

CITY OF NEW BRITAIN, CONNECTICUT



Comprehensive Annual Financial Report

Fiscal Year Ended June 30, 2013

COMPREHENSIVE ANNUAL FINANCIAL REPORT

OF THE

**CITY OF NEW BRITAIN,
CONNECTICUT**

FISCAL YEAR ENDED JUNE 30, 2013



Prepared By:

THE FINANCE DEPARTMENT

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

CITY OF NEW BRITAIN, CONNECTICUT
COMPREHENSIVE ANNUAL FINANCIAL REPORT
TABLE OF CONTENTS

	<u>Page</u>
I. INTRODUCTORY SECTION - unaudited	
Letter of Transmittal	i-v
GFOA Certificate of Achievement	vi
Principal Officials	vii
Organization Chart of the City Government	viii
II. FINANCIAL SECTION	
Independent Auditor's Report	1-2
Management's Discussion and Analysis - unaudited	3-10
BASIC FINANCIAL STATEMENTS	
Exhibit	
<u>Government-Wide Financial Statements</u>	
I. Statement of Net Position	11
II. Statement of Activities	12
<u>Fund Financial Statements</u>	
Governmental Funds:	
III. Balance Sheet – Governmental Funds	13-14
IV. Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	15-16
Proprietary Funds:	
V. Statement of Net Position (Deficits)	17
VI. Statement of Revenues, Expenses and Changes in Fund Net Position (Deficits)	18
VII. Statement of Cash Flows	19
Fiduciary Funds:	
VIII. Statement of Fiduciary Net Position	20
IX. Statement of Changes in Plan Net Position – Pension Trust Funds	21
Notes to Financial Statements	22-59

CITY OF NEW BRITAIN, CONNECTICUT
COMPREHENSIVE ANNUAL FINANCIAL REPORT
TABLE OF CONTENTS

REQUIRED SUPPLEMENTARY INFORMATION - unaudited

<u>Exhibit</u>		<u>Page</u>
RSI-1	Schedule of Revenues and Other Financing Sources – Budget and Actual.....	61-63
RSI-2	Schedule of Expenditures and Other Financing Uses – Budget and Actual.....	64-65
RSI-3	Schedules of Funding Progress – Pension and OPEB	66
RSI-4	Schedules of Annual Required Contributions – Pension and OPEB	67
	Note to Required Supplementary Information.....	68

**COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS
AND OTHER SCHEDULES**

General Fund

A-1	Schedule of Property Taxes Levied, Collected and Outstanding.....	69
------------	---	----

Nonmajor Governmental Funds

B-1	Combining Balance Sheet.....	71-79
B-2	Combining Statement of Revenues, Expenditures and Changes in Fund Balances	80-88

Capital Projects Fund

C-1	Schedule of Expenditures – Actual vs. Appropriations (Non-GAAP Basis)	89
------------	---	----

Internal Service Funds

D-1	Combining Statement of Net Position (Deficits)	91
	Combining Statement of Revenues, Expenses and Changes in Net Position (Deficits)	92
D-3	Combining Statement of Cash Flows	93

Fiduciary Funds

Pension Trust Funds and OPEB Trust Fund:

E-1	Combining Statement of Net Position.....	95
E-2	Combining Statement of Changes in Plan Net Position	96

Agency Funds:

E-3	Combining Balance Sheet	97
E-4	Combining Statement of Changes in Assets and Liabilities	98

CITY OF NEW BRITAIN, CONNECTICUT
COMPREHENSIVE ANNUAL FINANCIAL REPORT
TABLE OF CONTENTS

III. STATISTICAL SECTION -unaudited

	<u>Page</u>
 <u>Financial Trends</u>	
<u>Table</u>	
1 Net Position by Component.....	99
2 Changes in Net Position	100-101
3 Fund Balances, Governmental Funds.....	102
4 Changes in Fund Balances, Governmental Funds	103
 <u>Revenue Capacity</u>	
5 Assessed Value and Estimated Actual Value of Taxable Property.....	104
6 Principal Property Taxpayers	105
7 Property Tax Levies and Collections.....	106
 <u>Debt Capacity</u>	
8 Ratios of Outstanding Debt by Type	107
9 Statement of Debt Limitation	108
10 Legal Debt Margin Information	109
 <u>Demographic and Economic Statistics</u>	
11 Demographic and Economic Statistics.....	110
12 Principal Employers.....	111
 <u>Operating Information</u>	
13 Full-Time Equivalent City Government Employees by Function/Program	112
14 Operating Indicators by Function/Program	113
15 Capital Asset Statistics by Function/Program	114

CITY OF NEW BRITAIN, CONNECTICUT



January 29, 2014

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, 2013.

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, 2013 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 unmodified opinion that the City of New Britain's financial statements for the fiscal year ended June 30, 2013, 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 and state mandated "Single Audit" designed to meet the special needs of federal and state 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 and state awards. The single audits for the fiscal year ended June 30, 2013 will be issued as separate reports.

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 City is currently in the process of a downtown streetscape project which will better promote traffic and businesses in the downtown area. 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 to create 4,000 construction jobs and 100 permanent jobs. Construction is started in early 2012 with a 2014 completion date. This is also anticipated to bring additional businesses and traffic to the downtown area.

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 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. Additionally, 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.

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). Investments in Farmington Bank, Sovereign Bank and TD Bank are in interest bearing savings accounts.

Debt Administration

At year end, the City had a number of debt issues outstanding. These included \$223 million 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, 2013, the City's net general obligation bonded debt of \$223 million was well below the legal limit of \$796 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 2013 annual budget \$414,000 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

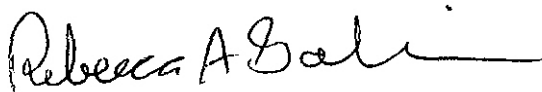
State Statute and the City Charter require an annual audit by an independent certified public accountant. The Statute further prescribes that each municipality's annual report shall be prepared in accordance with Generally Accepted Accounting Principles (GAAP). This report has been prepared in accordance 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 Jonathan Perugini, Amy Goldsberry and the Finance Department staff. 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



Government Finance Officers Association

**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, 2012

A handwritten signature in black ink, reading "Jeffrey R. Enos". The signature is written in a cursive, flowing style.

Executive Director/CEO

**CITY OF NEW BRITAIN, CONNECTICUT
PRINCIPAL OFFICIALS
As of June 30, 2013**

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

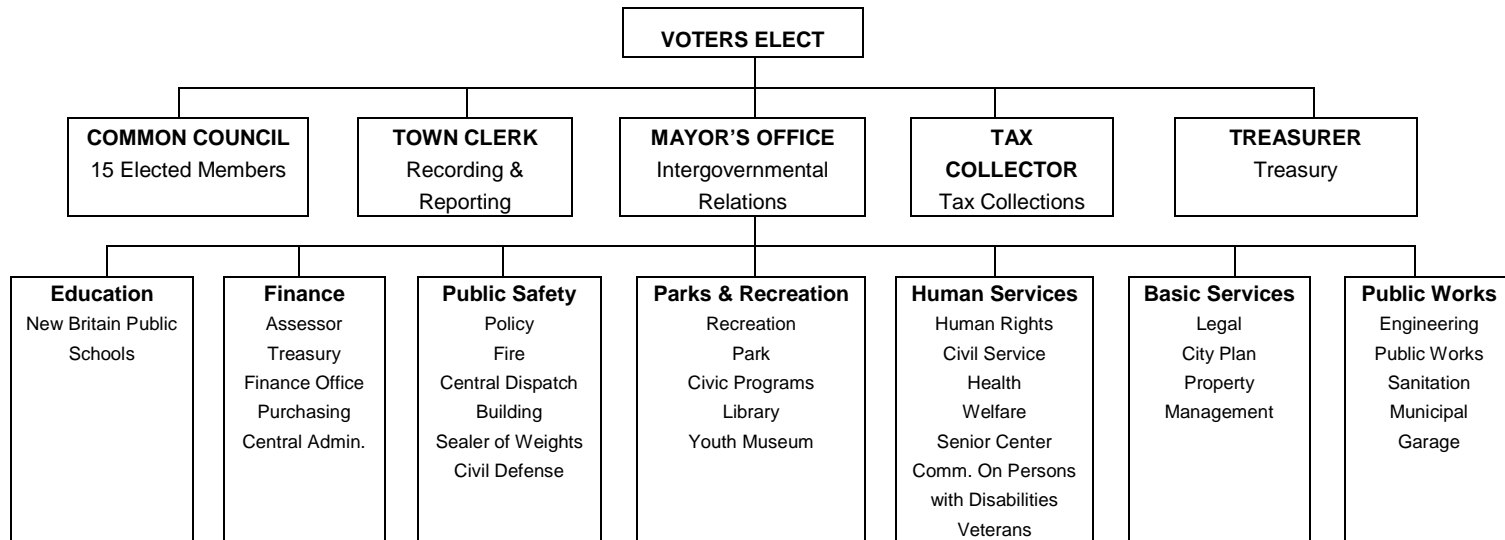
Corporation Counsel	John King
Town Clerk	Peter J. Denuzze
Tax Collector	Cheryl Blogoslawski
Assessor	Michael Konik
Director of Finance (Acting)	Rebecca Salerni
Director of Health	Sergio Lupo
Director of Personnel	Karen Levine
Director of Parks and Recreation	William A. DeMaio
Director of Public Works	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

Report on the Financial Statements

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 fiscal year ended June 30, 2013, and the related notes thereto which collectively comprise the City's basic financial statements as listed in the table of content.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of New Britain, Connecticut as of June 30, 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management Discussion and Analysis, the schedules of funding progress and employer contributions and budgetary comparison information 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.

Supplementary Information

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

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 29, 2014 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.



New Haven, Connecticut
January 29, 2014

City of New Britain, Connecticut
Management's Discussion and Analysis - unaudited
June 30, 2013

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, 2013. 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 position increased as a result of this year's operations. While net position of the business-type activities decreased by \$23 thousand, net position of the governmental activities increased by \$8.6 million.
- In its governmental activities, the City had revenues of \$285.7 million and expenses of \$277.1 million.
- In the City's business-type activities, revenues were \$12.5 million while expenses were \$11.2 million, thus increasing the net position before transfers of the business-type funds by \$1.2 million. The net position after transfers of the business-type funds decreased by \$23 thousand.
- The General Fund reported a fund balance of \$12.6 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 position 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 position 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 position and changes in them. The City's net position, 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 position 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 position 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 position 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 position 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 position and changes in fiduciary net position. 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 position are higher than they were one year ago, increasing from \$159 million to \$168 million. The analysis below focuses on the net position (Table 1) and changes in net position (Table 2) of the City's governmental and business-type activities.

CITY OF NEW BRITAIN, CONNECTICUT
SUMMARY STATEMENT OF NET POSITION (\$000S)
(In Thousands)

TABLE 1

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2013	2012	2013	2012	2013	2012
Current assets	\$ 99,726	\$ 108,895	\$ 12,031	\$ 12,475	\$ 111,757	\$ 121,370
Noncurrent assets	15,375	20,205	-	-	15,375	20,205
Capital assets:						
Capital assets not being depreciated	57,783	114,925	1,977	1,977	59,760	116,902
Capital assets being depreciated, net	267,518	200,352	57,514	58,992	325,032	259,344
Total assets	440,402	444,377	71,522	73,444	511,924	517,821
Long-term debt outstanding	271,530	278,366	19,962	21,780	291,492	300,146
Other liabilities	51,840	57,614	652	733	52,492	58,347
Total liabilities	323,370	335,980	20,614	22,513	343,984	358,493
Net Position:						
Net Investment in capital assets	151,122	147,800	39,737	39,381	190,859	187,181
Restricted	8,281	8,109	-	-	8,281	8,109
Unrestricted (deficit)	(42,371)	(47,512)	11,171	11,550	(31,200)	(35,962)
Total Net Position	\$ 117,032	\$ 108,397	\$ 50,908	\$ 50,931	\$ 167,940	\$ 159,328

Net position of the City's governmental activities increased in FY13 by 8.0% (\$117.0 million compared to \$108.4 million). Unrestricted net position (deficit) – totaled \$(42.4) million at June 30, 2013.

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

- The sale of delinquent taxes and tax liens which was approximately \$4.3 million in FY 13.
- City hiring freeze and consolidation of numerous City departments. In FY13, the City of New Britain consolidated the staffing for the departments of Public Works, Property Management, Parks & Recreation, Stanley Golf Course, Fairview Cemetery, Sewer, and Water all under the umbrella of Public Works. By doing this workers were no longer just assigned to one department, but could be cross trained in multiple areas.

The net position of business-type activities decreased by 0.05% (\$50.908 million compared to \$50.931 million) in 2013.

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

- Conservative spending – spending cuts imposed upon the city as a whole.
- Merging of staffing of Water Department with that of the Public Works Department. Unfilled vacancies helped to offset rising costs of doing business in FY 13.

CITY OF NEW BRITAIN, CONNECTICUT
SUMMARY STATEMENT OF ACTIVITIES (\$000s)
(In Thousands)

TABLE 2

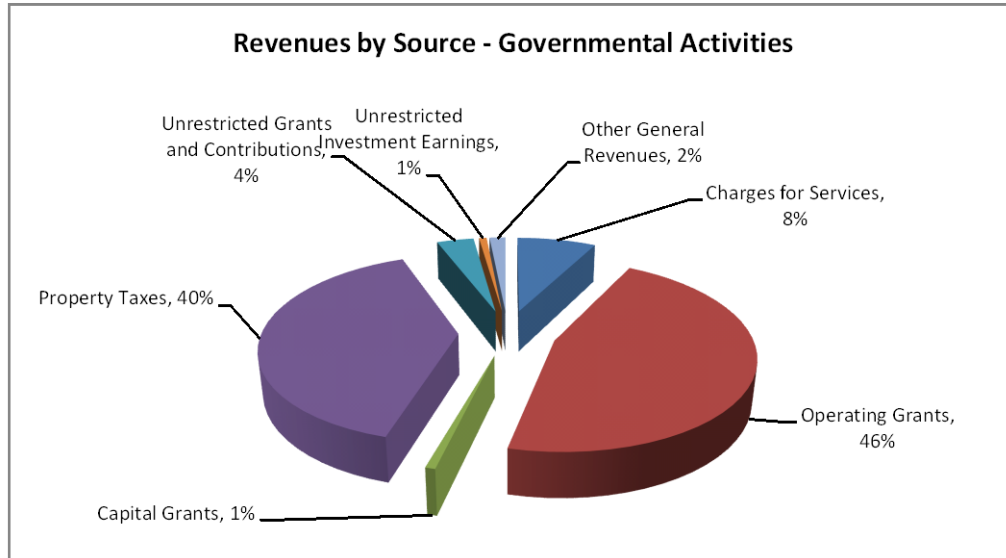
	Governmental Activities		Business-Type Activities		Total Primary Government	
	2013	2012	2013	2012	2013	2012
Revenues						
Program revenues:						
Charges for services	\$ 21,775	\$ 21,703	\$ 12,472	\$ 12,840	\$ 34,247	\$ 34,543
Operating grants and contributions	131,215	122,717	-	-	131,215	122,717
Capital grants and contributions	1,984	2,632	-	-	1,984	2,632
General revenues:						
Property taxes	112,865	106,069	-	-	112,865	106,069
Grants and contributions not restricted to specific programs	10,184	11,024	-	-	10,184	11,024
Unrestricted investment earnings	2,092	870	10	19	2,102	889
Other general revenues	4,410	3,654	-	-	4,410	3,654
Total revenues	284,525	268,669	12,482	12,859	297,007	281,528
Program Expenses						
General government	11,539	12,124	-	-	11,539	12,124
Public safety	42,461	45,290	-	-	42,461	45,290
Public works	26,025	20,309	-	-	26,025	20,309
Health and welfare	6,188	6,574	-	-	6,188	6,574
Parks, recreation and libraries	10,647	13,077	-	-	10,647	13,077
Education	168,740	164,084	-	-	168,740	164,084
Interest on long-term debt	11,553	14,052	-	-	11,553	14,052
Water	-	-	11,242	10,236	11,242	10,236
Total program expenses	277,153	275,510	11,242	10,236	288,395	285,746
Increase (decrease) in net position before transfers	7,372	(6,841)	1,240	2,623	8,612	(4,218)
Transfers, net	1,263	-	(1,263)	-	-	-
Increase (decrease) in Net Position	\$ 8,635	\$ (6,841)	\$ (23)	\$ 2,623	\$ 8,612	\$ (4,218)

The City's total revenues were \$285.8 million. The total cost of all programs and services was \$277.1 million. In FY13, the City of New Britain consolidated the staffing for the departments of Public Works, Property Management, Parks & Recreation, Stanley Golf Course, Fairview Cemetery, Sewer, and Water all under the umbrella of Public Works. By doing this workers were no longer just assigned to one department, but could be cross trained in multiple general laborer areas to help out wherever needed. This is the primary reason for the increase in both operating grants and contributions (\$3.1 million) and transfers (\$6.9 million) as well as Public Works expenses (\$5.7 million) in FY 13. The other significant increase to operating grants and contributions would be the sale of delinquent taxes and tax liens which was approximately \$4.3 million in FY 13.

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

Governmental Activities

Revenues for governmental activities totaled \$284.5 million; property taxes (39.7%), operating grants (46.1%) and charges for services (7.6%) are the major revenue sources – contributing approximately 93.4% of the City's revenues.



Expenses for governmental activities were \$277.2 million, of which 56% were supported by program revenues and 44% were supported from general revenues. Expenses by function include education (60.8%), public safety (15.3%), public works (9.4%), and parks, recreation and libraries (3.8%), which made up 89.3% of the total governmental expenses.

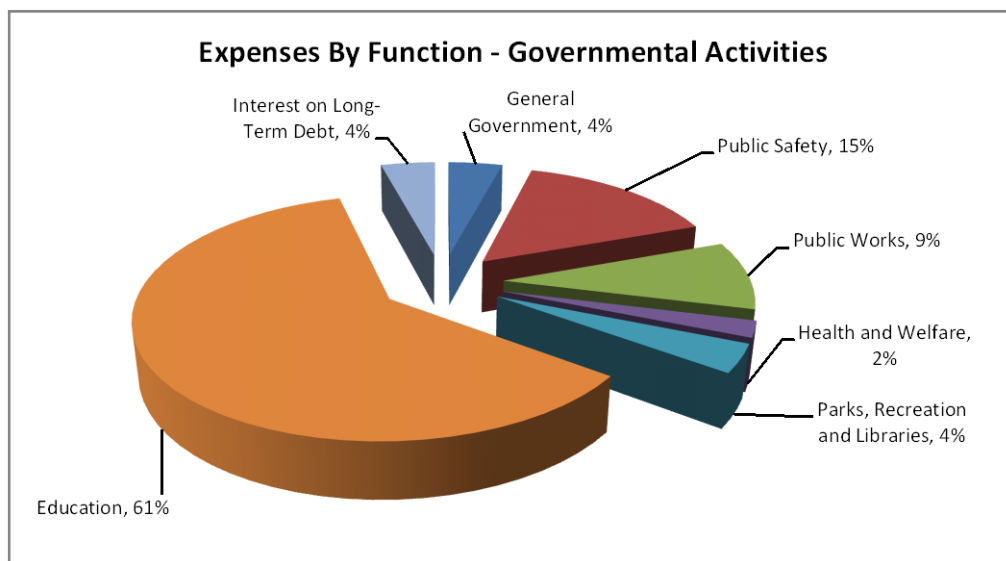
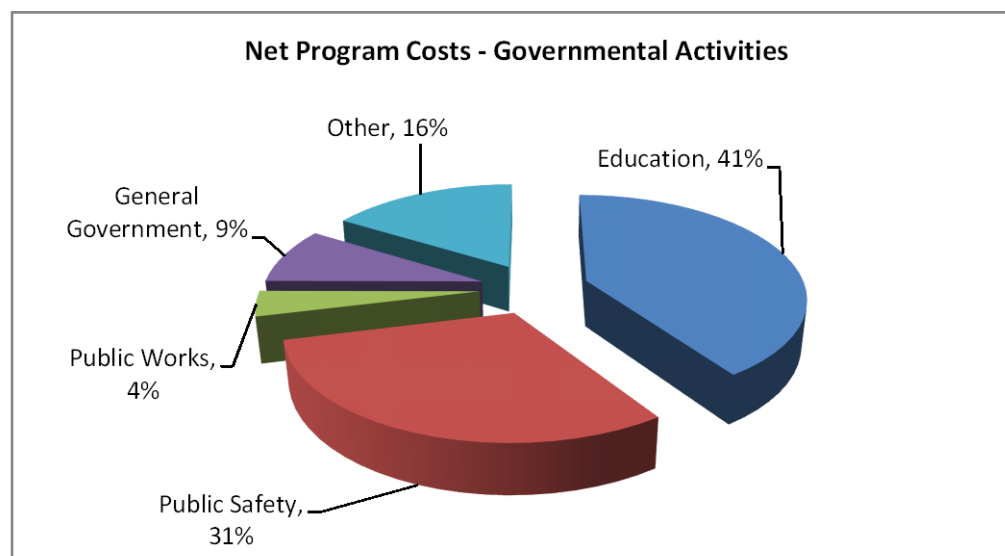


Table 3 presents the cost of each of the City's four largest programs – education, public safety, public works, and general government – as well as each program's net cost (total cost less revenues generated by the activities). The net cost shows the final burden that was placed on the City's tax payers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

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

TABLE 3

	Total Cost of Services		Net Cost of Services	
	2013	2012	2013	2012
Education	\$ 168,740	\$ 164,084	\$ 49,487	\$ 47,197
Public safety	42,461	45,290	37,471	40,699
Public works	26,025	20,309	4,771	6,306
General government	11,539	12,124	10,645	10,218
All others	28,388	33,703	19,805	24,038
Totals	\$ 277,153	\$ 275,510	\$ 122,179	\$ 128,458



Business-Type Activities

Revenues and expenses of the City's business-type activities amounted to \$12.4 million and \$11.2 million, respectively. Net position decreased from \$50.93 million to \$50.91 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 \$7.7 million, which is an increase from last year's total of \$3.0 million. Included in this year's total change in fund balance is a slight increase of \$395K in the General Fund. The increase in the non-governmental fund balance can be attributed to the fact that the City had implemented a hiring freeze and consolidated the staffing for various Public Works Departments and an increase in Public Works grants.

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 position of the Water Enterprise Fund amounted to \$11.2 million and those for the internal service funds amounted to negative \$239K. The decrease in unrestricted net position for the Water Enterprise Fund of \$379K was mainly a result of a slight drop in revenue collections.

General Fund Budgetary Highlights

- The General Fund received \$4.3 M in tax lien sales.
- A receipt of FEMA funds for storm Alfred amounting to \$536K.
- \$484K in swap termination proceeds and premiums for Bond and BAN sale.

Capital Asset and Debt Administration

Capital Assets

At June 30, 2013, the City had \$386 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 \$10 million, or 2.7% 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	
	2013	2012	2013	2012	2013	2012
Land	\$ 13,417	\$ 13,417	\$ 1,977	\$ 1,977	\$ 15,394	\$ 15,394
Construction in progress	44,366	101,508	-	-	44,366	101,508
Buildings and improvements	206,584	144,714	-	-	206,584	144,714
Equipment	2,339	2,423	-	-	2,339	2,423
Vehicles	5,314	6,466	-	-	5,314	6,466
Infrastructure	53,281	46,749	-	-	53,281	46,749
Water filtration assets	-	-	57,514	58,992	57,514	58,992
Totals	\$ 325,301	\$ 315,277	\$ 59,491	\$ 60,969	\$ 384,792	\$ 376,246

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, 2013, the City had \$224,544 in bonds and notes outstanding versus \$222,829 last year - an increase of 0.8% - 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	
	2013	2012	2013	2012	2013	2012
General obligation bonds (backed by the City)	\$ 223,339	\$ 221,724	\$ 2,016	\$ 2,016	\$ 225,355	\$ 223,740
Less deferred amount: For issuance discounts on refunding	(811)	(911)	-	-	(811)	(911)
Totals	\$ 222,528	\$ 220,813	\$ 2,016	\$ 2,016	\$ 224,544	\$ 222,829

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

City of New Britain, CT, General Obligation Bonds, Series 2013, dated and issued March 27, 2013 consisting of \$19,225,000.

The City's general obligation bond rating from Standard & Poor's and Moody's, both national rating agencies, is AA- and A2 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 \$796 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 2013 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 11.3% versus 11.8% a year ago. This compares with the State's unemployment rate of 8.0% and the national rate of 7.6%.

These indicators were taken into account when adopting the General Fund budget for 2013-14. Amounts available for appropriation in the General Fund budget are \$238 million, an increase of 4.3% over the final 2013 budget of \$228 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 POSITION

June 30, 2013

(In Thousands)

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and cash equivalents	\$ 32,854	\$ 4,788	\$ 37,642
Investments	27,169	94	27,263
Receivables, net	37,740	5,932	43,672
Due from fiduciary funds	1,633	-	1,633
Other deferred asset	-	1,071	1,071
Inventory	330	146	476
Net pension assets	1,275	-	1,275
Deferred cash outflows under interest rate swaps	14,100	-	14,100
Capital assets:			
Capital assets not being depreciated	57,783	1,977	59,760
Capital assets being depreciated, net	267,518	57,514	325,032
Total assets	440,402	71,522	511,924
Liabilities			
Accounts and other payables	25,819	652	26,471
Bond anticipation notes payable	25,280	-	25,280
Unearned revenue	741	-	741
Long-term liabilities:			
Due within one year	60,645	1,935	62,580
Due in more than one year	210,885	18,027	228,912
Total liabilities	323,370	20,614	343,984
Net Position			
Net Investment in capital assets	151,122	39,737	190,859
Restricted for:			
Trust purposes:			
Nonexpendable	1,708	-	1,708
Restricted:			
Education	1,400	-	1,400
General government	1,280	-	1,280
Public works	1,778	-	1,778
Public Safety	389	-	389
Health & Welfare	286	-	286
Parks, recreation and library	1,440	-	1,440
Unrestricted (deficit)	(42,371)	11,171	(31,200)
Total net position	\$ 117,032	\$ 50,908	\$ 167,940

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

STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2013

(In Thousands)

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in net positions		
		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	\$ (11,539)	\$ 788	\$ 106	\$ -	\$ (10,645)	\$ -	\$ (10,645)
Public safety	(42,461)	4,202	788	-	(37,471)	-	(37,471)
Public works	(26,025)	12,697	8,557	-	(4,771)	-	(4,771)
Health and welfare	(6,188)	837	4,741	-	(610)	-	(610)
Parks , recreation and libraries	(10,647)	2,655	350	-	(7,642)	-	(7,642)
Education	(168,740)	596	116,673	1,984	(49,487)	-	(49,487)
Interest on long-term debt	(11,553)	-	-	-	(11,553)	-	(11,553)
Total governmental activities	(277,153)	21,775	131,215	1,984	(122,179)	-	(122,179)
Business-type activities:							
Water	(11,242)	12,472	-	-	-	1,230	1,230
Total business-type activities	(11,242)	12,472	-	-	-	1,230	1,230
Total primary government	\$ (288,395)	\$ 34,247	\$ 131,215	\$ 1,984	(122,179)	1,230	(120,949)
General revenues:							
Property taxes					112,865	-	112,865
Grants and contributions not restricted to specific programs					10,184	-	10,184
Unrestricted investment income					2,092	10	2,102
Miscellaneous					4,410	-	4,410
Transfers					1,263	(1,263)	-
Total general revenues					130,814	(1,253)	129,561
Change in net position					8,635	(23)	8,612
Net position, beginning of year					108,397	50,931	159,328
Net position, end of year					\$ 117,032	\$ 50,908	\$ 167,940

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

BALANCE SHEET - GOVERNMENTAL FUNDS

June 30, 2013

(In Thousands)

	General	Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
Assets				
Cash and cash equivalents	\$ 4,386	\$ 15,659	\$ 12,013	\$ 32,058
Investments	-	-	4,106	4,106
Accounts receivable, net	26,028	-	11,669	37,697
Due from other funds	24,357	-	-	24,357
Inventories	-	-	330	330
Total assets	\$ 54,771	\$ 15,659	\$ 28,118	\$ 98,548
Liabilities				
Accounts payable	\$ 17,047	\$ 1,545	\$ 4,260	\$ 22,852
Due to other funds	8,015	-	8,562	16,577
Deferred revenue	17,114	-	8,327	25,441
Unearned revenue	-	-	741	741
Bond anticipation notes payable	-	25,280	-	25,280
Total liabilities	42,176	26,825	21,890	90,891
Fund Balances (Deficits)				
Nonspendable	-	-	2,038	2,038
Restricted	-	-	6,573	6,573
Committed	-	-	1,138	1,138
Unassigned	12,595	(11,166)	(3,521)	(2,092)
Total fund balances (deficits)	12,595	(11,166)	6,228	7,657
Total liabilities and fund balances (deficits)	\$ 54,771	\$ 15,659	\$ 28,118	\$ 98,548

(Continued)

BALANCE SHEET - GOVERNMENTAL FUNDS, Continued
June 30, 2013
(In Thousands)

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

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

Fund balances - total governmental funds (Exhibit III)	\$ 7,657
--	----------

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

Governmental capital assets	\$ 553,654	
Less accumulated depreciation	<u>(228,353)</u>	
		325,301

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	1,275
Property tax receivables greater than 60 days	7,844
Interest receivable on property taxes	8,177
Housing loans receivable	5,092
Sewer use	3,132
Grants receivable	103
Receivable from the state for school construction projects	959
Other	134
Deferred cash outflows under interest rate swaps	14,100

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 position.

(239)

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	(223,339)
Clean water notes payable	(4,117)
Interest payable on bonds and notes	(2,741)
Compensated absences	(8,144)
Net pension obligation	(523)
Net OPEB obligation	(914)
Deferred charges on refunding	811
Unamortized bond premium	(3,436)
Interest rate swap liability	<u>(14,100)</u>

Net Position of Governmental Activities (Exhibit I)	<u>\$ 117,032</u>
---	-------------------

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, 2013
(In Thousands)**

	General	Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES				
Property taxes	\$ 114,381	\$ -	\$ -	\$ 114,381
Intergovernmental	103,939	4,504	40,033	148,476
Licenses, fees and charges for goods and services	10,168	300	11,026	21,494
Investment earnings	86	-	532	618
Miscellaneous	2,412	30	1,968	4,410
Total revenues	230,986	4,834	53,559	289,379
EXPENDITURES				
Current:				
General government	9,960	-	97	10,057
Public safety	40,721	-	721	41,442
Public works	10,891	-	8,346	19,237
Health and welfare	2,621	-	3,560	6,181
Education	133,504	-	31,239	164,743
Parks and recreation	8,458	-	1,606	10,064
Capital outlay	-	24,125	-	24,125
Debt and sundry	29,087	518	-	29,605
Total expenditures	235,242	24,643	45,569	305,454
Revenues over (under) expenditures	(4,256)	(19,809)	7,990	(16,075)
OTHER FINANCING SOURCES (USES)				
Transfers in	5,407	950	50	6,407
Transfers out	(1,000)	-	(4,144)	(5,144)
Bond premiums	244	-	-	244
Issuance of bonds	-	19,225	-	19,225
Total other financing sources (uses)	4,651	20,175	(4,094)	20,732
Net changes in fund balances (deficits)	395	366	3,896	4,657
FUND BALANCES (DEFICITS), beginning	12,200	(11,532)	2,332	3,000
FUND BALANCES (DEFICITS), ending	\$ 12,595	\$ (11,166)	\$ 6,228	\$ 7,657

(Continued)

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS, Continued
For the Year Ended June 30, 2013
(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)	\$ 4,657
---	----------

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	21,618
Depreciation expense	(11,594)

Change in net pension asset	10
-----------------------------	----

Revenues in the statement of activities that do not provide current financial resources are
not reported as revenues in the funds:

School building grant receipts	(1,984)
Property tax receivable and interest/lien - accrual basis change	(1,516)
Housing loans receivable and interest	(349)
Grants and other	(2,626)
Sewer use fee receivable	147

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 positions. 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	(19,225)
Bond principal payments	17,610
Payments on clean water fund notes	315
Issuance of clean water fund notes	(745)

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	(251)
Accrued interest	(2)
Amortization of deferred charge on refunding	(100)
Amortization of bond premium	346
Net OPEB expense	(120)
Net pension expense	(5)
Interest rate swap	384

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.

2,065

Change in Net Position of Governmental Activities (Exhibit II)

\$ 8,635

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

STATEMENT OF NET POSITION (DEFICITS) - PROPRIETARY FUNDS

June 30, 2013

(In Thousands)

	Business-Type Activities Water Enterprise Fund	Governmental Activities Internal Service Fund
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 4,788	\$ 796
Investments	94	23,063
Other deferred asset	1,071	-
Receivables:		
Other, net of allowance for uncollectible	5,932	43
Inventory	146	-
Total current assets	12,031	23,902
Noncurrent assets:		
Capital assets, net	59,491	-
Total assets	71,522	23,902
LIABILITIES		
Current liabilities:		
Accounts payable and accrued expenses	652	212
Compensated absences	101	-
Due to other funds	-	6,161
Claim reserves	-	1,800
Current portion of bonds and notes payable	1,834	-
Total current liabilities	2,587	8,173
Noncurrent liabilities:		
Bonds and notes payable	17,920	-
Compensated absences	107	-
Claims reserves	-	15,968
Total noncurrent liabilities	18,027	15,968
Total liabilities	20,614	24,141
NET POSITION (DEFICITS)		
Net Investment in capital assets	39,737	-
Unrestricted	11,171	(239)
Total net position (deficits)	\$ 50,908	\$ (239)

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

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION (DEFICITS)**PROPRIETARY FUNDS****For the Year Ended June 30, 2013****(In Thousands)**

	Business-Type Activities	Governmental Activities
	Water Enterprise Fund	Internal Service Fund
OPERATING REVENUES		
Charges for services and goods	\$ 12,472	\$ -
Charges to other funds	-	26,306
Total operating revenues	12,472	26,306
OPERATING EXPENSES		
Cost of sales, services and administration	8,307	-
Administration and general expense	-	694
Depreciation expense	2,222	-
Claims incurred	-	25,021
Total operating expenses	10,529	25,715
Operating income	1,943	591
NONOPERATING REVENUE (EXPENSE)		
Income on investments	10	1,474
Interest expense	(713)	-
Total nonoperating revenue (expense)	(703)	1,474
Change in net position before transfers	1,240	2,065
Transfers:		
Transfers out	(1,263)	-
Total transfers	(1,263)	-
Change in net position	(23)	2,065
NET POSITION (DEFICITS), beginning of year	50,931	(2,304)
NET POSITION (DEFICITS), end of year	\$ 50,908	\$ (239)

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

STATEMENT OF CASH FLOWS - PROPRIETARY FUND

For the Year Ended June 30, 2013

(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	\$ -	\$ 26,307
Cash received from customers	12,892	-
Cash paid for premiums and other operating expenses	(2,710)	(655)
Cash payments for claims made	-	(25,673)
Net cash provided by (used in) operating activities	10,182	(21)
Cash Flows From Noncapital Financing Activities		
Transfers to other funds	(6,925)	-
Net cash used in noncapital financing activities	(6,925)	-
Cash Flows From Capital Financing Activities		
Acquisition of capital assets	(744)	-
Payment of loan obligation	(1,834)	-
Interest paid on capital debt	(713)	-
Net cash used in capital financing activities	(3,291)	-
Cash Flows From Investing Activities		
Income on investments	10	1,474
Purchase of investments	-	(1,728)
Net cash provided by (used in) investing activities	10	(254)
Net decrease in cash and cash equivalents	(24)	(275)
Cash and Cash Equivalents		
Beginning	4,812	1,071
Ending	<u>\$ 4,788</u>	<u>\$ 796</u>
Reconciliation of Operating Income to Net Cash Provided by (Used In) Operating Activities:		
Operating income	\$ 1,943	\$ 591
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:		
Depreciation	2,222	-
Change in assets and liabilities:		
(Increase) decrease in accounts receivable	404	1
Increase (decrease) in accounts payable and accrued expenses	(49)	(3,748)
Increase (decrease) in due to other funds	-	3,135
Net cash provided by (used in) operating activities	\$ 4,520	\$ (21)
Noncash Investment Activities:		
Net increase in fair value of investments	\$ -	\$ 806

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

STATEMENT OF FIDUCIARY NET POSITION - FIDUCIARY FUNDS

June 30, 2013

(In Thousands)

	Pension Trust Funds	Other Post- Employment Benefits Fund	Agency Funds
ASSETS			
Cash and cash equivalents	\$ 4,028	\$ 5	\$ 297
Investments:			
Investments:			
Asset and Mortgage Backed	13,974	-	-
Fixed income	-	-	175
Mutual funds	85,641	-	-
Alternative investments	13,760	-	-
Federal agency bonds	1,738	1,310	-
Corporate bonds/securities	10,211	-	-
Foreign bonds	1,220	-	-
Government Bonds	17,943	-	-
CDs	-	-	86
Accounts receivable	243	-	-
Total assets	148,758	1,315	558
LIABILITIES			
Accounts payable	914	-	-
Due to other funds	1,629	-	4
Due to beneficiaries	-	-	554
Total liabilities	2,543	-	558
NET POSITION			
Held in Trust for Pension and			
Other Post-Retirement Benefits	\$ 146,215	\$ 1,315	\$ -

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

STATEMENT OF CHANGES IN PLAN NET POSITION- FIDUCIARY FUNDS
For the Year Ended June 30, 2013
(In Thousands)

	Pension Trust Funds	Other Post- Employment Benefits Fund
Additions		
Contributions:		
Employer	\$ 1,585	\$ 4,721
Employee	559	-
Total contributions	2,144	4,721
Investment income:		
Net appreciation in fair value of investments	10,557	152
Interest and dividends	3,613	-
Miscellaneous	7	-
Total investment income	14,177	152
Less investment expense	295	-
Net investment income	13,882	152
Total additions	16,026	4,873
Deductions		
Benefits	12,141	4,721
Administrative costs	94	8
Total deductions	12,235	4,729
Change in net position	3,791	144
Plan Net Position		
Beginning of year	142,424	1,171
End of year	\$ 146,215	\$ 1,315

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

CITY OF NEW BRITAIN, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS

June 30, 2013

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.

The City adopted GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, in the current year. The adoption of this Statement changed the presentation of certain basic financial statements to a statement of net position format and classification of deferred outflow related to interest rate swap.

The City also adopted GASB Statement 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. GASB 62 incorporates into the GASB's authoritative literature certain accounting and financial reporting guidance that are included in the following pronouncements issued on or before November 30, 1989, which does not conflict with or contradict GASB pronouncements: Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the American Institute of Certified Public Accountants' (AICPA) Committee on Accounting Procedure. GASB 62 does not have any impact on the City's financial statements.

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.

CITY OF NEW BRITAIN, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued **June 30, 2013**

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 \$15 were incurred in 2012-13 related to the City's participation in TROC. The City has no equity interest in TROC.

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 \$2,360 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 the City cannot impose its will on the District. 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 position 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.

CITY OF NEW BRITAIN, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued **June 30, 2013**

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, 2013**

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.

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 are primarily stated at fair value using quoted market prices.

The pension funds allow for investments in certain alternative investments. Alternative investments may include private equity partnerships, hedge and absolute return funds for which there may be no ready market to determine fair value. These investments are valued using the most recent valuation available from the external fund manager that represents the net asset value of these funds. These estimated values do not necessarily represent the amounts that will ultimately be realized upon the disposition of those assets, which may be materially higher or lower than values determined if a ready market for the securities existed.

The Connecticut State Treasurer's Short-Term Investment Fund is an investment pool managed by the State of Connecticut Office of the State Treasurer. Investments must be made in instruments authorized by Connecticut General Statutes 3-27c through 3-27e. Investment guidelines are adopted by the State Treasurer. 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, 2013**

The balance of the pooled fixed income investments were invested in a pool similar to a 2a-7 and are recorded at fair value.

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."

Interfund transfers represent flows of assets without equivalent flow of assets in return and without a requirement for repayment. In governmental funds, transfers are reported as other financing uses in the funds making transfers and other financing sources in the funds receiving transfers. In proprietary funds, transfers are reported after non-operating revenues and expenses.

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 allowance in the amount of \$2,300 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 one year. 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, 2013

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 and proprietary fund 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 position. 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.

CITY OF NEW BRITAIN, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued June 30, 2013

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 an interest rate swap agreement for the primary purposes of investing and for the purpose of hedging interest rates on its outstanding long-term debt. The interest rate swap has 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 agreement has been recorded in the financial statements. The interest rate swap is considered an effective hedge and is reported as a deferred outflow on the government-wide financial statement.

M. Fund Equity

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

Net Investment in Capital Assets- This component of net position 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 Position - Net position 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 Position - This component consists of net position 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 position 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, 2013

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.

When both restricted and unrestricted amounts are available for use, it is the City's practice to use restricted resources first. Additionally, the City would first use committed, then assigned, and lastly unassigned.

N. Pension accounting

Pension Trust Funds:

Employee contributions are recognized in the period in which the contributions are due. Employer contributions to the plan are recognized when due and the City has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of each plan.

Governmental Funds and Governmental Activities:

In governmental funds, expenditures are recognized when they are paid or are expected to be paid with current available resources. In governmental activities, expense is recognized based on actuarially required contributions. The net pension obligation (asset), the cumulative difference between annual pension cost and the City's contributions to the plans since 1986, is calculated on an actuarial basis consistent with the requirements of Government Accounting Standards Board Statement No. 27. The pension obligation (asset) is recorded as a noncurrent liability (asset) in the government-wide financial statements.

Funding Policy:

The City makes annual contributions based on the Common Council's decisions using actuaries' recommendation.

O. Other Post Employment Obligations ("OPEB") accounting

OPEB Trust:

Employee contributions are recognized in the period in which the contributions are due. Employer contributions to the plan are recognized when due and the City has made a formal commitment to provide the contributions. Benefits are recognized when due and payable in accordance with the terms of each plan. Plan members began contributing on July 1, 2007.

Governmental Funds and Governmental Activities:

In governmental funds, expenditures are recognized when they are paid or are expected to be paid with current available resources. In governmental activities, expense is recognized based on actuarially required contributions. The net OPEB obligation, the cumulative difference between annual OPEB cost and the City's contributions to the plan since July 1, 2007, is calculated on an actuarial basis consistent with the requirements of Government Accounting Standards Board

CITY OF NEW BRITAIN, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued June 30, 2013

Statement No. 45. The OPEB obligation is recorded as a noncurrent liability in the government-wide financial statements.

Funding Policy:

The City makes annual contributions based on the Common Council's decisions using the actuaries' recommendation.

Note 2. Deficit Fund Equity and Overexpended Appropriations

A. Deficit Fund Equity

The following funds have a deficit fund balance/net position at (in thousands) June 30, 2013:

Major:	Capital Projects Fund	\$	11,166
Nonmajor:	Stanley Quarter Park		608
	Sewer Use		131
	Police & Youth Grants		12
	New Britain Marketing Collaborative		7
	Local Capital Improvement		164
	21st Century After School Grant		22
	Exercise the Right Choice II		9
	Immunization		19
	Bullet Proof Vest Grant		13
	System of Care Grant		15
	Public Safety		128
	Centralized and Distribution Services		236
	Federal Omnibus Grant		147
	CT Health Foundation		1
	Highway Safety Grant		107
	Assistance to CCSU Police Department		56
	Public Works Grant		1,540
	School Rental Account		115
	Business Outreach Center		52
	Emergency Shelter Grant		7
	Redevelopment Commission		6
	EFSP Program		13
	Neighborhood Stabilization Program		42

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, 2013

B. Overexpended Appropriations

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

Department	Final Budget	Actual	Variance
General Government			
Mayor's Office	\$ 546	\$ 547	(1)
Public Safety:			
Central Emergency Dispatch	2,130	2,145	(15)
Health and Social Services			
Administration	1,621	1,629	(8)

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, 2013

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, \$34,314 of the City's bank balance of \$39,656 was exposed to custodial credit risk.

Cash Equivalents

At June 30, 2013, the City's cash equivalents amounted to \$1,566. 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
Cutwater - Cooperative Liquid Assets Securities System (CLASS)	AAAm

CITY OF NEW BRITAIN, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2013

Cash and investments of the City consist of the following at June 30, 2013:

Cash and Cash Equivalents	
Deposits with financial institutions	\$ 40,405
State of Connecticut Short-Term Investment fund	1,095
Cutwater Connecticut CLASS Plus	472
Total cash and cash equivalents	41,972
Investments	
Internal Service Funds	
Government bonds	105
U.S Treasury	1,602
Asset and mortgage backed	11,269
Common stock	10,087
Total General Fund	23,063
Non-Major Funds	
Mutual Funds- Fixed income	554
Mutual funds	974
Other fixed income	242
Government bonds	65
Common stock	2,271
Total other nonmajor funds	4,106
Pension Trust Funds:	
Asset-backed securities	13,974
Mutual Funds- Fixed income	9,429
Mutual funds	76,212
Alternative Investments	13,760
Federal agency bonds	1,738
Corporate bonds	10,211
Foreign bonds	1,220
Government bonds	17,943
Total pension trust funds	144,487
OPEB Trust	
Mutual Funds- Fixed income	547
Mutual funds	763
Total OPEB trust	1,310
Agency Funds	
Certificate of deposits	86
Fixed income	175
Total agency funds	261
Water Enterprise Fund	
Certificate of deposits	94
Total water enterprise fund	94
Total investments	173,321
Total cash, cash equivalents and investments	\$ 215,293

CITY OF NEW BRITAIN, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued June 30, 2013

Cash, cash equivalents and investments are classified in the accompanying financial statements as follows:

Statement of Net Position

Cash and cash equivalents	\$ 37,642
Investments	27,263
	<u>64,905</u>

Fiduciary Funds

Cash and cash equivalents	4,330
Investments	146,058
	<u>150,388</u>

Total cash, cash equivalents and investments	<u>\$ 215,293</u>
--	-------------------

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	\$ 25,243	\$ -	\$ 3	\$ 183	\$ 1,393	\$ 23,664
Other Fixed Income	419	2	-	284	45	88
Mutual Funds- Fixed Income	10,530	-	1,462	5,963	1,664	1,441
Federal agency bond funds	1,738	-	-	1,146	592	-
Treasury Tips	1,602	-	-	460	-	1,142
Corporate bonds/securities	10,211	-	159	2,164	5,638	2,250
Government Bonds	18,113	-	-	10,044	7,546	523
Foreign Bonds	1,220	-	-	1,220	-	-
Total	<u>\$ 69,076</u>	<u>\$ 2</u>	<u>\$ 1,624</u>	<u>\$ 21,464</u>	<u>\$ 16,878</u>	<u>\$ 29,108</u>

CITY OF NEW BRITAIN, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued June 30, 2013

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 Poor's.

Actual Rating	Asset and Mortgage Backed	Other Fixed Income	Mutual Funds- Fixed Income	Federal Agency	U.S Treasury	Corporate Bonds	Gov't. Bonds	Foreign Bonds
AAA	\$ -	\$ 2	\$ 4,212	\$ -	\$ -	\$ -	\$ -	\$ 1,013
AA+	24,963	-	-	1,146	-	60	65	-
AA	-	-	246	-	-	152	-	52
A+	-	-	-	-	-	120	-	155
A	-	-	360	592	-	141	-	-
A-	-	-	-	-	-	935	-	-
BBB+	74	-	-	-	-	1,252	-	-
BBB	-	-	336	-	-	2,732	-	-
BBB-	206	-	-	-	-	2,255	-	-
BB+	-	-	-	-	-	266	-	-
BB	-	-	115	-	-	777	-	-
BB-	-	-	-	-	-	706	-	-
B+	-	-	-	-	-	232	-	-
B	-	-	53	-	-	439	-	-
B-	-	-	-	-	-	144	-	-
Less than B	-	-	258	-	-	-	-	-
Unrated	-	971	4,950	-	1,602	-	18,048	-
	\$ 25,243	\$ 973	\$ 10,530	\$ 1,738	\$ 1,602	\$ 10,211	\$ 18,113	\$ 1,220

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 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, 2013

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	Nonmajor and Other Funds	Business Activities Water Enterprise	Total
Receivables:				
Interest	\$ 10,903	\$ -	\$ -	\$ 10,903
Taxes	11,134	-	-	11,134
Water	-	-	6,373	6,373
Sewer	-	4,157	-	4,157
Accounts	8,058	642	-	8,700
Intergovernmental	959	1,847	-	2,806
Housing loans	-	5,321	-	5,321
Gross receivables	31,054	11,967	6,373	49,394
Less allowance for uncollectibles	(5,026)	(298)	(441)	(5,765)
Net Total Receivables	<u>\$ 26,028</u>	<u>\$ 11,669</u>	<u>\$ 5,932</u>	<u>\$ 43,629</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	\$ 5,026
Water receivables	441
Loan receivables	298
Total	<u>\$ 5,765</u>

CITY OF NEW BRITAIN, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2013

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	\$ 16,021	\$ -
Housing loans	5,092	-
School building grants	959	-
Grants and other	237	-
Sewer user fees	3,132	-
Grant drawdowns prior to meeting all eligibility requirements	-	741
Total	<u>\$ 25,441</u>	<u>\$ 741</u>

Note 5. Capital Assets

Capital asset activity for the year ended June 30, 2013 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 13,417	\$ -	\$ -	13,417
Construction in progress	101,508	20,098	(77,240)	44,366
Total capital assets, not being depreciated	<u>114,925</u>	<u>20,098</u>	<u>(77,240)</u>	<u>57,783</u>
Capital assets, being depreciated:				
Land improvements	16,942	15,544	-	32,486
Buildings	252,790	52,947	-	305,737
Machinery and equipment	13,996	245	-	14,241
Vehicles	19,621	1,598	(1,052)	20,167
Infrastructure	114,836	8,694	(290)	123,240
Total capital assets being depreciated	<u>418,185</u>	<u>79,028</u>	<u>(1,342)</u>	<u>495,871</u>
Less accumulated depreciation for:				
Land improvements	11,501	1,304	-	12,805
Buildings	113,517	5,317	-	118,834
Machinery and equipment	11,573	329	-	11,902
Vehicles	13,155	2,531	(833)	14,853
Infrastructure	68,087	2,113	(241)	69,959
Total accumulated depreciation	<u>217,833</u>	<u>11,594</u>	<u>(1,074)</u>	<u>228,353</u>
Total capital assets, being depreciated, net	<u>200,352</u>	<u>67,434</u>	<u>(268)</u>	<u>267,518</u>
Governmental activities capital assets, net	<u>\$ 315,277</u>	<u>\$ 87,532</u>	<u>\$ (77,508)</u>	<u>\$ 325,301</u>

CITY OF NEW BRITAIN, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2013

	Beginning Balance	Increases/ Transfers	Decreases	Ending Balance
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 1,977	\$ -	\$ -	\$ 1,977
Total capital assets, not being depreciated	1,977	-	-	1,977
Capital assets, being depreciated:				
Source of supply	5,960	-	-	5,960
Pumping plant	2,826	-	-	2,826
Water treatment plant	2,300	525	-	2,825
Filter plant	57,307	-	-	57,307
Machinery and equipment	2,049	156	(91)	2,114
Transmission and distribution	11,130	64	-	11,194
General plant and administrative equipment	311	-	-	311
Total capital assets, being depreciated	81,883	745	(91)	82,537
Less accumulated depreciation for:				
Source of supply	2,629	64	-	2,693
Pumping plant	1,704	52	-	1,756
Water treatment plant	316	74	-	390
Filter plant	8,904	1,146	-	10,050
Machinery and equipment	1,527	228	(91)	1,664
Transmission and distribution	7,642	657	-	8,299
General plant and administrative equipment	169	2	-	171
Total accumulated depreciation	22,891	2,223	(91)	25,023
Total capital assets, being depreciated, net	58,992	(1,478)	-	57,514
Governmental activities capital assets, net	\$ 60,969	\$ (1,478)	\$ -	\$ 59,491

Depreciation expense was charged to functions/programs as follows:

Governmental activities:	
General government	\$ 1,392
Public safety	1,069
Public works	4,301
Health and social services	10
Parks and recreation	980
Education	3,842
Total depreciation expense – governmental activities	\$ 11,594
Business-type activities:	
Enterprise Fund - water depreciation expense business-type activities	\$ 2,223

CITY OF NEW BRITAIN, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2013

Construction Commitments

The City has active construction projects as of June 30, 2013. The following is a summary of capital projects as of June 30, 2013:

Project	Project Authorization	Cumulative Expenditures	Remaining Commitment
Public buildings	\$ 43,300	\$ 41,638	\$ 1,662
Schools	113,820	81,665	32,155
Infrastructure	97,013	64,893	32,120
Parks and recreation	18,990	6,054	12,936
Other	66,529	46,006	20,523
Total	\$ 339,652	\$ 240,256	\$ 99,396

Note 6. Interfund Receivables, Payables and Transfers

During the course of operations, transactions are processed through one fund on behalf of another fund. A summary of interfund balances as of June 30, 2013 is as follows:

Receivable Fund	Payable Fund	Amount
General Fund	Nonmajor Fund	\$ 364
Total		\$ 364

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

Interfund transfers:

	Transfers In			
	General Fund	Capital Projects	Nonmajor Funds	Total Transfers
Transfers Out:				
General	\$ -	\$ 950	\$ 50	\$ 1,000
Nonmajor governmental	4,144	-	-	4,144
Enterprise Funds	1,263	-	-	1,263
Total	\$ 5,407	\$ 950	\$ 50	\$ 6,407

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 the Water Piping Right of Way fee the City imposed on the Water department.

CITY OF NEW BRITAIN, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2013

Note 7. Bond Anticipation Notes

The following bond anticipation notes were outstanding at June 30, 2013:

Description	Fund	Rate	Maturity Date	Beginning Balance	Additions	Reductions	Ending Balance
2012 Bond Anticipation Notes	Capital Projects Fund	2.00%	03/28/2013	\$ 33,135	\$ -	\$ 33,135	\$ -
2013 Bond Anticipation Notes	Capital Projects Fund	2.00%	03/26/2014	-	25,280	-	25,280
				<u>\$ 33,135</u>	<u>\$ 25,280</u>	<u>\$ 33,135</u>	<u>\$ 25,280</u>

Note 8. Long-Term Debt

A schedule of bond indebtedness as of June 30, 2013 is as follows:

	Interest Rate (%)	Original Issue	Date of Issue	Date of Maturity	Balance Outstanding
Consolidated School District:					
General Obligation Bonds:					
1994 Series	4.0% - 5.0%	17,700	02/01/94	02/04/14	\$ 885
2002 Refunding Series	2.0% - 5.0%	1,830	11/04/02	05/01/14	189
2006 Series	5.0% - 4.125%	11,000	04/15/06	04/15/21	5,862
2007 Series	5.0% - 3.75%	6,600	04/05/07	04/15/22	3,960
2008 Series A	2.8% - 5.0%	1,750	04/01/08	04/01/28	1,312
2009 Series	3.0% - 4.5%	3,975	03/25/09	04/01/24	2,950
2010 Series C	3.0% - 4.0%	1,840	10/28/10	04/01/15	725
2012 Series	2.0% - 4.0%	3,136	03/15/12	03/15/27	2,890
2013 Series	2.0% - 4.0%	2,800	03/19/13	03/15/33	2,800
Subtotal		<u>50,631</u>			<u>21,573</u>
Public Improvement:					
General Obligation Bonds:					
2002 Refunding Series	2.0% - 5.0%	2,240	11/04/02	05/01/14	231
2005 MERF Pension Bond	4.93%	1,450	06/01/05	06/05/23	945
2006 Series	5.0% - 4.125%	6,460	04/15/06	04/15/21	3,443
2007 Series	5.0% - 3.75%	6,975	04/05/07	04/15/22	4,185
2008 Series A	2.8% - 5.0%	11,215	04/01/08	04/01/28	8,403
2008 Series B Refunding Bonds	2.8% - 5.0%	22,584	04/01/08	04/01/35	15,939
2009 Series	3.0% - 4.5%	9,410	03/25/09	04/01/24	6,925
2010 Series A	2.5% - 5.5%	11,715	03/30/10	03/01/25	9,360
2010 Series B	2.8% - 5.8%	35,000	10/28/10	10/01/30	31,500
2012 Series	2.0% - 4.0%	30,879	03/15/12	03/15/27	28,455
2013 Series	2.0% - 4.0%	16,425	03/19/13	03/15/33	16,425
Subtotal		<u>154,353</u>			<u>125,811</u>
General Obligation Pension Bonds:					
1998 Series	5.72% - 6.64%	66,000	02/01/98	02/01/26	35,955
Taxable General Obligation Variable Rate					
Demand Refunding Pension Bonds:					
2008 Series C Refunding Bonds	Variable	40,700	05/30/08	02/01/26	40,000
Total Governmental Activities		<u>\$ 311,684</u>			<u>\$ 223,339</u>

CITY OF NEW BRITAIN, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued June 30, 2013

Long-Term Bonded Debt

The City uses the above general long-term bonded debt for the acquisition and construction of capital assets except for the General Obligation pension Bonds of 1998, the MERF Bonds of 2005 and the Pension Refunding Bonds of 2008.

Changes in Long-Term Liabilities

Long-term liability activity for the year ended June 30, 2013 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Governmental activities:					
Bonds payable:					
General obligation bonds	\$ 221,724	\$ 19,225	\$ (17,610)	\$ 223,339	\$ 56,580
Less deferred amounts:					
Loss on refunding	(911)	-	100	(811)	-
Unamortized bond premiums	3,782	244	(590)	3,436	-
Total general obligation bonds	224,595	19,469	(18,100)	225,964	56,580
Notes payable:					
Clean Water notes	3,687	745	(315)	4,117	344
Other liabilities:					
OPEB obligation	794	4,841	(4,721)	914	-
Compensated absences	7,893	530	(279)	8,144	1,921
Net pension obligation	518	1,059	(1,054)	523	-
Risk management	21,555	23,228	(27,015)	17,768	1,800
Interest rate swap	19,324	-	(5,224)	14,100	-
Governmental activity long-term liabilities	\$ 278,366	\$ 49,872	\$ (56,708)	\$ 271,530	\$ 60,645
	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Business-Type Activities:					
Bonds payable	\$ 2,016	\$ -	\$ -	\$ 2,016	\$ -
Notes payable:					
Clean Water notes	19,572	-	(1,834)	17,738	1,834
Compensated absences	192	16	-	208	101
Business-Type Activities Long-Term Liabilities	\$ 21,780	\$ 16	\$ (1,834)	\$ 19,962	\$ 1,935

CITY OF NEW BRITAIN, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued June 30, 2013

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	\$ 255,977	\$ 236,244	\$ 19,733
Schools	511,954	59,993	451,961
Sewer	426,628	35,406	391,222
Urban renewal	369,744	-	369,744
Pension deficit	341,302	-	341,302

The total overall statutory debt limitation for the City is equal to seven times annual receipts from taxation of \$796,372.

The indebtedness above includes \$138,665 of authorized bonds which were unissued as of June 30, 2013.

Prior Year Defeasements

In the prior year, the City had defeased certain general obligation bonds by putting proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the City's financial statements. The outstanding balance of the defeased bonds as of June 30, 2013 is \$7,060.

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 \$17,215 as of June 30, 2013.

Annual debt service requirements for G.O. bonds and notes as of June 30, 2013 are as follows (assuming that the liquidity facility agreements with respect to 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
2014	\$ 56,580	\$ 344	\$ 10,861	\$ 78	\$ 67,863
2015	15,670	349	10,144	84	26,247
2016	15,625	349	9,433	65	25,472
2017	15,965	349	8,738	59	25,111
2018	16,315	349	8,008	51	24,723
2019-2023	64,010	1,696	27,882	152	93,740
2024-2028	28,075	525	8,899	34	37,533
2029-2033	11,099	157	1,259	8	12,523
	<u>\$ 223,339</u>	<u>\$ 4,118</u>	<u>\$ 85,224</u>	<u>\$ 531</u>	<u>\$ 313,212</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.

CITY OF NEW BRITAIN, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued June 30, 2013

The maturities relating to all bonds and series notes of the business-type activities of the City as of June 30, 2013 are as follows:

Year Ending June 30,	Principal	Interest	Total
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	1,834	406	2,240
2019-2023	8,167	1,197	9,364
2024-2028	400	462	862
2029-2033	956	276	1,232
2034-2035	1,060	75	1,135
	<u>\$ 19,753</u>	<u>\$ 4,616</u>	<u>\$ 24,369</u>

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. As no new letter of credit is in place the Series 2008C demand bonds which have a balance of \$40 million as of June 30, 2013, are recorded as current liabilities in the financial statements.

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 - The City had an interest rate swap at June 30, 2013 in connection with a general obligation bond. The intention of the swap was to effectively change the City's interest rate on the bonds from a variable rate to a synthetic fixed rate. The interest rate swap is considered to be an effective cash flow hedge.

Terms - The notional amount of the swap 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 swap had net negative fair value as of June 30, 2013, 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.

CITY OF NEW BRITAIN, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued June 30, 2013

Credit Risk - As of June 30, 2013, 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.

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
Counterparty	Deutsche Bank AG
Bond Issue	2008C
Original Notional Amount	\$40,000,000
Outstanding Notional Amount	\$40,000,000
Effective Date	5/1/2008
Maturity Date	2/1/2026
Rate Paid	6.37%
Rate Received	1M LIBOR
Fair Value	\$(14,099,759)
Counterparty Credit Rating:	
Moody's Investor Service	A2
Standard & Poor's	A+
Effective	Yes

The following is a summary of the changes in fair value of the interest rate swap for the year ended June 30, 2013 (not rounded):

	Pension - Fxd
Fair value at July 1, 2012	\$ (18,940,913)
Termination	-
Change in fair value for the year ended June 30, 2013	4,841,154
Fair value at June 30, 2013	<u>\$ (14,099,759)</u>
Deferred outflow	<u>\$ 14,099,759</u>

CITY OF NEW BRITAIN, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued June 30, 2013

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, 2012 to June 30, 2013. 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 \$1,918 is reported in the internal service fund at June 30, 2013, 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, 2013

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 \$13 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, 2013 and 2012, are as follows:

	June 30, 2013			June 30, 2012		
		Workers'	General		Workers'	General
	Medical	Compensation	Accident Casualty and Liability	Medical	Compensation	Accident Casualty and Liability
Beginning of year claim reserve	\$ 1,780	\$ 17,688	\$ 2,087	\$ 1,543	\$ 17,253	\$ 2,008
Current year incurred claims and changes in prior year estimate	25,378	(3,087)	937	24,730	1,835	183
Claim payments	(25,240)	(1,721)	(54)	(24,493)	(1,400)	(104)
End of Year Claim Reserve	\$ 1,918	\$ 12,880	\$ 2,970	\$ 1,780	\$ 17,688	\$ 2,087

CITY OF NEW BRITAIN, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued **June 30, 2013**

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, 2013

The current rate is 17% of covered payroll. The City's and employee contributions to MERF for the years ended June 30, 2013, 2012 and 2011 are as follows:

Fiscal Year Ended	City Contribution Amount	Employee Contribution Amount	Total Contribution Amount	Total Payroll Covered by the MERF
June 30, 2011	\$ 5,198	\$ 2,537	\$ 7,735	\$ 55,881
June 30, 2012	6,162	2,498	8,660	49,979
June 30, 2013	4,157	2,428	6,585	48,558

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, 2013

The financial information of the PERS is as follows:

Statement of Plan Net Position
June 30, 2013

	Pension Trust Funds		
	Police Benefit Fund	Firemen's Pension Fund	Totals
Assets			
Cash and cash equivalents	\$ 1,715	\$ 2,313	\$ 4,028
Investments	67,673	76,814	144,487
Accounts receivable	243	-	243
Total assets	69,631	79,127	148,758
Liabilities			
Accounts payable	456	458	914
Due to other funds	697	932	1,629
Total liabilities	1,153	1,390	2,543
Plan Net Position Held in Trust	\$ 68,478	\$ 77,737	\$ 146,215

Statement of Changes in Plan Net Position
Year Ended June 30, 2013

	Police Benefit Fund	Firemen's Pension Fund	Total
Additions			
Contributions:			
Employer	\$ 1,054	\$ 531	\$ 1,585
Employee	273	286	559
Total contributions	1,327	817	2,144
Investment income:			
Net appreciation in fair value of investments	5,394	5,163	10,557
Interest and dividends	1,652	1,961	3,613
Miscellaneous	6	1	7
	7,052	7,125	14,177
Less investment expense	124	171	295
	6,928	6,954	13,882
Total additions	8,255	7,771	16,026
Deductions			
Benefits	6,306	5,835	12,141
Administration	47	47	94
Total deductions	6,353	5,882	12,235
Net increase	1,902	1,889	3,791
Net Position Held in Trust			
Beginning of year	66,576	75,848	142,424
End of year	\$ 68,478	\$ 77,737	\$ 146,215

CITY OF NEW BRITAIN, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued June 30, 2013

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

	Fire	Police
Retirees and beneficiaries currently receiving benefits	176	191
Active members	59	66
Terminated-vested	-	2
	<u>235</u>	<u>259</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.

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, 2013, 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	(95)	39
Adjustment to annual required contribution	85	(34)
Annual pension cost	<u>521</u>	<u>1,059</u>
Contributions made	<u>(531)</u>	<u>(1,054)</u>
Increase in net pension obligation (asset)	<u>(10)</u>	<u>5</u>
Net pension obligation (asset), beginning of year	<u>(1,265)</u>	<u>518</u>
Net pension obligation (asset), end of year	<u>\$ (1,275)</u>	<u>\$ 523</u>

CITY OF NEW BRITAIN, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2013

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

	Fire	Police
Actuarial Valuation Date	July 1, 2012	July 1, 2012
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	5 years smoothing of market gains/losses	5 years smoothing of market gains/losses
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>	6/30/2011	\$ 458	\$ 450	98%	\$ (1,333)
	6/30/2012	519	450	87%	(1,265)
	6/30/2013	521	531	102%	(1,275)
<u>Police Plan</u>	6/30/2011	\$ 742	\$ 749	101%	\$ 205
	6/30/2012	1,056	744	70%	518
	6/30/2013	1,059	1,054	100%	523

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>	01/01/2012	\$ 76,338	\$ 85,558	\$ 9,220	\$ 4,257	216.6%
<u>Police Plan</u>	01/01/2012	\$ 67,749	\$ 82,500	\$ 14,751	\$ 5,240	281.5%

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, 2013**

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 15 retirees, 7 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 \$465. The "pay-as-you-go" plan does not have a net pension obligation as of June 30, 2013.

Trend Information

Fiscal Year Ended	Annual Pension Cost (APC)	Actual Contribution	Percentage of APC Contributed	Net Pension Obligation (Asset)
6/30/2011	597	597	100%	N/A
6/30/2012	543	543	100%	N/A
6/30/2013	465	465	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.

CITY OF NEW BRITAIN, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued June 30, 2013

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, 2012, plan membership consisted of the following:

Active members	1,627
Retired members	765
Spouses of retired members	156
Total	<u>2,548</u>

Funding Policy

The City currently pays for postemployment health care benefits on a pay-as-you-go basis. As of June 30, 2013, 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, 2013

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, 2013

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)	\$	4,830
Interest on OPEB obligation		63
Adjustment to annual required contribution		(52)
Annual OPEB cost (expense)		<u>4,841</u>
Contributions made		<u>4,721</u>
Increase in net OPEB obligation		120
Net pension obligation, beginning of year		<u>794</u>
Net pension obligation, end of year	\$	<u><u>914</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, 2013 is presented below.

Fiscal Year Ended	Annual OPEB COST (AOC)	Actual Contribution	Percentage of AOC Contributed	Net OPEB Obligation (Asset)
6/30/2011	\$ 4,194	\$ 3,744	89.3%	\$ 600
6/30/2012	4,604	4,410	95.8%	794
6/30/2013	4,842	4,721	97.5%	914

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, 2013

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, 2013, the certified employees of the City contributed \$4,141 to this plan, and the total payroll for certified employees covered by this plan for the year was \$57,112.

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, 2013, the City has recorded, in the General Fund, intergovernmental revenue and education expenditures in the amount of \$13,330 as payments made by the State of Connecticut on behalf of the City.

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

CITY OF NEW BRITAIN, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued June 30, 2013

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, 2013 are as follows (in thousands):

	General Fund	Capital Projects Fund	Nonmajor Governmental Funds	Total
Fund balance:				
Nonspendable:				
Inventory	\$ -	\$ -	\$ 330	\$ 330
Trust purposes	-	-	1,708	1,708
Restricted for:				
Education	-	-	1,400	1,400
General government	-	-	1,280	1,280
Public Works	-	-	1,778	1,778
Public safety	-	-	389	389
Health and welfare	-	-	286	286
Parks, recreation and libraries	-	-	1,440	1,440
Committed to:				
General government	-	-	64	64
Public safety	-	-	81	81
Health and welfare	-	-	22	22
Parks, recreation and libraries	-	-	474	474
Education	-	-	497	497
Assigned to:				
Education	-	-	-	-
Unassigned	12,595	(11,166)	(3,521)	(2,092)
Total Fund Balances	\$ 12,595	\$ (11,166)	\$ 6,228	\$ 7,657

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2013

Note 13. Governmental Accounting Standards Board Statements

The Governmental Accounting Standards Board (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. 65, *Items Previously Reported as Assets and Liabilities***, clarifies the appropriate reporting of deferred outflows of resources and deferred inflows of resources to ensure consistency in financial reporting. GASB Concepts Statement (CON) No. 4, Elements of Financial Statements, specifies that recognition of deferred outflows and deferred inflows should be limited to those instances specifically identified in authoritative GASB pronouncements. Consequently, guidance was needed to determine which balances being reported as assets and liabilities should actually be reported as deferred outflows of resources or deferred inflows of resources, according to the definitions in CON 4. Based on those definitions, GASB 65 reclassifies certain items currently being reported as assets and liabilities as deferred outflows of resources and deferred inflows of resources. In addition, GASB 65 recognizes certain items currently being reported as assets and liabilities as outflows of resources and inflows of resources. The provisions of this Statement will be effective for financial statements for periods beginning after December 15, 2012.
- **GASB Statement No. 66, *Technical Corrections—2012***, enhances the usefulness of financial reports by resolving conflicting accounting and financial reporting guidance that could diminish the consistency of financial reporting. GASB 66 amends GASB Statement No. 10, Accounting and Financial Reporting for Risk Financing and Related Insurance Issues, by removing the provision that limits fund-based reporting of a state or local government's risk financing activities to the general fund and the internal service fund types. As a result, governments would base their decisions about governmental fund type usage for risk financing activities on the definitions in GASB Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions. The Statement also amends GASB Statement No. 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements, by modifying the specific guidance on accounting for: (a) operating lease payments that vary from a straight-line basis; (b) the difference between the initial investment (purchase price) and the principal amount of a purchased loan or group of loans; and (c) servicing fees related to mortgage loans that are sold when the stated service fee rate differs significantly from a current (normal) servicing fee rate. These changes would eliminate any uncertainty regarding the application of GASB Statement No. 13, Accounting for Operating Leases with Scheduled Rent Increases, and result in guidance that is consistent with the requirements in GASB Statement No. 48, Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues, respectively. The provisions of this Statement will be effective for financial statements for periods beginning after December 15, 2012.
- **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 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

CITY OF NEW BRITAIN, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued June 30, 2013

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 financial statements for fiscal years beginning after June 15, 2013.

- **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. This Statement is effective for fiscal years beginning after June 15, 2014 and will have an impact on the City's financial statements.
- **GASB Statement No. 69, *Government Combinations and Disposals of Government Operations*, was issued in January 2013.** This Statement 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.

- **GASB Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*.** This Statement requires a government that extends a nonexchange financial guarantee to recognize a liability when qualitative factors and historical data, if any, indicate that it is more likely than not that the government will be required to make a payment on the guarantee. This Statement also requires a government that has issued an obligation guaranteed in a nonexchange transaction to recognize revenue to the extent of the reduction in its guaranteed liabilities. This Statement also requires a government that is required to repay a guarantor for making a payment on a guaranteed obligation or legally assuming the guaranteed obligation to continue to recognize a liability until legally released as an obligor. The provisions of this Statement are effective for reporting periods beginning after June 15, 2013.
- **GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date, an amendment of GASB Statement No. 68*.** The objective of this Statement is to improve accounting and financial reporting by addressing an issue in Statement No. 68, Accounting and Financial Reporting for Pensions, concerning transition provisions related to certain pension contributions made to defined benefit pension plans prior to implementation of that Statement by employers and nonemployer contributing entities. The provisions of this Statement are effective for reporting periods beginning after June 15, 2014.

This page intentionally left blank.

**Required Supplementary
Information- *unaudited***

REQUIRED SUPPLEMENTARY INFORMATION - unaudited

SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES - BUDGET AND ACTUAL - GENERAL FUND

(NON-GAAP BUDGETARY BASIS) - unaudited

For the Year Ended June 30, 2013

(In Thousands)

	Budgeted Amounts		Actual	Variance With
	Original	Final	Budgetary	Final Budget
			Basis	Positive
				(Negative)
PROPERTY TAXES				
General property taxes	\$ 103,261	\$ 104,267	\$ 104,451	\$ 184
Interest and liens	3,000	5,629	5,629	-
Sale of delinquent taxes	-	4,310	4,301	(9)
Total property taxes	106,261	114,206	114,381	175
INTERGOVERNMENTAL REVENUES (STATE)				
State Education for the Blind	70	66	66	-
H.E.W. Private Schools	73	70	70	-
Special School Transportation	147	177	177	-
Elementary & Secondary Transportation	1,348	1,270	1,270	-
Special Education	3,500	4,532	4,532	-
Education Equalization	72,451	70,979	70,979	-
State Infraction Distribution	20	53	53	-
Principal Subsidy	1,984	1,820	1,820	-
Interest Subsidy	631	627	627	-
DCA Tax Abatements	30	33	33	-
Town Aid Road Fund	380	387	387	-
Veterans Exemption Reimbursement	29	24	24	-
Tax Relief for the Elderly	444	419	419	-
State Property Tax Relief	3,195	3,067	3,067	-
Telephone Access Line Tax Relief	135	141	141	-
Municipal Video Competition Grant	12	32	32	-
Civil Defense	25	70	70	-
Off-Track Betting	160	153	153	-
State PILOT Hospital Colleges	2,399	2,322	2,322	-
State PILOT Model Housing	-	213	213	-
Manufacturers in Distress	162	158	158	-
Municipal Revenue Sharing	-	1,547	1,547	-
Bingo	1	1	1	-
Disability Exemption	9	9	9	-
Federal Emergency Management Agency	-	-	537	537
Legalized Gaming Distribution	2,314	2,305	2,305	-
Property Tax Relief Grant	998	-	-	-
Total intergovernmental revenues (State)	90,517	90,475	91,012	537

REQUIRED SUPPLEMENTARY INFORMATION - unaudited

SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES - BUDGET AND ACTUAL - GENERAL FUND

(NON-GAAP BUDGETARY BASIS), Continued - unaudited

For the Year Ended June 30, 2013

(In Thousands)

	Budgeted Amounts		Actual	Variance With
	Original	Final	Budgetary	Final Budget
			Basis	Positive
				(Negative)
LICENSES AND PERMITS				
Building Structures and Equipment	689	1,275	1,141	(134)
Protection	-	313	289	(24)
Health	-	64	64	-
All Other Licenses	8	3	3	-
Planning and Zoning	11	7	7	-
Total license and permits	708	1,662	1,504	(158)
CHARGES FOR SERVICES				
City Hall Commissions Rent	95	27	27	-
Town Clerk	1,192	1,096	1,096	-
Recreation	706	816	822	6
Public Safety	2,173	2,175	2,175	-
Parking	1,936	1,904	1,776	(128)
Health	-	24	24	-
Sanitation and Fleet	2,049	2,008	2,008	-
Assessor	3	2	2	-
Senior Center	-	49	49	-
Water Overhead	283	1,263	1,263	-
Public Works - Project Mgmt	4,249	380	380	-
Civil Service Test Fee	-	15	15	-
Corporate Counsel	-	25	25	-
DMD Overhead	100	-	-	-
Parking Tickets	300	350	350	-
Other	425	8	8	-
Total charges for services	13,511	10,142	10,020	(122)
Total licenses, permits and charges for services	14,219	11,804	11,524	(280)
OTHER REVENUE				
Investment Income	50	29	29	-
Miscellaneous	19	712	665	(47)
Sale of Estate Property	-	541	541	-
Board of Education	25	10	10	-
Transition Revenue	10,434	-	-	-
Hybrid Bus Lease	18	18	18	-
BAN/Bond Prem.	-	244	244	-
Grants and Contributions	-	15	15	-
Total other revenue	10,546	1,569	1,522	(47)
Total revenues	221,543	218,054	218,439	385

CITY OF NEW BRITAIN, CONNECTICUT

EXHIBIT RSI-1, Cont'd

REQUIRED SUPPLEMENTARY INFORMATION - unaudited

SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES - BUDGET AND ACTUAL - GENERAL FUND

(NON-GAAP BUDGETARY BASIS), Continued - unaudited

For the Year Ended June 30, 2013

(In Thousands)

	Budgeted Amounts		Actual Budgetary Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
OTHER FINANCING SOURCES				
Transfers in	5,146	4,145	4,145	-
Total budgeted revenues and transfers	<u>\$ 226,689</u>	<u>\$ 222,199</u>	222,584	<u>\$ 385</u>

Budgetary revenues are different than GAAP revenues because:

State of Connecticut on-behalf contributions to the Connecticut State

Teachers' Retirement System for Town teachers are not budgeted.

13,330

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

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

479

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

\$ 236,393

See Note to Required Supplementary Information.

REQUIRED SUPPLEMENTARY INFORMATION - unaudited

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

For the Year Ended June 30, 2013

	Budgeted Amount		Actual	Variance With
	Original	Final	Budgetary	Final Budget
			Basis	Positive
				(Negative)
GENERAL GOVERNMENT				
Legislative	\$ 125	\$ 103	\$ 103	\$ -
Boards and Commissions	-	2	2	-
Judicial	110	112	112	-
Elections	512	506	506	-
Mayor's Office	562	546	547	(1)
Planning and Zoning	292	286	286	-
Finance	3,399	2,210	2,210	-
Recording and Reporting	687	672	672	-
Legal	1,242	1,596	1,596	-
Total general government	6,929	6,033	6,034	(1)
PUBLIC SAFETY				
Police	21,309	21,693	21,462	231
Fire	17,485	17,212	17,189	23
Lighting	815	900	900	-
Building	539	449	449	-
Central Emergency Dispatch	2,111	2,130	2,145	(15)
Total public safety	42,259	42,384	42,145	239
PUBLIC WORKS				
Administration	576	548	548	-
Street Services	3,490	3,543	3,543	-
Public Buildings	2,922	2,972	2,972	-
Capital Project	862	742	742	-
Signals and Control	243	247	247	-
Waste Disposal	5,313	4,405	4,405	-
Utilities	7,436	4,453	4,453	-
Cemetery Maintenance	290	240	240	-
Stanley Golf Course Maintenance	645	616	616	-
Total public works	21,777	17,766	17,766	-
PARKS AND RECREATION				
Administration	583	500	500	-
Forestry	610	238	238	-
Horticulture	376	370	370	-
Maintenance	2,462	2,244	2,244	-
Special Projects	25	19	19	-
Recreation Department	992	1,248	1,248	-
Willow Brook Food Concessions	52	-	-	-
City Supported Agencies	3,288	3,326	3,326	-
Cultural Organizations	47	28	28	-
Total parks and recreation	8,435	7,973	7,973	-

(Continued)

REQUIRED SUPPLEMENTARY INFORMATION - unaudited

SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES - BUDGET AND ACTUAL - GENERAL FUND -

(NON-GAAP BUDGETARY BASIS), Continued

For the Year Ended June 30, 2013

	Budgeted Amount		Actual	Variance With
	Original	Final	Budgetary	Final Budget
			Basis	Positive
				(Negative)
HEALTH AND SOCIAL SERVICES				
Rights and Opportunities Commission	104	120	120	-
Civil Service Commission	255	293	293	-
Nursing	433	340	340	-
Environmental Control	328	306	306	-
Administration	198	1,621	1,629	(8)
Social Services	54	155	155	-
Senior Center	641	627	627	-
Handicap Services	127	123	123	-
Veterans Services	50	-	-	-
Total health and social services	2,190	3,585	3,593	(8)
EDUCATION	120,279	119,780	119,780	-
DEBT SERVICE	30,116	28,870	28,870	-
Total expenditures	231,985	226,391	226,161	230
OTHER FINANCING USES				
Transfers out:				
Dog Fund	120	120	120	-
Capital Nonrecurring	-	950	950	-
Other	246	258	258	-
Total other financing uses	366	1,328	1,328	-
Total expenditures and other financing uses	\$ 232,351	\$ 227,719	\$ 227,489	\$ 230

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.

13,330

Water fund reimbursements

(5,662)

GASB 54 Activity of Certain Special Revenue Funds now consolidated

into the General Fund

1,085

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

\$ 236,242

See Note to Required Supplementary Information.

REQUIRED SUPPLEMENTARY INFORMATION - unaudited
PENSIONS AND OTHER POST RETIREMENT BENEFITS
SCHEDULE OF FUNDING PROGRESS
June 30, 2013
(In Thousands)

Schedule of Funding Progress

City of New Britain Fire Plan						
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%	
07/01/2012	76,338	85,558	9,220	4,257	216.6%	

City of New Britain Police Plan						
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%	
07/01/2012	67,749	82,500	14,751	5,240	281.5%	

Single-Employer Defined Benefit Pension Plan							
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	

OPEB							
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	
7/1/2012	1,171	68,033	66,862	1.7%	N/A	N/A	

REQUIRED SUPPLEMENTARY INFORMATION - unaudited
PENSIONS AND OTHER POST RETIREMENT BENEFITS
SCHEDULE OF ANNUAL REQUIRED CONTRIBUTIONS
June 30, 2013
(In Thousands)

<i>Fire Plan</i>		
Fiscal Year Ended	Annual Required Contributions	Percentage Contributed
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%
6/30/2013	531	100%

<i>Police Plan</i>		
Fiscal Year Ended	Annual Required Contributions	Percentage Contributed
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%
6/30/2013	1,054	100%

<i>Single-Employer Defined Benefit Plan</i>		
Fiscal Year Ended	Annual Required Contributions	Percentage Contributed
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%
6/30/2013	465	100%

<i>OPEB</i>		
Fiscal Year Ended	Annual Required Contributions	Percentage Contributed
6/30/10	3,983	86.47%
6/30/11	4,191	89.33%
6/30/12	4,594	95.79%
6/30/13	\$ 4,830	97.74%

CITY OF NEW BRITAIN, CONNECTICUT

REQUIRED SUPPLEMENTARY INFORMATION- unaudited NOTES TO REQUIRED SUPPLEMENTARY INFORMATION June 30, 2013

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.

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 and Individual Fund Financial
Statements and Other Schedules**

General Fund

SCHEDULE OF PROPERTY TAXES LEVIED, COLLECTED AND OUTSTANDING

For the Year Ended June 30, 2013

(In Thousands)

Grand List Year	Mill Rate	Balance	Lawful Corrections		Transfers to Suspense	Adjusted Taxes	Taxes	Collections			Total	Balance
		Uncollected July 1, 2012	Additions	Deletions				Interest	Lien fees	Uncollected June 30, 2013		
2011	36.63	\$ 109,117	\$ 393	\$ 849	\$ -	\$ 108,661	\$ 106,211	\$ 626	\$ 7	\$ 106,844	\$ 2,450	
2010	36.63	4,280	49	16	-	4,313	3,064	445	9	3,518	1,249	
2009	36.63	2,005	57	6	-	2,056	1,092	297	24	1,413	964	
2008	34.98	1,195	115	3	-	1,307	483	199	21	703	824	
2007	34.98	770	109	2	-	877	185	116	10	311	692	
2006	45.89	720	111	3	-	828	63	99	7	169	765	
2005	45.88	613	98	1	-	710	89	51	7	147	621	
2004	45.89	496	58	1	-	553	21	28	5	54	532	
2003	46.90	314	146	1	-	459	15	21	4	40	444	
2002	46.93	390	127	1	-	516	10	18	3	31	506	
2001	54.76	455	85	-	-	540	11	16	2	29	529	
2000	50.88	437	22	-	-	459	4	8	8	20	455	
1999	49.98	393	20	-	-	413	3	5	1	9	410	
1998	49.42	357	-	-	-	357	3	7	1	11	354	
1997	49.48	336	-	-	-	336	4	10	2	16	332	
		\$ 121,878	\$ 1,390	\$ 883	\$ -	\$ 122,385	\$ 111,258	\$ 1,946	\$ 111	\$ 113,315	\$ 11,127	

Property taxes receivable considered available:

June 30, 2012

(1,042)

June 30, 2013

1,226

Total Collections

\$ 113,499

This page intentionally left blank.

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
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
Arts Fund	State grant	These funds are used to promote the Arts throughout New Britain.
Community Gardens Fund	Donations	This fund is used to accept donations and plot fee revenue to be used to pay for on-going maintenance of the Community Gardens located on Chapman Street and Lawlor Street
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, 2013 and 2012
(In Thousands)

	Special Revenue Funds							
	Stanley 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	\$ 896	\$ 81	\$ 49	\$ -	\$ -	\$ -	\$ -	\$ 50
Investments	-	-	1,052	-	-	-	-	-
Accounts receivable	1	-	7	4,157	-	-	79	-
Loans receivable	-	-	-	-	-	-	-	-
Due from other governments	-	-	-	-	-	-	-	-
Inventory	-	-	-	-	-	-	-	-
Total assets	\$ 897	\$ 81	\$ 1,108	\$ 4,157	\$ -	\$ -	\$ 79	\$ 50
LIABILITIES AND FUND BALANCES								
(DEFICITS)								
Liabilities:								
Accounts payable	\$ 179	\$ 1	\$ 13	\$ 33	\$ -	\$ -	\$ 187	\$ -
Due to other funds	1,326	-	1,045	1,123	12	7	93	-
Deferred revenue	-	-	-	3,132	-	-	-	-
Unearned revenue	-	-	-	-	-	-	-	-
Total liabilities	1,505	1	1,058	4,288	12	7	280	-
Fund Balances (Deficits):								
Nonspendable	-	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	-	50
Committed	-	80	50	-	-	-	-	-
Unassigned	(608)	-	-	(131)	(12)	(7)	(201)	-
Total fund balances (deficits)	(608)	80	50	(131)	(12)	(7)	(201)	50
Total liabilities and fund balances (deficits)	\$ 897	\$ 81	\$ 1,108	\$ 4,157	\$ -	\$ -	\$ 79	\$ 50

(Continued)

COMBINING BALANCE SHEET, Continued
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2013 and 2012
(In Thousands)

	Special Revenue Funds							
	Lead Poisoning Prevention	American Savings 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	\$ 25	\$ 8	\$ 5	\$ 15	\$ 11	\$ -	\$ 10
Investments	-	-	-	-	-	-	-	-
Accounts receivable	-	-	-	-	-	-	-	-
Loans receivable	-	-	-	-	-	-	-	-
Due from other governments	-	-	-	-	-	-	-	-
Inventory	-	-	-	-	-	-	-	-
Total assets	\$ 1	\$ 25	\$ 8	\$ 5	\$ 15	\$ 11	\$ -	\$ 10
LIABILITIES AND FUND BALANCES								
(DEFICITS)								
Liabilities:								
Accounts payable	\$ -	\$ 9	\$ 7	\$ -	\$ 2	\$ -	\$ -	\$ 8
Due to other funds	-	-	-	-	-	-	22	-
Deferred revenue	-	-	-	-	-	-	-	-
Unearned revenue	-	-	-	-	-	-	-	-
Total liabilities	-	9	7	-	2	-	22	8
Fund Balances (Deficits):								
Nonspendable	-	-	-	-	-	-	-	-
Restricted	1	16	-	-	13	-	-	2
Committed	-	-	1	5	-	11	-	-
Unassigned	-	-	-	-	-	-	(22)	-
Total fund balances (deficits)	1	16	1	5	13	11	(22)	2
Total liabilities and fund balances (deficits)	\$ 1	\$ 25	\$ 8	\$ 5	\$ 15	\$ 11	\$ -	\$ 10

(Continued)

COMBINING BALANCE SHEET, Continued
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2013 and 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
ASSETS									
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ 33	\$ -	\$ 100	\$ 91	\$ 1	\$ 5
Investments	-	-	-	-	-	-	-	-	-
Accounts receivable	-	-	-	-	-	-	-	-	-
Loans receivable	-	-	-	-	-	-	-	-	-
Due from other governments	-	22	-	-	-	-	-	-	-
Inventory	-	-	-	-	-	-	-	-	-
Total assets	\$ -	\$ 22	\$ -	\$ 33	\$ -	\$ 100	\$ 91	\$ 1	\$ 5
LIABILITIES AND FUND BALANCES (DEFICITS)									
Liabilities:									
Accounts payable	\$ 1	\$ -	\$ 2	\$ -	\$ 3	\$ 12	\$ 4	\$ -	\$ -
Due to other funds	8	18	11	-	12	-	-	-	-
Deferred revenue	-	22	-	-	-	-	-	-	-
Unearned revenue	-	-	-	-	-	-	-	-	-
Total liabilities	9	40	13	-	15	12	4	-	-
Fund Balances (Deficits):									
Nonspendable	-	-	-	-	-	-	-	-	-
Restricted	-	-	-	33	-	88	87	1	5
Committed	-	-	-	-	-	-	-	-	-
Unassigned	(9)	(18)	(13)	-	(15)	-	-	-	-
Total fund balances (deficits)	(9)	(18)	(13)	33	(15)	88	87	1	5
Total liabilities and fund balances (deficits)	\$ -	\$ 22	\$ -	\$ 33	\$ -	\$ 100	\$ 91	\$ 1	\$ 5

(Continued)

COMBINING BALANCE SHEET, Continued

NONMAJOR GOVERNMENTAL FUNDS

June 30, 2013 and 2012

(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	\$ -	\$ -	\$ 5	\$ 114	\$ -	\$ -	\$ 3	\$ 346
Investments	-	-	-	-	-	-	-	-
Accounts receivable	-	-	-	-	-	-	-	-
Loans receivable	-	-	-	-	-	-	-	-
Due from other governments	-	-	-	-	81	-	-	-
Inventory	-	-	-	-	-	-	-	-
Total assets	\$ -	\$ -	\$ 5	\$ 114	\$ 81	\$ -	\$ 3	\$ 346
LIABILITIES AND FUND BALANCES								
(DEFICITS)								
Liabilities:								
Accounts payable	\$ 97	\$ -	\$ -	\$ -	\$ 18	\$ -	\$ -	\$ 1
Due to other funds	31	236	-	-	129	1	-	-
Deferred revenue	-	-	-	-	81	-	-	-
Unearned revenue	-	-	-	-	-	-	3	-
Total liabilities	128	236	-	-	228	1	3	1
Fund Balances (Deficits):								
Nonspendable	-	-	-	-	-	-	-	-
Restricted	-	-	-	114	-	-	-	-
Committed	-	-	5	-	-	-	-	345
Unassigned	(128)	(236)	-	-	(147)	(1)	-	-
Total fund balances (deficits)	(128)	(236)	5	114	(147)	(1)	-	345
Total liabilities and fund balances (deficits)	\$ -	\$ -	\$ 5	\$ 114	\$ 81	\$ -	\$ 3	\$ 346

(Continued)

COMBINING BALANCE SHEET, Continued

NONMAJOR GOVERNMENTAL FUNDS

June 30, 2013 and 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
ASSETS								
Cash and cash equivalents	\$ 24	\$ -	\$ 102	\$ -	\$ 279	\$ 32	\$ 1,107	\$ 123
Investments	-	-	-	-	-	-	-	-
Accounts receivable	-	-	-	-	-	-	-	-
Loans receivable	-	-	-	-	-	-	-	-
Due from other governments	-	-	-	-	-	-	-	-
Inventory	-	-	-	-	-	-	-	-
Total assets	\$ 24	\$ -	\$ 102	\$ -	\$ 279	\$ 32	\$ 1,107	\$ 123
LIABILITIES AND FUND BALANCES (DEFICITS)								
Liabilities:								
Accounts payable	\$ -	\$ -	\$ 3	\$ 4	\$ 37	\$ -	\$ -	\$ -
Due to other funds	-	-	-	103	-	-	-	-
Deferred revenue	-	-	-	-	-	-	-	-
Unearned revenue	-	-	-	-	-	-	51	-
Total liabilities	-	-	3	107	37	-	51	-
Fund Balances (Deficits):								
Nonspendable	-	-	-	-	-	-	-	-
Restricted	-	-	99	-	242	-	1,056	123
Committed	24	-	-	-	-	32	-	-
Unassigned	-	-	-	(107)	-	-	-	-
Total fund balances (deficits)	24	-	99	(107)	242	32	1,056	123
Total liabilities and fund balances (deficits)	\$ 24	\$ -	\$ 102	\$ -	\$ 279	\$ 32	\$ 1,107	\$ 123

(Continued)

COMBINING BALANCE SHEET, Continued
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2013 and 2012
(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	\$ 2	\$ -	\$ 22	\$ 224	\$ -	\$ 5	\$ 12	\$ 678	\$ 248	
Investments	-	-	-	-	-	-	-	-	-	
Accounts receivable	-	-	-	-	-	-	-	-	-	
Loans receivable	-	-	-	-	-	-	-	-	-	
Due from other governments	-	-	-	-	-	-	-	937	-	
Inventory	-	-	-	-	-	-	-	330	-	
Total assets	\$ 2	\$ -	\$ 22	\$ 224	\$ -	\$ 5	\$ 12	\$ 1,945	\$ 248	
LIABILITIES AND FUND BALANCES (DEFICITS)										
Liabilities:										
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 416	\$ -	
Due to other funds	-	56	-	-	1,540	-	-	-	363	
Deferred revenue	-	-	-	-	-	-	-	-	-	
Unearned revenue	-	-	-	-	-	-	-	-	-	
Total liabilities	-	56	-	-	1,540	-	-	416	363	
Fund Balances (Deficits):										
Nonspendable	-	-	-	-	-	-	-	330	-	
Restricted	-	-	-	224	-	-	-	937	-	
Committed	2	-	22	-	-	5	12	262	-	
Unassigned	-	(56)	-	-	(1,540)	-	-	-	(115)	
Total fund balances (deficits)	2	(56)	22	224	(1,540)	5	12	1,529	(115)	
Total liabilities and fund balances (deficits)	\$ 2	\$ -	\$ 22	\$ 224	\$ -	\$ 5	\$ 12	\$ 1,945	\$ 248	

(Continued)

COMBINING BALANCE SHEET, Continued

NONMAJOR GOVERNMENTAL FUNDS

June 30, 2013 and 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	
ASSETS										
Cash and cash equivalents	\$ 90	\$ 102	\$ 43	\$ 22	\$ 31	\$ -	\$ 804	\$ 222	\$ 335	
Investments	-	-	-	-	-	-	-	-	-	
Accounts receivable	-	-	-	-	-	3	479	23	3	
Loans receivable	-	-	-	-	-	-	1,290	2,769	964	
Due from other governments	-	-	-	-	-	-	-	-	-	
Inventory	-	-	-	-	-	-	-	-	-	
Total assets	\$ 90	\$ 102	\$ 43	\$ 22	\$ 31	\$ 3	\$ 2,573	\$ 3,014	\$ 1,302	
LIABILITIES AND FUND BALANCES (DEFICITS)										
Liabilities:										
Accounts payable	\$ -	\$ -	\$ -	\$ 22	\$ 83	\$ 17	\$ 160	\$ 16	\$ -	
Due to other funds	-	-	-	-	-	17	-	73	12	
Deferred revenue	-	-	-	-	-	-	1,314	2,821	957	
Unearned revenue	-	-	-	-	-	-	-	-	-	
Total liabilities	-	-	-	22	83	34	1,474	2,910	969	
Fund Balances (Deficits):										
Nonspendable	-	-	-	-	-	-	-	-	-	
Restricted	-	-	-	-	-	-	1,099	104	333	
Committed	90	102	43	-	-	-	-	-	-	
Unassigned	-	-	-	-	(52)	(31)	-	-	-	
Total fund balances (deficits)	90	102	43	-	(52)	(31)	1,099	104	333	
Total liabilities and fund balances (deficits)	\$ 90	\$ 102	\$ 43	\$ 22	\$ 31	\$ 3	\$ 2,573	\$ 3,014	\$ 1,302	

(Continued)

COMBINING BALANCE SHEET, Continued
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2013 and 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	
ASSETS										
Cash and cash equivalents	\$ -	\$ 109	\$ 6	\$ 4	\$ 236	\$ 8	\$ 10	\$ 8	\$ 21	
Investments	-	-	-	-	-	-	-	284	1,111	
Accounts receivable	47	-	-	-	-	-	-	-	-	
Loans receivable	-	-	-	-	-	-	-	-	-	
Due from other governments	-	-	-	-	-	-	-	-	-	
Inventory	-	-	-	-	-	-	-	-	-	
Total assets	\$ 47	\$ 109	\$ 6	\$ 4	\$ 236	\$ 8	\$ 10	\$ 292	\$ 1,132	
LIABILITIES AND FUND BALANCES (DEFICITS)										
Liabilities:										
Accounts payable	\$ -	\$ -	\$ 12	\$ -	\$ -	\$ -	\$ 4	\$ -	\$ -	
Due to other funds	-	11	-	-	189	21	59	-	-	
Deferred revenue	-	-	-	-	-	-	-	-	-	
Unearned revenue	-	-	-	-	-	-	-	-	-	
Total liabilities	-	11	12	-	189	21	63	-	-	
Fund Balances (Deficits):										
Nonspendable	-	-	-	-	-	-	-	-	-	
Restricted	47	98	-	4	-	-	-	292	1,132	
Committed	-	-	-	-	47	-	-	-	-	
Unassigned	-	-	(6)	-	-	(13)	(53)	-	-	
Total fund balances (deficits)	47	98	(6)	4	47	(13)	(53)	292	1,132	
Total liabilities and fund balances (deficits)	\$ 47	\$ 109	\$ 6	\$ 4	\$ 236	\$ 8	\$ 10	\$ 292	\$ 1,132	

(Continued)

COMBINING BALANCE SHEET, Continued
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2013 and 2012
(In Thousands)

	Special Revenue Funds						Total Nonmajor Governmental Funds
	C.B. Stanley Walnut Hill	Parks and Recreation	Darius Miller F/B/O Fairview Cemetery	Arts Fund	Community Gardens Fund	BOE State and Federal Grants	
ASSETS							
Cash and cash equivalents	\$ 39	\$ 13	\$ 10	\$ 8	\$ 2	\$ 5,183	\$ 12,013
Investments	1,424	-	235	-	-	-	4,106
Accounts receivable	-	-	-	-	-	-	4,799
Loans receivable	-	-	-	-	-	-	5,023
Due from other governments	-	-	-	-	-	807	1,847
Inventory	-	-	-	-	-	-	330
Total assets	\$ 1,463	\$ 13	\$ 245	\$ 8	\$ 2	\$ 5,990	\$ 28,118
LIABILITIES AND FUND BALANCES (DEFICITS)							
Liabilities:							
Accounts payable	-	-	-	-	-	2,909	4,260
Due to other funds	-	-	-	-	-	2,044	8,562
Deferred revenue	-	-	-	-	-	-	8,327
Unearned revenue	-	-	-	8	-	679	741
Total liabilities	-	-	-	8	-	5,632	21,890
Fund Balances (Deficits):							
Nonspendable	1,463	-	245	-	-	-	2,038
Restricted	-	13	-	-	2	358	6,573
Committed	-	-	-	-	-	-	1,138
Unassigned	-	-	-	-	-	-	(3,521)
Total fund balances (deficits)	1,463	13	245	-	2	358	6,228
Total liabilities and fund balances (deficits)	\$ 1,463	\$ 13	\$ 245	\$ 8	\$ 2	\$ 5,990	\$ 28,118

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

NONMAJOR GOVERNMENTAL FUNDS

For the Year Ended June 30, 2013

(In Thousands)

	Special Revenue Funds							
	Stanley 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	\$ -	\$ -	\$ -	\$ -	\$ 10	\$ -	\$ 1,163	\$ -
Investment earnings	-	-	156	-	-	-	-	-
Licenses, fees and charges for goods and services	1,688	50	264	7,798	-	-	-	-
Other revenues	-	-	-	1,573	-	-	-	-
Total revenues	1,688	50	420	9,371	10	-	1,163	-
EXPENDITURES								
General government	-	-	-	-	-	-	-	-
Public safety	-	94	-	-	-	-	-	-
Public works	-	-	-	4,904	-	-	999	-
Health and welfare	-	-	84	-	-	-	-	-
Parks, recreation and libraries	1,007	-	-	-	-	-	-	-
Education	-	-	-	-	-	-	-	-
Total expenditures	1,007	94	84	4,904	-	-	999	-
Excess (deficiency) of revenues over expenditures	681	(44)	336	4,467	10	-	164	-
OTHER FINANCING SOURCES (USES)								
Transfers in	-	-	-	-	-	-	-	-
Transfers (out)	(940)	-	(425)	(2,779)	-	-	-	-
Total other financing sources (uses)	(940)	-	(425)	(2,779)	-	-	-	-
Net change in fund balances (deficits)	(259)	(44)	(89)	1,688	10	-	164	-
FUND BALANCES (DEFICITS), beginning of year	(349)	124	139	(1,819)	(22)	(7)	(365)	50
FUND BALANCES (DEFICITS), end of year	\$ (608)	\$ 80	\$ 50	\$ (131)	\$ (12)	\$ (7)	\$ (201)	\$ 50

(Continued)

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

NONMAJOR GOVERNMENTAL FUNDS

For the Year Ended June 30, 2013

(In Thousands)

	Special Revenue Funds							
	Lead Poisoning Prevention	American Savings 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	\$ -	\$ 100	\$ -	\$ -	\$ 14	\$ -	\$ 8	\$ 112
Investment earnings	-	-	-	-	-	-	-	-
Licenses, fees and charges for goods and services	-	-	-	-	-	9	-	-
Other revenues	-	-	4	-	4	-	-	-
Total revenues	-	100	4	-	18	9	8	112
EXPENDITURES								
General government	-	-	-	-	-	-	-	-
Public safety	-	-	1	-	-	-	-	-
Public works	-	-	-	-	-	-	-	-
Health and welfare	-	-	-	-	18	-	22	117
Parks, recreation and libraries	-	97	-	-	-	1	-	-
Education	-	-	-	-	-	-	-	-
Total expenditures	-	97	1	-	18	1	22	117
Excess (deficiency) of revenues over expenditures	-	3	3	-	-	8	(14)	(5)
OTHER FINANCING SOURCES (USES)								
Transfers in	-	-	-	-	-	-	-	-
Transfers (out)	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-
Net change in fund balances (deficits)	-	3	3	-	-	8	(14)	(5)
FUND BALANCES (DEFICITS), beginning of year	1	13	(2)	5	13	3	(8)	7
FUND BALANCES (DEFICITS), end of year	\$ 1	\$ 16	\$ 1	\$ 5	\$ 13	\$ 11	\$ (22)	\$ 2

(Continued)

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

NONMAJOR GOVERNMENTAL FUNDS

For the Year Ended June 30, 2013

(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	\$ 58	\$ -	\$ 82	\$ -	\$ 6	\$ 100	\$ -	\$ -
Investment earnings	-	-	-	-	-	-	-	-	-
Licenses, fees and charges for goods and services	-	-	-	-	-	-	-	-	-
Other revenues	11	-	-	-	96	17	5	-	-
Total revenues	41	58	-	82	96	23	105	-	-
EXPENDITURES									
General government	-	-	-	-	-	22	-	-	-
Public safety	-	-	7	-	-	-	-	-	-
Public works	-	-	-	-	-	-	-	-	-
Health and welfare	-	79	-	88	143	-	-	-	-
Parks, recreation and libraries	41	-	-	-	-	-	151	-	-
Education	-	-	-	-	-	-	-	-	-
Total expenditures	41	79	7	88	143	22	151	-	-
Excess (deficiency) of revenues over expenditures	-	(21)	(7)	(6)	(47)	1	(46)	-	-
OTHER FINANCING SOURCES (USES)									
Transfers in	-	-	-	-	38	-	-	-	-
Transfers (out)	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	38	-	-	-	-
Net change in fund balances (deficits)	-	(21)	(7)	(6)	(9)	1	(46)	-	-
FUND BALANCES (DEFICITS), beginning of year	(9)	3	(6)	39	(6)	87	133	1	5
FUND BALANCES (DEFICITS), end of year	\$ (9)	\$ (18)	\$ (13)	\$ 33	\$ (15)	\$ 88	\$ 87	\$ 1	\$ 5

(Continued)

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

NONMAJOR GOVERNMENTAL FUNDS

For the Year Ended June 30, 2013

(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	\$ 444	\$ -	\$ -	\$ -	\$ 76	\$ -	\$ 16	\$ -
Investment earnings	-	-	-	-	-	-	-	-
Licenses, fees and charges for goods and services	-	-	-	-	-	-	-	136
Other revenues	-	-	1	-	-	-	-	-
Total revenues	444	-	1	-	76	-	16	136
EXPENDITURES								
General government	-	1	-	-	-	-	-	-
Public safety	268	-	-	-	157	-	-	-
Public works	-	-	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-	13	-
Parks, recreation and libraries	-	-	2	-	-	-	-	100
Education	-	-	-	-	-	-	-	-
Total expenditures	268	1	2	-	157	-	13	100
Excess (deficiency) of revenues over expenditures	176	(1)	(1)	-	(81)	-	3	36
OTHER FINANCING SOURCES (USES)								
Transfers in	-	-	-	-	-	-	-	-
Transfers (out)	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-
Net change in fund balances (deficits)	176	(1)	(1)	-	(81)	-	3	36
FUND BALANCES (DEFICITS), beginning of year	(304)	(235)	6	114	(66)	(1)	(3)	309
FUND BALANCES (DEFICITS), end of year	\$ (128)	\$ (236)	\$ 5	\$ 114	\$ (147)	\$ (1)	\$ -	\$ 345

(Continued)

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

NONMAJOR GOVERNMENTAL FUNDS

For the Year Ended June 30, 2013

(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
REVENUES								
Intergovernmental revenue	\$ -	\$ -	\$ 139	\$ 162	\$ 145	\$ -	\$ 153	\$ 15
Investment earnings	-	-	-	-	-	-	-	-
Licenses, fees and charges for goods and services	-	-	-	-	-	8	-	-
Other revenues	12	-	5	-	32	-	-	-
Total revenues	12	-	144	162	177	8	153	15
EXPENDITURES								
General government	-	-	-	-	-	-	-	-
Public safety	-	-	-	27	-	-	153	-
Public works	-	-	-	108	836	-	-	-
Health and welfare	-	-	141	-	-	4	-	18
Parks, recreation and libraries	3	-	-	-	-	-	-	-
Education	-	-	-	-	-	-	-	-
Total expenditures	3	-	141	135	836	4	153	18
Excess (deficiency) of revenues over expenditures	9	-	3	27	(659)	4	-	(3)
OTHER FINANCING SOURCES (USES)								
Transfers in	-	-	-	-	-	-	-	-
Transfers (out)	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-
Net change in fund balances (deficits)	9	-	3	27	(659)	4	-	(3)
FUND BALANCES (DEFICITS), beginning of year	15	-	96	(134)	901	28	1,056	126
FUND BALANCES (DEFICITS), end of year	\$ 24	\$ -	\$ 99	\$ (107)	\$ 242	\$ 32	\$ 1,056	\$ 123

(Continued)

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

NONMAJOR GOVERNMENTAL FUNDS

For the Year Ended June 30, 2013

(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
REVENUES									
Intergovernmental revenue	\$ -	\$ 14	\$ -	\$ 224	\$ 1,580	\$ -	\$ -	\$ 5,399	\$ -
Investment earnings	-	-	-	-	-	-	-	-	-
Licenses, fees and charges for goods and services	-	-	-	-	-	-	-	485	58
Other revenues	6	-	-	-	-	10	11	-	-
Total revenues	6	14	-	224	1,580	10	11	5,884	58
EXPENDITURES									
General government	-	-	-	-	-	-	-	-	-
Public safety	-	14	-	-	-	-	-	-	-
Public works	-	-	-	-	1,499	-	-	-	-
Health and welfare	-	-	-	-	-	-	4	-	-
Parks, recreation and libraries	4	-	-	-	-	36	-	-	-
Education	-	-	-	-	-	-	-	5,619	54
Total expenditures	4	14	-	-	1,499	36	4	5,619	54
Excess (deficiency) of revenues over expenditures	2	-	-	224	81	(26)	7	265	4
OTHER FINANCING SOURCES (USES)									
Transfers in	-	-	-	-	-	12	-	-	-
Transfers (out)	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	12	-	-	-
Net change in fund balances (deficits)	2	-	-	224	81	(14)	7	265	4
FUND BALANCES (DEFICITS), beginning of year	-	(56)	22	-	(1,621)	19	5	1,264	(119)
FUND BALANCES (DEFICITS), end of year	\$ 2	\$ (56)	\$ 22	\$ 224	\$ (1,540)	\$ 5	\$ 12	\$ 1,529	\$ (115)

(Continued)

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

NONMAJOR GOVERNMENTAL FUNDS

For the Year Ended June 30, 2013

(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	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 101	\$ 1,943	\$ 181	\$ -
Investment earnings	-	-	-	-	-	-	21	60	-
Licenses, fees and charges for goods and services	-	53	-	-	-	-	198	279	-
Other revenues	81	-	-	-	-	-	98	-	-
Total revenues	81	53	-	-	-	101	2,260	520	-
EXPENDITURES									
General government	-	3	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-	-	-
Public works	-	-	-	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	87	2,189	522	-
Parks, recreation and libraries	-	-	-	-	-	-	-	-	-
Education	72	-	-	-	-	-	-	-	-
Total expenditures	72	3	-	-	-	87	2,189	522	-
Excess (deficiency) of revenues over expenditures	9	50	-	-	-	14	71	(2)	-
OTHER FINANCING SOURCES (USES)									
Transfers in	-	-	-	-	-	-	-	-	-
Transfers (out)	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-
Net change in fund balances (deficits)	9	50	-	-	-	14	71	(2)	-
FUND BALANCES (DEFICITS), beginning of year	81	52	43	-	(52)	(45)	1,028	106	333
FUND BALANCES (DEFICITS), end of year	\$ 90	\$ 102	\$ 43	\$ -	\$ (52)	\$ (31)	\$ 1,099	\$ 104	\$ 333

(Continued)

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

NONMAJOR GOVERNMENTAL FUNDS

For the Year Ended June 30, 2013

(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	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 13	\$ -	\$ -
Investment earnings	-	-	-	-	-	-	-	33	102
Licenses, fees and charges for goods and services	-	-	-	-	-	-	-	-	-
Other revenues	-	-	-	-	-	-	-	-	-
Total revenues	-	-	-	-	-	-	13	33	102
EXPENDITURES									
General government	-	-	-	-	-	7	-	-	-
Public safety	-	-	-	-	-	-	-	-	-
Public works	-	-	-	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-	31	-	-
Parks, recreation and libraries	-	-	-	-	-	-	-	21	52
Education	-	-	-	-	-	-	-	-	-
Total expenditures	-	-	-	-	-	7	31	21	52
Excess (deficiency) of revenues over expenditures	-	-	-	-	-	(7)	(18)	12	50
OTHER FINANCING SOURCES (USES)									
Transfers in	-	-	-	-	-	-	-	-	-
Transfers (out)	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-
Net change in fund balances (deficits)	-	-	-	-	-	(7)	(18)	12	50
FUND BALANCES (DEFICITS), beginning of year	47	98	(6)	4	47	(6)	(35)	280	1,082
FUND BALANCES (DEFICITS), end of year	\$ 47	\$ 98	\$ (6)	\$ 4	\$ 47	\$ (13)	\$ (53)	\$ 292	\$ 1,132

(Continued)

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

NONMAJOR GOVERNMENTAL FUNDS

For the Year Ended June 30, 2013

(In Thousands)

	Special Revenue Funds						Nonmajor Governmental Funds
	C.B. Stanley Walnut Hill	Parks and Recreation	Darius Miller F/B/O Fairview Cemetery	Arts Fund	Community Gardens Fund	BOE State and Federal Grants	
REVENUES							
Intergovernmental revenue	\$ -	\$ -	\$ -	\$ 64	\$ -	\$ 27,681	\$ 40,033
Investment earnings	136	-	24	-	-	-	532
Licenses, fees and charges for goods and services	-	-	-	-	-	-	11,026
Other revenues	-	-	-	-	2	-	1,968
Total revenues	136	-	24	64	2	27,681	53,559
EXPENDITURES							
General government	-	-	-	64	-	-	97
Public safety	-	-	-	-	-	-	721
Public works	-	-	-	-	-	-	8,346
Health and welfare	-	-	-	-	-	-	3,560
Parks, recreation and libraries	79	-	12	-	-	-	1,606
Education	-	-	-	-	-	25,494	31,239
Total expenditures	79	-	12	64	-	25,494	45,569
Excess (deficiency) of revenues over expenditures	57	-	12	-	2	2,187	7,990
OTHER FINANCING SOURCES (USES)							
Transfers in	-	-	-	-	-	-	50
Transfers (out)	-	-	-	-	-	-	(4,144)
Total other financing sources (uses)	-	-	-	-	-	-	(4,094)
Net change in fund balances (deficits)	57	-	12	-	2	2,187	3,896
FUND BALANCES (DEFICITS), beginning of year	1,406	13	233	-	-	(1,829)	2,332
FUND BALANCES (DEFICITS), end of year	\$ 1,463	\$ 13	\$ 245	\$ -	\$ 2	\$ 358	\$ 6,228

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)

CAPITAL PROJECTS FUND

For the Year Ended June 30, 2013

	Amended Budget	Current Year Expenditures and Transfers	Cumulative Expenditures	Encumbered	Available Budget
Capital Equipment Reserve #004	\$ 22,499	\$ 419	\$ 14,964	\$ -	\$ 7,535
Capital and Nonrecurring #003	30,954	13,729	29,787	-	1,167
Subway #005	-	23	1,286	-	(1,286)
Lincoln, Northend, Vance	43,800	5	43,330	-	470
New Britain High School	16,595	2	16,514	-	81
ReRoof Schools	8,225	8	7,811	-	414
Entrance/Security	1,700	-	1,690	-	10
NBHS Code Compliance City	95	47	87	-	8
NBHS Code Compliance	2,905	13	2,731	-	174
Smalley Academy Chiller	500	-	501	-	(1)
Diloretto School Renovation	10,000	6,342	8,708	-	1,292
Badolato & Szczesny Garage Repairs	5,075	2,394	3,780	-	1,295
Technology Bond	2,000	109	1,635	-	365
2007 Revaluation	1,200	-	800	-	400
Broad, Beaver, Main and North	6,600	1	6,335	-	265
Police Headquarters Renovation	3,500	-	3,071	-	429
EMS Ambulance	3,375	2	3,614	-	(239)
Storm Water System Improvements	4,750	362	3,746	-	1,004
Environmental Remediation	6,750	234	6,715	-	35
Local Capital Improvements	950	-	334	-	616
Fafnir Booth Street Industrial Park	8,550	16	8,556	-	(6)
St. Clair, Lester, East Street	2,200	-	2,175	-	25
Hart Street Extension	9,500	1	6,999	-	2,501
Street Infrastructure	22,058	1,776	18,856	-	3,202
Transfer Station Rehab	6,872	72	1,704	-	5,168
Broad Street Reconstruction	13,300	144	9,968	-	3,332
NB Machine Industrial Park	3,600	-	3,333	-	267
Fafnir Smart Park Expansion	3,250	1	2,864	-	386
Downtown Feasibility Study	250	-	250	-	-
Willow Street Project	5,350	6	5,478	-	(128)
Bridge Program	5,775	4	1,017	-	4,758
Pinnacle Heights	7,946	476	7,493	-	453
Sewer I&I Improvements	17,775	227	14,463	-	3,312
Beaver St. Reconstruction	7,300	186	596	-	6,704
New Police Station	38,850	9,810	37,569	-	1,281
Adv Refunding	4,700	-	-	-	4,700
2011 Revaluation	1,360	152	450	-	910
Total	\$ 330,109	\$ 36,561	\$ 279,210	\$ -	\$ 50,899

This page intentionally left blank.

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 POSITION (DEFICITS)

INTERNAL SERVICE FUNDS

June 30, 2013

(In Thousands)

	Special Reserve Fund	Health Insurance Fund	Workers' Compensation	General Accident Casualty and Liability	Total
ASSETS					
Cash and cash equivalents	\$ -	\$ -	\$ 151	\$ 645	\$ 796
Investments	-	-	21,168	1,895	23,063
Accounts receivable	-	3	36	4	43
Total assets	\$ -	\$ 3	\$ 21,355	\$ 2,544	\$ 23,902
LIABILITIES AND NET POSITION (DEFICIT)					
Liabilities:					
Accounts payable and accrued expenses	\$ -	\$ 175	\$ 36	\$ 1	\$ 212
Due to other funds	277	2,277	3,607	-	6,161
Estimated liability	-	1,918	12,880	2,970	17,768
Total liabilities	277	4,370	16,523	2,971	24,141
NET POSITION (DEFICITS)	\$ (277)	\$ (4,367)	\$ 4,832	\$ (427)	\$ (239)

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

INTERNAL SERVICE FUNDS

For the Year Ended June 30, 2013

(In Thousands)

	Special Reserve Fund	Health Insurance Fund	Workers' Compensation	General Accident Casualty and Liability	Total
OPERATING REVENUES					
Charges to other funds	\$ -	\$ 25,392	\$ 723	\$ 191	\$ 26,306
Total operating revenues	-	25,392	723	191	26,306
OPERATING EXPENSES					
Claims incurred	-	27,062	(2,979)	938	25,021
Administrative costs	-	477	206	11	694
Total operating expenses	-	27,539	(2,773)	949	25,715
Operating income (loss)	-	(2,147)	3,496	(758)	591
NONOPERATING REVENUES (EXPENSES)					
Interest and dividends	-	-	1,357	117	1,474
Total nonoperating revenues (expenses)	-	-	1,357	117	1,474
Change in net positions (deficits)	-	(2,147)	4,853	(641)	2,065
NET POSITION (DEFICITS), beginning of year	(277)	(2,220)	(21)	214	(2,304)
NET POSITION (DEFICITS), end of year	\$ (277)	\$ (4,367)	\$ 4,832	\$ (427)	\$ (239)

COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
For the Year Ended June 30, 2013
(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	\$ -	\$ 25,433	\$ 687	\$ 187	\$ 26,307
Cash paid for premiums and other operating expenses	-	(467)	(173)	(15)	(655)
Cash payments for claims made	-	(24,966)	(652)	(55)	(25,673)
Net cash provided by (used in) operating activities	-	-	(138)	117	(21)
Cash Flows From Investing Activities					
Interest income	-	-	1,357	117	1,474
Purchase of investments	-	-	(1,600)	(128)	(1,728)
Net cash used in investing activities	-	-	(243)	(11)	(254)
Net increase (decrease) in cash and cash equivalents	-	-	(381)	106	(275)
Cash and Cash Equivalents, beginning of year	-	-	532	539	1,071
Cash and Cash Equivalents end of year	\$ -	\$ -	\$ 151	\$ 645	\$ 796
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities					
Operating income (loss)	\$ -	\$ (2,147)	\$ 3,496	\$ (758)	\$ 591
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Decrease (increase) in accounts receivable	-	41	(36)	(4)	1
Increase (decrease) in accounts payable and accrued expenses	-	148	(4,775)	879	(3,748)
Increase in due to other funds	-	1,958	1,177	-	3,135
Net cash provided by (used in) operating activities	\$ -	\$ -	\$ (138)	\$ 117	\$ (21)

This page intentionally left blank.

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 City 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 POSITION
PENSION TRUST FUNDS AND OPEB TRUST FUND
June 30, 2013
(In Thousands)

	Pension Trust Funds			OPEB Trust Fund
	Police Pension Fund	Firemen's Benefit Fund	Total	
ASSETS				
Cash and cash equivalents	\$ 1,715	\$ 2,313	\$ 4,028	\$ 5
Investments	67,673	76,814	144,487	1,310
Accounts receivable	243	-	243	-
Total assets	\$ 69,631	\$ 79,127	\$ 148,758	\$ 1,315
LIABILITIES AND NET POSITION				
Liabilities:				
Accounts payable and accrued expenses	\$ 456	\$ 458	\$ 914	\$ -
Due to other funds	697	932	1,629	-
Total liabilities	1,153	1,390	2,543	-
NET POSITION HELD IN TRUST FOR BENEFITS	\$ 68,478	\$ 77,737	\$ 146,215	\$ 1,315

COMBINING STATEMENT OF CHANGES IN PLAN NET POSITION
PENSION TRUST FUNDS AND OPEB TRUST FUND
For the Year Ended June 30, 2013
(In Thousands)

	Pension Trust Funds			OPEB Trust Fund
	Police Pension Fund	Firemen's Benefit Fund	Total	
Additions				
Contributions:				
Employer	\$ 1,054	\$ 531	\$ 1,585	\$ 4,721
Employee	273	286	559	-
Total contributions	1,327	817	2,144	4,721
Investment Income:				
Net appreciation in fair value of investments	5,394	5,163	10,557	-
Interest and dividends	1,652	1,961	3,613	152
Other	6	1	7	-
	7,052	7,125	14,177	152
Less investment expense	124	171	295	-
Net investment income	6,928	6,954	13,882	152
Total additions	8,255	7,771	16,026	4,873
Deductions				
Benefits	6,306	5,835	12,141	4,721
Administration	47	47	94	8
Total deductions	6,353	5,882	12,235	4,729
Net increase	1,902	1,889	3,791	144
Net Position, beginning of year	66,576	75,848	142,424	1,171
Net Position, end of year	\$ 68,478	\$ 77,737	\$ 146,215	\$ 1,315

COMBINING BALANCE SHEET
AGENCY FUNDS
June 30, 2013
(In Thousands)

	Contractor's Bond Fund	Student Activity Funds	Downtown District	Total
ASSETS				
Cash and cash equivalents	\$ 150	\$ 140	\$ 7	\$ 297
Investments	175	86	-	261
Total assets	\$ 325	\$ 226	\$ 7	\$ 558
LIABILITIES				
Liabilities:				
Due to beneficiaries	\$ 325	\$ 226	\$ 3	\$ 554
Due to other funds	-	-	4	4
Total liabilities	\$ 325	\$ 226	\$ 7	\$ 558

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

AGENCY FUNDS

For the Year Ended June 30, 2013

(In Thousands)

	Balance July 1, 2012	Additions	Deductions	Balance June 30, 2013
Contractor's Bond Fund				
Assets:				
Cash and cash equivalents	\$ 189	\$ 11	\$ 50	\$ 150
Investments	175	-	-	175
Total	\$ 364	\$ 11	\$ 50	\$ 325
Liabilities:				
Due to beneficiaries	\$ 364	\$ -	\$ 39	\$ 325
Student Activity Funds				
Assets:				
Cash and cash equivalents	\$ 109	\$ 562	\$ 531	\$ 140
Investments	86	-	-	86
Total	\$ 195	\$ 562	\$ 531	\$ 226
Liabilities:				
Due to beneficiaries	\$ 195	\$ 31	\$ -	\$ 226
Downtown District				
Assets:				
Cash and cash equivalents	\$ 128	\$ 200	\$ 321	\$ 7
Total	\$ 128	\$ 200	\$ 321	\$ 7
Liabilities:				
Due to beneficiaries	\$ 77	\$ 200	\$ 274	\$ 3
Due to other funds	51	-	47	4
Total	\$ 128	\$ 200	\$ 321	\$ 7
Total All Funds				
Assets:				
Cash and cash equivalents	\$ 426	\$ 773	\$ 902	\$ 297
Investments	261	-	-	261
Total	\$ 687	\$ 773	\$ 902	\$ 558
Liabilities:				
Due to beneficiaries	\$ 636	\$ 231	\$ 313	\$ 554
Due to other funds	51	-	47	4
Total	\$ 687	\$ 231	\$ 360	\$ 558

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 Position By Component
Last Ten Fiscal Years
(unaudited)
(In Thousands)

	Fiscal Year									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Governmental activities:										
Invested in capital assets, net of related debt	\$ 151,122	\$ 147,800	\$ 137,210	\$ 153,258	\$ 152,453	\$ 147,314	\$ 121,481	\$ 103,955	\$ 87,181	\$ 103,464
Restricted	8,281	8,109	2,883	2,483	2,381	2,714	2,734	2,687	2,589	2,535
Unrestricted	(42,371)	(47,512)	(27,443)	(50,521)	(54,702)	(43,784)	(32,020)	(27,256)	(27,525)	(55,164)
Total governmental activities										
net positions	117,032	108,397	112,650	105,220	100,132	106,244	92,195	79,386	62,245	50,835
Business-type activities:										
Invested in capital assets, net of related debt	39,737	39,381	27,883	27,181	26,456	25,400	25,320	23,391	21,575	17,857
Unrestricted	11,171	11,550	20,425	24,519	23,623	20,523	17,705	18,377	14,821	16,159
Total business-type activities										
net positions	50,908	50,931	48,308	51,700	50,079	45,923	43,025	41,768	36,396	34,016
Primary government:										
Net Investment in capital assets	190,859	187,181	165,093	180,439	178,909	172,714	146,801	127,346	108,756	121,321
Restricted	8,281	8,109	2,883	2,483	2,381	2,714	2,734	2,687	2,589	2,535
Unrestricted	(31,200)	(35,962)	(7,018)	(26,002)	(31,079)	(23,261)	(14,315)	(8,879)	(12,704)	(39,005)
Total primary government										
net positions	\$ 167,940	\$ 159,328	\$ 160,958	\$ 156,920	\$ 150,211	\$ 152,167	\$ 135,220	\$ 121,154	\$ 98,641	\$ 84,851

Notes:

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

Changes In Net Position
Last Ten Fiscal Years
(unaudited)
(In Thousands)

	Fiscal Year									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Expenses:										
Governmental activities:										
General government	\$ 11,539	\$ 12,124	\$ 12,083	\$ 8,596	\$ 13,414	\$ 12,547	\$ 12,165	\$ 8,041	\$ 6,413	\$ 4,862
Public safety	42,461	45,290	41,086	40,102	36,142	33,466	33,434	37,152	35,492	34,679
Public works	26,025	20,309	23,171	25,668	26,500	10,436	22,746	20,445	21,083	17,741
Health and welfare	6,188	6,574	8,225	8,643	8,763	8,707	6,786	8,373	9,153	10,107
Parks, recreation and libraries	10,647	13,077	11,462	11,348	12,249	9,275	10,097	11,609	12,334	12,638
Education	168,740	164,084	173,807	163,027	159,235	204,322	146,783	143,287	139,567	136,052
Interest on long-term debt	11,553	14,052	10,907	10,036	10,813	10,032	11,876	10,568	12,092	12,226
Total governmental activities expenses	277,153	275,510	280,741	267,420	267,116	288,785	243,887	239,475	236,134	228,305
Business-type activities:										
Water	11,242	10,236	10,432	10,560	9,034	11,048	11,034	9,309	9,031	7,112
Total business-type activities expenses	11,242	10,236	10,432	10,560	9,034	11,048	11,034	9,309	9,031	7,112
Total primary government expenses	288,395	285,746	291,173	277,980	276,150	299,833	254,921	248,784	245,165	235,417
Program revenue:										
Governmental activities:										
Charges for services:										
General government	788	1,632	969	1,209	1,376	1,488	2,057	4,694	3,015	1,588
Public safety	4,202	3,810	2,140	2,593	2,743	3,125	2,916	2,362	2,258	2,366
Public works	12,697	11,820	12,818	12,387	10,240	12,111	8,011	10,449	9,371	9,933
Health and welfare	837	877	96	450	1,921	684	179	928	714	1,806
Parks, recreation and libraries	2,655	3,057	2,667	3,085	2,872	3,043	2,718	2,677	2,597	2,514
Education	596	507	777	1,586	5,835	1,791	2,546	3,980	3,293	1,328
Non-departmental fixed charges	-	-	-	-	-	-	-	-	-	-
Interest on long-term debt	-	-	-	-	-	-	-	-	-	-
Operating grants and contributions	131,215	122,717	135,289	129,213	119,868	164,686	113,388	115,998	106,747	93,361
Capital grants and contributions	1,984	2,632	2,080	1,248	25	30	2,193	1,094	1,099	17,844
Total governmental activities program revenue	154,974	147,052	156,836	151,771	144,880	186,958	134,008	142,182	129,094	130,740
Business-type activities:										
Charges for services	12,472	12,840	12,012	12,394	13,055	13,946	11,616	14,433	10,999	10,770
Capital grants and contributions	-	-	-	-	-	-	-	-	-	2,184
Total business-type activities program revenues	12,472	12,840	12,012	12,394	13,055	13,946	11,616	14,433	10,999	12,954
Total primary government program revenues	167,446	159,892	168,848	164,165	157,935	200,904	145,624	156,615	140,093	143,694
Net (expense) revenue:										
Governmental activities	(122,179)	(128,458)	(123,905)	(115,649)	(122,236)	(101,827)	(109,879)	(97,293)	(107,040)	(97,565)
Business-type activities	1,230	2,604	1,580	1,834	4,021	2,898	582	5,124	1,968	5,842
Total primary government net expense	(120,949)	(125,854)	(122,325)	(113,815)	(118,215)	(98,929)	(109,297)	(92,169)	(105,072)	(91,723)

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

	Fiscal Year									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
General revenues and other changes in net positions:										
Governmental activities:										
Property taxes	112,865	106,069	108,741	104,280	105,220	96,133	97,941	95,192	98,000	97,783
Grants and contributions not restricted to specific programs	10,184	11,024	10,557	11,177	10,889	14,897	17,292	14,603	14,776	20,496
Unrestricted investment earnings	2,092	870	6,070	4,249	(600)	1,150	6,289	4,437	2,900	2,252
Transfers	1,263	-	5,000	263	-	3,000	-	-	-	-
Miscellaneous	4,410	3,654	967	768	615	696	1,166	202	2,774	966
Total governmental activities	130,814	121,617	131,335	120,737	116,124	115,876	122,688	114,434	118,450	121,497
Business-type activities:										
Unrestricted investment earnings	10	19	28	50	135	-	675	579	412	131
Transfers	(1,263)	-	(5,000)	(263)	-	-	-	(5)	-	-
Total business-type activities	(1,253)	19	(4,972)	(213)	135	-	675	574	412	131
Total primary government	129,561	121,636	126,363	120,524	116,259	115,876	123,363	115,008	118,862	121,628
Changes in net positions:										
Governmental activities	8,635	(6,841)	7,430	5,088	(6,112)	14,049	12,809	17,141	11,410	23,932
Business-type activities	(23)	2,623	(3,392)	1,621	4,156	2,898	1,257	5,698	2,380	5,973
Total primary government	\$ 8,612	\$ (4,218)	\$ 4,038	\$ 6,709	\$ (1,956)	\$ 16,947	\$ 14,066	\$ 22,839	\$ 13,790	\$ 29,905

Notes:

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

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

	Fiscal Year									
	2013	2012	2011 ⁽¹⁾	2010	2009	2008	2007	2006	2005	2004
General Fund:										
Reserved	\$ -	\$ -	\$ -	\$ 1,372	\$ 2,803	\$ 3,661	\$ 1,861	\$ 2,990	\$ 1,035	\$ 1,424
Unreserved	-	-	-	7,655	7,212	9,479	8,996	8,980	7,989	6,586
Committed	-	-	5	-	-	-	-	-	-	-
Assigned	-	41	379	-	-	-	-	-	-	-
Unassigned	12,595	12,159	11,663	-	-	-	-	-	-	-
Total general fund	\$ 12,595	\$ 12,200	\$ 12,047	\$ 9,027	\$ 10,015	\$ 13,140	\$ 10,857	\$ 11,970	\$ 9,024	\$ 8,010
All Other Governmental Funds:										
Reserved	\$ -	\$ -	\$ -	\$ 2,489	\$ 15,123	\$ 16,586	\$ 17,964	\$ 9,144	\$ 13,783	\$ 19,250
Unreserved, reported in:										
Special revenue funds	-	-	-	6,333	7,335	11,640	14,288	13,532	14,466	13,158
Capital projects funds	-	-	-	(31,257)	(42,841)	(36,667)	(31,895)	(21,132)	(34,221)	(24,828)
Nonspendable	2,038	2,890	2,883	-	-	-	-	-	-	-
Restricted	6,573	5,464	5,697	-	-	-	-	-	-	-
Committed	1,138	898	2,331	-	-	-	-	-	-	-
Assigned	-	41	-	-	-	-	-	-	-	-
Unassigned	(2,092)	(6,293)	(14,758)	-	-	-	-	-	-	-
Total all other governmental funds	\$ 7,657	\$ 3,000	\$ (3,847)	\$ (22,435)	\$ (20,383)	\$ (8,441)	\$ 357	\$ 1,544	\$ (5,972)	\$ 7,580

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 -unaudited
(In Thousands)

	Fiscal Year									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Revenues										
Property taxes	\$ 114,381	\$ 110,013	\$ 106,904	\$ 103,052	\$ 104,141	\$ 95,447	\$ 96,757	\$ 95,175	\$ 96,828	\$ 97,808
Intergovernmental revenues	148,476	137,303	150,216	141,888	134,838	179,853	136,003	134,949	126,563	135,058
Licenses, fees and charges for goods and services	21,494	21,632	19,529	21,010	18,861	20,641	18,155	18,927	17,121	16,730
Income on investments	618	308	3,504	2,843	263	778	4,180	4,065	1,585	1,315
Miscellaneous	4,410	3,654	1,123	3,135	3,263	8,029	3,343	2,401	2,932	3,605
Total revenues	289,379	272,910	281,276	271,928	261,366	304,748	258,438	255,517	245,029	254,516
Expenditures										
General government	10,057	11,027	7,012	6,559	5,603	5,128	4,935	7,151	5,641	4,957
Public safety	41,442	43,589	40,696	39,852	34,405	34,448	33,183	36,118	33,526	33,908
Public works	19,237	23,536	21,998	33,515	36,106	18,294	19,324	17,518	17,193	18,932
Social services	6,181	6,584	8,187	8,666	9,262	8,655	6,966	8,325	9,104	10,442
Education	164,743	160,477	168,532	161,745	159,487	198,898	145,231	141,081	147,599	133,807
Parks and recreation	10,064	12,569	10,918	10,852	10,988	10,291	10,397	10,873	11,503	12,060
Other	-	-	1,194	-	-	-	-	-	-	-
Capital outlay	24,125	30,378	16,971	581	1,127	23,585	23,549	22,711	9,521	18,049
Debt service interest	11,680	9,433	10,083	10,631	11,510	11,014	10,721	10,623	10,374	11,861
Debt service principal	17,925	22,384	15,024	15,507	14,836	14,360	14,764	14,218	15,477	13,763
Total expenditures	305,454	319,977	300,615	287,908	283,324	324,673	269,070	268,618	259,938	257,779
Excess of revenues (under expenditures)	(16,075)	(47,067)	(19,339)	(15,980)	(21,958)	(19,925)	(10,632)	(13,101)	(14,909)	(3,263)
Other Financing Sources (Uses)										
Transfers in	6,407	11,765	6,954	29,785	27,185	31,959	31,409	36,507	35,963	31,977
Transfers out	(5,144)	(1,269)	(1,954)	(29,522)	(34,216)	(33,412)	(37,604)	(32,397)	(36,288)	(32,327)
Premiums	244	-	1,011	963	-	-	-	-	-	-
Proceeds from the issuance of bonds and notes	19,225	34,441	36,840	11,715	13,922	14,863	14,527	19,453	2,696	2,318
Payment to refund bond escrow agent	-	-	(1,904)	-	-	-	-	-	-	-
Total other financing sources (uses)	20,732	44,937	40,947	12,941	6,891	13,410	8,332	23,563	2,371	1,968
Net changes in fund balance	\$ 4,657	\$ (2,130)	\$ 21,608	\$ (3,039)	\$ (15,067)	\$ (6,515)	\$ (2,300)	\$ 10,462	\$ (12,538)	\$ (1,295)
Debt Service as a Percentage of Noncapital Expenditures	11.8%	12.3%	9.8%	9.5%	10.3%	8.7%	10.4%	10.1%	10.3%	10.7%

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

Assessed Value and Estimated Actual Value of Taxable Property

Last Ten Fiscal Years - unaudited

Fiscal Year	Real Property					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	Personal Property	Motor Vehicle							
2013	\$ 1,886,545,695	\$1,610,643,885	\$104,931,570	\$225,067,185	\$265,203,698	\$1,143,311,947	\$2,949,080,086	\$366,513	\$2,948,713,573	36.63%	\$ 4,212,447,961	70%
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%

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 Grand List, 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 - unaudited

Taxpayer	October 1, 2011			October 1, 2002		
	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	\$ 46,528,753	1	1.58%	\$ 17,667,410	3	0.00%
Pebblebrook Apartments, LLC	21,865,000	2	0.75%	-	-	-
Stanley Works	19,401,161	3	0.66%	41,739,448	1	2.01%
Investment Associates LTP	13,211,657	4	0.45%	10,847,229	7	0.52%
Conn. Natural Gas Corp.	13,157,078	5	0.45%	11,247,542	6	0.54%
Inland Southeast NB LLC	12,800,780	6	0.44%	-	-	-
Webster Bank	12,125,620	7	0.42%	-	-	-
NB-BTMC LLC	11,200,000	8	0.38%	11,459,070	5	0.55%
Farmington Hills 06 LLC	10,654,810	9	0.36%	-	-	-
HSC Community Services Inc	9,118,253	10	0.31%	9,673,736	8	0.47%
Brittany Farms Assoc.	-	-	-	20,151,732	2	0.97%
Computer Science Corp	-	-	-	17,032,367	4	0.82%
Creed Monarch	-	-	-	9,309,629	9	0.45%
Montowese Industrial Park Inc	-	-	-	9,077,110	10	0.44%
Total	170,063,112		5.81%	\$ 158,205,273		6.78%

Source: City of New Britain, Office of Tax Assessor

Property Tax Levies And Collections
Last Ten Fiscal Years -unaudited
(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
2013	36.63	\$ 106,630	\$ 104,180	97.70%	N/A	\$ 104,180	97.70%
2012	36.63	107,582	103,302	96.02%	1,995	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%

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

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

Fiscal Year	Governmental Activities				Business-Type Activities		Percentage of Personal Income	Total Debt Per Capital	Population
	General Obligation Bonds	Capital Leases	Ratio of Net General Bonded Debt to Estimated Actual Taxable Value	Debt Per Capita	Water	Total Primary Government			
2013	\$ 227,415	\$ -	5.40%	\$ 3,059	\$ 19,754	\$ 250,228	7.95%	\$ 3,324	74,348
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

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

Total tax collections (including interest and lien fees) received by Treasurer for year ended June 30, 2013	\$ 113,315
Reimbursement for revenue loss (year ended June 30, 2013):	
Tax relief for the elderly freeze	419
Disability Exemption	9
Veterans exemption	24
Base for Debt Limitation Computation	\$ 113,767
Debt limit	\$ 796,369

	General Purpose	Schools	Sewers	Urban Renewal	Unfunded Pension Benefit Obligation
Debt Limitation					
2-1/4 times base	\$ 255,976	\$ -	\$ -	\$ -	\$ -
4-1/2 times base	-	511,952	-	-	-
3-3/4 times base	-	-	426,626	-	-
3-1/4 times base	-	-	-	369,743	-
3 times base	-	-	-	-	341,301
Total debt limitation	255,976	511,952	426,626	369,743	341,301
Indebtedness					
Bonds payable	\$ 201,766	\$ 21,573	\$ 4,059	\$ -	\$ -
Notes payable	16,345	7,750	1,185	-	-
Overlapping debt	-	-	1,764	-	-
Bonds authorized - unissued	94,088	31,630	12,947	-	-
Total indebtedness	312,199	60,953	19,955	-	-
Less: self-liquidating indebtedness:					
Statutory exclusion-pension obligation bond	75,955	-	-	-	-
School construction grants	-	959	-	-	-
Total self-liquidating indebtedness	75,955	959	-	-	-
Total indebtedness less self-liquidating indebtedness	236,244	59,994	19,955	-	-
Debt Limitation in excess of indebtedness	\$ 19,732	\$ 451,958	\$ 406,671	\$ 369,743	\$ 341,301

* Budgetary Basis

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

	Fiscal Year									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Debt limit	\$ 796,372	\$ 764,726	\$ 761,802	\$ 729,437	\$ 739,537	\$ 681,645	\$ 688,226	\$ 677,215	\$ 689,717	\$ 697,571
Total net debt applicable to limit	316,193	339,738	297,519	289,847	264,655	256,823	193,391	183,749	192,481	217,058
Legal debt margin	\$ 480,179	\$ 424,988	\$ 464,283	\$ 439,590	\$ 474,882	\$ 424,822	\$ 494,835	\$ 493,466	\$ 497,236	\$ 480,513
Total net debt applicable to the limit as a percentage of debt limit	39.70%	44.43%	39.05%	39.74%	35.79%	37.68%	28.10%	27.13%	27.91%	31.12%

Source: Comprehensive Annual Financial Reports - Schedule of Debt Limitation

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

Demographic and Economic Statistics -unaudited
Last Ten Fiscal Years

Calendar Year	Population (1)	Personal Income (1)	Per Capita Income (1)	Median Age (1)	School Enrollment (2)	Unemployment Rate (3)
2013	74,348	\$ 3,108,564,228	\$ 41,811	42.0	10,324	11.30%
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%

Sources:

- (1) Connecticut Economic Research Center, Inc. CERC Town Profile 2012
- (2) Consolidated School District of New Britain
- (3) CT Dept. of Labor

Principal Employers -unaudited
Current Year and Nine Years Ago

Employer	2013			2004		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Hospital of Central CT	2,599	1	8.20%			
City of New Britain	1,838	2	5.80%	1,917	1	6.13%
Central CT State University	1,759	3	5.55%	1,330	4	4.26%
Hospital for Special Care	1,102	4	3.48%	1,370	3	4.38%
State of CT	1,095	5	3.45%	500	7	1.60%
Stanley-Black & Decker	883	6	2.79%	1,000	5	3.20%
Tilcon CT	735	7	2.32%	900	6	2.88%
Grove Hill Medical Center	486	8	1.53%	450	8	1.44%
Dattco	466	9	1.47%	-	-	-
Webster Bank	384	10	1.21%	-	-	-
New Britain General Hospital	-	-	-	1,700	2	5.44%
Moore Medical	-	-	-	404	9	1.29%
Creed Monarch	-	-	-	337	10	1.08%
Total	<u>11,347</u>		<u>35.80%</u>	<u>9,908</u>		<u>31.70%</u>
Total Employment	<u>31,695</u>			<u>31,257</u>		

Source: City of New Britain, Municipal Development Agency

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

Functions/Program	Fiscal Year									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Administration, financial and other	98	119	123	124	132	132	100	108	137	128
Police	157	162	165	165	172	173	173	151	141	164
Fire	137	152	153	154	158	156	145	135	142	130
Health and welfare	22	18	18	18	20	21	20	13	19	14
Parks and Recreation:	42	53	54	53	57	60	60	68	70	53
Public works, engineering, garage	50	62	63	63	74	70	71	77	70	64
Water	38	52	52	52	53	53	56	53	57	48
Education	1,294	1,332	1,333	1,364	1,334	1,386	1,353	1,352	1,339	1,335
Total	1,838	1,950	1,961	1,993	2,000	2,051	1,978	1,957	1,975	1,936

Operating Indicators By Function/Program - unaudited
Last Ten Fiscal Years

Function/Program	Fiscal Year									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
General government:										
Building permits issued	628	852	518	2,296	1,985	2,219	2,366	2,442	1,968	2,178
Building inspections conducted	1,131	1,804	1,101	4,631	4,210	4,373	3,865	4,483	3,672	3,970
Police:										
Calls for service	32,701	43,233	45,494	46,776	51,989	54,432	56,885	59,646	55,284	54,197
Physical arrests	4,230	5,307	6,188	7,021	6,803	6,868	6,161	6,828	6,732	6,878
Parking violations	16,963	13,197	15,049	14,498	18,436	20,621	22,059	26,367	28,126	28,225
Traffic violations	2,103	3,054	4,410	3,315	4,322	4,685	5,422	6,997	5,975	5,116
Fire:										
Emergency responses	6,542	6,286	6,604	6,624	6,871	6,832	6,929	6,320	6,082	2,997
Fires extinguished	241	280	284	297	291	522	565	279	296	357
Inspections	226	295	305	302	288	537	351	312	307	343
Refuse collection:										
Refuse collected (tons per day)	161	165	168	177	178	170	186	193	197	199
Recyclables collected (tons per day)	16	17	14	9	10	13	12	11	11	11
Other public works:										
Street resurfacing (miles)	9	8	5	7	12	19	15	9	12	5
Potholes repaired	N/A	N/A	N/A	N/A	1,406	N/A	N/A	N/A	N/A	N/A
Parks and recreation:										
Athletic field permits issued	3,110	3,176	3,373	3,300	3,763	2,918	4,958	2,597	2,447	2,859
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	230,497	225,581	213,907	220,384	220,974	223,056	231,214	246,891	243,723	254,773
Total volumes borrowed	405,206	408,167	394,456	415,416	394,883	399,119	373,557	312,662	315,649	373,335
Water:										
New connections	11	4	5	405	151	196	60	94	86	299
Water main breaks	20	9	21	18	31	25	28	16	24	29
Average daily consumption (thousands of gallons)	8,830	8,887	9,140	8,755	9,050	10,103	10,100	10,000	11,161	10,293
Peak daily consumption (thousands of gallons)	11,640	12,722	13,424	16,660	11,800	17,900	14,410	12,745	15,700	13,700
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 -unaudited
Last Ten Fiscal Years

Function/Program	Fiscal Year									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Zone offices	2	2	2	2	2	2	3	3	3	3
Patrol units	30	32	32	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	10	9	7	17	17	15	15
Other public works:										
Streets (miles)	185	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	71	70	70	70
Parks and recreation:										
Acreage	1,200	1,200	1,200	1,200	1,200	1,200	1,200	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)	248	247	247	269	269	269	269	269	269	269
Fire hydrants	1,863	1,851	1,887	1,852	1,992	1,988	1,977	1,991	1,991	1,991
Storage capacity (thousands of gallons)	2,857,800	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
Wastewater:										
Sanitary sewers (miles)	179	179	179	179	179	187	180	180	180	180
Storm sewers (miles)	154	153	153	153	153	171	152	152	152	152