revenues	<u>22,871</u>	<u>26,976</u>
Total liabilities	<u>54,943</u>	<u>52,441</u>
Fund balance:		
Reserved for encumbrances	3,661	1,861
Unreserved, undesignated	<u>9,479</u>	<u>8,996</u>
Total fund balance	<u>13,140</u>	<u>10,857</u>
Total Liabilities and Fund Balance	<u>\$ 68,083</u>	<u>\$ 63,298</u>

CITY OF NEW BRITAIN, CONNECTICUT

GENERAL FUND

SCHEDULE OF TAX COLLECTIONS

FOR THE YEAR ENDED JUNE 30, 2008

(In Thousands)

Grand List Year	Mill Rate	Uncollected Taxes July 1, 2007	Net Lawful		Transfers To Suspend	Adjusted Amount Collectible	Collections				Uncollected Taxes June 30, 2008
			Additions	Deductions			Taxes	Interest	Lien Fees	Total	
2006	45.89	\$ 96,109	\$ 255	\$ 615	\$	\$ 95,749	\$ 91,654	\$ 550	\$ 10	\$ 92,214	\$ 4,095
2005	45.88	3,366	13	8	15	3,356	1,844	387	10	2,241	1,512
2004	45.89	1,141	2	19	6	1,118	330	123	2	455	788
2003	46.90	514	1	10	7	498	80	45	14	139	418
2002	46.93	510	1	3	4	504	53	41	10	104	451
2001	54.76	553		6	6	541	37	32	7	76	504
2000	50.88	502		7		495	29	33	7	69	466
1999	49.98	436		4		432	17	22	5	44	415
1998	49.42	392		3		389	12	20	3	35	377
1997	49.48	359		3		356	7	13	3	23	349
1996	49.58	360		3		357	7	15	3	25	350
1995	49.83	350		3		347	7	14	3	24	340
1994	50.85	272				272	5	11	2	18	267
1993	50.85	228		2		226	5	11	2	18	221
1992	49.36	210		2		208	3	7	2	12	205
Total		\$ 105,302	\$ 272	\$ 688	\$ 38	\$ 104,848	\$ 94,090	\$ 1,324	\$ 83	95,497	\$ 10,758
							Suspense collections			2	
							Total Collections			\$ 95,499	

**Nonmajor
Governmental Funds**

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:

Fund	Funding Source	Function
Stanley Quarter Park	Golf fees and Concession income	Operations of Public Golf Course
Lead Paint Reduction	State and Federal grants	Lead paint mitigation
Park Security and Policing	Rental fees	To pay for a park security guard
Cemetery	Lot sales, internments, trust income	Fairview Cemetery operations
Dog	License fees and State grants	Animal Population Control
Sewer Use	User fees and investment earnings	Operation of the sewer systems
New Britain Marketing Collaborative	New Britain Chamber of Commerce and the City's General Fund.	Promote the City and its various activities and events
Local Capital Improvement	State grant	Capital Improvement Fund
Board of Education In-Residence Student	Various funding sources	Educational services provided to out of town students
Larvicide Grant	State grant	Preventing the spread of the West Nile Virus
Board of Education State and Federal Grants	State and Federal grants	Education Programs
Lead Poisoning Prevention	State grant	Prevent lead poisoning in City youth
American Savings Grant	The American Savings Foundation	Provides after school programs for the City's youth
FEMA Grant	Federal grant	Disaster relief
Police Explorers Program	Various funding sources	To introduce young men and women to the field of law enforcement
Martin Luther King Brick Sale	Donations	Account for the sale of bricks
Preventive Health Block Grant	State grant	To create awareness of health issues in high school students
Learn to Serve, After School Grant	State grant	Provides after school programs for the City's youth
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	Beautification of City parks
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
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 st Century Grant	State grant	Provides after school programs for the City's school-age population
American Legion Baseball	Various donations	To account for donations to American Legion Baseball
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
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

Fund	Funding Source	Function
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
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
Mayor's Golf Tournament	Fees and charges for service	City golf tournament for the benefit of local charities
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	Fees and charges for services	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	Screening for pulmonary disease
Drug Enforcement Training	State grant	Reduction of drug trafficking and drug use
Housing Inspectors DMD	State, Federal and Local funding	Account for the salaries of two housing inspectors
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
Infant Mortality	State Grant	To help sick infants and their families
Assistance to CCSU Police Dept	Various funding sources	To assist the CCSU police department
Asthma Initiative Grant	State Grant	To provide awareness on asthma
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
Fieldtrips	Various funding sources	School field trips
Youth Build Program	Federal grant	Training at-risk youth in construction principles and practices for future employment opportunities.
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 and 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
Rental	Rental income	DMD properties
EFSP Program	Federal grant	Community and economic development activities
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, CONNECTICUT

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS

JUNE 30, 2008

(In Thousands)

	Special Revenue Funds							
	Stanley Quarter Park	Lead Paint Reduction Program	Park Security and Policing	Cemetery	Dog	Sewer Use	New Britain Marketing Collaborative	Local Capital Improvement
Assets								
Cash and cash equivalents	\$ 395	\$	\$	\$ 246	\$	\$ 53	\$	\$
Investments				897				
Accounts receivable				20	19	2,599		
Loans receivable								
Due from other governments								68
Due from other funds		44	62		15	1,564	24	
Inventory								
Total Assets	\$ 395	\$ 44	\$ 62	\$ 1,163	\$ 34	\$ 4,216	\$ 24	\$ 68
Liabilities and Fund Balances								
Liabilities:								
Accounts payable	\$ 13	\$	\$	\$ 6	\$ 22	\$ 19	\$	\$
Due to other funds	350			327				103
Deferred revenue		44						
Total liabilities	363	44	-	333	22	19	-	103
Fund Balances:								
Reserved for encumbrances	1			3				142
Reserved for inventories								
Reserved for trust purposes								
Unreserved, designated				101				
Unreserved, undesignated	31		62	726	12	4,197	24	(177)
Total fund balance	32	-	62	830	12	4,197	24	(35)
Total Liabilities and Fund Balances	\$ 395	\$ 44	\$ 62	\$ 1,163	\$ 34	\$ 4,216	\$ 24	\$ 68

(Continued on next page)

CITY OF NEW BRITAIN, CONNECTICUT
COMBINING BALANCE SHEET (CONTINUED)
NONMAJOR GOVERNMENTAL FUNDS

JUNE 30, 2008
(In Thousands)

		Special Revenue Funds								
		BOE In-Residence Student	Larvacide Grant	BOE State and Federal Grants	Lead Poisoning Prevention	American Savings Grant	FEMA Grant	Police Explorers	Martin Luther King Brick Sale	Preventative Health Block Grant
Assets										
	Cash and cash equivalents	\$	\$	\$ 2,268	\$	\$	\$	\$	\$	\$
	Investments									
	Accounts receivable	70		3,333			53			
	Loans receivable									
	Due from other governments									
	Due from other funds		1		2			20	5	17
	Inventory									
	Total Assets	\$ 70	\$ 1	\$ 5,601	\$ 2	\$ -	\$ 53	\$ 20	\$ 5	\$ 17
Liabilities and Fund Balances										
Liabilities:										
	Accounts payable	\$	\$	\$ 1,092	\$ 1	\$	\$	\$	\$	\$ 16
	Due to other funds	70		1,772		21	53			
	Deferred revenue			2,260						
	Total liabilities	70	-	5,124	1	21	53	-	-	16
Fund Balances:										
	Reserved for encumbrances									1
	Reserved for inventories									
	Reserved for trust purposes									
	Unreserved, designated									
	Unreserved, undesignated		1	477	1	(21)		20	5	
	Total fund balance	-	1	477	1	(21)	-	20	5	1
	Total Liabilities and Fund Balances	\$ 70	\$ 1	\$ 5,601	\$ 2	\$ -	\$ 53	\$ 20	\$ 5	\$ 17

(Continued on next page)

CITY OF NEW BRITAIN, CONNECTICUT
COMBINING BALANCE SHEET (CONTINUED)
NONMAJOR GOVERNMENTAL FUNDS

JUNE 30, 2008
(In Thousands)

	Special Revenue Funds								
	After School Learning Grant	Exercise the Right Choice	Exercise the Right Choice II	Grassroots Tennis Grant	National Recreation Trails Grant	Immunization Action Plan	Bullet Proof Vest Grant	Bioterrorism Grant	System of Care Grant
Assets									
Cash and cash equivalents	\$	\$	\$	\$	\$	\$	\$	\$	\$
Investments									
Accounts receivable									
Loans receivable									
Due from other governments									
Due from other funds	14	68	60	2		4		20	14
Inventory									
Total Assets	<u>\$ 14</u>	<u>\$ 68</u>	<u>\$ 60</u>	<u>\$ 2</u>	<u>\$ -</u>	<u>\$ 4</u>	<u>\$ -</u>	<u>\$ 20</u>	<u>\$ 14</u>
Liabilities and Fund Balances									
Liabilities:									
Accounts payable	\$ 1	\$ 4	\$ 3	\$	\$	\$ 2	\$	\$ 2	\$ 3
Due to other funds					1		9		
Deferred revenue									
Total liabilities	<u>1</u>	<u>4</u>	<u>3</u>	<u>-</u>	<u>1</u>	<u>2</u>	<u>9</u>	<u>2</u>	<u>3</u>
Fund Balances:									
Reserved for encumbrances	8	3	13						
Reserved for inventories									
Reserved for trust purposes									
Unreserved, designated									
Unreserved, undesignated	5	61	44	2	(1)	2	(9)	18	11
Total fund balance	<u>13</u>	<u>64</u>	<u>57</u>	<u>2</u>	<u>(1)</u>	<u>2</u>	<u>(9)</u>	<u>18</u>	<u>11</u>
Total Liabilities and Fund Balances	<u>\$ 14</u>	<u>\$ 68</u>	<u>\$ 60</u>	<u>\$ 2</u>	<u>\$ -</u>	<u>\$ 4</u>	<u>\$ -</u>	<u>\$ 20</u>	<u>\$ 14</u>

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CITY OF NEW BRITAIN, CONNECTICUT

COMBINING BALANCE SHEET (CONTINUED)
NONMAJOR GOVERNMENTAL FUNDS

JUNE 30, 2008

(In Thousands)

	Special Revenue Funds							
	Historical Records Preservation	21st Century Grant	American Legion Baseball	Centralized and Distribution Services	Local Property Tax Relief Program	Conversation on Race	Victim Services Coordinator Grant	Federal Omnibus Appropriation
Assets								
Cash and cash equivalents	\$	\$	\$	\$	\$	\$	\$	\$
Investments								
Accounts receivable	2							18
Loans receivable								
Due from other governments							14	
Due from other funds	84	24	1	8	745	5		
Inventory								
Total Assets	\$ 86	\$ 24	\$ 1	\$ 8	\$ 745	\$ 5	\$ 14	\$ 18
Liabilities and Fund Balances								
Liabilities:								
Accounts payable	\$	\$ 1	\$	\$	\$	\$	\$	\$
Due to other funds							9	18
Deferred revenue								
Total liabilities	-	1	-	-	-	-	9	18
Fund Balances:								
Reserved for encumbrances	1	3		16				
Reserved for inventories								
Reserved for trust purposes								
Unreserved, designated						1		
Unreserved, undesignated	85	20	1	(8)	745	4	5	
Total fund balance	86	23	1	8	745	5	5	-
Total Liabilities and Fund Balances	\$ 86	\$ 24	\$ 1	\$ 8	\$ 745	\$ 5	\$ 14	\$ 18

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CITY OF NEW BRITAIN, CONNECTICUT
COMBINING BALANCE SHEET (CONTINUED)
NONMAJOR GOVERNMENTAL FUNDS

JUNE 30, 2008
(In Thousands)

	Special Revenue Funds								
	Independent Living	Aids Outreach	YSB Care Unit	Juvenile Justice Center	STD Control Program	Recreation Donation	Recreation Amusement	Weed and Seed	Mayor's Golf Tournament
Assets									
Cash and cash equivalents	\$	\$	\$	\$	\$	\$	\$	\$	\$
Investments									
Accounts receivable									
Loans receivable									
Due from other governments	1	8							
Due from other funds	18		5	35	3	54	18	10	4
Inventory									
Total Assets	<u>\$ 19</u>	<u>\$ 8</u>	<u>\$ 5</u>	<u>\$ 35</u>	<u>\$ 3</u>	<u>\$ 54</u>	<u>\$ 18</u>	<u>\$ 10</u>	<u>\$ 4</u>
Liabilities and Fund Balances									
Liabilities:									
Accounts payable	\$ 5	\$ 4	\$ 6	\$ 2	\$	\$ 1	\$	\$	\$
Due to other funds		2							
Deferred revenue							10		
Total liabilities	<u>5</u>	<u>6</u>	<u>6</u>	<u>2</u>	<u>-</u>	<u>1</u>	<u>-</u>	<u>10</u>	<u>-</u>
Fund Balances:									
Reserved for encumbrances									
Reserved for inventories									
Reserved for trust purposes									
Unreserved, designated							4		
Unreserved, undesignated	14	2	(1)	33	3	53	14		4
Total fund balance	<u>14</u>	<u>2</u>	<u>(1)</u>	<u>33</u>	<u>3</u>	<u>53</u>	<u>18</u>	<u>-</u>	<u>4</u>
Total Liabilities and Fund Balances	<u>\$ 19</u>	<u>\$ 8</u>	<u>\$ 5</u>	<u>\$ 35</u>	<u>\$ 3</u>	<u>\$ 54</u>	<u>\$ 18</u>	<u>\$ 10</u>	<u>\$ 4</u>

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CITY OF NEW BRITAIN, CONNECTICUT
COMBINING BALANCE SHEET (CONTINUED)
NONMAJOR GOVERNMENTAL FUNDS

JUNE 30, 2008
(In Thousands)

	Special Revenue Funds							
	Health Per Capita	Highway Safety Grant	Drug Investigation	Senior Citizens Center	Mobile Data Communication	Pulmonary Screening	Drug Enforcement Training	Housing Inspectors DMD
Assets								
Cash and cash equivalents	\$	\$	\$	\$	\$	\$	\$	\$
Investments								
Accounts receivable						4		
Loans receivable								
Due from other governments								
Due from other funds	101		61	19	421	14		3
Inventory								
Total Assets	\$ 101	\$ -	\$ 61	\$ 19	\$ 421	\$ 18	\$ -	\$ 3
Liabilities and Fund Balances								
Liabilities:								
Accounts payable	\$ 1	\$ 2	\$	\$	\$	\$	\$	\$ 2
Due to other funds		52					2	
Deferred revenue								
Total liabilities	1	54	-	-	-	-	2	2
Fund Balances:								
Reserved for encumbrances	4		3		2			
Reserved for inventories								
Reserved for trust purposes								
Unreserved, designated			90					
Unreserved, undesignated	96	(54)	(32)	19	419	18	(2)	1
Total fund balance	100	(54)	61	19	421	18	(2)	1
Total Liabilities and Fund Balances	\$ 101	\$ -	\$ 61	\$ 19	\$ 421	\$ 18	\$ -	\$ 3

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CITY OF NEW BRITAIN, CONNECTICUT
COMBINING BALANCE SHEET (CONTINUED)
NONMAJOR GOVERNMENTAL FUNDS

JUNE 30, 2008
(In Thousands)

	Special Revenue Funds								
	Mayor's Fun Day	State Narcotics Task Force	YSB Program Activity	Infant Mortality Grant	Assistance to CCSU Police Department	Asthma Initiative Grant	School Lunch Program	School Rental Account	High School Athletic
Assets									
Cash and cash equivalents	\$	\$	\$	\$	\$	\$	\$ 153	\$ 28	\$ 154
Investments									
Accounts receivable				8		8	791	18	50
Loans receivable									
Due from other governments									
Due from other funds	4	14	15						
Inventory							106		
Total Assets	\$ 4	\$ 14	\$ 15	\$ 8	\$ -	\$ 8	\$ 1,050	\$ 46	\$ 204
Liabilities and Fund Balances									
Liabilities:									
Accounts payable	\$	\$	\$	\$	\$	\$	\$ 692	\$	\$
Due to other funds				8	15	6		73	
Deferred revenue									
Total liabilities	-	-	-	8	15	6	692	73	-
Fund Balances:									
Reserved for encumbrances	1								
Reserved for inventories							75		
Reserved for trust purposes									
Unreserved, designated									
Unreserved, undesignated	3	14	15		(15)	2	283	(27)	204
Total fund balance	4	14	15	-	(15)	2	358	(27)	204
Total Liabilities and Fund Balances	\$ 4	\$ 14	\$ 15	\$ 8	\$ -	\$ 8	\$ 1,050	\$ 46	\$ 204

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CITY OF NEW BRITAIN, CONNECTICUT
COMBINING BALANCE SHEET (CONTINUED)
NONMAJOR GOVERNMENTAL FUNDS

JUNE 30, 2008
(In Thousands)

	Special Revenue Funds								
	Adult Education	Summer School Music	Youth Build Program	Willow Street Grant	Community and Neighborhood Development	Urban Action Grant	New Britain Industrial Park	Business Outreach	Emergency Shelter Grant
Assets									
Cash and cash equivalents	\$ 77	\$ 44	\$ 11	\$ 10	\$ 22	\$ 1	\$ 16	\$ 13	\$ 11
Investments									
Accounts receivable				13		1			
Loans receivable									
Due from other governments									
Due from other funds									
Inventory									
Total Assets	\$ 77	\$ 44	\$ 11	\$ 23	\$ 22	\$ 2	\$ 16	\$ 13	\$ 11
Liabilities and Fund Balances									
Liabilities:									
Accounts payable	\$	\$	\$	\$	\$ 22	\$	\$	\$ 93	\$
Due to other funds								83	30
Deferred revenue			25	23				10	
Total liabilities	-	-	25	23	22	-	-	186	30
Fund Balances:									
Reserved for encumbrances									
Reserved for inventories									
Reserved for trust purposes									
Unreserved, designated									
Unreserved, undesignated	77	44	(14)	-	-	2	16	(173)	(19)
Total fund balance	77	44	(14)	-	-	2	16	(173)	(19)
Total Liabilities and Fund Balances	\$ 77	\$ 44	\$ 11	\$ 23	\$ 22	\$ 2	\$ 16	\$ 13	\$ 11

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CITY OF NEW BRITAIN, CONNECTICUT
COMBINING BALANCE SHEET (CONTINUED)
NONMAJOR GOVERNMENTAL FUNDS

JUNE 30, 2008
(In Thousands)

	Special Revenue Funds								
	Community Development Block Grant	HOME Project	Lead Grant	State Home Programs	CHFA Broad Street Demolition	Redevelopment Commission	Brownfield Pilot	Rental	EFSP Program
Assets									
Cash and cash equivalents	\$ 2,213	\$ 1,546	\$ 55	\$ 1	\$ 160	\$ 6	\$ 45	\$ 48	\$ 4
Investments									
Accounts receivable		23							
Loans receivable	1,830	1,538	1,509						
Due from other governments	403								
Due from other funds	106	1	5	46					
Inventory									
Total Assets	\$ 4,552	\$ 3,108	\$ 1,569	\$ 47	\$ 160	\$ 6	\$ 45	\$ 48	\$ 4
Liabilities and Fund Balances									
Liabilities:									
Accounts payable	\$ 15	\$ 37	\$ 2	\$	\$	\$ 12	\$	\$	\$
Due to other funds	160	472	216				23		8
Deferred revenue	1,834	1,538	1,509	44	160		36		
Total liabilities	2,009	2,047	1,727	44	160	12	59	-	8
Fund Balances:									
Reserved for encumbrances									
Reserved for inventories									
Reserved for trust purposes									
Unreserved, designated									
Unreserved, undesignated	2,543	1,061	(158)	3		(6)	(14)	48	(4)
Total fund balance	2,543	1,061	(158)	3	-	(6)	(14)	48	(4)
Total Liabilities and Fund Balances	\$ 4,552	\$ 3,108	\$ 1,569	\$ 47	\$ 160	\$ 6	\$ 45	\$ 48	\$ 4

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CITY OF NEW BRITAIN, CONNECTICUT
COMBINING BALANCE SHEET (CONTINUED)
NONMAJOR GOVERNMENTAL FUNDS

JUNE 30, 2008
(In Thousands)

Special Revenue Funds

	C.B. Erwin Walnut Hill Park	Darius Miller Walnut Hill	C.B. Stanley Walnut Hill	Parks and Recreation	Darius Miller F/B/O Fairview Cemetery	Total	Interfund Eliminations	Total Nonmajor Governmental Funds
Assets								
Cash and cash equivalents	\$ 2	\$ 293	\$ 39	\$ 13	\$ 5	\$ 7,932	\$	\$ 7,932
Investments	298	1,026	1,434		232	3,887		3,887
Accounts receivable						7,030		7,030
Loans receivable						4,877		4,877
Due from other governments						494		494
Due from other funds		1				3,761	(158)	3,603
Inventory						106		106
Total Assets	\$ 300	\$ 1,320	\$ 1,473	\$ 13	\$ 237	\$ 28,087	\$ (158)	\$ 27,929
Liabilities and Fund Balances								
Liabilities:								
Accounts payable	\$	\$	\$	\$	\$	2,081	\$	2,081
Due to other funds						3,883	(158)	3,725
Deferred revenue						7,493		7,493
Total liabilities	-	-	-	-	-	13,457	(158)	13,299
Fund Balances:								
Reserved for encumbrances						201		201
Reserved for inventories						75		75
Reserved for trust purposes		1,006	1,471		237	2,714		2,714
Unreserved, designated		32				228		228
Unreserved, undesignated	300	282	2	13		11,412		11,412
Total fund balance	300	1,320	1,473	13	237	14,630	-	14,630
Total Liabilities and Fund Balances	\$ 300	\$ 1,320	\$ 1,473	\$ 13	\$ 237	\$ 28,087	\$ (158)	\$ 27,929

CITY OF NEW BRITAIN, CONNECTICUT

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS

FOR THE YEAR ENDED JUNE 30, 2008

(In Thousands)

	Special Revenue Funds							
	Stanley Quarter Park	Lead Paint Reduction Program	Park Security and Policing	Cemetery	Dog	Sewer Use	New Britain Marketing Collaborative	Local Capital Improvement
Revenues:								
Intergovernmental revenue	\$	\$	\$	\$	\$	\$	\$	\$ 330
Revenues from the use of money				(5)				
Licenses, fees and charges for goods and services	1,815		31	263	35	4,627		
Other revenues	11							
Total revenues	<u>1,826</u>	<u>-</u>	<u>31</u>	<u>258</u>	<u>35</u>	<u>4,627</u>	<u>-</u>	<u>330</u>
Expenditures:								
General government							30	
Public safety			15		136			
Public works						4,722		506
Health and welfare				425				
Parks, recreation and libraries	1,639							
Education								
Total expenditures	<u>1,639</u>	<u>-</u>	<u>15</u>	<u>425</u>	<u>136</u>	<u>4,722</u>	<u>30</u>	<u>506</u>
Excess (Deficiency) of Revenues over Expenditures	<u>187</u>	<u>-</u>	<u>16</u>	<u>(167)</u>	<u>(101)</u>	<u>(95)</u>	<u>(30)</u>	<u>(176)</u>
Other Financing Sources (Uses):								
Transfers in					97			
Transfers out	(75)			(6)		(1,063)		
Total other financing sources (uses)	<u>(75)</u>	<u>-</u>	<u>-</u>	<u>(6)</u>	<u>97</u>	<u>(1,063)</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	112	-	16	(173)	(4)	(1,158)	(30)	(176)
Fund Balances at Beginning of Year	(80)	-	46	1,003	16	5,355	54	141
Fund Balances at End of Year	<u>\$ 32</u>	<u>\$ -</u>	<u>\$ 62</u>	<u>\$ 830</u>	<u>\$ 12</u>	<u>\$ 4,197</u>	<u>\$ 24</u>	<u>\$ (35)</u>

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CITY OF NEW BRITAIN, CONNECTICUT

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE (CONTINUED)
NONMAJOR GOVERNMENTAL FUNDS

FOR THE YEAR ENDED JUNE 30, 2008

(In Thousands)

	Special Revenue Funds								
	BOE In-Residence Student	Larvacide Grant	BOE State and Federal Grants	Lead Poisoning Prevention	American Savings Grant	FEMA Grant	Police Explorers	Martin Luther King Brick Sale	Preventative Health Block Grant
Revenues:									
Intergovernmental revenue	\$	\$	\$ 20,659	\$ 51	\$	\$ 53	\$	\$	\$ 16
Revenues from the use of money									
Licenses, fees and charges for goods and services	276								
Other revenues			1,055		63		18		
Total revenues	<u>276</u>	<u>-</u>	<u>21,714</u>	<u>51</u>	<u>63</u>	<u>53</u>	<u>18</u>	<u>-</u>	<u>16</u>
Expenditures:									
General government									
Public safety						75	11		
Public works									
Health and welfare		3		51					15
Parks, recreation and libraries					108				
Education	276		21,808						
Total expenditures	<u>276</u>	<u>3</u>	<u>21,808</u>	<u>51</u>	<u>108</u>	<u>75</u>	<u>11</u>	<u>-</u>	<u>15</u>
Excess (Deficiency) of Revenues over Expenditures	<u>-</u>	<u>(3)</u>	<u>(94)</u>	<u>-</u>	<u>(45)</u>	<u>(22)</u>	<u>7</u>	<u>-</u>	<u>1</u>
Other Financing Sources (Uses):									
Transfers in						16			
Transfers out									
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>16</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	-	(3)	(94)	-	(45)	(6)	7	-	1
Fund Balances at Beginning of Year	-	4	571	1	24	6	13	5	
Fund Balances at End of Year	<u>\$ -</u>	<u>\$ 1</u>	<u>\$ 477</u>	<u>\$ 1</u>	<u>\$ (21)</u>	<u>\$ -</u>	<u>\$ 20</u>	<u>\$ 5</u>	<u>\$ 1</u>

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CITY OF NEW BRITAIN, CONNECTICUT

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE (CONTINUED)
NONMAJOR GOVERNMENTAL FUNDS

FOR THE YEAR ENDED JUNE 30, 2008
(In Thousands)

	Special Revenue Funds								
	After School Learning Grant	Exercise the Right Choice	Exercise the Right Choice II	Grassroots Tennis Grant	National Recreation Trails Grant	Immunization Action Plan	Bullet Proof Vest Grant	Bioterrorism Grant	System of Care Grant
Revenues:									
Intergovernmental revenue	\$ 171	\$ 193	\$ 302	\$	\$	\$ 86	\$	\$ 83	\$
Revenues from the use of money									
Licenses, fees and charges for goods and services									
Other revenues		1							108
Total revenues	171	194	302	-	-	86	-	83	108
Expenditures:									
General government									
Public safety									
Public works									
Health and welfare						87		53	124
Parks, recreation and libraries	213	142	335		1				
Education									
Total expenditures	213	142	335	-	1	87	-	53	124
Excess (Deficiency) of Revenues over Expenditures	(42)	52	(33)	-	(1)	(1)	-	30	(16)
Other Financing Sources (Uses):									
Transfers in									13
Transfers out								(2)	
Total other financing sources (uses)	-	-	-	-	-	-	-	(2)	13
Net Change in Fund Balances	(42)	52	(33)	-	(1)	(1)	-	28	(3)
Fund Balances at Beginning of Year	55	12	90	2	-	3	(9)	(10)	14
Fund Balances at End of Year	\$ 13	\$ 64	\$ 57	\$ 2	\$ (1)	\$ 2	\$ (9)	\$ 18	\$ 11

(Continued on next page)

CITY OF NEW BRITAIN, CONNECTICUT

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE (CONTINUED)
NONMAJOR GOVERNMENTAL FUNDS

FOR THE YEAR ENDED JUNE 30, 2008

(In Thousands)

	Special Revenue Funds							
	Historical Records Preservation	21st Century Grant	American Legion Baseball	Centralized and Distribution Services	Local Property Tax Relief Program	Conversation on Race	Victim Services Coordinator Grant	Federal Omnibus Appropriation
Revenues:								
Intergovernmental revenue	\$ 32	\$ 92	\$	\$	\$	\$	47	\$ 18
Revenues from the use of money								
Licenses, fees and charges for goods and services								
Other revenues				29		3		
Total revenues	<u>32</u>	<u>92</u>	<u>-</u>	<u>29</u>	<u>-</u>	<u>3</u>	<u>47</u>	<u>18</u>
Expenditures:								
General government	20			148				
Public safety							47	57
Public works								
Health and welfare								
Parks, recreation and libraries		97				2		
Education								
Total expenditures	<u>20</u>	<u>97</u>	<u>-</u>	<u>148</u>	<u>-</u>	<u>2</u>	<u>47</u>	<u>57</u>
Excess (Deficiency) of Revenues over Expenditures	<u>12</u>	<u>(5)</u>	<u>-</u>	<u>(119)</u>	<u>-</u>	<u>1</u>	<u>-</u>	<u>(39)</u>
Other Financing Sources (Uses):								
Transfers in				2				
Transfers out								
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>2</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	12	(5)	-	(117)	-	1	-	(39)
Fund Balances at Beginning of Year	<u>74</u>	<u>28</u>	<u>1</u>	<u>125</u>	<u>745</u>	<u>4</u>	<u>5</u>	<u>39</u>
Fund Balances at End of Year	<u>\$ 86</u>	<u>\$ 23</u>	<u>\$ 1</u>	<u>\$ 8</u>	<u>\$ 745</u>	<u>\$ 5</u>	<u>\$ 5</u>	<u>\$ -</u>

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CITY OF NEW BRITAIN, CONNECTICUT

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE (CONTINUED)
NONMAJOR GOVERNMENTAL FUNDS

FOR THE YEAR ENDED JUNE 30, 2008

(In Thousands)

	Special Revenue Funds								
	Independent Living	Aids Outreach	YSB Care Unit	Juvenile Justice Center	STD Control Program	Recreation Donation	Recreation Amusement	Weed and Seed	Mayor's Golf Tournament
Revenues:									
Intergovernmental revenue	\$ 71	\$ 84	\$ 80	\$	\$ 15	\$	\$	\$ 10	\$
Revenues from the use of money									
Licenses, fees and charges for goods and services									
Other revenues			18	62		20	23		28
Total revenues	<u>71</u>	<u>84</u>	<u>98</u>	<u>62</u>	<u>15</u>	<u>20</u>	<u>23</u>	<u>10</u>	<u>28</u>
Expenditures:									
General government									
Public safety								10	
Public works									
Health and welfare	83	99	330	29	14				
Parks, recreation and libraries						19	32		42
Education									
Total expenditures	<u>83</u>	<u>99</u>	<u>330</u>	<u>29</u>	<u>14</u>	<u>19</u>	<u>32</u>	<u>10</u>	<u>42</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(12)</u>	<u>(15)</u>	<u>(232)</u>	<u>33</u>	<u>1</u>	<u>1</u>	<u>(9)</u>	<u>-</u>	<u>(14)</u>
Other Financing Sources (Uses):									
Transfers in	18		231						
Transfers out									
Total other financing sources (uses)	<u>18</u>	<u>-</u>	<u>231</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	6	(15)	(1)	33	1	1	(9)	-	(14)
Fund Balances at Beginning of Year	<u>8</u>	<u>17</u>		<u>-</u>	<u>2</u>	<u>52</u>	<u>27</u>		<u>18</u>
Fund Balances at End of Year	<u>\$ 14</u>	<u>\$ 2</u>	<u>\$ (1)</u>	<u>\$ 33</u>	<u>\$ 3</u>	<u>\$ 53</u>	<u>\$ 18</u>	<u>\$ -</u>	<u>\$ 4</u>

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CITY OF NEW BRITAIN, CONNECTICUT

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE (CONTINUED)
NONMAJOR GOVERNMENTAL FUNDS

FOR THE YEAR ENDED JUNE 30, 2008

(In Thousands)

	Special Revenue Funds							
	Health Per Capita	Highway Safety Grant	Drug Investigation	Senior Citizens Center	Mobile Data Communication	Pulmonary Screening	Drug Enforcement Training	Housing Inspectors DMD
Revenues:								
Intergovernmental revenue	\$ 85	\$ 181	\$ 95	\$	\$ 172	\$ 16	\$	\$
Revenues from the use of money								
Licenses, fees and charges for goods and services				64				
Other revenues			47					53
Total revenues	85	181	142	64	172	16	-	53
Expenditures:								
General government								
Public safety		171	81		264		2	52
Public works								
Health and welfare	57					5		
Parks, recreation and libraries				64				
Education								
Total expenditures	57	171	81	64	264	5	2	52
Excess (Deficiency) of Revenues over Expenditures	28	10	61	-	(92)	11	(2)	1
Other Financing Sources (Uses):								
Transfers in		26						
Transfers out								
Total other financing sources (uses)	-	26	-	-	-	-	-	-
Net Change in Fund Balances	28	36	61	-	(92)	11	(2)	1
Fund Balances at Beginning of Year	72	(90)		19	513	7		-
Fund Balances at End of Year	\$ 100	\$ (54)	\$ 61	\$ 19	\$ 421	\$ 18	\$ (2)	\$ 1

(Continued on next page)

CITY OF NEW BRITAIN, CONNECTICUT

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE (CONTINUED)
NONMAJOR GOVERNMENTAL FUNDS

FOR THE YEAR ENDED JUNE 30, 2008

(In Thousands)

	Special Revenue Funds								
	Mayor's Fun Day	State Narcotics Task Force	YSB Program Activity	Infant Mortality Grant	Assistance to CCSU Police Department	Asthma Initiative Grant	School Lunch Program	School Rental Account	High School Athletic
Revenues:									
Intergovernmental revenue	\$	\$ 10	\$	\$ 8	\$	\$	4,052	\$	\$
Revenues from the use of money								50	
Licenses, fees and charges for goods and services									354
Other revenues	13		11			8			
Total revenues	<u>13</u>	<u>10</u>	<u>11</u>	<u>8</u>	<u>-</u>	<u>8</u>	<u>4,052</u>	<u>50</u>	<u>354</u>
Expenditures:									
General government									
Public safety		30			15				
Public works									
Health and welfare			12	8		6			
Parks, recreation and libraries	8								
Education							4,208	73	321
Total expenditures	<u>8</u>	<u>30</u>	<u>12</u>	<u>8</u>	<u>15</u>	<u>6</u>	<u>4,208</u>	<u>73</u>	<u>321</u>
Excess (Deficiency) of Revenues over Expenditures	<u>5</u>	<u>(20)</u>	<u>(1)</u>	<u>-</u>	<u>(15)</u>	<u>2</u>	<u>(156)</u>	<u>(23)</u>	<u>33</u>
Other Financing Sources (Uses):									
Transfers in									
Transfers out			(1)						
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(1)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	5	(20)	(2)	-	(15)	2	(156)	(23)	33
Fund Balances at Beginning of Year	<u>(1)</u>	<u>34</u>	<u>17</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>514</u>	<u>(4)</u>	<u>171</u>
Fund Balances at End of Year	<u>\$ 4</u>	<u>\$ 14</u>	<u>\$ 15</u>	<u>\$ -</u>	<u>\$ (15)</u>	<u>\$ 2</u>	<u>\$ 358</u>	<u>\$ (27)</u>	<u>\$ 204</u>

(Continued on next page)

CITY OF NEW BRITAIN, CONNECTICUT

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE (CONTINUED)
NONMAJOR GOVERNMENTAL FUNDS

FOR THE YEAR ENDED JUNE 30, 2008

(In Thousands)

	Special Revenue Funds								
	Adult Education	Summer School Music	Youth Build Program	Willow Street Grant	Community and Neighborhood Development	Urban Action Grant	New Britain Industrial Park	Business Outreach	Emergency Shelter Grant
Revenues:									
Intergovernmental revenue	\$	\$	\$	\$	\$	\$	\$	\$	\$ 81
Revenues from the use of money									
Licenses, fees and charges for goods and services	33	4							
Other revenues									
Total revenues	33	4	-	-	-	-	-	-	81
Expenditures:									
General government									
Public safety									
Public works									
Health and welfare								53	94
Parks, recreation and libraries									
Education	45	37							
Total expenditures	45	37	-	-	-	-	-	53	94
Excess (Deficiency) of Revenues over Expenditures	(12)	(33)	-	-	-	-	-	(53)	(13)
Other Financing Sources (Uses):									
Transfers in									
Transfers out									
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-
Net Change in Fund Balances	(12)	(33)	-	-	-	-	-	(53)	(13)
Fund Balances at Beginning of Year	89	77	(14)	-	-	2	16	(120)	(6)
Fund Balances at End of Year	\$ 77	\$ 44	\$ (14)	\$ -	\$ -	\$ 2	\$ 16	\$ (173)	\$ (19)

(Continued on next page)

CITY OF NEW BRITAIN, CONNECTICUT

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE (CONTINUED)
NONMAJOR GOVERNMENTAL FUNDS

FOR THE YEAR ENDED JUNE 30, 2008
(In Thousands)

	Special Revenue Funds								
	Community Development Block Grant	HOME Project	Lead Grant	State Home Programs	CHFA Broad Street Demolition	Redevelopment Commission	Brownfield Pilot	Rental	EFSP Program
Revenues:									
Intergovernmental revenue	\$ 1,815	\$ 676	\$ 1,064	\$	\$	\$	\$ 1	\$	\$ 4
Revenues from the use of money									
Licenses, fees and charges for goods and services									
Other revenues	383	653					95		
Total revenues	2,198	1,329	1,064	-	-	-	96	-	4
Expenditures:									
General government									
Public safety									
Public works									
Health and welfare	2,283	1,614	1,228				112		8
Parks, recreation and libraries									
Education									
Total expenditures	2,283	1,614	1,228	-	-	-	112	-	8
Excess (Deficiency) of Revenues over Expenditures	(85)	(285)	(164)	-	-	-	(16)	-	(4)
Other Financing Sources (Uses):									
Transfers in									
Transfers out									
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-
Net Change in Fund Balances	(85)	(285)	(164)	-	-	-	(16)	-	(4)
Fund Balances at Beginning of Year	2,628	1,346	6	3		(6)	2	48	-
Fund Balances at End of Year	\$ 2,543	\$ 1,061	\$ (158)	\$ 3	\$ -	\$ (6)	\$ (14)	\$ 48	\$ (4)

(Continued on next page)

CITY OF NEW BRITAIN, CONNECTICUT

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE (CONTINUED)
NONMAJOR GOVERNMENTAL FUNDS

FOR THE YEAR ENDED JUNE 30, 2008

(In Thousands)

	Special Revenue Funds					Total	Interfund Eliminations	Total Nonmajor Governmental Funds
	C.B. Erwin Walnut Hill Park	Darius Miller Walnut Hill	C.B. Stanley Walnut Hill	Parks and Recreation	Darius Miller F/B/O Fairview Cemetery			
Revenues:								
Intergovernmental revenue	\$	\$	\$	\$	\$	\$ 30,653	\$	\$ 30,653
Revenues from the use of money	(17)	(49)	(78)	1	(14)	(112)		(112)
Licenses, fees and charges for goods and services						7,502		7,502
Other revenues						2,702		2,702
Total revenues	(17)	(49)	(78)	1	(14)	40,745	-	40,745
Expenditures:								
General government						198		198
Public safety						966		966
Public works						5,228		5,228
Health and welfare						6,793		6,793
Parks, recreation and libraries	18	18	77		12	2,827		2,827
Education						26,768		26,768
Total expenditures	18	18	77	-	12	42,780	-	42,780
Excess (Deficiency) of Revenues over Expenditures	(35)	(67)	(155)	1	(26)	(2,035)	-	(2,035)
Other Financing Sources (Uses):								
Transfers in						403	(3)	400
Transfers out						(1,147)	3	(1,144)
Total other financing sources (uses)	-	-	-	-	-	(744)	-	(744)
Net Change in Fund Balances	(35)	(67)	(155)	1	(26)	(2,779)	-	(2,779)
Fund Balances at Beginning of Year	335	1,387	1,628	12	263	17,409	-	17,409
Fund Balances at End of Year	\$ 300	\$ 1,320	\$ 1,473	\$ 13	\$ 237	\$ 14,630	\$ -	\$ 14,630

**Capital
Projects Fund**

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 Nonrecurring 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 Nonrecurring Expenditure Fund. The reserve is then used as a source of funding for future projects.

CITY OF NEW BRITAIN, CONNECTICUT

CAPITAL PROJECTS FUND

SCHEDULE EXPENDITURES - ACTUAL VS. APPROPRIATIONS (NON-GAAP BUDGETARY BASIS)
FOR THE YEAR ENDED JUNE 30, 2008
(In Thousands)

<u>Project Description</u>	<u>Amended Budget</u>	<u>Current Year Expenditures and Transfers</u>	<u>Cumulative Expenditures</u>	<u>Encumbered</u>	<u>Available Budget</u>
Capital Equipment Reserve	\$ 22,298	\$ 5,726	\$ 16,041	\$ 444	\$ 5,813
Capital and Nonrecurring	30,341	1,189	28,911	99	1,331
Subway	676	121	654	22	-
Lincoln, Northend, Vance	43,800	54	43,142	79	579
New Britain High School	16,595	5,388	15,444	329	822
Replace school roofs	8,225	6,231	7,170	25	1,030
City Hall Renovation	33,642	1	33,642		-
Badolato & Szczesny Garage Repairs	5,075	218	223	69	4,783
MERF Pension	1,500	1	1,448		52
Technology Bond	2,000	104	104		1,896
2007 Revaluation	1,200	343	710	127	363
Broad, Beaver, Main and North	6,600	3	5,598	863	139
Main Street Reconstruction	3,250		2,944		306
Arch Street Walkway	4,020		3,556	17	447
Police Headquarters Renovation	11,410	1,712	1,974	89	9,347
EMS Ambulance	3,511	51	3,511		-
Golf Driving Range	11,000		1,152		9,848
Storm Water System Improvements	4,750	231	542	178	4,030
Environmental Remediation	6,750	19	4,793	25	1,932
Local Capital Improvements	950	5	334		616
Fafnir Booth Street Industrial Park	8,100	282	7,993		107
St Clair, Lester, East Street	2,229	1,388	2,172	57	-
Hart Street Extension	9,500	3,012	5,972	1,169	2,359
Street Infrastructure	17,058	5,601	5,640	1,926	9,492
Broad Street Reconstruction	13,300	1,285	4,696	5,440	3,164
NB Machine Industrial Park	3,600	148	2,728	65	807
Fafnir Smart Park Expansion	2,971	1,124	2,955	16	-
Willow Street Project	2,650	427	427	2,036	187
Bridge Program	5,775	296	359	41	5,375
Pinnacle Heights	7,946	756	2,962	76	4,908
Sewer I and I Improvements	17,775	98	11,555	425	5,795
Transfer Station Rehab	6,873	10	10		6,863
Downtown Feasibility Study	250	20	226		24
Total	\$ 315,620	\$ 35,844	\$ 219,588	\$ 13,617	\$ 82,415

Internal Service Funds

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 and Liability Fund - to account for revenues and expenditures related to the City's self-insurance program for general liability coverage.

CITY OF NEW BRITAIN, CONNECTICUT

INTERNAL SERVICE FUNDS

COMBINING BALANCE SHEET

JUNE 30, 2008

(In Thousands)

	<u>Special Reserve Fund</u>	<u>Health Insurance Fund</u>	<u>Workers' Compensation</u>	<u>General Accident Casualty and Liability</u>	<u>Total</u>
Assets					
Cash and cash equivalents	\$ 181	\$	\$ 854	\$ 69	\$ 1,104
Investments	2,570		13,749	1,457	17,776
Due from other funds		4,786	931	183	5,900
Accounts receivable			460		460
Total Assets	<u>\$ 2,751</u>	<u>\$ 4,786</u>	<u>\$ 15,994</u>	<u>\$ 1,709</u>	<u>\$ 25,240</u>
Liabilities and Net Assets					
Liabilities:					
Accounts payable and accrued expenses	\$	\$ 668	\$ 17	\$ 14	\$ 699
Due to other funds	2,724				2,724
Claim reserves		2,014	16,117	2,002	20,133
Total liabilities	2,724	2,682	16,134	2,016	23,556
Net Assets	<u>27</u>	<u>2,104</u>	<u>(140)</u>	<u>(307)</u>	<u>1,684</u>
Total Liabilities and Net Assets	<u>\$ 2,751</u>	<u>\$ 4,786</u>	<u>\$ 15,994</u>	<u>\$ 1,709</u>	<u>\$ 25,240</u>

CITY OF NEW BRITAIN, CONNECTICUT

INTERNAL SERVICE FUNDS

COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET ASSETS

FOR THE YEAR ENDED JUNE 30, 2008

(In Thousands)

	Special Reserve Fund	Health Insurance Fund	Workers' Compensation	General Accident Casualty and Liability	Total
Operating Revenues:					
Charges to other funds	\$	\$ 14,885	\$ 936	\$	\$ 15,821
Other revenues		4,751	80	44	4,875
Total operating revenues	<u>-</u>	<u>19,636</u>	<u>1,016</u>	<u>44</u>	<u>20,696</u>
Operating Expenses:					
Claims incurred		25,951	1,938	86	27,975
Administrative costs	17	940	265	10	1,232
Total operating expenses	<u>17</u>	<u>26,891</u>	<u>2,203</u>	<u>96</u>	<u>29,207</u>
Operating Loss	<u>(17)</u>	<u>(7,255)</u>	<u>(1,187)</u>	<u>(52)</u>	<u>(8,511)</u>
Nonoperating Revenues (Expenses):					
Income (loss) on investments	(7)		273	43	309
Increase in actuarial claims reserve		(94)			(94)
Total nonoperating revenues (expenses)	<u>(7)</u>	<u>(94)</u>	<u>273</u>	<u>43</u>	<u>215</u>
Loss Before Transfers	<u>(24)</u>	<u>(7,349)</u>	<u>(914)</u>	<u>(9)</u>	<u>(8,296)</u>
Other Financing Sources (Uses):					
Transfers from other funds		4,727	879	74	5,680
Transfers to other funds	(900)	(327)			(1,227)
Total other financing sources (uses)	<u>(900)</u>	<u>4,400</u>	<u>879</u>	<u>74</u>	<u>4,453</u>
Change in Net Assets	(924)	(2,949)	(35)	65	(3,843)
Net Assets Beginning of Year	<u>951</u>	<u>5,053</u>	<u>(105)</u>	<u>(372)</u>	<u>5,527</u>
Net Assets End of Year	<u>\$ 27</u>	<u>\$ 2,104</u>	<u>\$ (140)</u>	<u>\$ (307)</u>	<u>\$ 1,684</u>

CITY OF NEW BRITAIN, CONNECTICUT
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2008
(In Thousands)

	<u>Special Reserve Fund</u>	<u>Health Insurance Fund</u>	<u>Workers' Compensation</u>	<u>General Accident Casualty and Liability</u>	<u>Total</u>
Cash Flows from Operating Activities:					
Cash received from charges to other funds	\$	\$ 19,043	\$ 909	\$	\$ 19,952
Cash received from other operating activities		5,321	97	45	5,463
Cash paid for premiums and other operating expenses	17	(354)	(75)	(10)	(422)
Cash payments for claims made	410	(33,728)	(3,785)	(167)	(37,270)
Net cash provided by (used in) operating activities	<u>427</u>	<u>(9,718)</u>	<u>(2,854)</u>	<u>(132)</u>	<u>(12,277)</u>
Cash Flows from Noncapital Financing Activities:					
Cash received from other funds	-	4,727	879	74	5,680
Cash paid to other funds	(900)	(327)			(1,227)
Net cash provided by (used in) noncapital financing activities	<u>(900)</u>	<u>4,400</u>	<u>879</u>	<u>74</u>	<u>4,453</u>
Cash Flows from Investing Activities:					
Interest income	130		584	80	794
Sale of investments	458		1,651	15	2,124
Net cash provided by investing activities	<u>588</u>	<u>-</u>	<u>2,235</u>	<u>95</u>	<u>2,918</u>
Net Increase (Decrease) in Cash and Cash Equivalents	115	(5,318)	260	37	(4,906)
Cash and Cash Equivalents Beginning of Year	66	5,318	594	32	6,010
Cash and Cash Equivalents End of Year	<u>\$ 181</u>	<u>\$ -</u>	<u>\$ 854</u>	<u>\$ 69</u>	<u>\$ 1,104</u>
Reconciliation of Operating Loss to Net					
Cash Provided by (Used in) Operating Activities:					
Operating loss	\$ (17)	\$ (7,255)	\$ (1,187)	\$ (52)	\$ (8,511)
Adjustments to reconcile operating loss to net cash provided by (used in) operating activities:					
(Increase) decrease in due from other funds		(2,539)	(931)	(80)	(3,550)
(Increase) decrease in accounts receivable		5	(60)		(55)
Increase (decrease) in accounts payable and accrued expenses		71	11		82
Increase (decrease) in due to other funds	444		(687)		(243)
Total adjustments	<u>444</u>	<u>(2,463)</u>	<u>(1,667)</u>	<u>(80)</u>	<u>(3,766)</u>
Net Cash Provided by (Used in) Operating Activities	<u>\$ 427</u>	<u>\$ (9,718)</u>	<u>\$ (2,854)</u>	<u>\$ (132)</u>	<u>\$ (12,277)</u>
Noncash Investment Activities:					
Net Increase (Decrease) in the Fair Value of Investments	<u>\$ (137)</u>	<u>\$ -</u>	<u>\$ (311)</u>	<u>\$ (37)</u>	<u>\$ (485)</u>

Fiduciary Funds

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 contractors - these bonds will be returned to payee upon successful completion of related construction project.

CITY OF NEW BRITAIN, CONNECTICUT

PENSION TRUST FUNDS

COMBINING BALANCE SHEET

JUNE 30, 2008

(In Thousands)

	Firemen's Pension Fund	Police Benefit Fund	Total
	<u> </u>	<u> </u>	<u> </u>
Assets			
Cash and cash equivalents	\$ 1,829	\$ 1,312	\$ 3,141
Investments	78,036	75,899	153,935
Due from other funds	<u> </u>	<u>1</u>	<u>1</u>
Total Assets	<u>\$ 79,865</u>	<u>\$ 77,212</u>	<u>\$ 157,077</u>
Liabilities and Net Assets			
Liabilities:			
Accounts payable and accrued expenses	\$ 7	\$ 7	\$ 14
Net Assets Held in Trust for Pension Benefits	<u>79,858</u>	<u>77,205</u>	<u>157,063</u>
Total Liabilities and Net Assets	<u>\$ 79,865</u>	<u>\$ 77,212</u>	<u>\$ 157,077</u>

CITY OF NEW BRITAIN, CONNECTICUT

PENSION TRUST FUNDS

COMBINING STATEMENT OF CHANGES IN PLAN NET ASSETS

FOR THE YEAR ENDED JUNE 30, 2008

(In Thousands)

	Firemen's Pension Fund	Police Benefit Fund	Total
Additions:			
Contributions:			
Employer	\$ 211	\$ 85	\$ 296
Employee	337	352	689
Total contributions	<u>548</u>	<u>437</u>	<u>985</u>
Investment income (loss):			
Net depreciation fair value of investments	(3,869)	(8,054)	(11,923)
Interest and dividends	3,241	5,722	8,963
Miscellaneous	8	5	13
Total investment loss	<u>(620)</u>	<u>(2,327)</u>	<u>(2,947)</u>
Less investment expense	<u>(270)</u>	<u>(226)</u>	<u>(496)</u>
Net investment loss	<u>(890)</u>	<u>(2,553)</u>	<u>(3,443)</u>
Total reductions	<u>(342)</u>	<u>(2,116)</u>	<u>(2,458)</u>
Deductions:			
Benefits	4,645	5,032	9,677
Administration	47	48	95
Total deductions	<u>4,692</u>	<u>5,080</u>	<u>9,772</u>
Transfers	<u>(1,500)</u>	<u>(1,500)</u>	<u>(3,000)</u>
Net Decrease	(6,534)	(8,696)	(15,230)
Net Assets Beginning of Year	<u>86,392</u>	<u>85,901</u>	<u>172,293</u>
Net Assets End of Year	<u>\$ 79,858</u>	<u>\$ 77,205</u>	<u>\$ 157,063</u>

CITY OF NEW BRITAIN, CONNECTICUT

AGENCY FUNDS

COMBINING BALANCE SHEET

AS OF JUNE 30, 2008

(In Thousands)

	<u>Contractor's Bond Fund</u>	<u>Student Activity Funds</u>	<u>Total</u>
Assets			
Cash and cash equivalents	\$ 315	\$ 144	\$ 459
Investments	<u>386</u>	<u>74</u>	<u>460</u>
Total Assets	<u>\$ 701</u>	<u>\$ 218</u>	<u>\$ 919</u>
Liabilities and Fund Balance			
Liabilities:			
Due to beneficiaries	\$ <u>701</u>	\$ <u>218</u>	\$ <u>919</u>
Total Liabilities and Fund Balance	<u>\$ 701</u>	<u>\$ 218</u>	<u>\$ 919</u>

CITY OF NEW BRITAIN, CONNECTICUT

AGENCY FUNDS

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

FOR THE YEAR ENDED JUNE 30, 2008

	<u>Balance</u> <u>July 1, 2007</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2008</u>
Contractor's Bond Fund				
Assets:				
Cash and cash equivalents	\$ 210	\$ 140	\$ 35	\$ 315
Investments	<u>450</u>	<u>76</u>	<u>140</u>	<u>386</u>
Total	<u>\$ 660</u>	<u>\$ 216</u>	<u>\$ 175</u>	<u>\$ 701</u>
Liabilities:				
Due to beneficiaries	<u>\$ 660</u>	<u>\$ 216</u>	<u>\$ 175</u>	<u>\$ 701</u>
Student Activity Funds				
Assets:				
Cash and cash equivalents	\$ 133	\$ 659	\$ 648	\$ 144
Investments	<u>71</u>	<u>3</u>	<u></u>	<u>74</u>
Total	<u>\$ 204</u>	<u>\$ 662</u>	<u>\$ 648</u>	<u>\$ 218</u>
Liabilities:				
Due to beneficiaries	<u>\$ 204</u>	<u>\$ 662</u>	<u>\$ 648</u>	<u>\$ 218</u>
Total All Funds				
Assets:				
Cash and cash equivalents	\$ 343	\$ 799	\$ 683	\$ 459
Investments	<u>521</u>	<u>79</u>	<u>140</u>	<u>460</u>
Total	<u>\$ 864</u>	<u>\$ 878</u>	<u>\$ 823</u>	<u>\$ 919</u>
Liabilities:				
Due to other funds	<u>\$ 864</u>	<u>\$ 878</u>	<u>\$ 823</u>	<u>\$ 919</u>

Statistical Section

Statistical Section Information

The objectives of statistical section information are to provide financial statement users with additional historical perspective, context and detail to assist in using the information in the financial statements, notes to financial statements and required supplementary information to understand and assess economic condition.

Statistical section information is presented in the following categories:

- *Financial trends information* is intended to assist users in understanding and assessing how financial position has changed over time.
- *Revenue capacity information* is intended to assist users in understanding and assessing the factors affecting the ability to generate *own-source revenues* (property taxes, charges for services, etc.).
- *Debt capacity information* is intended to assist users in understanding and assessing debt burden and the ability to issue additional debt.
- *Demographic and economic information* is intended 1) to assist users in understanding the socioeconomic environment and 2) to provide information that facilitates comparisons of financial statement information over time and among governments.
- *Operating information* is intended to provide contextual information about operations and resources to assist readers in using financial statement information to understand and assess economic condition.

The accompanying tables are presented in the above order. Refer to the Table of Contents for applicable page number locations.

Sources: Unless otherwise noted, the information in the tables is derived from the comprehensive annual financial reports for the relevant year.

CITY OF NEW BRITAIN, CONNECTICUT

NET ASSETS BY COMPONENT

LAST SEVEN FISCAL YEARS
(In Thousands)

		FISCAL YEAR						
		2008	2007	2006	2005	2004	2003	2002
Governmental activities:								
	Invested in capital assets, net of related debt	\$ 147,314	\$ 121,481	\$ 103,955	\$ 87,181	\$ 103,464	\$ 75,845	\$ 70,578
	Restricted	2,714	2,734	2,687	2,589	2,535	2,821	3,054
	Unrestricted	<u>(43,784)</u>	<u>(32,020)</u>	<u>(27,256)</u>	<u>(27,525)</u>	<u>(55,164)</u>	<u>(47,686)</u>	<u>(49,647)</u>
26	Total governmental activities net assets	<u>106,244</u>	<u>92,195</u>	<u>79,386</u>	<u>62,245</u>	<u>50,835</u>	<u>30,980</u>	<u>23,985</u>
Business-type activities:								
	Invested in capital assets, net of related debt	25,400	25,320	23,391	21,575	17,857	19,161	16,638
	Unrestricted	<u>20,523</u>	<u>17,705</u>	<u>18,377</u>	<u>14,821</u>	<u>16,159</u>	<u>8,882</u>	<u>4,887</u>
	Total business-type activities net assets	<u>45,923</u>	<u>43,025</u>	<u>41,768</u>	<u>36,396</u>	<u>34,016</u>	<u>28,043</u>	<u>21,525</u>
Primary government:								
	Invested in capital assets, net of related debt	172,714	146,801	127,346	108,756	121,321	95,006	87,216
	Restricted	2,714	2,734	2,687	2,589	2,535	2,821	3,054
	Unrestricted	<u>(23,261)</u>	<u>(14,315)</u>	<u>(8,879)</u>	<u>(12,704)</u>	<u>(39,005)</u>	<u>(38,804)</u>	<u>(44,760)</u>
	Total primary government net assets	<u>\$ 152,167</u>	<u>\$ 135,220</u>	<u>\$ 121,154</u>	<u>\$ 98,641</u>	<u>\$ 84,851</u>	<u>\$ 59,023</u>	<u>\$ 45,510</u>

Notes:

- (1) Schedule prepared on the accrual basis of accounting.
- (2) The City began to report accrual information when it implemented GASB Statement No. 34 in fiscal year 2002.

CITY OF NEW BRITAIN, CONNECTICUT

CHANGES IN NET ASSETS

LAST SEVEN FISCAL YEARS

(In Thousands)

	FISCAL YEAR						
	2008	2007	2006	2005	2004	2003	2002
Expenses:							
Governmental activities:							
General government	\$ 12,547	\$ 12,165	\$ 8,041	\$ 6,413	\$ 4,862	\$ 5,706	\$ 7,707
Public safety	33,466	33,434	37,152	35,492	34,679	29,398	27,217
Public works	10,436	22,746	20,445	21,083	17,741	22,828	19,245
Health and welfare	8,707	6,786	8,373	9,153	10,107	10,286	7,966
Parks, recreation and libraries	9,275	10,097	11,609	12,334	12,638	13,169	11,802
Education	204,322	146,783	143,287	139,567	136,052	129,607	129,493
Interest on long-term debt	10,032	11,876	10,568	12,092	12,226	12,299	13,601
Total governmental activities expenses	<u>288,785</u>	<u>243,887</u>	<u>239,475</u>	<u>236,134</u>	<u>228,305</u>	<u>223,293</u>	<u>217,031</u>
Business-type activities:							
Water	<u>11,048</u>	<u>11,034</u>	<u>9,309</u>	<u>9,031</u>	<u>7,112</u>	<u>5,794</u>	<u>6,328</u>
3 Total Primary Government Expenses	<u>\$ 299,833</u>	<u>\$ 254,921</u>	<u>\$ 248,784</u>	<u>\$ 245,165</u>	<u>\$ 235,417</u>	<u>\$ 229,087</u>	<u>\$ 223,359</u>
Program Revenues:							
Governmental activities:							
Charges for services	\$ 22,242	\$ 18,427	\$ 25,090	\$ 21,248	\$ 19,535	\$ 15,356	\$ 19,287
Operating grants and contributions	164,686	113,388	115,998	106,747	93,361	94,877	92,470
Capital grants and contributions	30	2,193	1,094	1,099	17,844	6,200	8,039
Total governmental activities program revenues	<u>186,958</u>	<u>134,008</u>	<u>142,182</u>	<u>129,094</u>	<u>130,740</u>	<u>116,433</u>	<u>119,796</u>
Business-type activities:							
Charges for services	13,946	11,616	14,433	10,999	10,770	9,029	7,436
Capital grants and contributions					2,184	3,153	372
Total business-type activities revenues	<u>13,946</u>	<u>11,616</u>	<u>14,433</u>	<u>10,999</u>	<u>12,954</u>	<u>12,182</u>	<u>7,808</u>
Total Primary Government Program Revenues	<u>\$ 200,904</u>	<u>\$ 145,624</u>	<u>\$ 156,615</u>	<u>\$ 140,093</u>	<u>\$ 143,694</u>	<u>\$ 128,615</u>	<u>\$ 127,604</u>
Net (Expense) Revenue:							
Governmental activities	\$ (101,827)	\$ (109,879)	\$ (97,293)	\$ (107,040)	\$ (97,565)	\$ (106,860)	\$ (97,235)
Business-type activities	<u>2,898</u>	<u>582</u>	<u>5,124</u>	<u>1,968</u>	<u>5,842</u>	<u>6,388</u>	<u>1,480</u>
Total Primary Government Net Expense	<u>\$ (98,929)</u>	<u>\$ (109,297)</u>	<u>\$ (92,169)</u>	<u>\$ (105,072)</u>	<u>\$ (91,723)</u>	<u>\$ (100,472)</u>	<u>\$ (95,755)</u>

(Continued on next page)

CITY OF NEW BRITAIN, CONNECTICUT

CHANGES IN NET ASSETS (CONTINUED)

LAST SEVEN FISCAL YEARS

(In Thousands)

	FISCAL YEAR						
	2008	2007	2006	2005	2004	2003	2002
General revenues and other changes in net assets:							
Governmental activities:							
Property taxes	\$ 96,133	\$ 97,941	\$ 95,192	\$ 98,000	\$ 97,783	\$ 84,956	\$ 78,945
Grants and contributions not restricted to specific purposes	14,897	17,292	14,603	14,776	20,496	21,807	18,587
Unrestricted investment earnings	1,150	6,289	4,437	2,900	2,252	3,229	3,117
Transfer in from fiduciary fund	3,000						
Miscellaneous	696	1,166	202	2,774	966	3,863	1,716
Total governmental activities	<u>115,876</u>	<u>122,688</u>	<u>114,434</u>	<u>118,450</u>	<u>121,497</u>	<u>113,855</u>	<u>102,365</u>
Business-type activities:							
Unrestricted investment earnings		675	579	412	131	110	207
Miscellaneous			(5)			20	(156)
Total business type activities	<u>-</u>	<u>675</u>	<u>574</u>	<u>412</u>	<u>131</u>	<u>130</u>	<u>51</u>
Total Primary Government	<u>\$ 115,876</u>	<u>\$ 123,363</u>	<u>\$ 115,008</u>	<u>\$ 118,862</u>	<u>\$ 121,628</u>	<u>\$ 113,985</u>	<u>\$ 102,416</u>
Changes in Net Assets:							
Governmental activities	\$ 14,049	\$ 12,809	\$ 17,141	\$ 11,410	\$ 23,932	\$ 6,995	\$ 5,130
Business-type activities	<u>2,898</u>	<u>1,257</u>	<u>5,698</u>	<u>2,380</u>	<u>5,973</u>	<u>6,518</u>	<u>1,531</u>
Total Primary Government	<u>\$ 16,947</u>	<u>\$ 14,066</u>	<u>\$ 22,839</u>	<u>\$ 13,790</u>	<u>\$ 29,905</u>	<u>\$ 13,513</u>	<u>\$ 6,661</u>

Notes:

- (1) Schedule prepared on the accrual basis of accounting.
- (2) The City began to report accrual information when it implemented GASB Statement No. 34 in fiscal year 2002.

CITY OF NEW BRITAIN, CONNECTICUT
FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(In Thousands)

	FISCAL YEAR									
	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>	<u>1999</u>
General Fund:										
Reserved	\$ 3,661	\$ 1,861	\$ 2,990	\$ 1,035	\$ 1,424	\$ 1,274	\$ 1,417	\$ 1,017	\$ 767	\$ 619
Unreserved	<u>9,479</u>	<u>8,996</u>	<u>8,980</u>	<u>7,989</u>	<u>6,586</u>	<u>5,742</u>	<u>5,177</u>	<u>4,724</u>	<u>2,667</u>	<u>1,808</u>
Total General Fund	<u>\$ 13,140</u>	<u>\$ 10,857</u>	<u>\$ 11,970</u>	<u>\$ 9,024</u>	<u>\$ 8,010</u>	<u>\$ 7,016</u>	<u>\$ 6,594</u>	<u>\$ 5,741</u>	<u>\$ 3,434</u>	<u>\$ 2,427</u>
All other governmental funds:										
Reserved	\$ 16,586	\$ 17,964	\$ 9,144	\$ 13,783	\$ 19,250	\$ 13,922	\$ 20,414	\$ 7,447	\$ 4,757	\$ 5,250
Unreserved, reported in:										
Special revenue funds	11,640	14,288	13,532	14,466	13,158	9,433	12,115	11,256	7,962	11,156
Capital projects funds	<u>(36,667)</u>	<u>(31,895)</u>	<u>(21,132)</u>	<u>(34,221)</u>	<u>(24,828)</u>	<u>(13,392)</u>	<u>(20,638)</u>	<u>(1,219)</u>	<u>4,441</u>	<u>(6,362)</u>
Total All Other Governmental Funds	<u>\$ (8,441)</u>	<u>\$ 357</u>	<u>\$ 1,544</u>	<u>\$ (5,972)</u>	<u>\$ 7,580</u>	<u>\$ 9,963</u>	<u>\$ 11,891</u>	<u>\$ 17,484</u>	<u>\$ 17,160</u>	<u>\$ 10,044</u>

Note: Schedule prepared on the modified accrual basis of accounting.

CITY OF NEW BRITAIN, CONNECTICUT
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS
(In Thousands)

	FISCAL YEAR									
	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999
Revenues:										
Property taxes	\$ 95,447	\$ 96,757	\$ 95,175	\$ 96,828	\$ 97,808	\$ 84,084	\$ 78,331	\$ 75,872	\$ 73,547	\$ 73,268
Intergovernmental	179,853	136,003	134,949	126,563	135,058	125,259	123,946	110,884	102,561	112,264
Licenses, fees and charges for goods and services	20,641	18,155	18,927	17,121	16,730	14,761	14,218	12,726	13,184	12,235
Income on investments	778	4,180	4,065	1,585	1,315	2,023	1,726	2,992	3,352	2,680
Miscellaneous	8,029	3,343	2,401	2,932	3,605	9,631	6,040	7,155	5,099	2,923
Total revenues	<u>304,748</u>	<u>258,438</u>	<u>255,517</u>	<u>245,029</u>	<u>254,516</u>	<u>235,758</u>	<u>224,261</u>	<u>209,629</u>	<u>197,743</u>	<u>203,370</u>
Expenditures:										
General government	5,128	4,935	7,151	5,641	4,957	4,781	3,746	3,769	3,808	5,235
Public safety	34,448	33,183	36,118	33,526	33,908	31,328	24,817	24,431	23,694	22,096
Public works	18,294	19,324	17,518	17,193	18,932	17,070	15,382	13,374	13,459	12,745
Social services	8,655	6,966	8,325	9,104	10,442	10,799	7,522	4,184	4,523	3,866
Education	198,898	145,231	141,081	147,599	133,807	126,155	117,298	108,147	102,049	95,316
Parks and recreation	10,291	10,397	10,873	11,503	12,060	12,092	10,564	7,549	7,361	7,124
Nondepartmental fixed							9,527	9,087	8,315	9,182
Other							335	4,524	6,570	4,447
Capital outlay	23,585	23,549	22,711	9,521	18,049	12,553	17,403	9,664	11,778	28,188
Debt service interest	11,014	10,721	10,623	10,374	11,861	12,379	12,977	13,760	13,452	12,530
Debt service principal	14,360	14,764	14,218	15,477	13,763	13,261	12,522	12,794	11,895	9,838
Total expenditures	<u>324,673</u>	<u>269,070</u>	<u>268,618</u>	<u>259,938</u>	<u>257,779</u>	<u>240,418</u>	<u>232,093</u>	<u>211,283</u>	<u>206,904</u>	<u>210,567</u>
Excess of Revenue over (under) Expenditures	<u>(19,925)</u>	<u>(10,632)</u>	<u>(13,101)</u>	<u>(14,909)</u>	<u>(3,263)</u>	<u>(4,660)</u>	<u>(7,832)</u>	<u>(1,654)</u>	<u>(9,161)</u>	<u>(7,197)</u>
Other Financing Sources (Uses):										
Transfers in	31,959	31,409	36,507	35,963	31,977	40,015	34,615	36,866	34,455	27,240
Transfers out	(33,412)	(37,604)	(32,397)	(36,288)	(32,327)	(39,790)	(35,129)	(32,909)	(41,874)	(26,790)
Proceeds from the issuance of notes	14,863	14,527	19,453	2,696	2,318	2,929			24,680	17,235
Total other financing sources (uses)	<u>13,410</u>	<u>8,332</u>	<u>23,563</u>	<u>2,371</u>	<u>1,968</u>	<u>3,154</u>	<u>(514)</u>	<u>3,957</u>	<u>17,261</u>	<u>17,685</u>
Net Change in Fund Balances	<u>\$ (6,515)</u>	<u>\$ (2,300)</u>	<u>\$ 10,462</u>	<u>\$ (12,538)</u>	<u>\$ (1,295)</u>	<u>\$ (1,506)</u>	<u>\$ (8,346)</u>	<u>\$ 2,303</u>	<u>\$ 8,100</u>	<u>\$ 10,488</u>
Debt Service as a Percentage of Noncapital Expenditures	4.8%	6.1%	5.8%	6.6%	5.9%	6.2%	6.1%	6.9%	6.6%	5.2%

Note: Schedule prepared on the modified accrual basis of accounting.

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

Fiscal Year	Real Property			Personal Property	Motor Vehicle	Less Tax-Exempt Property	Total Assessed Value	(5) Less BAA	Total Taxable Assessed Value	(6) Total Direct Tax Rate	(7) Estimated Actual Taxable Value	(8) Taxable Assessed Value As a Percentage of Actual Taxable Value
	(3) Residential	(4) Commercial	Industrial									
2008	\$ 1,237,817,290	\$ 1,200,326,320	\$ 74,380,910	\$ 196,499,783	\$ 243,942,048	\$ 863,358,264	\$ 2,089,608,087	\$ 247,481	\$ 2,089,360,606	45.39	\$ 2,984,800,866	70 %
2007	1,231,471,230	1,194,001,000	71,934,920	187,854,214	239,636,127	846,737,477	2,078,160,014	1,358,313	2,076,801,701	45.88	2,966,859,573	70
2006	1,224,954,120	1,118,595,390	75,775,410	180,517,478	227,343,072	771,387,100	2,055,798,370	199,658	2,055,598,712	45.89	2,936,569,589	70
2005	1,220,758,860	1,114,808,760	72,800,030	184,991,249	214,854,609	781,664,870	2,026,548,638	976,387	2,025,572,251	46.90	2,893,674,644	70
2004	1,220,012,760	1,095,622,760	75,704,690	201,694,280	230,495,041	751,501,774	2,072,027,757	17,722,644	2,054,305,113	46.93	2,934,721,590	70
2003	860,539,620	834,129,950	53,451,080	177,021,746	226,141,707	633,048,714	1,518,235,389	120,238	1,518,115,151	54.76	2,168,735,930	70
2002	859,756,110	830,540,710	53,444,520	173,055,330	220,605,348	628,911,303	1,508,490,715	629,871	1,507,860,844	50.88	2,154,086,920	70
2001	858,024,955	806,392,860	49,408,040	171,106,626	209,552,224	609,430,856	1,485,053,849	759,068	1,484,294,781	49.98	2,120,421,116	70
2000	859,329,150	793,549,830	50,026,640	169,105,700	194,086,476	599,089,801	1,467,007,995	263,394	1,466,744,601	49.42	2,095,349,430	70
1999	858,982,400	765,865,700	49,599,170	164,100,120	183,846,166	567,070,796	1,455,322,760	1,018,591	1,454,304,169	49.48	2,077,577,384	70

Source: City of New Britain Office of Tax Assessor

Note:

- (1) The October 1, 2002 Grand List was a revaluation year.
- (2) The 2008 fiscal is the 2006 Grand List, 2007 is 2005 and so on.
- (3) Residential also includes land and use assessment (i.e. farm, forest, open space)
- (4) Commercial also includes public utility, exempt properties and apartment buildings
- (5) less BAA (Board of Assessment Appeals) changes
- (6) Total Direct Tax Rate = mill rate.
- (7) Total Taxable Assessed Value / .70 = Actual Taxable Value
- (8) Taxable Assessed Value as a Percentage of Actual Value = Assessments are 70% of Value

TABLE 6

CITY OF NEW BRITAIN, CONNECTICUT

PRINCIPAL PROPERTY TAXPAYERS

2006 AND 1997

Taxpayer	October 1, 2006			October 1, 1997		
	Taxable Assessed Value	Rank	Percentage of Net Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Net Taxable Assessed Value
CT Light & Power	\$ 42,558,903	1	0.72 %	\$ 14,397,540	2	0.98 %
Stanley Works	27,496,838	2	0.46	45,653,504	1	3.13
Brittany Farms Assoc.	25,706,030	3	0.43	6,934,830	5	0.47
NB-BTMC LLC	15,934,030	4	0.27			
Inland Southeast New Britain LLC	14,689,220	5	0.25			
Farmington Hills 06 LLC	12,896,450	6	0.22			
Conn Natural Gas Corp	12,117,895	7	0.20			
Investment Associates	11,672,780	8	0.20			
Powerstan Properties LLC	10,771,320	9	0.18			
Creed Monarch	10,635,556	10	0.18	5,026,632	7	0.34
Investment Associates				8,536,185	3	0.58
CT Natural Gas Corp				7,510,130	4	0.51
Newbrite Associates LTD Partnership				5,817,000	6	0.39
Cold Metal Products				4,399,390	8	0.3
Brittany Farms Pavilion, Inc.				4,124,040	9	0.28
Brooke Management Venture				4,077,170	10	0.28
Total	\$ 184,479,022		3.11 %	\$ 106,476,421		7.26 %

Source: City of New Britain, Office of Tax Assessor

TABLE 7

CITY OF NEW BRITAIN, CONNECTICUT
PROPERTY TAX LEVIES AND COLLECTIONS

LAST TEN FISCAL YEARS
(In Thousands)

Fiscal Year Ended June 30,	Tax Rate In Mills	Taxes Levied for the Fiscal Year	Collected Within the Fiscal Year of the Levy		Collection in Subsequent Years	Total Collections to Date	
			Amount	Percentage of Levy		Amount	Percentage of Levy
2008	45.40	\$ 95,749	\$ 91,654	95.72 %	\$ N/A	\$ 4,095	95.72 %
2007	45.88	95,916	92,550	96.49	1,854	94,404	98.42
2006	45.89	94,516	91,538	96.85	2,191	93,729	99.17
2005	46.90	96,045	92,975	96.80	2,074	95,049	98.96
2004	46.93	96,709	93,815	97.01	2,202	96,017	99.28
2003	54.76	84,038	80,822	96.17	2,589	83,411	99.25
2002	50.88	77,444	74,664	96.41	2,231	76,895	99.29
2001	49.98	74,903	72,236	96.44	2,201	74,437	99.38
2000	49.42	72,836	70,322	96.55	2,104	72,426	99.44
1999	49.48	72,166	69,680	96.56	2,114	71,794	99.48

Source: Tax Collector's Report; Comprehensive Annual Financial Report

CITY OF NEW BRITAIN, CONNECTICUT

RATIOS OF OUTSTANDING DEBT BY TYPE

LAST TEN FISCAL YEARS
(In Thousands, except per capita)

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total Primary Government</u>	<u>Ratio of Debt to Taxable Assessed Value</u>		<u>Debt Per Capita</u>
	<u>General Obligation Bonds</u>	<u>Capital Leases</u>	<u>Water</u>					
100	2008	\$ 183,802	\$ -	\$ 41,076	\$ 224,878	6.16 %	\$	3,106
	2007	182,985	-	42,743	225,728	6.17		3,062
	2006	183,966	-	44,577	228,543	6.27		3,121
	2005	178,827	23	33,811	212,661	6.18		2,896
	2004	189,184	46	35,044	224,274	6.45		3,105
	2003	199,585	67	11,679	211,331	9.21		2,954
	2002	209,200	104	17,563	226,867	9.72		3,171
	2001	220,955	130	180	221,265	10.43		3,160
	2000	232,900	156	-	233,056	11.12		3,311
	1999	218,680	182	560	219,422	10.53		3,093

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

CITY OF NEW BRITAIN, CONNECTICUT

STATEMENT OF DEBT LIMITATION

JUNE 30, 2008

(In Thousands)

Total tax collections (including interest and lien fees) received by Treasurer for year ended June 30, 2008	\$ 95,499 *
Reimbursement for revenue loss (year ended June 30, 2008):	
Veterans exemption	42
Disability exemption	28
Tax relief for the elderly (C.G.S. 7-129d) and disability exemptions	523
Manufacturing equipment exemption	1,185
Boat registration reimbursement	<u>13</u>
BASE for Debt Limitation Computation	<u>\$ 97,290</u>

	<u>General Purpose</u>	<u>Schools</u>	<u>Sewers</u>	<u>Urban Renewal</u>	<u>Pension</u>
Debt limitation:					
2-1/4 times base	\$ 219,100	\$	\$	\$	\$
4-1/2 times base		438,201			
3-3/4 times base			365,167		
3-1/4 times base				316,478	
3 times base					292,134
Total debt limitation	<u>219,100</u>	<u>438,201</u>	<u>365,167</u>	<u>316,478</u>	<u>292,134</u>
Indebtedness:					
Bonds payable	135,557	43,218	90		
Notes payable	15,255	4,000			
Bonds authorized - unissued	86,367	49,270	15,457		
Total indebtedness	<u>237,179</u>	<u>96,488</u>	<u>15,547</u>	<u>-</u>	<u>-</u>
Less: self-liquidating indebtedness:					
Sewer: bonds payable	90				
Statutory exclusion- pension obligation bond	91,830				
School construction grants		13,912			
Total self-liquidating indebtedness	<u>91,920</u>	<u>13,912</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total indebtedness less self-liquidating indebtedness	<u>145,259</u>	<u>82,576</u>	<u>15,547</u>	<u>-</u>	<u>-</u>
Debt Limitation in Excess of Outstanding and Authorized Debt	<u>\$ 73,841</u>	<u>\$ 355,625</u>	<u>\$ 349,620</u>	<u>\$ 316,478</u>	<u>\$ 292,134</u>

Note: In no case shall total indebtedness exceed seven times annual receipts from taxation - \$681,027

*Budgetary basis

CITY OF NEW BRITAIN, CONNECTICUT

LEGAL DEBT MARGIN INFORMATION

LAST TEN FISCAL YEARS

	FISCAL YEAR									
	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>	<u>1999</u>
Debt limitation	\$ 681,645	\$ 688,226	\$ 677,215	\$ 689,717	\$ 697,571	\$ 596,015	\$ 555,940	\$ 538,327	\$ 533,434	\$ 530,892
Total net debt applicable to limit	<u>256,823</u>	<u>193,391</u>	<u>183,749</u>	<u>192,481</u>	<u>217,058</u>	<u>301,558</u>	<u>246,866</u>	<u>140,900</u>	<u>143,828</u>	<u>193,453</u>
Legal debt margin	<u>\$ 424,822</u>	<u>\$ 494,835</u>	<u>\$ 493,466</u>	<u>\$ 497,236</u>	<u>\$ 480,513</u>	<u>\$ 294,457</u>	<u>\$ 309,074</u>	<u>\$ 397,427</u>	<u>\$ 389,606</u>	<u>\$ 337,439</u>
Total net debt applicable to the limit as a percentage of debt limit	<u>37.68%</u>	<u>28.10%</u>	<u>27.13%</u>	<u>27.91%</u>	<u>31.12%</u>	<u>50.60%</u>	<u>44.41%</u>	<u>26.17%</u>	<u>26.96%</u>	<u>36.44%</u>

Source: Comprehensive Annual Financial Reports - Schedule of Debt Limitation

Note: See Table 9 for calculation of current year debt limitation.

CITY OF NEW BRITAIN, CONNECTICUT
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN CALENDAR YEARS

Calendar Year	Population (1)	Personal Income (2)	Per Capita Income (3)	Median Age (4)	School Enrollment (5)	Unemployment Rate (6)
2008	72,395	\$ 41,056	20,907	35.0	10,344	8.10 %
2007	72,395	41,056	20,907	35.0	10,654	7.50
2006	71,840	41,056	23,379	33.9	10,950	7.70
2005	71,840	41,056	23,379	33.9	10,947	7.50
2004	71,538	41,056	23,379	33.9	11,024	7.90
2003	71,538	41,056	23,379	33.9	10,803	7.10
2002	71,538	41,056	23,379	33.9	10,718	6.20
2001	70,010	41,056	23,379	33.9	10,558	5.70
2000	70,492	41,056	23,379	33.9	10,295	3.90
1999	70,948	N/A	N/A	N/A	10,216	5.50

(1) Source: State of Connecticut

(2) Source: State of Connecticut

(3) Source: U.S. Census Bureau

(4) Source: New Britain Board of Education

(5) Source: Connecticut Department of Economic and Community Development

CITY OF NEW BRITAIN, CONNECTICUT

PRINCIPAL EMPLOYERS

2008 AND 1999

	Employer	Nature of Business	2008			1999		
			Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
	Hospital of Central Connecticut	Hospital	3,600	1	11.03 %	1,880	2	5.94 %
	City of New Britain	Municipality	2,252	2	6.90	2,000	1	6.32
	Central CT State University	University	1,635	3	5.01	1,770	3	5.59
	The Hospital for Special Care	Hospital	1,389	4	4.26	1,200	5	3.79
	State of CT	Government	900	5	2.76	850	6	2.69
104	The Stanley Works	Manufacturing	850	6	2.60	1,500	4	4.74
	Tilcon CT	Construction	766	7	2.35	850	7	2.69
	Grove Hill Medical Center	Medical Services	440	8	1.35	510	8	1.61
	Webster	Banking	432	9	1.32			
	Dattco	Bus Transportation	395	10	1.21			
	Guida's Dairy	Dairy				175	10	0.55
	Moore Medical	Medical Supplies				350	9	1.11
	Total		<u>12,659</u>		<u>38.79 %</u>	<u>11,085</u>		<u>35.03 %</u>
	Total Employment		<u>32,635</u>			<u>31,637</u>		

Source: City of New Britain, Municipal Development Agency

CITY OF NEW BRITAIN, CONNECTICUT

FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM

LAST TEN FISCAL YEARS

Function/Program	FISCAL YEAR									
	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999
Administration, financial and other	132	100	108	137	128	65	84	77	76	88
Police	173	173	151	141	164	197	197	194	N/A	189
Fire	156	145	135	142	130	141	139	138	132	135
Health and welfare	21	20	13	19	14	19	24	27	35	37
105 Parks and recreation	60	60	68	70	53	67	61	59	58	55
Public works, engineering, garage	70	71	77	70	64	76	70	71	69	65
Water	53	56	53	57	48	50	48	50	47	47
Education	<u>1,386</u>	<u>1,353</u>	<u>1,352</u>	<u>1,339</u>	<u>1,335</u>	<u>1,302</u>	<u>1,331</u>	<u>1,286</u>	<u>1,278</u>	<u>1,264</u>
Total	<u><u>2,051</u></u>	<u><u>1,978</u></u>	<u><u>1,957</u></u>	<u><u>1,975</u></u>	<u><u>1,936</u></u>	<u><u>1,917</u></u>	<u><u>1,954</u></u>	<u><u>1,902</u></u>	<u><u>1,695</u></u>	<u><u>1,880</u></u>

CITY OF NEW BRITAIN, CONNECTICUT
OPERATING INDICATORS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS

Function/Program	FISCAL YEAR									
	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999
General government:										
Building permits issued	2,219	2,366	2,442	1,968	2,178	2,081	2,190	1,939	N/A	N/A
Building inspections conducted	4,373	3,865	4,483	3,672	3,970	4,157	6,959	4,641	N/A	N/A
Police:										
Calls for service	54,432	56,885	59,646	55,284	54,197	56,849	56,849	53,883	55,543	54,455
Physical arrests	6,868	6,161	6,828	6,732	6,878	7,222	7,517	6,870	7,000	7,228
Parking violations	20,621	22,059	26,367	28,126	28,225	28,420	25,250	20,022	7,917	7,701
Traffic violations	4,685	5,422	6,997	5,975	5,116	4,305	4,390	3,191	3,740	2,500
Fire:										
Emergency responses	6,832	6,929	6,320	6,082	2,997	2,976	N/A	N/A	N/A	N/A
Fires extinguished	522	565	279	296	357	303	N/A	N/A	N/A	N/A
Inspections	537	351	312	307	343	361	N/A	N/A	N/A	N/A
Refuse collection:										
Refuse collected (tons per day)	170	186	193	197	199	184	170	185	193	188
Recyclables collected (tons per day)	13	12	11	11	11	12	12	12	12	11
Other public works:										
Street resurfacing (miles)	19	15	9	12	5	4	4	4	8	0
Potholes repaired	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Parks and recreation:										
Athletic field permits issued	2,918	4,958	2,597	2,447	2,859	2,827	3,052	2,994	2,703	2,408
Community center admissions	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Library:										
Volumes in collection	223,056	231,214	246,891	243,723	254,773	259,773	260,969	255,067	261,530	251,065
Total volumes borrowed	399,119	373,557	312,662	315,649	373,335	346,906	323,881	303,292	309,200	322,819
Water:										
New connections	196	60	94	86	299	299	420	350	942	959
Water main breaks	25	28	16	24	29	26	24	22	3	19
Average daily consumption (thousands of gallons)	10,103	10,100	10,000	11,161	10,293	9,898	9,876	10,539	10,691	10,453
Peak daily consumption (thousands of gallons)	17,900	14,410	12,745	15,700	13,700	14,500	16,360	14,130	14,730	14,840
Wastewater:										
Average daily sewage treatment (thousands of gallons)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Transit:										
Total route miles	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Passengers	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

CITY OF NEW BRITAIN, CONNECTICUT
CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS

Function/Program	FISCAL YEAR									
	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Zone offices	2	3	3	3	3	3	3	3	3	3
Patrol units	30	30	30	30	30	30	30	30	30	30
Fire stations	6	6	6	6	6	6	6	6	6	6
Refuse collection:										
Collection trucks	7	17	17	15	15	15	15	15	15	15
Other public works:										
Streets (miles)	163	163	163	163	163	163	163	163	163	163
Highways (miles)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Streetlights	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Traffic signals	71	71	70	70	70	70	70	70	70	70
Parks and recreation:										
Acreage	1,200	1,200	12	12	12	12	12	12	12	12
Playgrounds	8	8	8	8	8	8	8	8	8	8
Baseball/softball diamonds	15	15	15	15	15	15	15	15	15	15
Soccer/football fields	9	9	9	9	9	9	9	9	9	9
Water:										
Water mains (miles)	269	269	269	269	269	269	269	269	269	269
Fire hydrants	1,988	1,977	1,991	1,991	1,991	1,991	1,991	1,991	1,991	1,991
Storage capacity (thousands of gallons)	2,857,800	2,858,700	2,742,921	2,742,921	2,742,921	2,742,921	2,742,921	2,742,921	2,742,921	2,742,921
Wastewater:										
Sanitary sewers (miles)	187	180	180	180	180	180	180	180	180	180
Storm sewers (miles)	171	152	152	152	152	152	152	152	152	152