

CITY OF NEW BRITAIN, CONNECTICUT



Comprehensive Annual Financial Report

Fiscal Year Ended June 30, 2012

COMPREHENSIVE ANNUAL FINANCIAL REPORT

OF THE

**CITY OF NEW BRITAIN,
CONNECTICUT**

FISCAL YEAR ENDED JUNE 30, 2012



Prepared By:

THE FINANCE DEPARTMENT

**REBECCA SALERNI, ACTING DIRECTOR OF FINANCE/
DEPUTY FINANCE DIRECTOR**

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CITY OF NEW BRITAIN, CONNECTICUT



February 28, 2013

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, 2012.

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 McGladrey LLP, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City of New Britain for the fiscal year ended June 30, 2012 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, 2012, are fairly presented in conformity with GAAP. The independent auditors' 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.

Stanley Black & Decker, 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 Bank, 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 ten major parks (A.W. Stanley, Stanley Quarter, Walnut Hill, Willow Brook, Osgood, Martha Hart, Washington, Chesley, Hungerford, and Willow Street). 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 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, to ensure fiscal conservatism.

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. The development of 60 acres of land on the former Pinnacle Heights Housing site is in progress. This will provide a significant boost to our City's grand list and provide more jobs within our community. Additionally, the first major project in the City's downtown master plan, the construction of a new police headquarters, has begun and is scheduled to be completed in late 2012. This innovative development will serve as a catalyst for further growth in the center of the City.

You only have to look out the windows of City Hall to see the signs of hope and promise for the City's downtown area. Several vacant buildings have been remodeled and converted into luxury apartments, a theatre and a restaurant which have all brought a vibrant night life to New Britain for the first time in years.

The recently approved \$579 million New Britain – Hartford Busway will be a dedicated bus rapid transit roadway. It will connect New Britain and Hartford with stops at 11 stations along a 9.4 mile corridor bringing improved access and reduced commuting times for all commuters on I-84 west of Hartford. It is estimated create 4,000 construction jobs and 100 permanent jobs. Construction is starting in early 2012 with a 2014 completion date.

The City has continued its multi-year street paving program again this year paving many streets and crumbling sidewalks. This program will be continued for several more years.

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.

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

Budgetary Controls

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

In FY12, the City took a firm stance on budgetary expenditures based on the downturn in the state and national economy. The Mayor issued a memo calling for a hiring freeze of all non-essential positions, a stop to all discretionary overtime, and denying any out of state travel for training or conferences. The Finance Department continues to monitor expenses throughout the fiscal year in an effort to keep the costs of running the City down.

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 after April 1, 2000 and the regular members of the Fire Department hired after 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.

MERS is the administrator of a cost sharing multiple employer public employee retirement system ("CMERS") established by the State of Connecticut and administered by the State Retirement Commission to provide pension benefits for the employees of participating municipalities. MERS 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 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 City's public employee retirement system 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.

The City's OPEB liability is calculated to be \$48 million. The City's liability is low because employees generally receive 7 years (10 years for Fire) of health benefits after twenty years of service.

The City's Retiree Benefits Reserve Fund Committee recently approved an Investment Policy Statement regarding the investment of Pension 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. 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.

The City recently prepared an Investment Policy which was sent to the Common Council for approval. It is currently being reviewed the Administration, Finance, & Law Subcommittee.

Debt Administration

At year end, the City had a number of debt issues outstanding. These included \$221m of general obligation bonds. 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, 2012, the City's net general obligation bonded debt of \$221 million was well below the legal limit of \$762 million.

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 (not rounded):

- Workers' Compensation (including Police and Firefighter Hypertension) - \$1 million/occurrence. Excess coverage with statutory limits applies beyond the retainage.
- General Liability (including law enforcement liability) - \$500,000/occurrence; excess coverage applies up to \$1 million/occurrence, \$2 million aggregate, \$9 million excess.
- Employee Dishonest coverage limit of \$500,000 (except for individually bonded Tax Collector limit of \$200,000 & individually bonded Treasurer limit of \$125,000).
- 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 \$200,000 individual claims. There is no aggregate stop loss.
- First dollar Auto Liability coverage on all vehicles is placed with Argonaut Insurance Company; excess Auto Liability coverage is placed with Argonaut Insurance Company. All risk property coverage is placed with Lexington Insurance Company. Coverage provides replacement value for buildings and contents. Coverage for vacant and unoccupied buildings for which rehabilitation or sale is anticipated is provided by Admiral Insurance Company on an actual cash basis. Vacant property liability is provided by Nautilus Insurance Company.

The Corporation Counsel's Office is diligently defending the City's interest in all legal matters. The City has appropriated in the fiscal year 2012 annual budget \$420,000 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

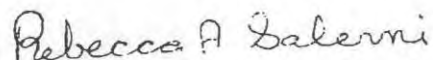
State Statute and the City Charter require an annual audit by an independent certified public accountant. The Statute further prescribes that each municipality's annual report shall be prepared in accordance with Generally Accepted Accounting Principles (GAAP). This report has been prepared in accordance 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 McGladrey LLP. We also appreciate the continuing support of city leadership and the people of New Britain who are committed to fiscal integrity and financial leadership.

Respectfully submitted,



Rebecca Salerni
Acting Finance Director/Deputy Finance Director

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, 2011

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.



Christopher P. Moine
President

Jeffrey R. Enen
Executive Director

CITY OF NEW BRITAIN, CONNECTICUT PRINCIPAL OFFICIALS

MAYOR

Timothy E. O'Brien, Jr.

TREASURER

Teresa Sapieha-Yanchak

TOWN COUNCIL

Ald. Michael Trueworthy – Mayor Pro-Tempore
Ald. Suzanne Bielinski – Majority Leader
Ald. Wilfredo Pabon – Minority Leader
Ald. Tonilynn Collins – Assistant Majority Leader
Ald. Eva Magnuszewski – Assistant Majority Leader
Ald. Jamie Giantonio – Assistant Minority Leader
Ald. Adam Platosz – Assistant Majority leader
Ald. Shirley Black
Ald. Rha-Sheen Brown
Ald. Carlo Carlozzi Jr.
Ald. Roy Centeno
Ald. David DeFronzo
Ald. J. Tobias Freeman
Ald. Larry Hermanowski
Ald. Emmanuel Sanchez

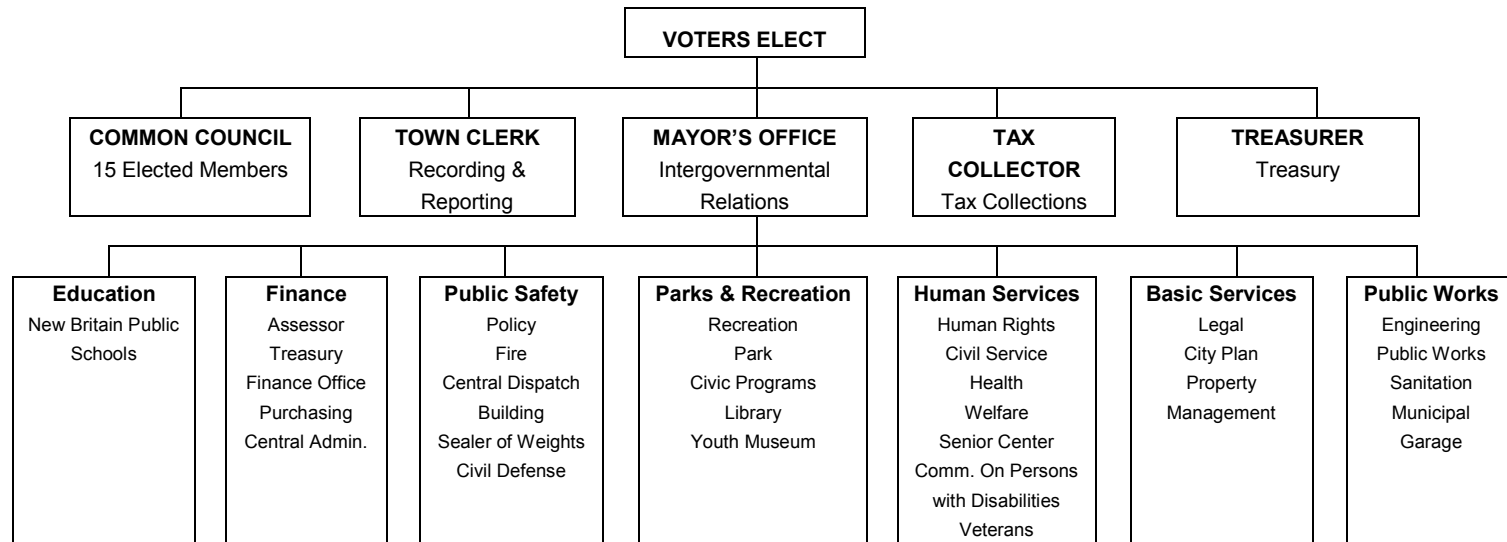
ADMINISTRATION

Corporation Counsel	John King
Town Clerk	Peter J. Denuzze
Tax Collector	Cheryl Blogoslawski
Assessor	Michael Konik
Director of Finance (Acting)	Rebecca Salerni
Director of Health	Sergio Lupo
Director of Personnel	Karen Levine
Director of Parks and Recreation	William A. DeMaio
Director of Public Works	Mark Moriarty
Director of Youth Services	Christopher Montes
Director of Licenses, Permits and Inspections	Sergio Lupo
Director of Water	Water Gilbert Bligh
Director of Municipal Development	Kenneth Malinowski

BOARD OF EDUCATION

Sharon Beloin-Saavedra
Paul Carver
James Sanders
Aram Ayalon
Anthony Kane
Judy Grego
Luisa Leal
Carlos Pina
Erin Stewart
Dr. Nicole Sanders
Ron Jakabowski, Acting Superintendent

CITY OF NEW BRITAIN, CONNECTICUT
ORGANIZATION CHART OF THE CITY GOVERNMENT



Financial Section



INDEPENDENT AUDITOR'S 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 (the "City"), as of and for the year ended June 30, 2012, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of New Britain, Connecticut'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 Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City'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, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of New Britain, Connecticut, as of June 30, 2012, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 13 to the basic financial statements, the beginning net assets/fund balance of the Government Activities and Non-Major Governmental Funds have been restated for correction of an error. We also audited the adjustments described in Note 13 that were applied to restate net assets/fund balance of July 1, 2011. In our opinion, the adjustments are appropriate and have been properly applied.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 28, 2013 on our consideration of the City of New Britain, Connecticut's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to

be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of New Britain, Connecticut's basic financial statements. The introductory section, combining fund financial statements and other schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The combining fund financial statements and other schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining fund financial statements and other schedules are fairly stated in all material respects in relation to the basic financial statements as a whole. The introductory section and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

McGladrey LLP

New Haven, Connecticut
February 28, 2013

City of New Britain, Connecticut
Management's Discussion and Analysis
June 30, 2012

This discussion and analysis of the City of New Britain, Connecticut's (the City) financial performance is provided by management to provide an overview of the City's financial activities for the fiscal year ended June 30, 2012. 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 decreased as a result of this year's operations. While net assets of the business-type activities increased by \$2.6 million, net assets of the governmental activities decreased by \$6.8 million.
- In its governmental activities, the City had revenues of \$268.7 million and expenses of \$275.5 million.
- In the City's business-type activities, revenues were \$12.8 million while expenses were \$10.2 million, thus increasing the net assets of the business-type funds by \$2.6 million.
- The General Fund reported a fund balance of \$12.2 million.
- The tax collection rate for the current levy was 95.88%.

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 nonfinancial 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 (such as the Sewer Fund) or to show that it is meeting legal responsibilities for using grants and other money (such as 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 lower than they were one year ago, decreasing from \$161 million to \$159 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.

CITY OF NEW BRITAIN, CONNECTICUT
NET ASSETS (\$000S)
(In Thousands)

TABLE 1

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2012	2011	2012	2011	2012	2011
Current assets	\$ 108,895	\$ 123,431	\$ 12,475	\$ 21,196	\$ 121,370	\$ 144,627
Noncurrent assets	20,205	15,795	-	-	20,205	15,795
Capital assets:						
Capital assets not being depreciated	114,925	146,732	1,977	1,977	116,902	148,709
Capital assets being depreciated, net	200,352	138,015	58,992	60,242	259,344	198,257
Total assets	444,377	423,973	73,444	83,415	517,821	507,388
Long-term debt outstanding	278,366	243,519	21,780	34,559	300,146	278,078
Other liabilities	57,614	67,804	733	548	58,347	68,352
Total liabilities	335,980	311,323	22,513	35,107	358,493	346,430
Net Assets:						
Invested in capital assets, net of debt	147,800	137,210	39,381	27,883	187,181	165,093
Restricted	8,109	2,883	-	-	8,109	2,883
Unrestricted (deficit)	(47,512)	(27,443)	11,550	20,425	(35,962)	(7,018)
Total net assets	\$ 108,397	\$ 112,650	\$ 50,931	\$ 48,308	\$ 159,328	\$ 160,958

Net assets of the City's governmental activities decreased in FY12 by 3.8% (\$108.4 million compared to \$112.7 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 \$(47.2) million at June 30, 2012.

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

- Increase in employee benefit payments

The net assets of business-type activities increased by 5% (\$50.9 million compared to \$48.3 million) in 2012.

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

- Conservative spending – spending cuts imposed upon the city as a whole

CITY OF NEW BRITAIN, CONNECTICUT
CHANGES IN NET ASSETS (\$000S)
(In Thousands)

TABLE 2

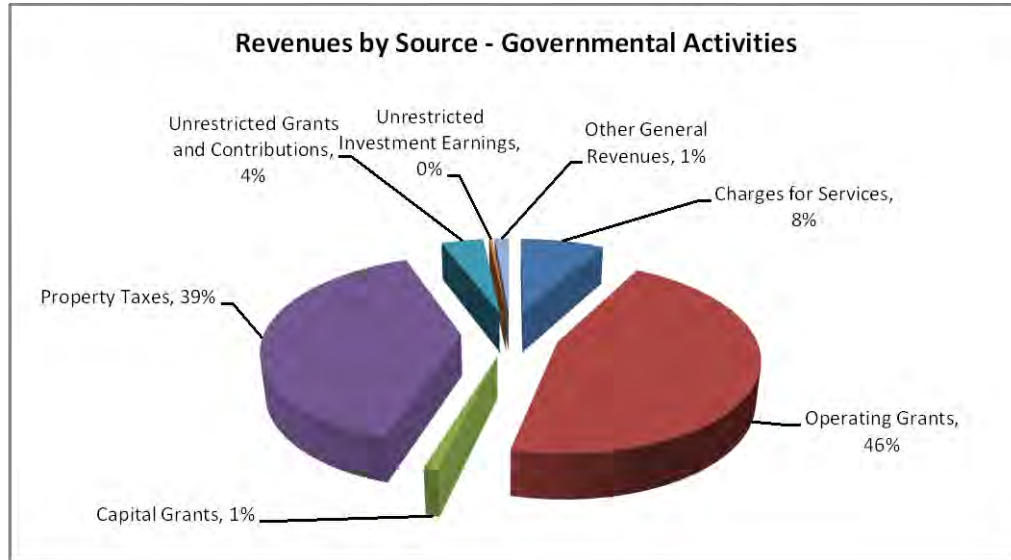
	Governmental Activities		Business-Type Activities		Total Primary Government	
	2012	2011	2012	2011	2012	2011
Revenues						
Program revenues:						
Charges for services	\$ 21,703	\$ 19,467	\$ 12,840	\$ 12,012	\$ 34,543	\$ 31,479
Operating grants and contributions	122,717	135,289	-	-	122,717	135,289
Capital grants and contributions	2,632	2,080	-	-	2,632	2,080
General revenues:						
Property taxes	106,069	108,741	-	-	106,069	108,741
Grants and contributions not restricted to specific programs	11,024	10,557	-	-	11,024	10,557
Unrestricted investment earnings	870	6,070	19	28	889	6,098
Other general revenues	3,654	967	\$ -	\$ -	3,654	967
Total revenues	268,669	283,171	12,859	12,040	281,528	295,211
Program Expenses						
General government	12,124	12,083	-	-	12,124	12,083
Public safety	45,290	41,086	-	-	45,290	41,086
Public works	20,309	23,171	-	-	20,309	23,171
Health and welfare	6,574	8,225	-	-	6,574	8,225
Parks, recreation and libraries	13,077	11,462	-	-	13,077	11,462
Education	164,084	173,807	-	-	164,084	173,807
Interest on long-term debt	14,052	10,907	-	-	14,052	10,907
Water	-	-	10,236	10,432	10,236	10,432
Total program expenses	275,510	280,741	10,236	10,432	285,746	291,173
(Decrease) increase in net assets before transfers	(6,841)	2,430	2,623	1,608	(4,218)	4,038
Transfers, net	-	5,000	-	(5,000)	-	-
Increase (decrease) in net assets	\$ (6,841)	\$ 7,430	\$ 2,623	\$ (3,392)	\$ (4,218)	\$ 4,038

The City's total revenues were \$281.5 million. The total cost of all programs and services was \$285.7 million. In FY11, the City of New Britain's Board of Education received over \$10 million in ARRA Grant funds which were not received in FY 12. This is the primary reason for the decrease in both operating grants and contributions as well as Education expenses in FY 12.

Our analysis below separately considers the operations of governmental and business-type activities.

Governmental Activities

Revenues for governmental activities totaled \$268.7 million; property taxes (39.4%), operating grants (45.7%) and charges for services (8.1%) are the major revenue sources – contributing approximately 93.2% of the City's revenues.



Expenses for governmental activities were \$275.5 million, of which 55% were supported by program revenues and 45% were supported from general revenues. Expenses by function include education (59.6%), public safety (16.4%), public works (7.4%), and parks, recreation and libraries (4.8%), which made up 88.2% of the total governmental expenses.

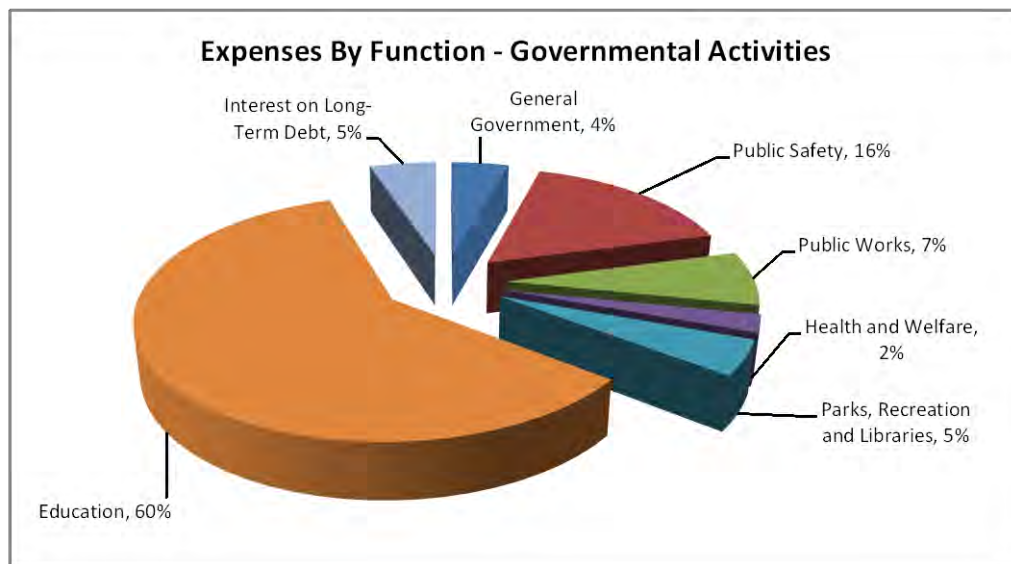
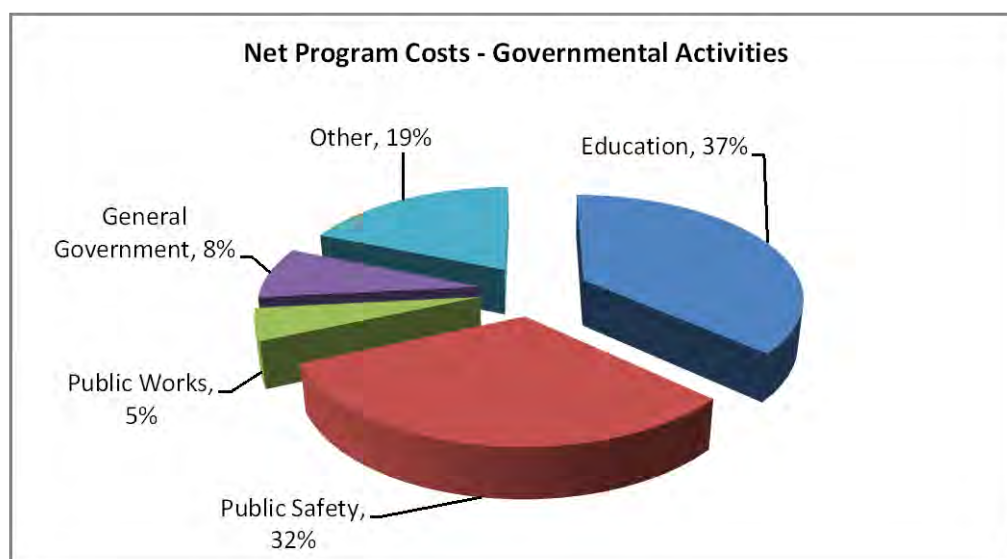


Table 3 presents the cost of each of the City's four largest programs – education, public safety, public works, and general government – as well as each program's net cost (total cost less revenues generated by the activities). The net cost shows the final burden that was placed on the City's tax payers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

CITY OF NEW BRITAIN, CONNECTICUT
GOVERNMENTAL ACTIVITIES
(In Thousands)

TABLE 3

	Total Cost of Services		Net Cost of Services	
	2012	2011	2012	2011
Education	\$ 164,084	\$ 173,807	\$ 47,197	\$ 47,023
Public safety	45,290	41,086	40,699	37,846
Public works	20,309	23,171	6,306	6,412
General government	12,124	12,083	10,218	11,070
All others	33,703	30,594	24,038	21,554
Totals	\$ 275,510	\$ 280,741	\$ 128,458	\$ 123,905



Business-Type Activities

Revenues and expenses of the City's business-type activities amounted to \$12.8 million and \$10.2 million, respectively. Net assets increased by 5% (from \$48.3 million to \$50.9 million).

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 \$3 million, which is a decrease from last year's total of \$8.2 million. Included in this year's total change in fund balance is a slight increase of \$153K in the General Fund. The increase in the capital projects fund balance can be attributed to the fact that the City had \$3.1m

more in payables this year compared to that of the previous year which was offset by the fact that the city had \$5m less interim financing liability in FY12.

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 \$11.5 million and those for the internal service funds amounted to negative \$2.3 million. The decrease in unrestricted net assets for the Water Enterprise Fund of \$8.8 million was mainly a result the transfer of cash to the General Fund in exchange for the General Fund's assumption of Water Fund debt. The increase in net assets for the internal service funds was \$1.4 million. This is the result of an increase in investments, a decrease in the liability due to other funds and offset by an increase in claim reserves. Other factors concerning the finances 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

- The General Fund received \$10.5m in cash from Water Fund in exchange for the assumption of Water Fund debt through April 1, 2032.
- Additional transfer of \$6.6m into the Medical Self Insurance Fund for employee benefits.
- \$1.3m in savings from staffing vacancies, including early retirements and city-wide hiring freeze.

Capital Asset and Debt Administration

Capital Assets

At June 30, 2012, the City had \$376 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 \$29 million, or 8.4% over last year.

CITY OF NEW BRITAIN, CONNECTICUT
CAPITAL ASSETS AT YEAR-END (Net of Depreciation)
(In Thousands)

TABLE 4

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2012	2011*	2012	2011	2012	2011
Land	\$ 13,417	\$ 13,395	\$ 1,977	\$ 1,977	\$ 15,394	\$ 15,372
Construction in progress	101,508	133,337	-	-	101,508	133,337
Buildings and improvements	144,714	84,324	-	-	144,714	84,324
Equipment	2,423	2,338	-	-	2,423	2,338
Vehicles	6,466	4,893	-	-	6,466	4,893
Infrastructure	46,749	46,460	-	-	46,749	46,460
Water filtration assets	-	-	58,992	60,242	58,992	60,242
Totals	\$ 315,277	\$ 284,747	\$ 60,969	\$ 62,219	\$ 376,246	\$ 346,966

* As restated.

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

More detailed information about the City's capital assets is presented in Note 5 to the financial statements.

Long-Term Debt

At June 30, 2012, the City had \$222,829 in bonds and notes outstanding versus \$206,069 last year - an increase of 8.1% - as shown in Table 5.

**CITY OF NEW BRITAIN, CONNECTICUT
OUTSTANDING DEBT, AT YEAR-END
(In Thousands)**

TABLE 5

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2012	2011	2012	2011	2012	2011
General obligation bonds (backed by the City)	221,724	\$ 194,150	\$ 2,016	\$ 12,930	\$ 223,740	\$ 207,080
Less deferred amount: For issuance discounts on refunding	(911)	(1,011)	-	-	(911)	(1,011)
Totals	\$ 220,813	\$ 193,139	\$ 2,016	\$ 12,930	\$ 222,829	\$ 206,069

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

City of New Britain, CT, General Obligation Bonds, Series 2012, dated and issued March 27, 2012 consisting of \$34,015,000.

The City's general obligation bond rating from Standard & Poor's, Moody's and Fitch, all national rating agencies, is A, A- and AA-, respectively. 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 \$762 million state-imposed limit.

Other obligations include accrued vacation pay and sick leave and liabilities from two interest rate swaps. 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 2012 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 11.8% versus 13.2% a year ago. This compares with the State's unemployment rate of 9.1% and the national rate of 9.5%.

These indicators were taken into account when adopting the General Fund budget for 2012-13. Amounts available for appropriation in the General Fund budget are \$232 million, an increase of 2.2% over the final 2012 budget of \$227 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

STATEMENT OF NET ASSETS

June 30, 2012

(In Thousands)

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and cash equivalents	\$ 43,828	\$ 4,812	\$ 48,640
Investments	25,096	94	25,190
Receivables, net	39,640	6,352	45,992
Due from fiduciary funds	86	-	86
Other deferred asset	-	1,071	1,071
Inventory	245	146	391
Net pension assets	1,265	-	1,265
Deferred cash outflows under interest rate swaps	18,940	-	18,940
Capital assets:			
Capital assets not being depreciated	114,925	1,977	116,902
Capital assets being depreciated, net	200,352	58,992	259,344
Total assets	444,377	73,444	517,821
Liabilities			
Accounts and other payables	24,128	733	24,861
Bond anticipation notes payable	33,135	-	33,135
Unearned revenue	351	-	351
Long-term liabilities:			
Due within one year	23,803	1,919	25,722
Due in more than one year	254,563	19,861	274,424
Total liabilities	335,980	22,513	358,493
Net Assets			
Invested in capital assets, net of related debt	147,800	39,381	187,181
Restricted for:			
Trust purposes:			
Expendable	2,645	-	2,645
Restricted	5,464	-	5,464
Unrestricted (deficit)	(47,512)	11,550	(35,962)
Total net assets	\$ 108,397	\$ 50,931	\$ 159,328

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

STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2012
(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	Primary Government		
					Governmental Activities	Business-type Activities	Total
Primary government:							
Governmental activities:							
General government	\$ (12,124)	\$ 1,632	\$ 274	\$ -	\$ (10,218)	\$ -	\$ (10,218)
Public safety	(45,290)	3,810	781	-	(40,699)	-	(40,699)
Public works	(20,309)	11,820	2,183	-	(6,306)	-	(6,306)
Health and welfare	(6,574)	877	4,978	-	(719)	-	(719)
Parks , recreation and libraries	(13,077)	3,057	753	-	(9,267)	-	(9,267)
Education	(164,084)	507	113,748	2,632	(47,197)	-	(47,197)
Interest on long-term debt	(14,052)	-	-	-	(14,052)	-	(14,052)
Total governmental activities	(275,510)	21,703	122,717	2,632	(128,458)	-	(128,458)
Business-type activities:							
Water	(10,236)	12,840	-	-	-	2,604	2,604
Total business-type activities	(10,236)	12,840	-	-	-	2,604	2,604
Total primary government	\$ (285,746)	\$ 34,543	\$ 122,717	\$ 2,632	(128,458)	2,604	(125,854)
General revenues:							
Property taxes					106,069	-	106,069
Grants and contributions not restricted to specific programs					11,024	-	11,024
Unrestricted investment income					870	19	889
Miscellaneous					3,654	-	3,654
Total general revenues					121,617	19	121,636
Change in net assets					(6,841)	2,623	(4,218)
Net assets, beginning of year, as restated (see Note 13)					115,238	48,308	163,546
Net assets, end of year					\$ 108,397	\$ 50,931	\$ 159,328

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

BALANCE SHEET - GOVERNMENTAL FUNDS

June 30, 2012

(In Thousands)

	General	Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
Assets				
Cash and cash equivalents	\$ 4,883	\$ 26,386	\$ 11,574	\$ 42,843
Investments	-	-	3,761	3,761
Accounts receivable, net	24,314	90	15,197	39,601
Due from other funds	16,417	-	-	16,417
Inventories	-	-	245	245
Total assets	\$ 45,614	\$ 26,476	\$ 30,777	\$ 102,867
Liabilities				
Accounts payable	\$ 12,643	\$ 4,873	\$ 3,703	\$ 21,219
Due to other funds	-	-	13,393	13,393
Deferred revenue	20,771	-	10,998	31,769
Unearned revenue	-	-	351	351
Bond anticipation notes payable	-	33,135	-	33,135
Total liabilities	33,414	38,008	28,445	99,867
Fund Balances (Deficits)				
Nonspendable	-	-	2,890	2,890
Restricted	-	-	5,464	5,464
Committed	-	-	898	898
Assigned	41	-	-	41
Unassigned	12,159	(11,532)	(6,920)	(6,293)
Total fund balances (deficits)	12,200	(11,532)	2,332	3,000
Total liabilities and fund balances (deficits)	\$ 45,614	\$ 26,476	\$ 30,777	\$ 102,867

(Continued)

BALANCE SHEET - GOVERNMENTAL FUNDS, Continued**June 30, 2012****(In Thousands)**

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)	\$	3,000
--	----	-------

Capital assets used in governmental activities are not financial resources and,
therefore, are not reported in the funds:

Governmental capital assets	\$	533,110	
Less accumulated depreciation		<u>(217,833)</u>	
			315,277

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

Net pension asset	1,265
Property tax receivables greater than 60 days	9,661
Interest receivable on property taxes	7,876
Housing loans receivable	5,441
Sewer use	2,985
Grants receivable	2,863
Receivable from the state for school construction projects	2,943
Deferred cash outflows under interest rate swaps	18,940

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.

(2,304)

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

Bonds and notes payable	(221,724)
Clean water notes payable	(3,687)
Interest payable on bonds and notes	(2,739)
Compensated absences	(7,893)
Net pension obligation	(518)
Net OPEB obligation	(794)
Deferred charges on refunding	911
Unamortized bond premium	(3,782)
Deferred cash inflows under interest rate swaps	<u>(19,324)</u>

Net Assets of Governmental Activities (Exhibit I)	\$	<u><u>108,397</u></u>
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The accompanying notes are an integral part of the financial statements.

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (DEFICITS) -
GOVERNMENTAL FUNDS**
For the Year Ended June 30, 2012
(In Thousands)

	General	Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES				
Property taxes	\$ 110,013	\$ -	\$ -	\$ 110,013
Intergovernmental	106,402	643	30,258	137,303
Licenses, fees and charges for goods and services	10,247	300	11,085	21,632
Investment earnings	99	-	209	308
Miscellaneous	2,873	157	624	3,654
Total revenues	229,634	1,100	42,176	272,910
EXPENDITURES				
Current:				
General government	10,896	-	131	11,027
Public safety	42,833	-	756	43,589
Public works	14,138	-	9,398	23,536
Health and welfare	2,583	-	4,001	6,584
Education	132,786	-	27,691	160,477
Parks and recreation	9,467	-	3,102	12,569
Capital outlay	-	30,378	-	30,378
Debt and sundry	28,640	3,177	-	31,817
Total expenditures	241,343	33,555	45,079	319,977
Revenues over (under) expenditures	(11,709)	(32,455)	(2,903)	(47,067)
OTHER FINANCING SOURCES (USES)				
Transfers in	11,709	-	56	11,765
Transfers out	(273)	-	(996)	(1,269)
Issuance of bonds	426	34,015	-	34,441
Total other financing sources (uses)	11,862	34,015	(940)	44,937
Net changes in fund balances (deficits)	153	1,560	(3,843)	(2,130)
FUND BALANCES (DEFICITS), as restated (see Note 13)	12,047	(13,092)	6,175	5,130
FUND BALANCES (DEFICITS), ending	\$ 12,200	\$ (11,532)	\$ 2,332	\$ 3,000

(Continued)

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS, Continued
For the Year Ended June 30, 2012
(In Thousands)

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances
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)	\$ (2,130)
---	------------

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	35,826
Depreciation expense	(7,885)

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	(2,632)
Property tax receivable and interest/lien - accrual basis change	(3,944)
Housing loans receivable and interest	(980)
Grants and other	2,863
Sewer use fee receivable	(86)

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:

Proceeds from general obligation bonds	(34,015)
Bond principal payments	16,945
Payments on clean water fund notes	309
Transfer of debt	(10,504)

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	(1,187)
Accrued interest	360
Amortization of deferred charge on refunding	(100)
Amortization of bond premium	(175)
Net OPEB expense	(194)
Net pension expense	(313)
Swap	(467)

Internal service funds are used by management to charge costs to individual funds.

The net revenue of certain activities of internal service funds is reported with
governmental activities.

1,468

Change in Net Assets of Governmental Activities (Exhibit II)

\$ (6,841)

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

STATEMENT OF NET ASSETS (DEFICITS) - PROPRIETARY FUNDS

June 30, 2012

(In Thousands)

	Business-Type Activities Water Enterprise Fund	Governmental Activities Internal Service Fund
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 4,812	\$ 1,071
Investments	94	21,335
Other deferred asset	1,071	-
Receivables:		
Other, net of allowance for uncollectible	6,352	44
Inventory	146	-
Total current assets	12,475	22,450
Noncurrent assets:		
Capital assets, net	60,969	-
Total assets	73,444	22,450
LIABILITIES		
Current liabilities:		
Accounts payable and accrued expenses	733	173
Compensated absences	85	-
Due to other funds	-	3,026
Current portion of bonds and notes payable	1,834	-
Total current liabilities	2,652	3,199
Noncurrent liabilities:		
Bonds and notes payable	19,754	-
Compensated absences	107	-
Claims reserves	-	21,555
Total noncurrent liabilities	19,861	21,555
Total liabilities	22,513	24,754
NET ASSETS (DEFICITS)		
Invested in capital assets, net of related debt	39,381	-
Unrestricted	11,550	(2,304)
Total net assets (deficits)	\$ 50,931	\$ (2,304)

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

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS (DEFICITS)
PROPRIETARY FUNDS
For the Year Ended June 30, 2012
(In Thousands)

	Business-Type Activities	Governmental Activities
	Water Enterprise Fund	Internal Service Fund
OPERATING REVENUES		
Charges for services and goods	\$ 12,840	\$ -
Charges to other funds	-	27,248
Other	-	-
Total operating revenues	12,840	27,248
OPERATING EXPENSES		
Cost of sales, services and administration	7,327	-
Administration and general expense	-	405
Depreciation expense	1,631	-
Claims incurred	-	26,423
Total operating expenses	8,958	26,828
Operating income	3,882	420
NONOPERATING REVENUE (EXPENSE)		
Income on investments	19	1,048
Interest expense	(1,278)	-
Total nonoperating revenue (expense)	(1,259)	1,048
Change in net assets before transfers	2,623	1,468
Transfers:		
Transfers out - cash to general fund	(10,504)	-
Transfers in - debt transfer to governmental activities	10,504	-
Total transfers	-	-
Change in net assets	2,623	1,468
NET ASSETS (DEFICITS), beginning of year	48,308	(3,772)
NET ASSETS (DEFICITS), end of year	\$ 50,931	\$ (2,304)

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

STATEMENT OF CASH FLOWS - PROPRIETARY FUND

For the Year Ended June 30, 2012

(In Thousands)

	Business-Type Activities Water Enterprise Fund	Governmental Activities Internal Service Fund
Cash Flows From Operating Activities		
Cash received from charges to other funds	\$ -	\$ 27,263
Cash received from customers	12,302	-
Cash paid for premiums and other operating expenses	(7,600)	(355)
Cash payments for claims made	-	(26,903)
Net cash provided by operating activities	4,702	5
Cash Flows From Noncapital Financing Activities		
Transfers to other funds	(10,504)	-
Net cash used in noncapital financing activities	(10,504)	-
Cash Flows From Capital Financing Activities		
Acquisition of capital assets	(381)	-
Payment of loan obligation	(2,244)	-
Interest paid on capital debt	(1,278)	-
Net cash used in capital financing activities	(3,903)	-
Cash Flows From Investing Activities		
Income on investments	19	1,048
Sale of investments	-	(719)
Net cash provided by investing activities	19	329
Net increase (decrease) in cash and cash equivalents	(9,686)	334
Cash and Cash Equivalents		
Beginning	14,498	737
Ending	\$ 4,812	\$ 1,071
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:		
Operating income	\$ 3,882	\$ 420
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	1,631	-
Change in assets and liabilities:		
(Increase) decrease in accounts receivable	(538)	14
(Increase) decrease in other deferred asset	47	-
(Increase) decrease in inventory	(1)	-
Increase (decrease) in accounts payable and accrued expenses	154	722
Increase (decrease) in due to other funds	(473)	(1,151)
Net cash provided by operating activities	\$ 4,702	\$ 5
Noncash Investment Activities:		
Net increase in fair value of investments	\$ 19	\$ -
Noncash Financing Activities:		
Decrease in debt due to transfer to governmental activities	\$ 10,504	\$ -

The notes to the financial statements are an integral part of this statement.

STATEMENT OF FIDUCIARY NET ASSETS - FIDUCIARY FUNDS

June 30, 2012

(In Thousands)

	Pension Trust Funds	Other Post- Employment Benefits Fund	Agency Funds
ASSETS			
Cash and cash equivalents	\$ 1,940	\$ 1	\$ 426
Investments:			
Investments:			
Asset and Mortgage Backed	23,578	-	-
Fixed income	100	-	175
Mutual funds	75,662	-	-
Pooled Common and Collective Funds	11,412	-	-
Federal agency bonds	4,077	1,170	-
Corporate bonds/securities	11,950	-	-
Foreign bonds	1,931	-	-
Government Bonds	15,040	-	-
CDs	-	-	86
Accounts receivable	417	-	-
Total assets	146,107	1,171	687
LIABILITIES			
Accounts payable	3,648	-	-
Due to other funds	35	-	51
Due to beneficiaries	-	-	636
Total liabilities	3,683	-	687
NET ASSETS			
Held in Trust for Pension and			
Other Post-Retirement Benefits	\$ 142,424	\$ 1,171	\$ -

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

STATEMENT OF CHANGES IN PLAN NET ASSETS - FIDUCIARY FUNDS

For the Year Ended June 30, 2012

(In Thousands)

	Pension Trust Funds	Other Post- Employment Benefits Fund
Additions		
Contributions:		
Employer	\$ 1,200	\$ 4,410
Employee	635	-
Total contributions	1,835	4,410
Investment income:		
Net appreciation (depreciation) in fair value of investments	(2,370)	9
Interest and dividends	4,191	38
Miscellaneous	11	
Total investment income	1,832	47
Less investment expense	262	
Net investment income	1,570	47
Total additions	3,405	4,457
Deductions		
Benefits	11,357	3,902
Administrative costs	123	516
Total deductions	11,480	4,418
Change in net assets	(8,075)	39
Net Assets		
Beginning of year	150,499	1,132
End of year	\$ 142,424	\$ 1,171

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

CITY OF NEW BRITAIN, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued **June 30, 2012**

Note 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). 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 2011-12 related to the City's participation in TROC. The City has no equity interest in TROC.

CITY OF NEW BRITAIN, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued **June 30, 2012**

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). 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 BRRFOC amounted to \$2,770 this year. The City has no equity interest in BRRFOC.

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 District is not a component unit of the City as it does not have the potential to impose specific financial burdens or benefits to the City. 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.

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, pension and other post-retirement benefits and claims and judgments, are recorded only when payment is due.

Property taxes, when levied for, intergovernmental revenue when eligibility requirements are met, charges for services, licenses and interest associated with the current fiscal period are all considered to be measurable and available 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 major sources of revenue for this fund are property taxes and governmental grants.

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 major sources of revenue for this fund are bond proceeds and governmental grants.

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.

CITY OF NEW BRITAIN, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued **June 30, 2012**

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.

The OPEB Trust Fund accounts for the activities of the Town and Board of Education for other post employment benefits payments to qualified retired employees.

The Agency Funds account for funds held by the City on behalf of students and others.

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.

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. Unrestricted resources are used in the following order: committed, assigned then unassigned.

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.

CITY OF NEW BRITAIN, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued **June 30, 2012**

E. Interfunds

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 noncurrent 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."

F. Property Taxes

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 \$750,000 for property taxes receivable that are deemed to be uncollectible.

G. Allowance for Doubtful Accounts

Accounts and notes receivable, including property taxes receivable, are reported net of allowance for doubtful accounts. The allowance for doubtful accounts represents those accounts which are deemed uncollectible based upon past collection history and management's assessment of creditor's ability to pay.

H. 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.

I. 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 and proprietary fund 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 five 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.

CITY OF NEW BRITAIN, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued June 30, 2012

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	5-10
Infrastructure	10-65

Capital outlay is reported as expenditures and no depreciation expense is reported in the governmental fund financial statements.

J. Compensated Absences

City employees accumulate vacation and sick leave hours for subsequent use or for payment upon termination, death or retirement.

City employees accumulate vacation and sick leave hours for subsequent use or for payment upon termination or retirement. Vacation and sick leave expenses to be paid in future periods are accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in governmental funds only for amounts due, for example, as a result of employee resignations and retirements. The general fund is typically used to liquidate the liability.

K. 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.

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2012

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. Principal payments on debt are recorded as debt service expenditures.

L. Derivative Instruments

The City has entered into two interest rate swap agreements for the primary purposes of investing and for the purpose of hedging interest rates on its outstanding long-term debt. The interest rate swaps have been recorded at fair value. In accordance with Governmental Accounting Standards Board Statement No. 53, "Accounting and Financial Reporting for Derivative Instruments," all activity related to the interest rate swap agreements has been recorded in the financial statements. One interest rate swap is considered an effective hedge and is reported as a deferred outflow on the government-wide financial statements; the other swap is not effective and is recorded as investment income (loss) on the government-wide financial statements.

M. Fund Equity

Equity in the government-wide and proprietary fund financial statements is defined as "net assets" and is classified in the following categories:

Invested in Capital Assets, Net of Related Debt - This component of net assets consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets.

Restricted Net Assets - Net assets are restricted because they are externally imposed by creditors (such as through debt covenants), grantors, contributors or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

Unrestricted Net Assets - This component consists of net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

The equity of the governmental fund financial statements is defined as "fund balance" and is classified in the following categories:

Nonspendable Fund Balance - This represents amounts that cannot be spent because they are not in spendable form, or because they are legally or contractually required to remain intact.

Restricted Fund Balance - Net assets are restricted because they are externally imposed by creditors (such as through debt covenants), grantors, contributors or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

Committed Fund Balance - This represents amounts constrained for a specific purpose by a government using its highest level of decision-making authority (City of New Britain Common Council) in the form of a Resolution. Once adopted, the limitation imposed by the resolution/ordinance remains in place until similar action is taken to remove or revise the limitation.

CITY OF NEW BRITAIN, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued June 30, 2012

Assigned Fund Balance - For all governmental funds other than the General Fund, this represents any remaining positive amounts not classified as nonspendable, restricted or committed. For the General Fund, this includes amounts constrained for the intent to be used for a specific purpose by a governing board or a body or official that has been delegated authority to assign amounts by the City Charter. Under the City's adopted policy, the Director of Finance has the authority to assign amounts for a specific purpose.

Unassigned Fund Balance - This represents fund balance in the General Fund in excess of nonspendable, restricted, committed and assigned fund balance. If another governmental fund has a fund balance deficit, it is reported as a negative amount in unassigned fund balance.

Note 2. Deficit Fund Equity and Overexpended Appropriations

A. Deficit Fund Equity

The following funds have a deficit fund balance/net assets at (in thousands) June 30, 2012:

Major:	Capital Projects Fund	\$	11,532
Nonmajor:	Stanley Quarter Park		349
	Sewer Use		1,819
	BOE State and Federal Grants		1,829
	Police & Youth Grants		22
	New Britain Marketing Collaborative		7
	Local Capital Improvement		365
	Police Explorers		2
	21st Century After School Grant		8
	Exercise the Right Choice II		9
	Bullet Proof Vest Grant		6
	System of Care Grant		6
	Public Safety		304
	Centralized and Distribution Services		235
	Federal Omnibus Grant		66
	CT Health Foundation		1
	STD Control Program		3
	Highway Safety Grant		134
	Assistance to CCSU Police Department		56
	Public Works Grant		1,621
	School Rental Account		119
	Business Outreach Center		52
	Emergency Shelter Grant		45
	Redevelopment Commission		6
	EFSP Program		6
	Neighborhood Stabilization Program		35

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.

CITY OF NEW BRITAIN, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued June 30, 2012

B. Overexpended Appropriations

The legal budget was overexpended during the current year. The following items were over-expended:

Department	Final Budget	Actual	Variance
Public Safety:			
Central Emergency Dispatch	1,547	1,549	(2)
Other Financing Uses:			
Other Financing Uses	381	390	(9)

Note 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 Statute or in amounts not exceeding the Federal Deposit Insurance Corporation insurance limit in an “out of state bank,” as defined by the Statutes, which is not a “qualified public depository.”

The Connecticut General Statutes (Section 7-400) permit municipalities to invest in: 1) obligations of the United States and its agencies, 2) highly rated obligations of any state of the United States or of any political subdivision, authority or agency thereof, and 3) shares or other interests in custodial arrangements or pools maintaining constant net asset values and in highly rated no-load open end money market and mutual funds (with constant or fluctuating net asset values) whose portfolios are limited to obligations of the United States and its agencies, and repurchase agreements fully collateralized by such obligations. Other provisions of the Statutes cover specific municipal funds with particular investment authority. The provisions of the Statutes regarding the investment of municipal pension funds 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.

CITY OF NEW BRITAIN, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued June 30, 2012

Deposits

Deposit Custodial Credit Risk - Custodial credit risk is the risk that, in the event of a bank failure, the City's deposit will not be returned. The City does not have a deposit policy for custodial credit risk. The deposit of public funds is controlled by the Connecticut General Statutes. Deposits may be placed with any qualified public depository that has its main place of business in the State of Connecticut. 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.

Based on the criteria described in GASB Statement No. 40, Deposits and Investment Risk Disclosures, \$36,500 of the City's bank balance of \$52,936 was exposed to custodial credit risk.

Cash Equivalents

At June 30, 2012, the City's cash equivalents amounted to \$450. 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. The pools all have maturities of less than one year.

	Standard & Poor's
State Short-Term Investment Fund (STIF)	AAAm
Financial Investors Trust Portfolio Money Market Fund	AAAm
Cutwater - Cooperative Liquid Assets Securities System (CLASS)	AAAm

Investments

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.

Information about the exposure of the City's debt type investments to interest rate risk using the segmented time distribution model is as follows:

Summary of Investments and Interest Rate Risk	Fair Value	Investment Maturities (Years)				
		N/A	Less Than 1 Year	1-5 Years	5-10 Years	Greater Than More Than 10
Asset and Mortgage Backed	\$ 34,360	\$ -	\$ -	\$ 195	\$ 2,139	\$ 32,026
Other Fixed Income	1,464	2	-	1,462	-	-
Federal agency bond funds	4,077	-	-	3,656	421	-
Treasury Tips	1,741	-	-	474	-	1,267
Corporate bonds/securities	11,949	-	-	3,220	5,816	2,913
Government Bonds	15,217	-	-	3,276	11,122	819
Foreign Bonds	1,931	-	-	930	775	226
Total	\$ 70,739	\$ 2	\$ -	\$ 13,213	\$ 20,273	\$ 37,251

CITY OF NEW BRITAIN, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued

June 30, 2012

Credit risk – investments: Generally, credit risk is the risk that an issuer of a debt-type investment will not fulfill its obligation to the holder of the investment. This is measured by assignment of a rating by a nationally recognized rating organization. U.S. government securities or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk exposure. The following are the actual ratings by Standards and Poors.

Actual Rating	Asset and Mortgage Backed	Other Fixed Income	Federal Agency	Treasury Tips	Corporate Bonds	Gov't. Bonds	Foreign Bonds
AAA	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 108
AA+	-	-	3,656	-	-	69	379
A+	108	-	-	-	340	-	-
A	-	-	421	-	636	-	-
A-	-	-	-	-	1,440	-	-
BBB+	-	-	-	-	1,008	-	-
BBB	-	-	-	-	2,308	-	-
BBB-	-	-	-	-	3,007	-	-
BB+	-	-	-	-	925	-	-
BB	-	39	-	-	368	-	-
BB-	-	-	-	-	829	-	-
B+	-	-	-	-	487	-	-
B	-	-	-	-	316	-	-
B-	-	-	-	-	285	-	-
Unrated	34,252	1,425	-	1,741	-	15,148	1,444
	<u>\$ 34,360</u>	<u>\$ 1,464</u>	<u>\$ 4,077</u>	<u>\$ 1,741</u>	<u>\$ 11,949</u>	<u>\$ 15,217</u>	<u>\$ 1,931</u>

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.

Concentration of Credit Risk - The City has no policy limiting an investment in any one issuer that is in excess of 5% 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. The City does not have a policy for custodial credit risk.

The City had uninsured and unregistered securities held by the counterparty, or by its trust department or agent that were in the City's name.

CITY OF NEW BRITAIN, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2012

Note 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:

	General	Capital Projects	Nonmajor and Other Funds	Business Activities Water Enterprise	Total
Receivables:					
Interest	\$ 9,876	\$ -	\$ -	\$ -	\$ 9,876
Taxes	13,152	-	-	-	13,152
Water	-	-	-	6,793	6,793
Sewer	-	-	4,112	-	4,112
Accounts	2,793	90	1,432	-	4,315
Intergovernmental	2,943	-	4,235	-	7,178
Housing loans	-	-	5,781	-	5,781
Gross receivables	28,764	90	15,560	6,793	22,443
Less allowance for uncollectibles	(4,450)	-	(363)	(441)	(5,254)
Net Total Receivables	<u>\$ 24,314</u>	<u>\$ 90</u>	<u>\$ 15,197</u>	<u>\$ 6,352</u>	<u>\$ 45,953</u>

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 and interest	\$ 4,450
Water receivables	317
Loan receivables	363
Total	<u>\$ 5,130</u>

CITY OF NEW BRITAIN, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2012

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

	Deferred	Unearned
Delinquent property taxes and interest receivable	\$ 17,537	\$ -
Housing loans	5,441	-
School building grants	2,943	-
Grants and other	2,863	-
Sewer user fees	2,985	-
Grant drawdowns prior to meeting all eligibility requirements	-	351
Total	<u>\$ 31,769</u>	<u>\$ 351</u>

Note 5. Capital Assets

Capital asset activity for the year ended June 30, 2012 was as follows:

	Beginning* Balance, as Restated	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 13,395	\$ 22	\$ -	13,417
Construction in progress	75,248	30,921	(4,661)	101,508
Total capital assets, not being depreciated	<u>88,643</u>	<u>30,943</u>	<u>(4,661)</u>	<u>114,925</u>
Capital assets, being depreciated:				
Land improvements	14,053	2,889	-	16,942
Buildings	251,058	1,732	-	252,790
Machinery and equipment	13,576	420	-	13,996
Vehicles	19,008	1,799	(1,186)	19,621
Infrastructure	112,115	2,721	-	114,836
Total capital assets being depreciated	<u>409,810</u>	<u>9,561</u>	<u>(1,186)</u>	<u>418,185</u>
Less accumulated depreciation for:				
Land improvements	11,082	419	-	11,501
Buildings	108,891	4,626	-	113,517
Machinery and equipment	11,238	335	-	11,573
Vehicles	14,115	209	(1,169)	13,155
Infrastructure	65,791	2,296	-	68,087
Total accumulated depreciation	<u>211,117</u>	<u>7,885</u>	<u>(1,169)</u>	<u>217,833</u>
Total capital assets, being depreciated, net	<u>198,693</u>	<u>1,676</u>	<u>(17)</u>	<u>200,352</u>
Governmental activities capital assets, net	<u>\$ 287,336</u>	<u>\$ 32,619</u>	<u>\$ (4,678)</u>	<u>\$ 315,277</u>

CITY OF NEW BRITAIN, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2012

	Beginning Balance	Increases/ Transfers	Decreases	Ending Balance
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 1,977	\$ -	\$ -	\$ 1,977
Construction in progress	-	-	-	-
Total capital assets, not being depreciated	1,977	-	-	1,977
Capital assets, being depreciated:				
Source of supply	7,221	(1,261)	-	5,960
Pumping plant	2,838	(12)	-	2,826
Water treatment plant	2,424	(124)	-	2,300
Filter plant	57,289	18	-	57,307
Machinery and equipment	549	1,500	-	2,049
Transmission and distribution	11,167	10	(47)	11,130
General plant and administrative equipment	5	306	-	311
Total capital assets, being depreciated	81,493	437	(47)	81,883
Less accumulated depreciation for:				
Source of supply	2,500	129	-	2,629
Pumping plant	1,653	51	-	1,704
Water treatment plant	1,765	(1,449)	-	316
Filter plant	7,758	1,146	-	8,904
Machinery and equipment	75	1,452	-	1,527
Transmission and distribution	7,459	230	(47)	7,642
General plant and administrative equipment	5	164	-	169
Total accumulated depreciation	21,215	1,723	(47)	22,891
Total capital assets, being depreciated, net	60,278	(1,286)	-	58,992
Governmental activities capital assets, net	\$ 62,255	\$ (1,286)	\$ -	\$ 60,969

Depreciation expense was charged to functions/programs as follows:

Governmental activities:	
General government	\$ 1,217
Public safety	275
Public works	2,234
Health and social services	10
Parks and recreation	516
Education	3,633
Total depreciation expense – governmental activities	<u>\$ 7,885</u>
Business-type activities:	
Enterprise Fund - water depreciation expense	
business-type activities	<u>\$ 1,723</u>

CITY OF NEW BRITAIN, CONNECTICUT**NOTES TO FINANCIAL STATEMENTS, Continued**
June 30, 2012

Construction Commitments

The City has active construction projects as of June 30, 2012. The following is a summary of capital projects as of June 30, 2012:

Project	Project Authorization	Cumulative Expenditures	Remaining Commitment
Public buildings	\$ 42,350	\$ 30,830	\$ 7,628
Schools	83,820	74,954	6,025
Infrastructure	89,258	61,661	1,851
Parks and recreation	6,125	5,472	17
Other	66,079	11,636	1,821
Total	\$ 287,632	\$ 184,553	\$ 17,342

Note 6. Interfund Receivables, Payables and Transfers

During the course of operations, transactions are processed through one 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, 2012 is as follows:

Receivable Fund	Payable Fund	Amount
General Fund	Internal Service Fund	\$ 3,026
	Nonmajor Fund	8,384
	Fiduciary Funds	86
	BOE State and Federal Grants	5,009
Total		\$ 16,505

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

CITY OF NEW BRITAIN, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2012

Interfund transfers:

	Transfers In		
	General Fund	Nonmajor Funds	Total Transfers
Transfers Out:			
General	\$ -	\$ 56	\$ 56
Nonmajor governmental	996	-	996
Enterprise Funds	10,504	-	10,504
Total	\$ 11,500	\$ 56	\$ 11,556

Other than the transfer in from the Enterprise Fund, all transfers represent routine transactions that occur annually to move resources from one fund to another. The transfer in from the Enterprise Fund represents a transfer of cash related to the obligation that was transferred from the Enterprise Fund to the General Fund.

Note 7. Bond Anticipation Notes

The following bond anticipation notes were outstanding at June 30, 2012:

Description	Fund	Rate	Maturity Date	Beginning Balance	Additions	Reductions	Ending Balance
2011 Bond Anticipation Notes	Capital Projects Fund	1.25%	03/27/2012	\$ 38,235	\$ -	\$ 38,235	\$ -
2012 Bond Anticipation Notes	Capital Projects Fund	2.00%	03/28/2013	-	33,135	-	33,135
				<u>\$ 38,235</u>	<u>\$ 33,135</u>	<u>\$ 38,235</u>	<u>\$ 33,135</u>

CITY OF NEW BRITAIN, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2012

Note 8. Long-Term Debt

A schedule of bond indebtedness as of June 30, 2012 is as follows:

	Interest Rate (%)	Original Issue	Date of Issue	Date of Maturity	Balance Outstanding
Consolidated School District:					
General Obligation Bonds:					
1993 Series A	3.8% - 6.0%	\$ 13,300	02/01/93	10/01/12	\$ 735
1994 Series	4.0% - 5.0%	17,700	02/01/94	02/04/14	1,770
1997 Series	4.4% - 5.1%	13,115	04/15/97	04/15/13	200
2002 Refunding Series	2.0% - 5.0%	1,830	11/04/02	05/01/14	382
2006 Series	5.0% - 4.125%	11,000	04/15/06	04/15/21	6,596
2007 Series	5.0% - 3.75%	6,600	04/05/07	04/15/22	4,400
2008 Series A	2.8% - 5.0%	1,750	04/01/08	04/01/28	1,399
2008 Series B Refunding Bonds	2.8% - 5.0%	12,425	04/01/08	04/01/35	1,385
2009 Series	3.0% - 4.5%	3,975	03/25/09	04/01/24	3,205
2010 Series C	3.0% - 4.0%	1,840	10/28/10	04/01/15	1,090
2012 Series	2.0% - 4.0%	3,136	03/15/12	03/15/27	3,136
Subtotal		<u>86,671</u>			<u>24,298</u>
Public Improvement:					
General Obligation Bonds:					
2002 Refunding Series	2.0% - 5.0%	2,240	11/04/02	05/01/14	468
2005 MERF Pension Bond	4.93%	1,450	06/01/05	06/05/23	1,015
2006 Series	5.0% - 4.125%	6,460	04/15/06	04/15/21	3,874
2007 Series	5.0% - 3.75%	6,975	04/05/07	04/15/22	4,650
2008 Series A	2.8% - 5.0%	11,215	04/01/08	04/01/28	8,966
2008 Series B Refunding Bonds	2.8% - 5.0%	22,584	04/01/08	04/01/35	17,084
2009 Series	3.0% - 4.5%	9,410	03/25/09	04/01/24	7,545
2010 Series A	2.5% - 5.5%	11,715	03/30/10	03/01/25	10,145
2010 Series B	2.8% - 5.8%	35,000	10/28/10	10/01/30	33,250
2012 Series	2.0% - 4.0%	30,879	03/15/12	03/15/27	30,879
Subtotal		<u>137,928</u>			<u>117,876</u>
General Obligation Pension Bonds:					
1998 Series	5.72% - 6.64%	<u>66,000</u>	02/01/98	02/01/26	<u>39,550</u>
General Obligation Pension Bonds:					
2008 Series C Refunding Bonds	6.371%	<u>40,700</u>	05/30/08	02/01/26	<u>40,000</u>
Total Governmental Activities		<u>\$ 331,299</u>			<u>\$ 221,724</u>

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.

CITY OF NEW BRITAIN, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2012

Changes in Long-Term Liabilities

Long-term liability activity for the year ended June 30, 2012 was as follows:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance	Due Within One Year
Governmental activities:						
Bonds payable:						
General obligation bonds	\$ 194,150	\$ 34,015	\$ (16,945)	\$ 10,504	\$ 221,724	\$ 17,610
Less deferred amounts:						
For issuance discounts on refunding	(1,011)	-	100	-	(911)	-
Bond premiums	3,607	426	(251)	-	3,782	-
Total general obligation bonds	196,746	34,441	(17,096)	10,504	224,595	17,610
Notes payable:						
Clean Water notes	3,996	-	(309)	-	3,687	309
Other liabilities:						
OPEB obligation	600	194	-	-	794	-
Compensated absences	6,706	2,491	(1,304)	-	7,893	2,084
Net pension obligation	205	313	-	-	518	-
Risk management	20,804	26,748	(25,997)	-	21,555	3,800
Interest rate swaps	14,462	4,862	-	-	19,324	-
Governmental activity long-term liabilities	\$ 243,519	\$ 69,049	\$ (44,706)	\$ 10,504	\$ 278,366	\$ 23,803
	Beginning Balance	Increases	Decreases	Transfers	Ending Balance	Due Within One Year
Business-Type Activities:						
Bonds payable	\$ 12,930	\$ -	\$ (410)	\$ (10,504)	\$ 2,016	\$ -
Notes payable:						
Clean Water notes	21,406	-	(1,834)	-	19,572	1,834
Compensated absences	223	59	(90)	-	192	85
Business-Type Activities Long-Term Liabilities	\$ 34,559	\$ 59	\$ (2,334)	\$ (10,504)	\$ 21,780	\$ 1,919

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	\$ 244,910	\$ 194,678	\$ 50,232
Schools	489,821	76,575	413,246
Sewer	408,184	16,299	391,885
Urban renewal	353,759	-	353,759
Pension deficit	326,547	-	326,547

The total overall statutory debt limitation for the City is equal to seven times annual receipts from taxation of \$761,943.

CITY OF NEW BRITAIN, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued June 30, 2012

The indebtedness above includes \$109,549 of authorized bonds which were unissued as of June 30, 2012.

Prior Year Defeasements

In the prior year, the City had defeased certain general obligation bonds by place in 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 no included in the City's financial statements. The outstanding balance of the defeased bonds as of June 30, 2012 is \$9,925.

Overlapping Debt

As explained in Note 1, the Mattabassett District has been empowered by the State of Connecticut to issue bonds in its own name. The Mattabassett District has overlapping debt in the amount of \$1,951 as of June 30, 2012.

Annual debt service requirements for G.O. bonds and notes as of June 30, 2012 are as follows (assuming that the liquidity facility agreements with respect to the variable rate Series 2008C Taxable G.O. Variable Rate Demand Bonds are renewed.)

Year Ending June 30,	Principal General Obligation	Principal Clean Water Notes	Interest* General Obligation	Interest Clean Water Notes	Total
2013	\$ 17,610	\$ 309	\$ 10,957	\$ 71	\$ 28,947
2014	15,620	309	10,267	65	26,261
2015	14,710	309	9,550	59	24,628
2016	14,665	309	8,867	52	23,893
2017	15,005	309	8,201	46	23,561
2018-2022	77,660	1,547	29,747	138	109,092
2023-2027	57,195	595	10,721	18	68,529
2028-2032	9,259	-	1,228	-	10,487
	<u>\$ 221,724</u>	<u>\$ 3,687</u>	<u>\$ 89,538</u>	<u>\$ 449</u>	<u>\$ 315,398</u>

* Interest amounts for the 2008 Pension G.O. Bond are calculated using the fixed interest rate of 6.371% under the terms of the SWAP Agreement.

The maturities relating to all bonds and series notes of the business-type activities of the City as of June 30, 2012 are as follows:

Year Ending June 30,	Principal	Interest	Total
2013	\$ 1,834	\$ 688	\$ 2,522
2014	1,834	636	2,470
2015	1,834	579	2,413
2016	1,834	521	2,355
2017	1,834	464	2,298
2018-2022	8,802	1,459	10,261
2023-2027	1,600	533	2,133
2028-2032	-	274	274
2033-2035	2,016	151	2,167
	<u>\$ 21,588</u>	<u>\$ 5,305</u>	<u>\$ 26,893</u>

CITY OF NEW BRITAIN, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued June 30, 2012

Series 2008C Taxable General Obligation Variable Rate Demand Bonds

The City has a \$40,700,000 Series 2008C Taxable General Obligation Variable Rate Demand Bonds (the Bonds) which are remarketed every seven days at a reset interest rate. Liquidity for the Bonds are secured by a direct-pay Letter of Credit issued by JP Morgan Chase Bank, NA which permits for draws for payment of the bonds. Draws made under the Letter of Credit are immediately due and payable by the City. The Letter of Credit was issued in the amount of \$40,000,000 on May 24, 2011 and expires May 27, 2014. The City plans to replace or renew the Letter of Credit prior to the current expiration date. As of June 30, 2012, the Series 2008C outstanding balance was \$40 million, which is included in the table of debt services payments for governmental activities, as maturing through 2026. If the 2008C bonds are mandatorily redeemed, 2014 debt service for G.O. Bond principal will be \$55.6 million, rather than the \$15.6 million as shown in the table above.

The City is required to pay quarterly fees; the fee is calculated at a rate of 0.70% per annum of the daily average amount available to be drawn under the Letter of Credit during that period. The Letter of Credit fees shall be increased by 0.10% per annum for each notch downgrade to the financial strength of the City by Moody's, Fitch or Standard and Poor's.

Interest Rate Swap Agreements (Not Rounded)

Objective - As a means to lower its future borrowing costs, the City has two interest rate swaps each in connection with their general obligation bonds. The intention of the swaps was to effectively change the City's interest rate on the bonds from a variable rate to a synthetic fixed rate. Only one of the interest rate swaps is considered to be an effective cash flow hedge.

Terms - The notional amount of the swaps matches the principal amounts of the associated debt. The City's swap agreements contain scheduled reductions to outstanding notional amounts that are expected to approximately follow anticipated reductions to the associated bond issue's outstanding balance. Under the swaps, the City pays the counterparty a fixed interest rate payment and receives a variable interest rate payment based on the LIBOR rate. Only the net difference in interest payments will be actually exchanged between the parties. No cash was received or paid by the City when the swap transactions were initiated.

Fair Value - The swaps had net negative fair values as of June 30, 2012, as indicated below. The fair value was estimated using live trading data to construct a series of swap rates that is then used to run a present value calculation.

Credit Risk - As of June 30, 2012, the City was not exposed to credit risk in the event the counterparty fails to perform under the agreement because the swaps represent a liability. The credit ratings of the counterparties are indicated below. The City does not require collateral or other security supporting interest rate swaps subject to credit risk.

Basis Risk - The swap does expose the City to basis risk for any difference between the actual variable rate paid to bondholders and the variable rate paid to the City pursuant to the swap agreement because both amounts are calculated under the same formula.

CITY OF NEW BRITAIN, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2012

Termination Risk - The City or the counterparty may terminate the swap if the other party fails to perform under the terms of the contract. If at the time of termination the swap has a negative fair value, the City would be liable to the counterparty for a payment approximately equal to the swap's fair value at that time.

	Pension - Fxd	Pension - CMS
Counterparty	Deutsche Bank AG	Deutsche Bank AG
Bond Issue	2008C	2008C
Original Notional Amount	\$40,000,000	\$40,000,000
Outstanding Notional Amount	\$40,000,000	\$40,000,000
Effective Date	5/1/2008	2/1/2017
Maturity Date	2/1/2026	2/1/2026
Rate Paid	6.37%	100% of 1M LIBOR
Rate Received	1M LIBOR	78% of 10Y LIBOR
Fair Value	\$(18,940,913)	\$(384,154)
Counterparty Credit Rating:		
Moody's Investor Service	A2	A2
Standard & Poor's	A+	A+
Effective	Yes	No

The following is a summary of the changes in fair value of the interest rate swaps for the years ended June 30, 2012 (not rounded):

	Pension - Fxd	Pension - CMS
Fair value at June 1, 2011	\$ (11,899,609)	\$ (1,137,710)
Change in fair value for the year ended June 30, 2012	(7,041,304)	753,556
Fair value at June 30, 2012	\$ (18,940,913)	\$ (384,154)
Deferred outflow	\$ 18,940,913	N/A

CITY OF NEW BRITAIN, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued June 30, 2012

Note 9. 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.

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 \$200 for major medical, and for hospitalization for the contract year July 1, 2011 to June 30, 2012. The City has obtained coverage that insures claims in excess of these amounts. When a claim is submitted, the administrator processes and pays the claims from funds accumulated by the City in an internal service fund. The internal service fund is funded annually by the City's General Fund and the Board of Education based upon information provided by the administrator using an actuarial method to determine such information. The charges by the internal service fund to the City's General Fund are to be adjusted over future contract years so that internal service fund revenues and expenses are approximately equal over such period of time. The City's medical claim liability of approximately \$1,780 is reported in the internal service fund at June 30, 2012, 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.

CITY OF NEW BRITAIN, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued June 30, 2012

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 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 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.

Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNRs).

The changes in the claim reserves for the fiscal years ended June 30, 2012 and 2011, are as follows:

	June 30, 2012			June 30, 2011		
	Medical	Workers' Compensation	General Accident Casualty and Liability	Medical	Workers' Compensation	General Accident Casualty and Liability
Beginning of year claim reserve	\$ 1,543	\$ 17,253	\$ 2,008	\$ 1,765	\$ 17,253	\$ 2,002
Current year incurred claims and changes in prior year estimate	24,730	1,835	183	25,319	1,794	45
Claim payments	(24,493)	(1,400)	(104)	(25,541)	(1,794)	(39)
End of Year Claim Reserve	\$ 1,780	\$ 17,688	\$ 2,087	\$ 1,543	\$ 17,253	\$ 2,008

CITY OF NEW BRITAIN, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued **June 30, 2012**

Note 10. 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 5 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.

CITY OF NEW BRITAIN, CONNECTICUT**NOTES TO FINANCIAL STATEMENTS, Continued**
June 30, 2012

The current rate is 17% of covered payroll. The City's and employee contributions to MERF for the years ended June 30, 2012, 2011 and 2010 are as follows:

Fiscal Year Ended	City Contribution Amount	Employee Contribution Amount	Total Contribution Amount	Total Payroll Covered by the MERF
June 30, 2010	\$ 3,773	\$ 2,385	\$ 6,158	\$ 47,716
June 30, 2011	5,198	2,537	7,735	55,881
June 30, 2012	6,162	2,498	8,660	49,979

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%.

CITY OF NEW BRITAIN, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2012

The financial information of the PERS is as follows:

Statement of Plan Net Assets
June 30, 2012

	Pension Trust Funds		
	Firemen's Pension Fund	Police Benefit Fund	Totals
Assets			
Cash and cash equivalents	\$ 927	\$ 1,013	\$ 1,940
Investments	74,661	69,089	143,750
Accounts receivable	260	157	417
Total assets	75,848	70,259	146,107
Liabilities			
Accounts payable	-	3,648	3,648
Due to other funds	-	35	35
Total liabilities	-	3,683	3,683
Net Assets Held in Trust	\$ 75,848	\$ 66,576	\$ 142,424

Statement of Changes in Plan Net Assets
Year Ended June 30, 2012

	Firemen's Pension Fund	Police Benefit Fund	Total
Additions			
Contributions:			
Employer	\$ 451	\$ 749	\$ 1,200
Employee	329	306	635
Total contributions	780	1,055	1,835
Investment income:			
Net depreciation in fair value of investments	(857)	(1,513)	(2,370)
Interest and dividends	2,237	1,954	4,191
Miscellaneous	2	9	11
	1,382	450	1,832
Less investment expense	148	114	262
	1,234	336	1,570
Total additions	2,014	1,391	3,405
Deductions			
Benefits	5,393	5,964	11,357
Administration	72	51	123
Total deductions	5,465	6,015	11,480
Net decrease	(3,451)	(4,624)	(8,075)
Net Assets Held in Trust			
Beginning of year	79,299	71,200	150,499
End of year	\$ 75,848	\$ 66,576	\$ 142,424

CITY OF NEW BRITAIN, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued

June 30, 2012

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

	Fire	Police
Retirees and beneficiaries currently receiving benefits	166	180
Active members	70	75
Terminated-vested	-	2
	<u>236</u>	<u>257</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, 2012, these required contributions were \$531 and \$1,054 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:

	Fire	Police
Annual required contribution (ARC)	\$ 531	\$ 1,054
Interest on net pension obligation	(100)	15
Adjustment to annual required contribution	87	(13)
Annual pension cost	<u>518</u>	<u>1,056</u>
Contributions made	<u>(450)</u>	<u>(743)</u>
Increase in net pension obligation	68	313
Net pension obligation (asset), beginning of year	<u>(1,333)</u>	<u>205</u>
Net pension obligation (asset), end of year	<u>\$ (1,265)</u>	<u>\$ 518</u>

CITY OF NEW BRITAIN, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2012

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

	Fire	Police
Actuarial Valuation Date	January 1, 2011	January 1, 2011
Actuarial Cost Method	Entry Age Normal	Entry Age Normal
Amortization Method	Level Percentage of Payroll-Closed	Level Percentage of Payroll-Closed
Remaining Amortization Period	25 years	25 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%	3.5%

* Includes inflation at 4%

Trend Information

	Fiscal Year Ended	Annual Pension Cost (APC)	Actual Contribution	Percentage of APC Contributed	Net Pension Obligation (Asset)
<u>Fire Plan</u>	6/30/2010	\$ 455	\$ 211	47%	\$ (1,341)
	6/30/2011	458	450	98%	(1,333)
	6/30/2012	519	450	87%	(1,265)
<u>Police Plan</u>	6/30/2010	\$ 744	\$ 85	11%	\$ 212
	6/30/2011	742	749	101%	205
	6/30/2012	1,056	744	71%	518

Schedule of Funding Progress

	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (b)	Unfunded Actuarial Accrued Liability (UAAL) (c)(b-a)	Covered Payroll (d)	UAAL as a % of Covered Payroll (c/d)
<u>Fire Plan</u>	01/01/2011	\$ 79,711	\$ 79,785	\$ 74	\$ 4,853	1.5%
<u>Police Plan</u>	01/01/2011	\$ 73,662	\$ 80,338	\$ 6,676	\$ 5,866	113.8%

Historical Trend Information – The schedules of funding progress, presented as required supplementary information (RSI) following the notes to the financial statements, present multi-year trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the AALs for benefits.

CITY OF NEW BRITAIN, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued June 30, 2012

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 and retired elected officials with over 20 years service. 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 82 years.

There are 11 retirees, 10 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 \$543. The "pay-as-you-go" plan does not have a net pension obligation as of June 30, 2012.

Trend Information

Fiscal Year Ended	Annual Pension Cost (APC)	Actual Contribution	Percentage of APC Contributed	Net Pension Obligation (Asset)
6/30/2010	\$ 575	\$ 575	100%	N/A
6/30/2011	597	597	100%	N/A
6/30/2012	543	543	100%	N/A

Post Employment Benefits

Summary of Significant Accounting Policies

Basis of Accounting - The financial statements of the City's Other Post Employment Benefit Plan are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. Administrative costs of the plan are paid by the City.

Investments are reported at fair value. Investment income is recognized as earned.

CITY OF NEW BRITAIN, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued June 30, 2012

Plan Description

The City, in accordance with various collective bargaining agreements, provides retiree medical benefits for retired members and covered dependents until death. 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, 2010, plan membership consisted of the following:

Active members	1,759
Retired members	754
Spouses of retired members	122
Total	<u>2,635</u>

Funding Policy

The City currently pays for postemployment health care benefits on a pay-as-you-go basis. As of June 30, 2011, the City has established a trust fund to irrevocably segregate assets to fund the liability associated with the post employment benefits, which is reported as a trust fund in accordance with GASB guidelines. 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%
20-40	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) - Effective July 1, 2008 for pre-65 only, the Board will contribute up to 50% of the cost up to a maximum of \$7,500 per year for three additional years beyond the two year cost-share benefit previously provided. 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.

CITY OF NEW BRITAIN, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued June 30, 2012

NBSSA/AFSA - After eight years of continuous service, two of which in Local 818, retirees shall be offered coverage for the first two years from retirement at the same cost share in effect for active employees (2011-12, 14% Retiree/85% Board). The Board will also pay 50% of the cost up to a maximum \$7,500 per year for the cost of the retiree's benefits for three additional years (pre-65 only).

AFSCME (Local 1186) - 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, 13% 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:

Years of Service	City Pays
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 1, 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 ten years from the date of retirement. Cost sharing is based on years of service at retirement as follows:

Years of Service	City Pays
20+	100%
15-19	80%
5-9	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.

CITY OF NEW BRITAIN, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued June 30, 2012

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 30 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)	\$	4,594
Interest on OPEB obligation		48
Adjustment to annual required contribution		(38)
Annual OPEB cost (expense)		<u>4,604</u>
Contributions made		<u>4,410</u>
Increase in net OPEB obligation		194
Net pension obligation, beginning of year		<u>600</u>
Net pension obligation, end of year	\$	<u><u>794</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 years ended June 30, 2012 is presented below.

Fiscal Year Ended	Annual OPEB COST (AOC)	Actual Contribution	Percentage of AOC Contributed	Net OPEB Obligation (Asset)
6/30/2010	\$ 3,977	\$ 3,438	86.5%	\$ 150
6/30/2011	4,194	3,744	89.2%	600
6/30/2012	4,604	4,410	95.8%	794

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.

CITY OF NEW BRITAIN, CONNECTICUT**NOTES TO FINANCIAL STATEMENTS, Continued**
June 30, 2012**Schedule of Funding Progress**

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
7/1/2010	\$ 974	\$ 48,213	\$ 47,239	2.0%	N/A	N/A

Historical Trend Information – The schedules of funding progress, presented as required supplementary information (RSI) following the notes to the financial statements, present multi-year trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the AALs for benefits.

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, 2010 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions include an 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 amortization method is level percent. The amortization period is 30 years decreasing. The valuation type is closed group. The ultimate inflation rate is 4.70%. 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, 2012, the certified employees of the City contributed \$4,674 to this plan, and the total payroll for certified employees covered by this plan for the year was \$64,473.

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, 2012, the City has recorded, in the General Fund, intergovernmental revenue and education expenditures in the amount of \$13,241 as payments made by the State of Connecticut on behalf of the City.

CITY OF NEW BRITAIN, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued June 30, 2012

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.

Note 11. 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 that would materially affect its financial position. Based upon the advice of the legal counsel, management believes that the ultimate resolution of these matters will not have a material adverse effect on the financial statements of the City.

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time, although the City expects such amounts, if any, to be immaterial.

Note 12. Fund Balance

The components of fund balance for the governmental funds at June 30, 2012 are as follows (in thousands):

	General Fund	Capital Projects Fund	Nonmajor Governmental Funds	Total
Fund balance:				
Nonspendable:				
Inventory	\$ -	\$ -	\$ 245	\$ 245
Trust purposes	-	-	2,645	2,645
Restricted for:				
Education	-	-	834	834
General government	-	-	2,431	2,431
Public safety	-	-	1,957	1,957
Health and welfare	-	-	242	242
Committed to:				
General government	-	-	52	52
Public safety	-	-	124	124
Health and welfare	-	-	194	194
Parks, recreation and libraries	-	-	352	352
Education	-	-	176	176
Assigned to:				
Education	41	-	-	41
Unassigned	12,159	(11,532)	(6,920)	(6,293)
Total Fund Balances	\$ 12,200	\$ (11,532)	\$ 2,332	\$ 3,000

Significant encumbrances at June 30, 2012 are contained in the above table in the assigned categories.

CITY OF NEW BRITAIN, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued June 30, 2012

Note 13. Restatement

The June 30, 2011 government-wide financial statements and the sewer use fund were restated due to an error in recording capital assets and deferred revenues. As a result, for the fiscal year beginning July 1, 2011, the following restatements were made to beginning net assets fund balances for governmental activities and nonmajor governmental funds:

	Net Assets Government- Wide	Fund Balance Sewer Use Fund
Beginning Net Assets/Fund Balance	\$ 112,650	\$ 824
Add: Increase in historical cost	9,629	-
Deduct: Increase in accumulated depreciation	(7,041)	-
Deduct: Deferred revenue	-	(3,071)
Beginning Net Assets/Fund Balance (Deficit), as Restated	<u>\$ 115,238</u>	<u>\$ (2,247)</u>

The effect on previous years' financial statements was not readily determinable.

Note 14. Governmental Accounting Standards Board Statements

The GASB has issued several pronouncements that have effective dates that may impact future financial presentations.

Management has not currently determined what, if any, impact implementation of the following statements may have on the financial statements:

- **GASB Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements***, issued November 2010, will be effective for the City beginning with its year ending June 30, 2013. This Statement is intended to improve financial reporting by addressing issues related to service concession arrangements (SCAs), which are a type of public-private or public-public partnership. Specifically, this Statement improves financial reporting by establishing recognition, measurement, and disclosure requirements SCAs for both transferors and governmental operators, requiring governments to account for and report SCAs in the same manner, which improves the comparability of financial statements. This Statement also improves the decision usefulness of financial reporting by requiring that specific relevant disclosures be made by transferors and governmental operators about SCAs.
- **GASB Statement No. 61, *The Financial Reporting Entity: Omnibus an amendment of GASB Statements No. 14 and No. 34***, issued November 2010, will be effective for the Town beginning with its year ending June 30, 2013. This Statement is intended to improve financial reporting for a governmental financial reporting entity by improving guidance for including, presenting, and disclosing information about component units and equity interest transactions of a financial reporting entity. The amendments to the criteria for including component units allow users of financial statements to better assess the accountability of elected officials by ensuring that the financial reporting entity includes only organizations for which the elected officials are financially

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2012

accountable or that are determined by the government to be misleading to exclude. The amendments to the criteria for blending also improve the focus of a financial reporting entity on the primary government by ensuring that the primary government includes only those component units that are so intertwined with the primary government that they are essentially the same as the primary government, and by clarifying which component units have that characteristic.

- **GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements***, issued January 2011, will be effective for the City beginning with its year ending June 30, 2013. This Statement is intended to enhance the usefulness of the Codification of Governmental Accounting and Financial Reporting Standards by incorporating guidance that previously could only be found in certain FASB and AICPA pronouncements. This Statement incorporates into the GASB's authoritative literature the applicable guidance previously presented in the following pronouncements issued before November 30, 1989: FASB Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the AICPA's Committee on Accounting Procedure. By incorporating and maintaining this guidance in a single source, the GASB believes that GASB 62 reduces the complexity of locating and using authoritative literature needed to prepare state and local government financial reports.
- **GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position***, issued July 2011, will be effective for the City beginning with its year ending June 30, 2013. This Statement is intended to improve financial reporting by providing citizens and other users of state and local government financial reports with information about how past transactions will continue to impact a government's financial statements in the future. This Statement provides a new statement of net position format to report all assets, deferred outflows of resources, liabilities deferred inflows of resources, and net position (which is the net residual amount of the other elements). The Statement requires that deferred outflows of resources and deferred inflows of resources be reported separately from assets and liabilities. This Statement also amends certain provisions of Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*, and related pronouncements to reflect the residual measure in the statement of financial position as net position, rather than net assets.
- **GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities***, was issued March 2012. This Statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. The provisions of this Statement will be effective for the City beginning with its year ending June 30, 2014.
- **GASB Statement No. 66, *Technical Corrections—2012***, was issued in March 2012. *The objective of this Statement is to improve accounting and financial reporting for a governmental financial reporting entity by resolving conflicting guidance that resulted from the issuance of two pronouncements, Statements No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, and No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*.* The provisions of this Statement will be effective for the City beginning with its year ending June 30, 2014.
- **GASB Statement No. 67, *Financial Reporting for Pension Plans an amendment of GASB Statement No. 25***, was issued in June 2012. The objective of this Statement is to improve financial reporting by state and local governmental pension plans. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2012

assessments of accountability and inter-period equity, and creating additional transparency. This Statement replaces the requirements of Statements No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, and No. 50, *Pension Disclosures*, as they relate to pension plans that are administered through trusts or equivalent arrangements (hereafter jointly referred to as trusts) that meet certain criteria. The requirements of Statements 25 and 50 remain applicable to pension plans that are not administered through trusts covered by the scope of this Statement and to defined contribution plans that provide postemployment benefits other than pensions. The provisions of this Statement will be effective for the City beginning with its year ending June 30, 2014.

- **GASB Statement No. 68, *Accounting and Financial Reporting for Pensions, an amendment of GASB Statement No. 27*, was issued in June 2012.** The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and inter-period equity, and creating additional transparency. The provisions of this Statement will be effective for the City beginning with its year ending June 30, 2015.
- **GASB Statement No. 69, *Government Combinations and Disposals of Government Operations***, provides guidance for:
 - Determining whether a specific government combination is a government merger, a government acquisition, or a transfer of operations.
 - Using carrying values (generally, the amounts recognized in the pre-combination financial statements of the combining governments or operations) to measure the assets, deferred outflows of resources, liabilities, and deferred inflows of resources combined in a government merger or transfer of operations.
 - Measuring acquired assets, deferred outflows of resources, liabilities, and deferred inflows of resources based on their acquisition values in a government acquisition.
 - Reporting the disposal of government operations that have been transferred or sold.

The requirements of this Statement are effective for periods beginning after December 15, 2013, and should be applied on a prospective basis.

**Required Supplementary
Information**

**SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES - BUDGET AND ACTUAL -
(NON-GAAP BUDGETARY BASIS)
For the Year Ended June 30, 2012
(In Thousands)**

	Budgeted Amounts		Actual	Variance With
	Original	Final	Budgetary	Final Budget
			Basis	Positive
				(Negative)
PROPERTY TAXES				
General property taxes	\$ 106,924	\$ 107,040	\$ 108,082	\$ 1,042
Interest and liens	2,000	1,929	1,929	-
Total property taxes	108,924	108,969	110,011	1,042
INTERGOVERNMENTAL REVENUES (STATE)				
State Education for the Blind	81	60	60	-
H.E.W. Private Schools	73	93	93	-
Special School Transportation	174	220	220	-
Elementary & Secondary Transportation	1,490	1,394	1,394	-
Special Education	3,512	3,761	3,761	-
Education Equalization	72,451	72,338	72,338	-
State Infraction Distribution	23	30	30	-
Principal Subsidy	2,676	2,631	2,631	-
Interest Subsidy	943	943	943	-
DCA Tax Abatements	30	33	33	-
Town Aid Road Fund	382	386	386	-
Veterans Exemption Reimbursement	29	29	29	-
Tax Relief for the Elderly	441	444	444	-
State Property Tax Relief	3,199	3,200	3,200	-
Telephone Access Line Tax Relief	135	145	145	-
Municipal Video Competition Grant	18	14	14	-
Civil Defense	25	-	-	-
Off-Track Betting	175	214	214	-
State PILOT Hospital Colleges	2,399	2,399	2,399	-
State PILOT Model Housing	-	217	217	-
Manufacturers in Distress	212	162	162	-
Municipal Revenue Sharing	259	803	803	-
Bingo	1	1	1	-
Disability Exemption	14	9	9	-
Manufacturing Equipment Tax Reimbursement	1,182	1,182	1,182	-
Legalized Gaming Distribution	2,256	2,312	2,312	-
Boat License	11	-	-	-
Total intergovernmental revenues (State)	92,191	93,020	93,020	-

(Continued)

REVENUES BY CLASSIFICATION - BUDGET AND ACTUAL (BUDGET BASIS), Continued

GENERAL FUND

For the Year Ended June 30, 2012

(In Thousands)

	Budgeted Amounts		Actual	Variance With
	Original	Final	Budgetary	Final Budget
			Basis	Positive
				(Negative)
LICENSES AND PERMITS				
Building Structures and Equipment	695	1,208	917	(291)
Protection	105	176	176	-
Health	56	65	65	-
Finance	18	10	10	-
Planning and Zoning	11	8	8	-
Total license and permits	885	1,467	1,176	(291)
CHARGES FOR SERVICES				
City Hall Commissions Rent	96	97	97	-
Town Clerk	1,298	1,032	1,040	8
Recreation	809	1,064	1,064	-
Public Safety	1,067	1,441	1,441	-
Parking	2,415	2,147	2,147	-
Health	40	25	25	-
Sanitation and Fleet	2,237	2,555	2,555	-
Assessor	3	1	1	-
Senior Center	78	59	59	-
Water Overhead	263	263	263	-
Telecommunications	18	2	2	-
Capital Projects	177	501	501	-
Corporate Counsel	6	13	13	-
Evictions	-	5	5	-
Probate	51	46	46	-
Total charges for services	8,558	9,251	9,259	8
Total licenses, permits and charges for services	9,443	10,718	10,435	(283)
OTHER REVENUE				
Investment Income	100	40	37	(3)
Miscellaneous	-	211	211	-
Sale of Estate Property	5,020	1,825	1,825	-
Board of Education	230	109	109	-
Sale of Equipment	-	95	95	-
Hybrid Bus Lease	18	18	18	-
BAN/Bond Prem.	-	426	426	-
Grants and Contributions	-	20	20	-
Total other revenue	5,368	2,744	2,741	(3)
Total revenues	215,926	215,451	216,207	756

(Continued)

REVENUES BY CLASSIFICATION - BUDGET AND ACTUAL (BUDGET BASIS), Continued

GENERAL FUND

For the Year Ended June 30, 2012

(In Thousands)

	Budgeted Amounts		Actual Budgetary Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
OTHER FINANCING SOURCES				
Transfers in	1,096	11,506	11,506	-
Total budgeted revenues and transfers	\$ 217,022	\$ 226,957	227,713	\$ 756

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.

13,241

Underliquidation of prior year encumbrances is recorded as miscellaneous revenue for budgetary reporting. This amount is excluded for financial reporting purposes.

196

GASB 54 Activity of Certain Special Revenue Funds now consolidated into the General Fund

619

Total revenues and other financing sources as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds Exhibit IV

\$ 241,769

See Note to Required Supplementary Information.

**SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES - BUDGET AND ACTUAL -
(NON-GAAP BUDGETARY BASIS)
For the Year Ended June 30, 2012**

	Budgeted Amount		Actual	Variance With
	Original	Final	Budgetary	Final Budget
			Basis	Positive
				(Negative)
GENERAL GOVERNMENT				
Legislative	\$ 127	\$ 149	\$ 149	\$ -
Boards and Commissions	32	19	19	-
Judicial	115	114	114	-
Elections	497	428	428	-
Mayor's Office	360	383	383	-
Planning and Zoning	197	220	221	(1)
Finance	3,214	2,335	2,335	-
Recording and Reporting	503	486	487	(1)
Legal	1,035	938	938	-
Central Services	30	27	27	-
Total general government	6,110	5,099	5,101	(2)
PUBLIC SAFETY				
Police	14,236	13,941	13,941	-
Fire	11,976	11,364	11,364	-
Lighting	825	768	768	-
Building	551	508	508	-
Civil Preparedness	114	106	106	-
Central Emergency Dispatch	1,591	1,547	1,549	(2)
Total public safety	29,293	28,234	28,236	(2)
PUBLIC WORKS				
Administration	358	347	347	-
Street Services	3,368	2,958	2,958	-
Public Buildings	2,586	2,323	2,323	-
Capital Project	625	602	602	-
Signals and Control	202	185	185	-
Waste Disposal	5,659	5,092	5,092	-
Total public works	12,798	11,507	11,507	-
PARKS AND RECREATION				
Administration	384	410	410	-
Forestry	195	196	196	-
Horticulture	277	266	266	-
Maintenance	2,246	2,131	2,131	-
Special Projects	10	3	3	-
Recreation Department	1,039	998	998	-
Willow Brook Sports Complex	-	-	-	-
City Supported Agencies	3,294	3,184	3,184	-
Cultural Organizations	31	32	32	-
Total parks and recreation	7,476	7,220	7,220	-

(Continued)

**SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES - BUDGET AND ACTUAL -
(NON-GAAP BUDGETARY BASIS), Continued
For the Year Ended June 30, 2012**

	Budgeted Amount		Actual	Variance With
	Original	Final	Budgetary	Final Budget
			Basis	Positive
				(Negative)
HEALTH AND SOCIAL SERVICES				
Rights and Opportunities Commission	87	80	80	-
Civil Service Commission	200	172	172	-
Nursing	333	318	311	7
Environmental Control	282	190	190	-
Administration	170	174	174	-
Social Services	10	5	5	-
Senior Center	481	452	452	-
Handicap Services	92	78	78	-
Veterans Services	53	68	68	-
Total health and social services	1,708	1,537	1,530	7
GENERAL ADMINISTRATION				
Pension Contribution	5,951	5,762	5,762	-
Contingency	538	447	447	-
Municipal and Health Insurance	13,235	19,471	19,466	5
Total general administration	19,724	25,680	25,675	5
EDUCATION	119,223	119,032	119,033	(1)
DEBT SERVICE	30,047	28,268	28,640	(372)
Total expenditures	226,379	226,577	226,942	(365)
OTHER FINANCING USES				
Transfers out:				
Dog Fund	114	108	117	(9)
Capital Nonrecurring	-	50	50	-
System of care grant	43	43	43	-
YSB Care Unit	219	180	180	-
Other	(9,733)	-	-	-
Total other financing uses	(9,357)	381	390	(9)
Total expenditures and other financing uses	\$ 217,022	\$ 226,958	\$ 227,332	\$ (374)

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.

13,241

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 financing reporting purposes.

432

GASB 54 Activity of Certain Special Revenue Funds now consolidated into the General Fund

611

Total Expenditures and Other Financing Uses as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds - Exhibit IV

\$ 241,616

See Note to Required Supplementary Information.

REQUIRED SUPPLEMENTARY INFORMATION
PENSIONS AND OTHER POST RETIREMENT BENEFITS
SCHEDULE OF FUNDING PROGRESS
June 30, 2012
(In Thousands)

Schedule of Funding Progress

<i>City of New Britain Fire Plan</i>						
Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL	Covered Payroll	UAAL as a % of Covered Payroll	
01/01/2007	\$ 83,474	\$ 74,781	(8,693)	\$ 5,698	(152.6)%	
01/01/2009	82,462	78,501	(3,961)	4,971	(79.7)%	
01/01/2011	79,711	79,785	74	4,853	1.5%	

<i>City of New Britain Police Plan</i>						
Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL	Covered Payroll	UAAL as a % of Covered Payroll	
01/01/2007	\$ 83,762	\$ 74,590	(9,172)	\$ 6,356	(144.3)%	
01/01/2009	79,361	80,340	979	5,829	16.8%	
01/01/2011	73,662	80,338	6,676	5,866	113.8%	

<i>Single-Employer Defined Benefit Pension Plan</i>							
Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL	Funded Ratio	Covered Payroll	UAAL as a % of Covered Payroll	
04/30/1996	\$ -	\$ 13,516	13,516	0.0%	N/A	N/A	
06/30/1997	-	12,270	12,270	0.0%	N/A	N/A	
06/30/2000*	-	10,618	10,618	0.0%	N/A	N/A	

<i>OPEB</i>							
Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll	
7/1/2006	\$ -	\$ 42,853	\$ 42,853	0.0%	N/A	N/A	
7/1/2008	-	41,258	41,258	0.0%	N/A	N/A	
7/1/2010	974	48,213	47,239	2.0%	N/A	N/A	

REQUIRED SUPPLEMENTARY INFORMATION
PENSIONS AND OTHER POST RETIREMENT BENEFITS
SCHEDULE OF ANNUAL REQUIRED CONTRIBUTIONS
June 30, 2012
(In Thousands)

<i>Fire Plan</i>		
Fiscal Year Ended	Annual Required Contributions	Percentage Contributed
6/30/2007	\$ 433	174%
6/30/2008	211	101%
6/30/2009	211	101%
6/30/2010	450	46%
6/30/2011	450	100%
6/30/2012	531	85%

<i>Police Plan</i>		
Fiscal Year Ended	Annual Required Contributions	Percentage Contributed
6/30/2007	\$ 394	107%
6/30/2008	85	101%
6/30/2009	85	101%
6/30/2010	743	11%
6/30/2011	743	101%
6/30/2012	1,054	71%

<i>Single-Employer Defined Benefit Plan</i>		
Fiscal Year Ended	Annual Required Contributions	Percentage Contributed
6/30/2007	\$ 787	100%
6/30/2008	738	100%
6/30/2009	751	100%
6/30/2010	575	100%
6/30/2011	597	100%
6/30/2012	543	100%

<i>OPEB</i>		
Fiscal Year Ended	Annual Required Contributions	Percentage Contributed
6/30/12	\$ 4,594	95.79%
6/30/11	4,191	89.33%
6/30/10	3,983	86.47%

CITY OF NEW BRITAIN, CONNECTICUT

REQUIRED SUPPLEMENTARY INFORMATION NOTES TO REQUIRED SUPPLEMENTARY INFORMATION June 30, 2012

Note 1. 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.

An additional \$9,932 was appropriated from unanticipated revenues during the fiscal year.

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 assignments 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 are included in either restricted, committed or assigned fund balance depending on their level of restriction and do not constitute expenditures or liabilities because the commitments will be re-appropriated and honored during the subsequent year.

**Combining Fund Statements
and Other 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.

SCHEDULE OF PROPERTY TAXES LEVIED, COLLECTED AND OUTSTANDING

For the Year Ended June 30, 2012

(In Thousands)

Grand List Year	Mill Rate	Balance Uncollected July 1, 2011	Lawful Corrections		Transfers to Suspense	Adjusted Taxes	Taxes	Collections Interest	Lien fees	Total	Balance Uncollected June 30, 2012
			Additions	Deletions							
2010		\$ 107,993	\$ 298	\$ 709	\$ -	\$ 107,582	\$ 103,302	\$ 601	\$ 9	\$ 103,912	4,280
2009	36.63	4,419	8	36	-	4,391	2,386	567	12	2,965	2,005
2008	34.98	1,961	8	19	-	1,950	755	295	24	1,074	1,195
2007	34.98	1,074	-	3	-	1,071	301	160	14	475	770
2006	45.89	814	-	3	-	811	91	63	9	163	720
2005	45.88	651	-	1	-	650	37	71	8	116	613
2004	45.89	508	-	-	-	508	12	13	3	28	496
2003	46.90	324	-	2	-	322	8	11	2	21	314
2002	46.93	397	-	1	-	396	6	9	3	18	390
2001	54.76	460	-	-	-	460	5	7	2	14	455
2000	50.88	440	-	-	-	440	3	6	1	10	437
1999	49.98	396	-	-	-	396	3	8	2	13	393
1998	49.42	361	-	-	-	361	4	8	2	14	357
1997	49.48	338	-	-	-	338	2	5	1	8	336
1996	49.58	342	-	-	-	342	2	7	1	10	340
		<u>\$ 120,478</u>	<u>\$ 314</u>	<u>\$ 774</u>	<u>\$ -</u>	<u>\$ 120,018</u>	<u>\$ 106,917</u>	<u>\$ 1,831</u>	<u>\$ 93</u>	<u>\$ 108,841</u>	<u>\$ 13,101</u>

Property taxes receivable considered available:

June 30, 2011

(789)

June 30, 2012

1,042

Total Collections

\$ 109,094

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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 committed or 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
Park Security and Policing	Rental fees	To pay for a park security guard
Cemetery	Lot sales, interments, trust income	Fairview Cemetery operations
Sewer Use	User fees and investment earnings	Operation of the sewer systems
Police and Youth Grants	State and Federal Grants	Police and youth programs
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
Retiree Plan Reimbursement	State grant	Preventing the spread of the West Nile Virus
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
Preventative Health Block Grant	State grant	To create awareness of health issues in high school students
Parks & Recreation Special Projects	Various funding sources	To perform tasks for other City departments and agencies
21 st Century 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
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
Property Management	Rental income	To maintain foreclosed properties that have been acquired by the City.
Public Safety Grants	Capital Region Council of Governments	Maintenance of public safety 911 system
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
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
CT Health Foundation	Federal and State grants	Funds are for the purpose of developing a children's mental health plan in the City utilizing a Community Planning Team.
STD Control Program	State grant	STD prevention education and testing
Recreation Donation	Donations from local businesses	Fund various youth activities and scholarship awards

Fund	Funding Source	Function
Recreation Amusement	Rental of recreation equipment	For the maintenance and purchase of new equipment
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
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
Assistance to CCSU Police Dept.	Various funding sources	To assist the CCSU police department
Asthma Initiative Grant	State grant	To provide awareness on asthma
ARRA Paving Program	Federal grant	Pave portions of Corbin Avenue, Ellis Street, Stanley Street and East Street
Public Works Grants	State and Federal Grants	Perform various street and sidewalk improvements throughout the City
Fireworks Fund	Donations	Provide citizens with annual Fourth of July celebration
Youth Service Bureau Program Activity	Donations	Youth Service Bureau and Community Services
School Lunch Program	Federal, State and Local	School lunch programs
School Rental Account	Rental fees	Rental of school facilities
High School Athletic	Gate receipts	Purchase athletic equipment and supplies
Adult Education	Federal, State and local	Educational programs for adult residents
Summer School Music	Various funding sources	Summer school music program
Community and Neighborhood Development	State grant	Provide community and neighborhood development
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 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
Neighborhood Stabilization Program	Federal grant	Acquisition and rehabilitation of foreclosed property
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
BOE State and Federal Grants	State and Federal Grants	To account for educational grant programs funded by state and federal government and other local agencies.

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2012 and 2011
(In Thousands)

	Special Revenue Funds							
	Stanely Quarter Park	Park Security and Policing	Cemetery	Sewer Use	Police & Youth Grants	New Britain Marketing Collaborative	Local Capital Improvement	Retiree Plan Reimbursement
ASSETS								
Cash and cash equivalents	\$ 209	\$ 124	\$ 21	\$ -	\$ -	\$ -	\$ -	\$ 50
Investments	-	-	948	-	-	-	-	-
Accounts receivable	8	-	6	4,112	-	-	359	-
Loans receivable	-	-	-	-	-	-	-	-
Due from other governments	-	-	-	-	-	-	-	-
Inventory	-	-	-	-	-	-	-	-
Total assets	\$ 217	\$ 124	\$ 975	\$ 4,112	\$ -	\$ -	\$ 359	\$ 50
LIABILITIES AND FUND BALANCES (DEFICITS)								
Liabilities:								
Accounts payable	\$ 142	\$ -	\$ 8	\$ 37	\$ -	\$ -	\$ 356	\$ -
Due to other funds	424	-	828	2,909	22	7	368	-
Deferred revenue	-	-	-	2,985	-	-	-	-
Unearned revenue	-	-	-	-	-	-	-	-
Total liabilities	566	-	836	5,931	22	7	724	-
Fund Balances (Deficits):								
Nonspendable	-	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	-	50
Committed	-	124	139	-	-	-	-	-
Unassigned	(349)	-	-	(1,819)	(22)	(7)	(365)	-
Total fund balances (deficits)	(349)	124	139	(1,819)	(22)	(7)	(365)	50
Total liabilities and fund balances (deficits)	\$ 217	\$ 124	\$ 975	\$ 4,112	\$ -	\$ -	\$ 359	\$ 50

(Continued)

COMBINING BALANCE SHEET, Continued
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2012 and 2011
(In Thousands)

	Special Revenue Funds								
	Lead Poisoning Prevention	American Savings Grant	FEMA Grant	Police Explorers	Martin Luther King Brick Sale	Preventative Health Block Grant	Parks & Recreation Special Projects	21st Century After School Grant	Exercise the Right Choice
ASSETS									
Cash and cash equivalents	\$ 1	\$ 14	\$ -	\$ -	\$ 5	\$ 20	\$ 3	\$ -	\$ 20
Investments	-	-	-	-	-	-	-	-	-
Accounts receivable	-	-	-	-	-	-	-	-	-
Loans receivable	-	-	-	-	-	-	-	-	-
Due from other governments	-	-	-	-	-	-	-	-	-
Inventory	-	-	-	-	-	-	-	-	-
Total assets	\$ 1	\$ 14	\$ -	\$ -	\$ 5	\$ 20	\$ 3	\$ -	\$ 20
LIABILITIES AND FUND BALANCES									
(DEFICITS)									
Liabilities:									
Accounts payable	\$ -	\$ 1	\$ -	\$ -	\$ -	\$ 7	\$ -	\$ -	\$ 13
Due to other funds	-	-	-	2	-	-	-	8	-
Deferred revenue	-	-	-	-	-	-	-	-	-
Unearned revenue	-	-	-	-	-	-	-	-	-
Total liabilities	-	1	-	2	-	7	-	8	13
Fund Balances (Deficits):									
Nonspendable	-	-	-	-	-	-	-	-	-
Restricted	1	13	-	-	-	13	-	-	7
Committed	-	-	-	-	5	-	3	-	-
Unassigned	-	-	-	(2)	-	-	-	(8)	-
Total fund balances (deficits)	1	13	-	(2)	5	13	3	(8)	7
Total liabilities and fund balances (deficits)	\$ 1	\$ 14	\$ -	\$ -	\$ 5	\$ 20	\$ 3	\$ -	\$ 20

(Continued)

COMBINING BALANCE SHEET, Continued
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2012 and 2011
(In Thousands)

	Special Revenue Funds								
	Exercise the Right Choice II	Immunization Action Plan	Bullet Proof Vest Grant	Bioterrorism Grant	System of Care Grant	Historical Records Preservation	21st Century Grant	American Legion Baseball	Property Management
ASSETS									
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ 48	\$ -	\$ 98	\$ 134	\$ 1	\$ 5
Investments	-	-	-	-	-	-	-	-	-
Accounts receivable	-	-	-	-	-	-	-	-	-
Loans receivable	-	-	-	-	-	-	-	-	-
Due from other governments	-	22	-	-	-	-	-	-	-
Inventory	-	-	-	-	-	-	-	-	-
Total assets	\$ -	\$ 22	\$ -	\$ 48	\$ -	\$ 98	\$ 134	\$ 1	\$ 5
LIABILITIES AND FUND BALANCES (DEFICITS)									
Liabilities:									
Accounts payable	\$ 1	\$ -	\$ -	\$ 9	\$ 2	\$ 11	\$ 1	\$ -	\$ -
Due to other funds	8	19	6	-	4	-	-	-	-
Deferred revenue	-	-	-	-	-	-	-	-	-
Unearned revenue	-	-	-	-	-	-	-	-	-
Total liabilities	9	19	6	9	6	11	1	-	-
Fund Balances (Deficits):									
Nonspendable	-	-	-	-	-	-	-	-	-
Restricted	-	3	-	39	-	87	133	1	5
Committed	-	-	-	-	-	-	-	-	-
Unassigned	(9)	-	(6)	-	(6)	-	-	-	-
Total fund balances (deficits)	(9)	3	(6)	39	(6)	87	133	1	5
Total liabilities and fund balances (deficits)	\$ -	\$ 22	\$ -	\$ 48	\$ -	\$ 98	\$ 134	\$ 1	\$ 5

(Continued)

COMBINING BALANCE SHEET, Continued
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2012 and 2011
(In Thousands)

	Special Revenue Funds							
	Public Safety	Centralized and Distribution Services	Conversation on Race	Victim Services Coordinator Grant	Federal Omnibus Appropriation	CT Health Foundation	STD Control Program	Recreation Donation
ASSETS								
Cash and cash equivalents	\$ -	\$ -	\$ 6	\$ 114	\$ -	\$ -	\$ -	\$ 310
Investments	-	-	-	-	-	-	-	-
Accounts receivable	-	-	-	-	-	-	-	-
Loans receivable	-	-	-	-	-	-	-	-
Due from other governments	-	-	-	-	-	-	-	-
Inventory	-	-	-	-	-	-	-	-
Total assets	\$ -	\$ -	\$ 6	\$ 114	\$ -	\$ -	\$ -	\$ 310
LIABILITIES AND FUND BALANCES								
(DEFICITS)								
Liabilities:								
Accounts payable	\$ 9	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1
Due to other funds	295	235	-	-	66	1	3	-
Deferred revenue	-	-	-	-	-	-	-	-
Unearned revenue	-	-	-	-	-	-	-	-
Total liabilities	304	235	-	-	66	1	3	1
Fund Balances (Deficits):								
Nonspendable	-	-	-	-	-	-	-	-
Restricted	-	-	-	114	-	-	-	-
Committed	-	-	6	-	-	-	-	309
Unassigned	(304)	(235)	-	-	(66)	(1)	(3)	-
Total fund balances (deficits)	(304)	(235)	6	114	(66)	(1)	(3)	309
Total liabilities and fund balances (deficits)	\$ -	\$ -	\$ 6	\$ 114	\$ -	\$ -	\$ -	\$ 310

(Continued)

COMBINING BALANCE SHEET, Continued

NONMAJOR GOVERNMENTAL FUNDS

June 30, 2012 and 2011

(In Thousands)

Special Revenue Funds											
	Recreation Amusement	Mayor's Golf Tournament	Health Per Capita	Highway Safety Grant	Drug Investigation	Senior Citizens Center	Mobile Data Communication	Pulmonary Screening	Housing Inspectors DMD		
ASSETS											
Cash and cash equivalents	\$ 15	\$ -	\$ 98	\$ -	\$ 940	\$ 29	\$ 1,056	\$ 123	\$ -		
Investments	-	-	-	-	-	-	-	-	-		
Accounts receivable	-	-	-	-	-	-	-	3	-		
Loans receivable	-	-	-	-	-	-	-	-	-		
Due from other governments	-	-	-	-	-	-	-	-	-		
Inventory	-	-	-	-	-	-	-	-	-		
Total assets	\$ 15	\$ -	\$ 98	\$ -	\$ 940	\$ 29	\$ 1,056	\$ 126	\$ -		
LIABILITIES AND FUND BALANCES (DEFICITS)											
Liabilities:											
Accounts payable	\$ -	\$ -	\$ 2	\$ 1	\$ 39	\$ 1	\$ -	\$ -	\$ -		
Due to other funds	-	-	-	133	-	-	-	-	-		
Deferred revenue	-	-	-	-	-	-	-	-	-		
Unearned revenue	-	-	-	-	-	-	-	-	-		
Total liabilities	-	-	2	134	39	1	-	-	-		
Fund Balances (Deficits):											
Nonspendable	-	-	-	-	-	-	-	-	-		
Restricted	-	-	96	-	901	-	1,056	126	-		
Committed	15	-	-	-	-	28	-	-	-		
Unassigned	-	-	-	(134)	-	-	-	-	-		
Total fund balances (deficits)	15	-	96	(134)	901	28	1,056	126	-		
Total liabilities and fund balances (deficits)	\$ 15	\$ -	\$ 98	\$ -	\$ 940	\$ 29	\$ 1,056	\$ 126	\$ -		

(Continued)

COMBINING BALANCE SHEET, Continued

NONMAJOR GOVERNMENTAL FUNDS

June 30, 2012 and 2011

(In Thousands)

	Special Revenue Funds									
	Mayor's Fun Day	Assistance to CCSU Police Department	Asthma Initiative Grant	ARRA Paving Program	Public Works Grants	Fireworks Fund	YSB Activity Fund	School Lunch Program	School Rental Account	
ASSETS										
Cash and cash equivalents	\$ -	\$ -	\$ 22	\$ -	\$ -	\$ 19	\$ 5	\$ 517	\$ 190	
Investments	-	-	-	-	-	-	-	-	-	
Accounts receivable	-	-	-	195	291	-	-	-	-	
Loans receivable	-	-	-	-	-	-	-	-	-	
Due from other governments	-	-	-	-	-	-	-	834	-	
Inventory	-	-	-	-	-	-	-	245	-	
Total assets	\$ -	\$ -	\$ 22	\$ 195	\$ 291	\$ 19	\$ 5	\$ 1,596	\$ 190	
LIABILITIES AND FUND BALANCES (DEFICITS)										
Liabilities:										
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 319	\$ -	\$ -	\$ 332	\$ -	
Due to other funds	-	56	-	195	1,593	-	-	-	309	
Deferred revenue	-	-	-	-	-	-	-	-	-	
Unearned revenue	-	-	-	-	-	-	-	-	-	
Total liabilities	-	56	-	195	1,912	-	-	332	309	
Fund Balances (Deficits):										
Nonspendable	-	-	-	-	-	-	-	245	-	
Restricted	-	-	-	-	-	-	-	834	-	
Committed	-	-	22	-	-	19	5	-	-	
Unassigned	-	(56)	-	-	(1,621)	-	-	185	(119)	
Total fund balances (deficits)	-	(56)	22	-	(1,621)	19	5	1,264	(119)	
Total liabilities and fund balances (deficits)	\$ -	\$ -	\$ 22	\$ 195	\$ 291	\$ 19	\$ 5	\$ 1,596	\$ 190	

(Continued)

COMBINING BALANCE SHEET, Continued
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2012 and 2011
(In Thousands)

	Special Revenue Funds									
	High School Athletic	Adult Education	Summer School Music	Community and Neighborhood Development	Business Outreach	Emergency Shelter Grant	Community Development Block Grant	HOME Project	Lead Grant	
ASSETS										
Cash and cash equivalents	\$ 81	\$ 52	\$ 43	\$ 23	\$ 31	\$ -	\$ 1,202	\$ 137	\$ 335	
Investments	-	-	-	-	-	-	-	-	-	
Accounts receivable	-	-	-	-	-	18	479	23	3	
Loans receivable	-	-	-	-	-	-	1,399	2,722	1,297	
Due from other governments	-	-	-	-	-	-	-	-	-	
Inventory	-	-	-	-	-	-	-	-	-	
Total assets	\$ 81	\$ 52	\$ 43	\$ 23	\$ 31	\$ 18	\$ 3,080	\$ 2,882	\$ 1,635	
LIABILITIES AND FUND BALANCES (DEFICITS)										
Liabilities:										
Accounts payable	\$ -	\$ -	\$ -	\$ 23	\$ -	\$ 41	\$ 164	\$ 2	\$ -	
Due to other funds	-	-	-	-	83	22	465	-	12	
Deferred revenue	-	-	-	-	-	-	1,399	2,752	1,290	
Unearned revenue	-	-	-	-	-	-	24	22	-	
Total liabilities	-	-	-	23	83	63	2,052	2,776	1,302	
Fund Balances (Deficits):										
Nonspendable	-	-	-	-	-	-	-	-	-	
Restricted	-	-	-	-	-	-	1,028	106	333	
Committed	81	52	43	-	-	-	-	-	-	
Unassigned	-	-	-	-	(52)	(45)	-	-	-	
Total fund balances (deficits)	81	52	43	-	(52)	(45)	1,028	106	333	
Total liabilities and fund balances (deficits)	\$ 81	\$ 52	\$ 43	\$ 23	\$ 31	\$ 18	\$ 3,080	\$ 2,882	\$ 1,635	

(Continued)

COMBINING BALANCE SHEET, Continued
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2012 and 2011
(In Thousands)

	Special Revenue Funds									Darius Miller Walnut Hill
	State Home Programs	CHFA Broad Street Demolition	Redevelopment Commission	Brownfield Pilot	Rental	EFSP Program	Neighborhood Stabilization Program	C.B. Erwin Walnut Hill Park		
ASSETS										
Cash and cash equivalents	\$ -	\$ 110	\$ 6	\$ 4	\$ 47	\$ 8	\$ 262	\$ 5	\$ 141	
Investments	-	-	-	-	-	-	-	275	941	
Accounts receivable	47	-	-	-	-	-	-	-	-	
Loans receivable	-	-	-	-	-	-	-	-	-	
Due from other governments	-	-	-	-	-	-	-	-	-	
Inventory	-	-	-	-	-	-	-	-	-	
Total assets	\$ 47	\$ 110	\$ 6	\$ 4	\$ 47	\$ 8	\$ 262	\$ 280	\$ 1,082	
LIABILITIES AND FUND BALANCES (DEFICITS)										
Liabilities:										
Accounts payable	\$ -	\$ -	\$ 12	\$ -	\$ -	\$ -	\$ 12	\$ -	\$ -	
Due to other funds	-	12	-	-	-	14	285	-	-	
Deferred revenue	-	-	-	-	-	-	-	-	-	
Unearned revenue	-	-	-	-	-	-	-	-	-	
Total liabilities	-	12	12	-	-	14	297	-	-	
Fund Balances (Deficits):										
Nonspendable	-	-	-	-	-	-	-	-	1,006	
Restricted	47	98	-	4	-	-	-	280	76	
Committed	-	-	-	-	47	-	-	-	-	
Unassigned	-	-	(6)	-	-	(6)	(35)	-	-	
Total fund balances (deficits)	47	98	(6)	4	47	(6)	(35)	280	1,082	
Total liabilities and fund balances (deficits)	\$ 47	\$ 110	\$ 6	\$ 4	\$ 47	\$ 8	\$ 262	\$ 280	\$ 1,082	

(Continued)

COMBINING BALANCE SHEET, Continued
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2012 and 2011
(In Thousands)

	Special Revenue Funds				Total Nonmajor Governmental Funds
	C.B. Stanley Walnut Hill	Parks and Recreation	Darius Miller F/B/O Fairview Cemetery	BOE State and Federal Grants	
ASSETS					
Cash and cash equivalents	\$ 36	\$ 13	\$ 6	\$ 4,835	\$ 11,574
Investments	1,370	-	227	-	3,761
Accounts receivable	-	-	-	-	5,544
Loans receivable	-	-	-	-	5,418
Due from other governments	-	-	-	3,379	4,235
Inventory	-	-	-	-	245
Total assets	\$ 1,406	\$ 13	\$ 233	\$ 8,214	\$ 30,777
LIABILITIES AND FUND BALANCES (DEFICITS)					
Liabilities:					
Accounts payable	\$ -	\$ -	\$ -	\$ 2,157	3,703
Due to other funds	-	-	-	5,009	13,393
Deferred revenue	-	-	-	2,572	10,998
Unearned revenue	-	-	-	305	351
Total liabilities	-	-	-	10,043	28,445
Fund Balances (Deficits):					
Nonspendable	1,406	-	233	-	2,890
Restricted	-	13	-	-	5,464
Committed	-	-	-	-	898
Unassigned	-	-	-	(1,829)	(6,920)
Total fund balances (deficits)	1,406	13	233	(1,829)	2,332
Total liabilities and fund balances (deficits)	\$ 1,406	\$ 13	\$ 233	\$ 8,214	\$ 30,777

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE (DEFICITS)

NONMAJOR GOVERNMENTAL FUNDS

For the Year Ended June 30, 2012

(In Thousands)

	Special Revenue Funds							
	Stanely Golf Course	Park Security and Policing	Cemetery	Sewer Use	Police & Youth Grants	New Britain Marketing Collaborative	Local Capital Improvement	Retiree Plan Reimbursement
REVENUES								
Intergovernmental revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 722	\$ -
Investment earnings	-	-	55	-	-	-	-	-
Licenses, fees and charges for goods and services	1,980	43	238	7,643	-	-	-	-
Other revenues	-	-	-	-	-	-	-	-
Total revenues	1,980	43	293	7,643	-	-	722	-
EXPENDITURES								
General government	-	-	-	-	-	-	-	-
Public safety	-	25	-	-	16	-	-	-
Public works	-	-	-	6,299	-	-	1,082	-
Health and welfare	-	-	531	-	-	-	-	-
Parks, recreation and libraries	1,907	-	-	-	-	-	-	-
Education	-	-	-	-	-	-	-	-
Total expenditures	1,907	25	531	6,299	16	-	1,082	-
Excess (deficiency) of revenues over expenditures	73	18	(238)	1,344	(16)	-	(360)	-
OTHER FINANCING SOURCES (USES)								
Transfers in	-	-	-	-	-	-	-	-
Transfers (out)	(75)	-	(5)	(916)	-	-	-	-
Total other financing sources (uses)	(75)	-	(5)	(916)	-	-	-	-
Net change in fund balances (deficits)	(2)	18	(243)	428	(16)	-	(360)	-
FUND BALANCES (DEFICITS), beginning of year, restated	(347)	106	382	(2,247)	(6)	(7)	(5)	50
FUND BALANCES (DEFICITS), end of year	\$ (349)	\$ 124	\$ 139	\$ (1,819)	\$ (22)	\$ (7)	\$ (365)	\$ 50

(Continued)

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE (DEFICITS), Continued

NONMAJOR GOVERNMENTAL FUNDS

For the Year Ended June 30, 2012

(In Thousands)

	Special Revenue Funds								
	Lead Poisoning Prevention	American Savings Grant	FEMA Grant	Police Explorers	Martin Luther King Brick Sale	Preventative Health Block Grant	Parks & Recreation Special Projects	21st Century After School Grant	Exercise the Right Choice
REVENUES									
Intergovernmental revenue	\$ -	\$ 134	\$ 96	\$ -	\$ -	\$ 13	\$ -	\$ 9	\$ 119
Investment earnings	-	-	-	-	-	-	-	-	-
Licenses, fees and charges for goods and services	-	-	-	-	-	-	13	-	-
Other revenues	-	-	-	2	-	1	-	-	-
Total revenues	-	134	96	2	-	14	13	9	119
EXPENDITURES									
General government	-	-	-	-	-	-	-	-	-
Public safety	-	-	93	1	-	-	-	-	-
Public works	-	-	-	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	16	-	-	-
Parks, recreation and libraries	-	103	-	-	-	-	16	42	115
Education	-	-	-	-	-	-	-	-	-
Total expenditures	-	103	93	1	-	16	16	42	115
Excess (deficiency) of revenues over expenditures	-	31	3	1	-	(2)	(3)	(33)	4
OTHER FINANCING SOURCES (USES)									
Transfers in	-	-	-	-	-	-	-	-	-
Transfers (out)	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-
Net change in fund balances (deficits)	-	31	3	1	-	(2)	(3)	(33)	4
FUND BALANCES (DEFICITS), beginning of year, restated	1	(18)	(3)	(3)	5	15	6	25	3
FUND BALANCES (DEFICITS), end of year	\$ 1	\$ 13	\$ -	\$ (2)	\$ 5	\$ 13	\$ 3	\$ (8)	\$ 7

(Continued)

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE (DEFICITS), Continued

NONMAJOR GOVERNMENTAL FUNDS

For the Year Ended June 30, 2012

(In Thousands)

	Special Revenue Funds								
	Exercise the Right Choice II	Immunization Action Plan	Bullet Proof Vest Grant	Bioterrorism Grant	System of Care Grant	Historical Records Preservation	21st Century Grant	American Legion Baseball	Property Management
REVENUES									
Intergovernmental revenue	\$ 30	\$ 87	\$ 2	\$ 87	\$ -	\$ 6	\$ 150	\$ -	\$ -
Investment earnings	-	-	-	-	-	-	-	-	-
Licenses, fees and charges for goods and services	-	-	-	-	-	-	-	-	-
Other revenues	-	-	-	-	96	15	23	-	-
Total revenues	30	87	2	87	96	21	173	-	-
EXPENDITURES									
General government	-	-	-	-	-	8	-	-	-
Public safety	-	-	8	-	-	-	-	-	-
Public works	-	-	-	-	-	-	-	-	-
Health and welfare	-	82	-	116	-	-	-	-	-
Parks, recreation and libraries	29	-	-	-	149	-	180	-	-
Education	-	-	-	-	-	-	-	-	-
Total expenditures	29	82	8	116	149	8	180	-	-
Excess (deficiency) of revenues over expenditures	1	5	(6)	(29)	(53)	13	(7)	-	-
OTHER FINANCING SOURCES (USES)									
Transfers in	-	-	-	-	43	-	-	-	-
Transfers (out)	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	43	-	-	-	-
Net change in fund balances (deficits)	1	5	(6)	(29)	(10)	13	(7)	-	-
FUND BALANCES (DEFICITS), beginning of year, restated	(10)	(2)	-	68	4	74	140	1	5
FUND BALANCES (DEFICITS), end of year	\$ (9)	\$ 3	\$ (6)	\$ 39	\$ (6)	\$ 87	\$ 133	\$ 1	\$ 5

(Continued)

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE (DEFICITS), Continued

NONMAJOR GOVERNMENTAL FUNDS

For the Year Ended June 30, 2012

(In Thousands)

	Special Revenue Funds							
	Public Safety	Centralized Services	Conversation on Race	Victims Svc Coordinator Grant	Federal Omnibus Appropriation	CT Health Foundation	STD Control Program	Recreation Donation
REVENUES								
Intergovernmental revenue	\$ -	\$ -	\$ -	\$ 67	\$ 3	\$ -	\$ 10	\$ -
Investment earnings	-	-	-	-	-	-	-	-
Licenses, fees and charges for goods and services	-	-	-	-	-	-	-	127
Other revenues	-	-	2	-	-	-	-	-
Total revenues	-	-	2	67	3	-	10	127
EXPENDITURES								
General government	-	-	-	-	-	-	-	-
Public safety	121	-	-	-	40	-	-	-
Public works	-	-	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-	16	-
Parks, recreation and libraries	-	-	1	-	-	-	-	47
Education	-	-	-	-	-	-	-	-
Total expenditures	121	-	1	-	40	-	16	47
Excess (deficiency) of revenues over expenditures	(121)	-	1	67	(37)	-	(6)	80
OTHER FINANCING SOURCES (USES)								
Transfers in	-	-	-	-	-	-	-	-
Transfers (out)	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-
Net change in fund balances (deficits)	(121)	-	1	67	(37)	-	(6)	80
FUND BALANCES (DEFICITS), beginning of year, restated	(183)	(235)	5	47	(29)	(1)	3	229
FUND BALANCES (DEFICITS), end of year	\$ (304)	\$ (235)	\$ 6	\$ 114	\$ (66)	\$ (1)	\$ (3)	\$ 309

(Continued)

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE (DEFICITS), Continued

NONMAJOR GOVERNMENTAL FUNDS

For the Year Ended June 30, 2012

(In Thousands)

	Special Revenue Funds									
	Recreation Amusement	Mayor's Golf Tournament	Health Per Capita	Highway Safety Grant	Drug Investigation	Senior Citizens Center	Mobile Data Communication	Pulmonary Screening	Housing Inspectors DMD	
REVENUES										
Intergovernmental revenue	\$ -	\$ -	\$ 158	\$ 35	\$ 477	\$ -	\$ 157	\$ 17	\$ -	
Investment earnings	-	-	-	-	-	-	-	-	-	
Licenses, fees and charges for goods and services	-	-	-	-	-	8	-	-	-	
Other revenues	17	18	-	-	82	-	-	-	-	
Total revenues	17	18	158	35	559	8	157	17	-	
EXPENDITURES										
General government	-	-	-	-	-	-	-	-	-	
Public safety	-	-	-	138	286	-	14	-	-	
Public works	-	-	-	-	-	-	-	-	-	
Health and welfare	-	-	191	-	-	6	-	6	-	
Parks, recreation and libraries	13	62	-	-	-	-	-	-	-	
Education	-	-	-	-	-	-	-	-	-	
Total expenditures	13	62	191	138	286	6	14	6	-	
Excess (deficiency) of revenues over expenditures	4	(44)	(33)	(103)	273	2	143	11	-	
OTHER FINANCING SOURCES (USES)										
Transfers in	-	-	-	-	-	-	-	12	1	
Transfers (out)	-	-	-	-	-	-	-	-	-	
Total other financing sources (uses)	-	-	-	-	-	-	-	12	1	
Net change in fund balances (deficits)	4	(44)	(33)	(103)	273	2	143	23	1	
FUND BALANCES (DEFICITS), beginning of year, restated	11	44	129	(31)	628	26	913	103	(1)	
FUND BALANCES (DEFICITS), end of year	\$ 15	\$ -	\$ 96	\$ (134)	\$ 901	\$ 28	\$ 1,056	\$ 126	\$ -	

(Continued)

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE (DEFICITS), Continued

NONMAJOR GOVERNMENTAL FUNDS

For the Year Ended June 30, 2012

(In Thousands)

	Special Revenue Funds								
	Mayor's Fun Day	Police Department	Asthma Initiative Grant	ARRA Paving Program	Public Works Grants	Fireworks Fund	YSB Activity Fund	School Lunch Program	School Rental Account
REVENUES									
Intergovernmental revenue	\$ -	\$ -	\$ -	\$ 147	\$ 250	\$ -	\$ -	\$ 5,002	\$ -
Investment earnings	-	-	-	-	-	-	-	-	18
Licenses, fees and charges for goods and services	-	-	-	-	-	-	-	489	-
Other revenues	6	-	3	-	-	62	8	1	-
Total revenues	6	-	3	147	250	62	8	5,492	18
EXPENDITURES									
General government	-	-	-	-	-	-	-	-	42
Public safety	-	14	-	-	-	-	-	-	-
Public works	-	-	-	147	1,870	-	-	-	-
Health and welfare	-	-	-	-	-	-	9	-	-
Parks, recreation and libraries	6	-	-	-	-	44	-	-	-
Education	-	-	-	-	-	-	-	5,108	-
Total expenditures	6	14	-	147	1,870	44	9	5,108	42
Excess (deficiency) of revenues over expenditures	-	(14)	3	-	(1,620)	18	(1)	384	(24)
OTHER FINANCING SOURCES (USES)									
Transfers in	-	-	-	-	-	-	-	-	-
Transfers (out)	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-
Net change in fund balances (deficits)	-	(14)	3	-	(1,620)	18	(1)	384	(24)
FUND BALANCES (DEFICITS), beginning of year, restated	-	(42)	19	-	(1)	1	6	880	(95)
FUND BALANCES (DEFICITS), end of year	\$ -	\$ (56)	\$ 22	\$ -	\$ (1,621)	\$ 19	\$ 5	\$ 1,264	\$ (119)

(Continued)

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE (DEFICITS), Continued

NONMAJOR GOVERNMENTAL FUNDS

For the Year Ended June 30, 2012

(In Thousands)

	Special Revenue Funds								
	High School Athletic	Adult Education	Summer School Music	Community and Neighborhood Development	Business Outreach	Emergency Shelter Grant	Community Development Block Grant	HOME Project	Lead Grant
REVENUES									
Intergovernmental revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 184	\$ 1,125	\$ 313	\$ -
Investment earnings	-	-	-	-	-	-	29	63	-
Licenses, fees and charges for goods and services	-	-	-	-	-	-	-	-	-
Other revenues	126	13	5	-	-	-	340	186	-
Total revenues	126	13	6	-	-	184	1,655	562	-
EXPENDITURES									
General government	-	39	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-	-	-
Public works	-	-	-	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-	1,915	593	-
Parks, recreation and libraries	-	-	-	-	-	213	-	-	-
Education	237	-	1	-	-	-	-	-	-
Total expenditures	237	39	1	-	-	213	1,915	593	-
Excess (deficiency) of revenues over expenditures	(111)	(26)	5	-	-	(29)	(260)	(31)	-
OTHER FINANCING SOURCES (USES)									
Transfers in	-	-	-	-	-	-	-	-	-
Transfers (out)	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-
Net change in fund balances (deficits)	(111)	(26)	5	-	-	(29)	(260)	(31)	-
FUND BALANCES (DEFICITS), beginning of year, restated	192	78	38	-	(52)	(16)	1,288	137	333
FUND BALANCES (DEFICITS), end of year	\$ 81	\$ 52	\$ 43	\$ -	\$ (52)	\$ (45)	\$ 1,028	\$ 106	\$ 333

(Continued)

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE (DEFICITS), Continued

NONMAJOR GOVERNMENTAL FUNDS

For the Year Ended June 30, 2012

(In Thousands)

	Special Revenue Funds								
	State Home Programs	CHFA Broad Street Demolition	Redevelopment Commission	Brownfield Pilot	Rental	EFSP Program	Neighborhood Stabilization Program	C.B. Erwin Walnut Hill Park	Darius Miller Walnut Hill
REVENUES									
Intergovernmental revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4	\$ 524	\$ -	\$ -
Investment earnings	-	-	-	-	-	-	-	-	6
Licenses, fees and charges for goods and services	-	-	-	-	-	-	-	-	-
Other revenues	-	-	-	-	-	-	-	-	-
Total revenues	-	-	-	-	-	4	524	-	6
EXPENDITURES									
General government	-	-	-	35	-	7	-	-	-
Public safety	-	-	-	-	-	-	-	-	-
Public works	-	-	-	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-	520	-	-
Parks, recreation and libraries	-	-	-	-	-	-	-	12	70
Education	-	-	-	-	-	-	-	-	-
Total expenditures	-	-	-	35	-	7	520	12	70
Excess (deficiency) of revenues over expenditures	-	-	-	(35)	-	(3)	4	(12)	(64)
OTHER FINANCING SOURCES (USES)									
Transfers in	-	-	-	-	-	-	-	-	-
Transfers (out)	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-
Net change in fund balances (deficits)	-	-	-	(35)	-	(3)	4	(12)	(64)
FUND BALANCES (DEFICITS), beginning of year, restated	47	98	(6)	39	47	(3)	(39)	292	1,146
FUND BALANCES (DEFICITS), end of year	\$ 47	\$ 98	\$ (6)	\$ 4	\$ 47	\$ (6)	\$ (35)	\$ 280	\$ 1,082

(Continued)

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE (DEFICITS), Continued

NONMAJOR GOVERNMENTAL FUNDS

For the Year Ended June 30, 2012

(In Thousands)

	Special Revenue Funds					
	C.B. Stanley Walnut Hill	Parks and Recreation	Darius Miller F/B/O Fairview Cemetery	BOE State and Federal Grants	Nonmajor Governmental Funds	
REVENUES						
Intergovernmental revenue	\$ -	\$ -	\$ -	\$ 20,330	\$ 30,258	
Investment earnings	38	-	-	-	209	
Licenses, fees and charges for goods and services	-	-	-	-	-	
Other revenues	-	-	-	-	11,085	
	-	-	-	-	624	
Total revenues	38	-	-	20,330	42,176	
EXPENDITURES						
General government	-	-	-	-	131	
Public safety	-	-	-	-	756	
Public works	-	-	-	-	9,398	
Health and welfare	-	-	-	-	4,001	
Parks, recreation and libraries	84	-	9	-	3,102	
Education	-	-	-	22,345	27,691	
Total expenditures	84	-	9	22,345	45,079	
Excess (deficiency) of revenues over expenditures	(46)	-	(9)	(2,015)	(2,903)	
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	-	56	
Transfers (out)	-	-	-	-	(996)	
Total other financing sources (uses)	-	-	-	-	(940)	
Net change in fund balances (deficits)	(46)	-	(9)	(2,015)	(3,843)	
FUND BALANCES (DEFICITS), beginning of year, restated	1,452	13	242	186	6,175	
FUND BALANCES (DEFICITS), end of year	\$ 1,406	\$ 13	\$ 233	\$ (1,829)	\$ 2,332	

Capital Projects Funds

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.

SCHEDULE OF EXPENDITURES - ACTUAL VS. APPROPRIATIONS (NON-GAAP BASIS)

SEWER IMPROVEMENT FUND

For the Year Ended June 30, 2012

	Amended Budget	Current Year Expenditures and Transfers	Cumulative Expenditures	Encumbered	Available Budget
Capital Equipment Reserve #004	\$ 14,975	\$ 1,713	\$ 14,545	\$ -	\$ 430
Capital and Nonrecurring #003	30,452	5	16,058	-	14,394
Subway #005	471	22	1,263	-	(792)
Lincoln, Northend, Vance	43,800	-	43,325	-	475
New Britain High School	16,595	36	16,512	-	83
ReRoof Schools	8,225	14	7,803	-	422
Entrance/Security	1,700	8	1,690	-	10
NBHS Code Compliance City	95	22	40	-	55
NBHS Code Compliance	3,000	325	2,718	-	282
Smalley Academy Chiller	500	11	501	-	(1)
Diloretto School Renovation	10,000	1,923	2,366	-	7,634
City Hall Renovation	7	-	-	-	7
Badolato & Szczesny Garage Repairs	5,075	213	1,386	-	3,689
MERF Pension	66	-	-	-	66
Technology Bond	2,000	134	1,526	-	474
2007 Revaluation	1,200	-	800	-	400
Broad, Beaver, Main and North	6,600	-	6,334	-	266
Police Headquarters Renovation	3,500	-	3,071	-	429
EMS Ambulance	3,375	2	3,612	-	(237)
Storm Water System Improvements	4,750	207	3,384	-	1,366
Environmental Remediation	6,750	131	6,481	-	269
Local Capital Improvements	950	-	334	-	616
Fafnir Booth Street Industrial Park	8,550	15	8,540	-	10
St. Clair, Lester, East Street	2,200	-	2,175	-	25
Hart Street Extension	9,500	-	6,998	-	2,502
Street Infrastructure	22,058	1,236	17,080	-	4,978
Transfer Station Rehab	6,873	207	1,632	-	5,241
Broad Street Reconstruction	13,300	1,538	9,824	-	3,476
NB Machine Industrial Park	3,600	-	3,333	-	267
Fafnir Smart Park Expansion	3,250	14	2,863	-	387
Downtown Feasibility Study	250	-	250	-	-
Willow Street Project	5,350	124	5,472	-	(122)
Bridge Program	5,775	48	1,013	-	4,762
Pinnacle Heights	7,946	1,109	7,017	-	929
Sewer I&I Improvements	17,775	843	14,236	-	3,539
Beaver St. Reconstruction	7,300	101	410	-	6,890
New Police Station	35,000	20,364	27,759	-	7,241
Adv Refunding	4,700	-	-	-	4,700
2011 Revaluation	-	296	298	-	(298)
Total	\$ 317,513	\$ 30,661	\$ 242,649	\$ -	\$ 74,864

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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.

COMBINING STATEMENT OF NET ASSETS (DEFICITS)

INTERNAL SERVICE FUNDS

June 30, 2012

(In Thousands)

	Special Reserve Fund	Health Insurance Fund	Workers' Compensation	General Accident Casualty and Liability	Total
ASSETS					
Cash and cash equivalents			\$ 532	\$ 539	\$ 1,071
Investments	-	-	19,568	1,767	21,335
Accounts receivable	-	44	-	-	44
Total assets	\$ -	\$ 44	\$ 20,100	\$ 2,306	\$ 22,450
LIABILITIES AND NET ASSETS					
Liabilities:					
Accounts payable and accrued expenses	\$ -	\$ 165	\$ 3	\$ 5	\$ 173
Due to other funds	277	319	2,430	-	3,026
Estimated liability	-	1,780	17,688	2,087	21,555
Total liabilities	277	2,264	20,121	2,092	24,754
NET ASSETS (DEFICITS)	\$ (277)	\$ (2,220)	\$ (21)	\$ 214	\$ (2,304)

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS (DEFICITS)

INTERNAL SERVICE FUNDS

For the Year Ended June 30, 2012

(In Thousands)

	Special Reserve Fund	Health Insurance Fund	Workers' Compensation	General Accident Casualty and Liability	Total
OPERATING REVENUES					
Charges to other funds	\$ -	\$ 25,744	\$ 1,400	\$ 105	\$ 27,249
Total operating revenues	-	25,744	1,400	105	27,249
OPERATING EXPENSES					
Claims incurred	-	23,686	2,738	-	26,424
Administrative costs		53	204	148	405
Total operating expenses	-	23,739	2,942	148	26,829
Operating income (loss)	-	2,005	(1,542)	(43)	420
NONOPERATING REVENUES (EXPENSES)					
Interest and dividends	-	-	954	94	1,048
Total nonoperating revenues (expenses)	-	-	954	94	1,048
Change in net assets (deficits)	-	2,005	(588)	51	1,468
NET ASSETS (DEFICITS), beginning of year	(277)	(4,225)	567	163	(3,772)
NET ASSETS (DEFICITS), end of year	\$ (277)	\$ (2,220)	\$ (21)	\$ 214	\$ (2,304)

COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
For the Year Ended June 30, 2012
(In Thousands)

	Special Reserve Fund	Health Insurance Fund	Workers' Compensation	General Accident Casualty and Liability	Total
Cash Flows From Operating Activities					
Cash received from charges to other funds	\$ -	\$ 25,700	\$ 1,451	\$ 112	\$ 27,263
Cash received from other operating activities	-	-	-	-	-
Cash paid for premiums and other operating expenses	-	(51)	(240)	(64)	(355)
Cash payments for claims made	-	(25,649)	(1,254)	-	(26,903)
Net cash provided by (used in) operating activities	-	-	(43)	48	5
Cash Flows From Investing Activities					
Interest income	-	-	954	94	1,048
Actuarial claims reserve	-	-	-	-	-
Sale of investments	-	-	(639)	(80)	(719)
Net cash provided by (used in) investing activities	-	-	315	14	329
Net increase (decrease) in cash and cash equivalents	-	-	272	62	334
Cash and Cash Equivalents, beginning of year	-	-	260	477	737
Cash and Cash Equivalents, end of year	\$ -	\$ -	\$ 532	\$ 539	\$ 1,071
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities					
Operating income (loss)	\$ -	\$ 2,005	\$ (1,542)	\$ (43)	\$ 420
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
(Increase) decrease in accounts receivable	-	(44)	51	7	14
Increase in accounts payable and accrued expenses	-	239	399	84	722
Increase (decrease) in due to other funds	-	(2,200)	1,049	-	(1,151)
Net cash provided by (used in) operating activities	\$ -	\$ -	\$ (43)	\$ 48	\$ 5

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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.

OPEB Trust Fund - to account for the activities for both Town and Board of Education for other post employment benefits, which accumulates resources for benefit payments to qualified employees.

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.

Downtown District - to account for taxes collected for the upkeep of the downtown areas.

COMBINING STATEMENT OF NET ASSETS
PENSION TRUST FUNDS AND OPEB TRUST FUND
June 30, 2012
(In Thousands)

	Pension Trust Funds			OPEB Trust Fund
	Police Pension Fund	Firemen's Benefit Fund	Total	
ASSETS				
Cash and cash equivalents	\$ 1,013	\$ 927	\$ 1,940	\$ -
Investments	69,089	74,661	143,750	1,171
Accounts receivable	157	260	417	-
Total assets	\$ 70,259	\$ 75,848	\$ 146,107	\$ 1,171
LIABILITIES AND NET ASSETS				
Liabilities:				
Accounts payable and accrued expenses	\$ 3,648	\$ -	\$ 3,648	\$ -
Due to other funds	35	-	35	-
Total liabilities	3,683	-	3,683	-
NET ASSETS HELD IN TRUST FOR BENEFITS	\$ 66,576	\$ 75,848	\$ 142,424	\$ 1,171

COMBINING STATEMENT OF CHANGES IN PLAN NET ASSETS
PENSION TRUST FUNDS AND OPEB TRUST FUND
For the Year Ended June 30, 2012
(In Thousands)

	Pension Trust Funds			OPEB Trust Fund
	Police Pension Fund	Firemen's Benefit Fund	Total	
Additions				
Contributions:				
Employer	\$ 749	\$ 451	\$ 1,200	\$ 508
Employee	306	329	635	-
Total contributions	1,055	780	1,835	508
Investment Income:				
Net appreciation (depreciation) in fair value of investments	(1,513)	(857)	(2,370)	9
Interest and dividends	1,954	2,237	4,191	38
Other	9	2	11	-
	450	1,382	1,832	47
Less investment expense	114	148	262	-
Net investment income	336	1,234	1,570	47
Total additions	1,391	2,014	3,405	555
Deductions				
Benefits	5,964	5,393	11,357	-
Administration	51	72	123	516
Total deductions	6,015	5,465	11,480	516
Net increase (decrease)	(4,624)	(3,451)	(8,075)	39
Net Assets , beginning of year	71,200	79,299	150,499	1,132
Net Assets , end of year	\$ 66,576	\$ 75,848	\$ 142,424	\$ 1,171

COMBINING BALANCE SHEET
AGENCY FUNDS
June 30, 2012
(In Thousands)

	Contractor's Bond Fund	Student Activity Funds	Downtown District	Total
ASSETS				
Cash and cash equivalents	\$ 189	\$ 109	\$ 128	\$ 426
Investments	175	86	-	261
Total assets	\$ 364	\$ 195	\$ 128	\$ 687
LIABILITIES AND FUND BALANCE				
Liabilities:				
Due to beneficiaries	364	195	77	636
Due to other funds	-	-	51	51
Total liabilities	\$ 364	\$ 195	\$ 128	\$ 687

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

AGENCY FUNDS

For the Year Ended June 30, 2012

(In Thousands)

	Balance July 1, 2011	Additions	Deductions	Balance June 30, 2012
Contractor's Bond Fund				
Assets:				
Cash and cash equivalents	\$ 270	\$ 21	\$ 102	\$ 189
Investments	227	-	52	175
Total	\$ 497	\$ 21	\$ 154	\$ 364
Liabilities:				
Due to beneficiaries	\$ 497	-	133	\$ 364
Student Activity Funds				
Assets:				
Cash and cash equivalents	\$ 93	\$ 611	\$ 595	\$ 109
Investments	104	-	18	86
Total	\$ 197	\$ 611	\$ 613	\$ 195
Liabilities:				
Due to beneficiaries	\$ 197	-	2	\$ 195
Downtown District				
Assets:				
Cash and cash equivalents	\$ -	\$ 128	\$ -	\$ 128
Total	\$ -	\$ 128	\$ -	\$ 128
Liabilities:				
Due to beneficiaries	\$ -	\$ 77	\$ -	\$ 77
Due to other funds	-	51	-	51
Total	\$ -	\$ 128	\$ -	\$ 128
Total All Funds				
Assets:				
Cash and cash equivalents	\$ 363	\$ 760	\$ 697	\$ 426
Investments	331	-	70	261
Total	\$ 694	\$ 760	\$ 767	\$ 687
Liabilities:				
Due to beneficiaries	\$ 694	\$ 77	\$ 135	\$ 636
Due to other funds	-	51	-	51
Total	\$ 694	\$ 128	\$ 135	\$ 687

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.

Net Assets By Component
Last Ten Fiscal Years
(In Thousands)

	Fiscal Year									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Governmental activities:										
Invested in capital assets, net of related debt	\$ 147,800	\$ 137,210	\$ 153,258	\$ 152,453	\$ 147,314	\$ 121,481	\$ 103,955	\$ 87,181	\$ 103,464	\$ 75,845
Restricted	8,109	2,883	2,483	2,381	2,714	2,734	2,687	2,589	2,535	2,821
Unrestricted	(47,512)	(27,443)	(50,521)	(54,702)	(43,784)	(32,020)	(27,256)	(27,525)	(55,164)	(47,686)
Total governmental activities										
net assets	108,397	112,650	105,220	100,132	106,244	92,195	79,386	62,245	50,835	30,980
Business-type activities:										
Invested in capital assets, net of related debt	39,381	27,883	27,181	26,456	25,400	25,320	23,391	21,575	17,857	19,161
Unrestricted	11,550	20,425	24,519	23,623	20,523	17,705	18,377	14,821	16,159	8,882
Total business-type activities										
net assets	50,931	48,308	51,700	50,079	45,923	43,025	41,768	36,396	34,016	28,043
Primary government:										
Invested in capital assets, net of related debt	187,181	165,093	180,439	178,909	172,714	146,801	127,346	108,756	121,321	95,006
Restricted	8,109	2,883	2,483	2,381	2,714	2,734	2,687	2,589	2,535	2,821
Unrestricted	(35,962)	(7,018)	(26,002)	(31,079)	(23,261)	(14,315)	(8,879)	(12,704)	(39,005)	(38,804)
Total primary government										
net assets	\$ 159,328	\$ 160,958	\$ 156,920	\$ 150,211	\$ 152,167	\$ 135,220	\$ 121,154	\$ 98,641	\$ 84,851	\$ 59,023

Notes:

(1) Schedule prepared on the accrual basis of accounting.

Changes In Net Assets
Last Ten Fiscal Years
(In Thousands)

	Fiscal Year									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Expenses:										
Governmental activities:										
General government	\$ 12,124	\$ 12,083	\$ 8,596	\$ 13,414	\$ 12,547	\$ 12,165	\$ 8,041	\$ 6,413	\$ 4,862	\$ 5,706
Public safety	45,290	41,086	40,102	36,142	33,466	33,434	37,152	35,492	34,679	29,398
Public works	20,309	23,171	25,668	26,500	10,436	22,746	20,445	21,083	17,741	22,828
Health and welfare	6,574	8,225	8,643	8,763	8,707	6,786	8,373	9,153	10,107	10,286
Parks, recreation and libraries	13,077	11,462	11,348	12,249	9,275	10,097	11,609	12,334	12,638	13,169
Education	164,084	173,807	163,027	159,235	204,322	146,783	143,287	139,567	136,052	129,607
Interest on long-term debt	14,052	10,907	10,036	10,813	10,032	11,876	10,568	12,092	12,226	12,299
Total governmental activities expenses	275,510	280,741	267,420	267,116	288,785	243,887	239,475	236,134	228,305	223,293
Business-type activities:										
Water	10,236	10,432	10,560	9,034	11,048	11,034	9,309	9,031	7,112	5,794
Total business-type activities expenses	10,236	10,432	10,560	9,034	11,048	11,034	9,309	9,031	7,112	5,794
Total primary government expenses	285,746	291,173	277,980	276,150	299,833	254,921	248,784	245,165	235,417	229,087
Program revenue:										
Governmental activities:										
Charges for services:										
General government	1,632	969	1,209	1,376	1,488	2,057	4,694	3,015	1,588	726
Public safety	3,810	2,140	2,593	2,743	3,125	2,916	2,362	2,258	2,366	2,399
Public works	11,820	12,818	12,387	10,240	12,111	8,011	10,449	9,371	9,933	8,552
Health and welfare	877	96	450	1,921	684	179	928	714	1,806	638
Parks, recreation and libraries	3,057	2,667	3,085	2,872	3,043	2,718	2,677	2,597	2,514	2,001
Education	507	777	1,586	5,835	1,791	2,546	3,980	3,293	1,328	1,040
Non-departmental fixed charges	-	-	-	-	-	-	-	-	-	-
Interest on long-term debt	-	-	-	-	-	-	-	-	-	-
Operating grants and contributions	122,717	135,289	129,213	119,868	164,686	113,388	115,998	106,747	93,361	94,877
Capital grants and contributions	2,632	2,080	1,248	25	30	2,193	1,094	1,099	17,844	6,200
Total governmental activities program revenue	147,052	156,836	151,771	144,880	186,958	134,008	142,182	129,094	130,740	116,433
Business-type activities:										
Charges for services	12,840	12,012	12,394	13,055	13,946	11,616	14,433	10,999	10,770	9,029
Capital grants and contributions	-	-	-	-	-	-	-	-	2,184	3,153
Total business-type activities program revenues	12,840	12,012	12,394	13,055	13,946	11,616	14,433	10,999	12,954	12,182
Total primary government program revenues	159,892	168,848	164,165	157,935	200,904	145,624	156,615	140,093	143,694	128,615
Net (expense) revenue:										
Governmental activities	(128,458)	(123,905)	(115,649)	(122,236)	(101,827)	(109,879)	(97,293)	(107,040)	(97,565)	(106,860)
Business-type activities	2,604	1,580	1,834	4,021	2,898	582	5,124	1,968	5,842	6,388
Total primary government net expense	(125,854)	(122,325)	(113,815)	(118,215)	(98,929)	(109,297)	(92,169)	(105,072)	(91,723)	(100,472)

(Continued)

CITY OF NEW BRITAIN, CONNECTICUT

TABLE 2, Cont'd

Changes In Net Assets, Continued
 Last Ten Fiscal Years
 (In Thousands)

	Fiscal Year									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
General revenues and other changes in net assets:										
Governmental activities:										
Property taxes	106,069	108,741	104,280	105,220	96,133	97,941	95,192	98,000	97,783	84,956
Grants and contributions not restricted to specific programs	11,024	10,557	11,177	10,889	14,897	17,292	14,603	14,776	20,496	21,807
Unrestricted investment earnings	870	6,070	4,249	(600)	1,150	6,289	4,437	2,900	2,252	3,229
Transfers	-	5,000	263	-	3,000	-	-	-	-	-
Miscellaneous	3,654	967	768	615	696	1,166	202	2,774	966	3,863
Total governmental activities	121,617	131,335	120,737	116,124	115,876	122,688	114,434	118,450	121,497	113,855
Business-type activities:										
Unrestricted investment earnings	19	28	50	135	-	675	579	412	131	110
Transfers	-	(5,000)	(263)	-	-	-	(5)	-	-	20
Total business-type activities	19	(4,972)	(213)	135	-	675	574	412	131	130
Total primary government	121,636	126,363	120,524	116,259	115,876	123,363	115,008	118,862	121,628	113,985
Changes in net assets:										
Governmental activities	(6,841)	7,430	5,088	(6,112)	14,049	12,809	17,141	11,410	23,932	6,995
Business-type activities	2,623	(3,392)	1,621	4,156	2,898	1,257	5,698	2,380	5,973	6,518
Total primary government	\$ (4,218)	\$ 4,038	\$ 6,709	\$ (1,956)	\$ 16,947	\$ 14,066	\$ 22,839	\$ 13,790	\$ 29,905	\$ 13,513

Notes:

(1) Schedule prepared on the accrual basis of accounting.

Fund Balances, Governmental Funds
Last Ten Fiscal Years
(In Thousands)

	Fiscal Year									
	2012	2011 ⁽¹⁾	2010	2009	2008	2007	2006	2005	2004	2003
General Fund:										
Reserved	\$ -	\$ -	\$ 1,372	\$ 2,803	\$ 3,661	\$ 1,861	\$ 2,990	\$ 1,035	\$ 1,424	\$ 1,274
Unreserved	-	-	7,655	7,212	9,479	8,996	8,980	7,989	6,586	5,742
Committed	-	5	-	-	-	-	-	-	-	-
Assigned	41	379	-	-	-	-	-	-	-	-
Unassigned	12,159	11,663	-	-	-	-	-	-	-	-
Total general fund	\$ 12,200	\$ 12,047	\$ 9,027	\$ 10,015	\$ 13,140	\$ 10,857	\$ 11,970	\$ 9,024	\$ 8,010	\$ 7,016
All Other Governmental Funds:										
Reserved	\$ -	\$ -	\$ 2,489	\$ 15,123	\$ 16,586	\$ 17,964	\$ 9,144	\$ 13,783	\$ 19,250	\$ 13,922
Unreserved, reported in:										
Special revenue funds	-	-	6,333	7,335	11,640	14,288	13,532	14,466	13,158	9,433
Capital projects funds	-	-	(31,257)	(42,841)	(36,667)	(31,895)	(21,132)	(34,221)	(24,828)	(13,392)
Nonspendable	2,890	2,883	-	-	-	-	-	-	-	-
Restricted	5,464	5,697	-	-	-	-	-	-	-	-
Committed	898	2,331	-	-	-	-	-	-	-	-
Assigned	41	-	-	-	-	-	-	-	-	-
Unassigned	(6,293)	(14,758)	-	-	-	-	-	-	-	-
Total all other governmental funds	\$ 3,000	\$ (3,847)	\$ (22,435)	\$ (20,383)	\$ (8,441)	\$ 357	\$ 1,544	\$ (5,972)	\$ 7,580	\$ 9,963

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

⁽¹⁾ City implemented GASB No. 54 as of June 30, 2011.

Changes in Fund Balances, Governmental Funds
Last Ten Fiscal Years
(In Thousands)

	Fiscal Year									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Revenues										
Property taxes	\$ 110,013	\$ 106,904	\$ 103,052	\$ 104,141	\$ 95,447	\$ 96,757	\$ 95,175	\$ 96,828	\$ 97,808	\$ 84,084
Intergovernmental revenues	137,303	150,216	141,888	134,838	179,853	136,003	134,949	126,563	135,058	125,259
Licenses, fees and charges for goods and services	21,632	19,529	21,010	18,861	20,641	18,155	18,927	17,121	16,730	14,761
Income on investments	308	3,504	2,843	263	778	4,180	4,065	1,585	1,315	2,023
Miscellaneous	3,654	1,123	3,135	3,263	8,029	3,343	2,401	2,932	3,605	9,631
Total revenues	272,910	281,276	271,928	261,366	304,748	258,438	255,517	245,029	254,516	235,758
Expenditures										
General government	11,027	7,012	6,559	5,603	5,128	4,935	7,151	5,641	4,957	4,781
Public safety	43,589	40,696	39,852	34,405	34,448	33,183	36,118	33,526	33,908	31,328
Public works	23,536	21,998	33,515	36,106	18,294	19,324	17,518	17,193	18,932	17,070
Social services	6,584	8,187	8,666	9,262	8,655	6,966	8,325	9,104	10,442	10,799
Education	160,477	168,532	161,745	159,487	198,898	145,231	141,081	147,599	133,807	126,155
Parks and recreation	12,569	10,918	10,852	10,988	10,291	10,397	10,873	11,503	12,060	12,092
Other	-	1,194	-	-	-	-	-	-	-	-
Capital outlay	30,378	16,971	581	1,127	23,585	23,549	22,711	9,521	18,049	12,553
Debt service interest	9,433	10,083	10,631	11,510	11,014	10,721	10,623	10,374	11,861	12,379
Debt service principal	22,384	15,024	15,507	14,836	14,360	14,764	14,218	15,477	13,763	13,261
Total expenditures	319,977	300,615	287,908	283,324	324,673	269,070	268,618	259,938	257,779	240,418
Excess of revenues (under) expenditures	(47,067)	(19,339)	(15,980)	(21,958)	(19,925)	(10,632)	(13,101)	(14,909)	(3,263)	(4,660)
Other Financing Sources (Uses)										
Transfers in	11,765	6,954	29,785	27,185	31,959	31,409	36,507	35,963	31,977	40,015
Transfers out	(1,269)	(1,954)	(29,522)	(34,216)	(33,412)	(37,604)	(32,397)	(36,288)	(32,327)	(39,790)
Premiums	-	1,011	963	-	-	-	-	-	-	-
Proceeds from the issuance of bonds and notes	34,441	36,840	11,715	13,922	14,863	14,527	19,453	2,696	2,318	2,929
Payment to refund bond escrow agent	-	(1,904)	-	-	-	-	-	-	-	-
Total other financing sources (uses)	44,937	40,947	12,941	6,891	13,410	8,332	23,563	2,371	1,968	3,154
Net changes in fund balance	\$ (2,130)	\$ 21,608	\$ (3,039)	\$ (15,067)	\$ (6,515)	\$ (2,300)	\$ 10,462	\$ (12,538)	\$ (1,295)	\$ (1,506)
Debt Service as a Percentage of Noncapital Expenditures	12.3%	9.8%	9.5%	10.3%	8.7%	10.4%	10.1%	10.3%	10.7%	11.3%

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

**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	Less BAA	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Value as a Percentage of Actual Value
	(3) Residential Property	(4) Commercial Property	Industrial Property									
2012	\$ 1,883,538,775	\$ 1,603,446,415	\$ 104,355,610	\$ 216,493,256	\$ 254,028,138	\$ 1,139,138,023	\$ 2,922,724,171	\$ 1,880,214	\$ 2,920,843,957	36.63%	4,172,634,224	70%
2011	1,878,503,435	1,594,077,555	104,608,140	211,674,863	251,888,903	1,127,364,436	2,913,388,460	405,687	2,912,982,773	36.63%	4,161,403,961	70%
2010	1,877,395,685	1,602,228,125	103,697,510	211,468,835	244,060,703	1,116,731,072	2,922,119,786	2,443,051	2,919,676,735	34.98%	4,170,966,764	70%
2009	1,871,914,475	1,634,241,985	95,297,940	198,383,811	251,565,967	1,088,448,853	2,962,955,325	19,664,862	2,943,290,463	34.98%	4,204,700,661	70%
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%

Source: City of New Britain Office of Tax Assessor

Note:

- (1) The October 1, 2002 and 2007 Grand List were revaluation years.
- (2) The 2011 fiscal is the 2009 GrandList, 2010 is 2008 and so on
- (3) Residential also includes land and use assessment (i.e. far, 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

Principal Property Taxpayers
Current Year and Nine Years Ago

Taxpayer	October 1, 2010			October 1, 2001		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
CT Light & Power	\$ 42,750,278	1	1.46%	16,130,140	2	1.06%
Pebblebrook Apartments, LLC	21,865,000	2	0.75%	-	-	-
Stanley Works	20,228,600	3	0.69%	35,759,990	1	2.36%
Conn. Natural Gas Corp.	12,859,566	4	0.44%	9,687,652	3	0.64%
Inland Southeast NB LLC	12,800,780	5	0.44%	-	-	-
Webster Bank	11,706,462	6	0.40%	-	-	-
NB-BTMC LLC	11,200,000	7	0.38%	7,349,080	5	0.48%
Farmington Hills 06 LLC	10,659,013	8	0.36%	-	-	-
Investment Associates LTP	10,620,890	9	0.36%	9,109,812	4	0.60%
HSC Community Services Inc	9,088,170	10	0.31%	5,803,800	10	0.38%
Creed Monarch	-	-	-	7,213,672	6	0.48%
Brittany Farms Assoc.	-	-	-	6,938,830	7	0.46%
Tilcon CT	-	-	-	6,040,538	8	0.40%
Newbrite Associates LTD Partnership	-	-	-	5,980,800	9	0.39%
Total	163,778,759		5.59%	\$ 110,014,314		7.25%

Source: City of New Britain, Office of Tax Assessor

Property Tax Levies And Collections
Last Ten Fiscal Years
(In Thousands)

Fiscal Year Ended June 30:	Tax Rate In Mills	Taxes Levied for the Tax Year	Collected Within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
			Amount	Percentage of Levy		Amount	Percentage of Levy
2012	36.63	\$ 107,582	\$ 103,302	96.02%	N/A	\$ 103,302	96.02%
2011	36.63	107,141	102,722	95.88%	2,360	105,082	98.08%
2010	34.98	102,274	98,267	96.08%	2,699	100,966	98.72%
2009	34.98	103,153	98,983	95.96%	3,290	102,273	99.15%
2008	45.40	95,749	91,654	95.72%	3,221	94,875	99.09%
2007	45.88	95,916	92,550	96.49%	2,629	95,179	99.23%
2006	45.89	94,516	91,538	96.85%	2,397	93,935	99.39%
2005	46.90	96,045	92,975	96.80%	2,529	95,504	99.44%
2004	46.93	96,709	93,815	97.01%	2,302	96,117	99.39%
2003	54.76	84,038	80,822	96.17%	2,475	83,297	99.12%

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

Ratios of Outstanding Debt by Type
Last Ten Fiscal Years
(In Thousands, Except Per Capita)

Fiscal Year	Governmental Activities				Business-Type Activities				
	General Obligation Bonds	Capital Leases	Ratio of Net General Bonded Debt to Estimated Actual Taxable Value	Debt Per Capita	Water	Total Primary Government	Percentage of Personal Income	Total Debt Per Capital	Population
2012	\$ 220,634	\$ -	5.15%	\$ 2,891	\$ 26,366	\$ 249,891	7.95%	\$ 3,322	74,348
2011	198,147	-	4.76%	2,823	34,336	235,306	8.80%	3,312	70,185
2010	178,571	-	4.28%	2,556	36,573	217,700	7.20%	3,080	69,860
2009	181,951	-	4.33%	2,593	38,822	223,366	7.42%	3,146	70,181
2008	183,802	-	6.16%	2,539	41,076	227,417	7.57%	3,106	72,395
2007	182,985	-	6.17%	2,528	42,743	228,256	7.46%	3,062	72,395
2006	183,966	-	6.27%	2,561	44,577	231,104	7.60%	3,121	71,840
2005	178,827	23	6.18%	2,489	33,811	215,150	7.05%	2,896	71,840
2004	189,184	46	6.45%	2,645	35,044	226,919	7.56%	3,105	71,538
2003	199,585	67	9.21%	2,790	11,679	214,121	7.20%	2,954	71,538

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

Statement of Debt Limitation

June 30, 2012

(In Thousands)

Total tax collections (including interest and lien fees) received by Treasurer for year ended June 30, 2012	\$ 108,841
Reimbursement for revenue loss (year ended June 30, 2012): Tax relief for the elderly freeze	<u>8</u>
Base for Debt Limitation Computation	<u>\$ 108,849</u>
Debt limit	<u><u>\$ 761,943</u></u>

	General Purpose	Schools	Sewers	Urban Renewal	Unfunded Pension Benefit Obligation
Debt Limitation					
2-1/4 times base	\$ 244,910	\$ -	\$ -	\$ -	\$ -
4-1/2 times base	-	489,821	-	-	-
3-3/4 times base	-	-	408,184	-	-
3-1/4 times base	-	-	-	353,759	-
3 times base	-	-	-	-	326,547
Total debt limitation	<u>244,910</u>	<u>489,821</u>	<u>408,184</u>	<u>353,759</u>	<u>326,547</u>
Indebtedness					
Bonds payable	\$ 197,426	\$ 24,298	\$ -	\$ -	\$ -
Notes payable	29,177	3,958	3,687	-	-
Overlapping debt	-	-	1,951	-	-
Bonds authorized - unissued	47,625	51,262	10,662	-	-
Total indebtedness	<u>274,228</u>	<u>79,518</u>	<u>16,300</u>	<u>-</u>	<u>-</u>
Less: self-liquidating indebtedness:					
Statutory exclusion- pension obligation bond	79,550	-	-	-	-
School construction grants	-	2,943	-	-	-
Total self-liquidating indebtedness	<u>79,550</u>	<u>2,943</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total indebtedness less self-liquidating indebtedness	<u>194,678</u>	<u>76,575</u>	<u>16,300</u>	<u>-</u>	<u>-</u>
Debt Limitation in excess of indebtedness	<u><u>\$ 50,232</u></u>	<u><u>\$ 413,246</u></u>	<u><u>\$ 391,884</u></u>	<u><u>\$ 353,759</u></u>	<u><u>\$ 326,547</u></u>

Note: In no case shall total indebtedness exceed seven times annual receipts from taxation - \$761,943.

* Budgetary Basis

Legal Debt Margin Information
Last Ten Fiscal Years
(In Thousands)

	Fiscal Year									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Debt limit	\$ 764,726	\$ 761,802	\$ 729,437	\$ 739,537	\$ 681,645	\$ 688,226	\$ 677,215	\$ 689,717	\$ 697,571	\$ 596,015
Total net debt applicable to limit	339,738	297,519	289,847	264,655	256,823	193,391	183,749	192,481	217,058	301,558
Legal debt margin	\$ 424,988	\$ 464,283	\$ 439,590	\$ 474,882	\$ 424,822	\$ 494,835	\$ 493,466	\$ 497,236	\$ 480,513	\$ 294,457
Total net debt applicable to the limit as a percentage of debt limit	44.43%	39.05%	39.74%	35.79%	37.68%	28.10%	27.13%	27.91%	31.12%	50.60%

Source: Comprehensive Annual Financial Reports - Schedule of Debt Limitation

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

**Demographic and Economic Statistics
Last Ten Fiscal Years**

Calendar Year	Population (1)	Personal Income (2)	Per Capita Income (3)	Median Age (4)	School Enrollment (5)	Unemployment Rate (6)
2012	74,348	\$ 3,108,564,228	\$ 41,811	42.0	9,977	11.80%
2011	70,185	2,640,991,365	37,629	35.0	10,400	13.20%
2010	69,860	2,987,143,740	42,759	35.0	10,405	12.40%
2009	70,181	2,975,042,771	42,391	35.0	10,203	11.50%
2008	72,395	2,972,249,120	41,056	35.0	10,344	8.10%
2007	72,395	2,972,249,120	41,056	33.9	10,654	7.50%
2006	71,840	2,949,463,040	41,056	33.9	10,950	7.70%
2005	71,840	2,949,463,040	41,056	33.9	10,947	7.50%
2004	71,538	2,937,064,128	41,056	33.9	11,024	7.90%
2003	71,538	2,937,064,128	41,056	33.9	10,803	7.10%
2002	71,538	2,937,064,128	41,056	33.9	10,718	6.20%

Sources:

- (1) State of Connecticut
- (2) State of Connecticut
- (3) U.S. Census Bureau
- (4) New Britain Board of Education
- (5) Connecticut Department of Labor

Principal Employers
Current Year and Nine Years Ago

Employer	2012			2003		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Hospital of Central Connecticut	3,100	1	9.50%			
City of New Britain	1,838	2	5.63%	1,912	1	6.08%
Central CT State University	1,637	3	5.02%	1,330	4	4.23%
The Hospital for Special Care	1,135	4	3.48%	1,370	3	4.36%
State of CT	1,095	5	3.36%	900	7	2.86%
Stanley-Black & Decker	933	6	2.86%	1,200	5	3.82%
Tilcon CT	735	7	2.25%	1,000	6	3.18%
Grove Hill Medical Center	494	8	1.51%	500	8	1.59%
Dattco	478	9	1.46%			
Webster Bank	375	10	1.15%			
New Britain General Hospital		-		1,800	2	5.73%
Moore Medical		-		282	9	0.90%
Creed Monarch		-		270	10	0.86%
Total	<u>11,820</u>		<u>36.22%</u>	<u>10,564</u>		<u>33.61%</u>
Total Employment	<u>32,635</u>			<u>31,425</u>		

Source: City of New Britain, Municipal Development Agency

**Full-Time Equivalent Town Government Employees By Functions/Programs
Last Ten Fiscal Years**

Functions/Program	Fiscal Year									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Administration, financial and other	119	123	124	132	132	100	108	137	128	65
Police	162	165	165	172	173	173	151	141	164	197
Fire	152	153	154	158	156	145	135	142	130	141
Health and welfare	18	18	18	20	21	20	13	19	14	19
Parks and Recreation:	53	54	53	57	60	60	68	70	53	67
Public works, engineering, garage	62	63	63	74	70	71	77	70	64	76
Water	52	52	52	53	53	56	53	57	48	50
Education	1,332	1,333	1,364	1,334	1,386	1,353	1,352	1,339	1,335	1,302
Total	1,950	1,961	1,993	2,000	2,051	1,978	1,957	1,975	1,936	1,917

Operating Indicators By Function/Program
Last Ten Fiscal Years

Function/Program	Fiscal Year									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
General government:										
Building permits issued	852	518	2,296	1,985	2,219	2,366	2,442	1,968	2,178	2,081
Building inspections conducted	1,804	1,101	4,631	4,210	4,373	3,865	4,483	3,672	3,970	4,157
Police:										
Calls for service	43,233	45,494	46,776	51,989	54,432	56,885	59,646	55,284	54,197	56,849
Physical arrests	5,307	6,188	7,021	6,803	6,868	6,161	6,828	6,732	6,878	7,222
Parking violations	13,197	15,049	14,498	18,436	20,621	22,059	26,367	28,126	28,225	28,420
Traffic violations	3,054	4,410	3,315	4,322	4,685	5,422	6,997	5,975	5,116	4,305
Fire:										
Emergency responses	6,286	6,604	6,624	6,871	6,832	6,929	6,320	6,082	2,997	2,976
Fires extinguished	280	284	297	291	522	565	279	296	357	303
Inspections	295	305	302	288	537	351	312	307	343	361
Refuse collection:										
Refuse collected (tons per day)	165	168	177	178	170	186	193	197	199	184
Recyclables collected (tons per day)	17	14	9	10	13	12	11	11	11	12
Other public works:										
Street resurfacing (miles)	8	5	7	12	19	15	9	12	5	4
Potholes repaired	N/A	N/A	N/A	1,406	N/A	N/A	N/A	N/A	N/A	N/A
Parks and recreation:										
Athletic field permits issued	3,176	3,373	3,300	3,763	2,918	4,958	2,597	2,447	2,859	2,827
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	225,581	213,907	220,384	220,974	223,056	231,214	246,891	243,723	254,773	259,773
Total volumes borrowed	408,167	394,456	415,416	394,883	399,119	373,557	312,662	315,649	373,335	346,906
Water:										
New connections	4	5	405	151	196	60	94	86	299	299
Water main breaks	9	21	18	31	25	28	16	24	29	26
Average daily consumption (thousands of gallons)	8,887	9,140	8,755	9,050	10,103	10,100	10,000	11,161	10,293	9,898
Peak daily consumption (thousands of gallons)	12,722	13,424	16,660	11,800	17,900	14,410	12,745	15,700	13,700	14,500
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

Capital Asset Statistics By Function/Program
Last Ten Fiscal Years

Function/Program	Fiscal Year									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Zone offices	2	2	2	2	2	3	3	3	3	3
Patrol units	32	32	30	30	30	30	30	30	30	30
Fire stations	6	6	6	6	6	6	6	6	6	6
Refuse collection:										
Collection trucks	10	10	10	9	7	17	17	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	71	71	71	71	70	70	70	70
Parks and recreation:										
Acerage	1,200	1,200	1,200	1,200	1,200	1,200	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)	247	247	269	269	269	269	269	269	269	269
Fire hydrants	1,851	1,887	1,852	1,992	1,988	1,977	1,991	1,991	1,991	1,991
Storage capacity (thousands of gallons)	2,857,800	2,857,800	2,857,800	2,742,921	2,857,800	2,858,700	2,742,921	2,742,921	2,742,921	2,742,921
Wastewater:										
Sanitary sewers (miles)	179	179	179	179	187	180	180	180	180	180
Storm sewers (miles)	153	153	153	153	171	152	152	152	152	152