

City of New Britain Connecticut



Comprehensive Annual Financial Report

Fiscal Year Ended June 30, 2014

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

OF THE

**CITY OF NEW BRITAIN
CONNECTICUT**

FISCAL YEAR ENDED JUNE 30, 2014



Prepared by Finance Department

Christopher J. Wolf, Acting Director of Finance

CITY OF NEW BRITAIN, CONNECTICUT
COMPREHENSIVE ANNUAL FINANCIAL REPORT

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Introductory Section

**CITY OF NEW BRITAIN, CONNECTICUT
PRINCIPAL OFFICIALS
AS OF JUNE 30, 2014**

MAYOR

Erin E. Stewart

TREASURER

Teresa Sapieha-Yanchak

TOWN COUNCIL

Michael Trueworthy, President ProTem
Suzanne Bielinski, Majority Leader
Eva Magnuszewski, Assistant Majority Leader
Tonilynn Collins, Assistant Majority Leader
Adam Platosz, Assistant Majority Leader
Wilfredo Pabon, Minority Leader
Jamie Giantonio, Assistant Minority Leader
Shirley Black
Carlo Carlozzi, Jr.
David DeFronzo
Don Naples
Daniel Salerno
Louis Salvio
Emmanuel Sanchez
Robert Smedley

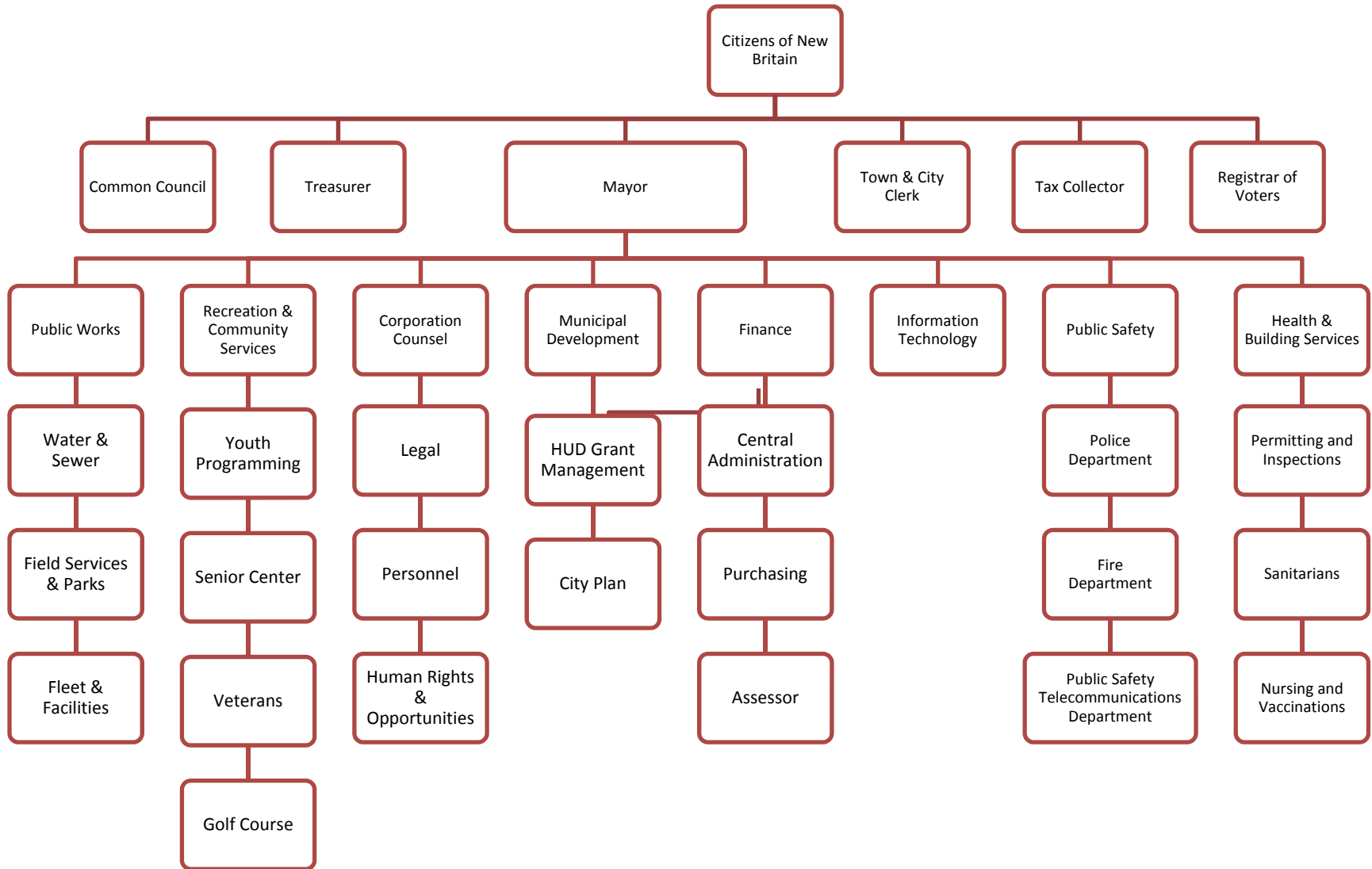
ADMINISTRATION

Corporation Counsel	Gennaro Bizzarro
Town Clerk	Mark Bernacki
Tax Collector	Cheryl Blogoslawski
Assessor	Michael Konik
Director of Finance	Christopher J. Wolf
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	Gilbert Bligh
Director of Municipal Development	Kenneth Malinowski

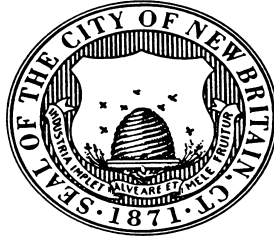
BOARD OF EDUCATION

Sharon Beloin-Saavedra
Carlos Pina
Daniel Davis
Merrill Gay
Judith Greco
Nicholas Mercier
Nicole Rodriguez
Stacey Rosado
Daisy Sanchez
James Sanders
Kelt Cooper, Superintendent of Schools

II:



CITY OF NEW BRITAIN, CONNECTICUT



December 23, 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, 2014.

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

The City of New Britain's financial statements have been audited by Blum Shapiro, 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, 2014 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, 2014, 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, state and federal mandated “Single Audit” designed to meet the special needs of state and federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government’s internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of state and federal awards. These reports are located within the City’s CAFR.

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

The Reporting Entity and Its Services

The City of New Britain covers 13.3 square miles and was first settled as part of the Town of Berlin in 1680. It was incorporated as a separate Town in 1850 and chartered as a City in 1871. New Britain has access to Interstate 91, a major north-south highway, and Interstate 84, an east-west route connecting New England and New York via Routes 9 and 72, a limited access highways 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 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 long-awaited \$579 million New Britain – Hartford Busway will be a dedicated bus rapid transit roadway opening in the spring of 2015. With construction underway, 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. This is also anticipated to bring additional businesses and traffic to the downtown area.

In September 2014 the City sold a 15 acre parcel of land located at the Stanley Golf Course to Costco for \$4.1m which will be set up in a trust fund for the maintenance and development of Stanley Park. Costco will be opening a warehouse/retail facility of approximately 150,000 square feet on this site. This facility is expected to generate 220 jobs and generate \$250,000 per year in tax revenue (\$500,000 after 7 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 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.

Several years ago, the City 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. 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 \$68 million. The City's liability is relatively 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, Webster Bank, Santander 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 \$207m 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, 2014, the City's net general obligation bonded debt of \$207 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 2014 annual budget \$400,000 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 Rebecca Salerni, Amy Goldsberry, Jonathan Perugini and the entire Finance Department staff. Special appreciation is conveyed to the representatives from Blum, Shapiro & Company, P.C. We also appreciate the continuing support of city leadership and the people of New Britain who are committed to fiscal integrity and financial leadership.

Respectfully submitted,

A handwritten signature in black ink that reads "Chris J. Wolf, CPA". The signature is written in a cursive, flowing style.

Christopher J. Wolf, CPA
Acting 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, 2013

Executive Director/CEO

Financial Section

BlumShapiro

Accounting | Tax | Business Consulting

Independent Auditors' Report

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

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, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the City of New Britain, Connecticut's basic financial statements as listed in the table of contents.

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.

Auditors' 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 auditors' 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 auditors consider internal control relevant to the entity'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 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, 2014 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's discussion and analysis on pages 4 through 10, the budgetary comparison information on pages 55 through 58 and supplementary pension information on pages 59 through 63 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, which 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.

Other Information

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

The combining and individual nonmajor fund financial statements and schedules are the responsibility of management and were derived from and relate 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 nonmajor fund financial statements and schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical sections 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.

In accordance with auditing standards generally accepted in the United States of America, the basic financial statements as of and for the year ended June 30, 2013 (not presented herein) were audited by other auditors who have issued their report thereon dated January 29, 2014, which contained unmodified opinions on the respective statements of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information. The accompanying General Fund balance sheet as of June 30, 2013 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and related directly to the underlying accounting and other records used to prepare the 2013 financial statements. The balance sheet as of June 30, 2013 has 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 it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 23, 2014 on our consideration of the City of New Britain, Connecticut's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 of New Britain, Connecticut's internal control over financial reporting and compliance.

Blum, Shapiro & Company, P.C.

West Hartford, Connecticut
December 23, 2014

**CITY OF NEW BRITAIN, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2014**

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, 2014. 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 decreased as a result of this year's operations. While net position of the business-type activities decreased by \$1.3m, net position of the governmental activities decreased by \$14.2 million.
- In its governmental activities, the City had revenues of \$292.8 million and expenses of \$313.7 million.
- In the City's business-type activities, revenues were \$10.5 million while expenses were \$5.1 million, thus increasing the net position before transfers of the business-type funds by \$6.6 million. The net position after transfers of the business-type funds decreased by \$1.3m.
- The General Fund reported a fund balance of \$4.9 million.
- The tax collection rate for the current levy was 97.00%.

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 is lower than they were one year ago, decreasing from \$117 million to \$103 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.

TABLE 1
SUMMARY STATEMENT OF NET POSITION

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2014	2013	2014	2013	2014	2013
Current assets	\$ 119,086	\$ 99,726	\$ 6,846	\$ 8,857	\$ 125,932	\$ 108,583
Noncurrent assets	676	1,275			676	1,275
Capital assets:						
Capital assets not being depreciated	35,890	57,783	1,977	1,977	37,867	59,760
Capital assets being depreciated, net	<u>281,610</u>	<u>267,518</u>	<u>56,022</u>	<u>57,514</u>	<u>337,632</u>	<u>325,032</u>
Total assets	<u>437,262</u>	<u>426,302</u>	<u>64,845</u>	<u>68,348</u>	<u>502,107</u>	<u>494,650</u>
Deferred Outflows of Resources	<u>15,138</u>	<u>14,911</u>	<u>978</u>	<u>1,071</u>	<u>16,116</u>	<u>15,982</u>
Long-term debt outstanding	255,771	272,341	18,142	19,962	273,913	292,303
Other liabilities	<u>79,415</u>	<u>37,740</u>	<u>208</u>	<u>652</u>	<u>79,623</u>	<u>38,392</u>
Total liabilities	<u>335,186</u>	<u>310,081</u>	<u>18,350</u>	<u>20,614</u>	<u>353,536</u>	<u>330,695</u>
Deferred Inflows of Resources	<u>14,413</u>	<u>14,100</u>			<u>14,413</u>	<u>14,100</u>
Net Position:						
Invested in capital assets, net of debt	125,383	151,122	41,058	39,737	166,441	190,859
Restricted	2,855	8,281			2,855	8,281
Unrestricted (deficit)	<u>(25,437)</u>	<u>(42,371)</u>	<u>6,415</u>	<u>9,068</u>	<u>(19,022)</u>	<u>(33,303)</u>
Total Net Position	<u>\$ 102,801</u>	<u>\$ 117,032</u>	<u>\$ 47,473</u>	<u>\$ 48,805</u>	<u>\$ 150,274</u>	<u>\$ 165,837</u>

Net position of the City's governmental activities decreased in FY14 by 12.1% (\$117.0 million compared to \$103 million). Unrestricted net position - the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements - totaled \$(25.4) million at June 30, 2014.

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

- The City's revenue stream was not large enough to support the current level of expenditures
- The following revenue line items came in below budget: conveyance tax, landlord license fees, sanitation, parking, sale of property, police call hotspot and state educational funding

The net position of business-type activities decreased by 2.7% (\$47.4 million compared to \$48.9 million) in 2014.

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

- A 44% decrease in the amount of water receivables (restatement of FY13 financials from \$5.9m to \$3.8m)

TABLE 2
SUMMARY STATEMENT OF ACTIVITIES

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2014	2013	2014	2013	2014	2013
Revenues:						
Program revenues:						
Charges for services	\$ 23,159	\$ 21,775	\$ 10,498	\$ 12,472	\$ 33,657	\$ 34,247
Operating grants and contributions	139,955	131,215			139,955	131,215
Capital grants and contributions	5,619	1,984			5,619	1,984
General revenues:						
Property taxes	108,112	112,865			108,112	112,865
Grants and contributions not restricted to specific programs	11,105	10,184			11,105	10,184
Unrestricted investment earnings	3,562	2,092	9	10	3,571	2,102
Other general revenues	1,341	4,410			1,341	4,410
Total revenues	<u>292,853</u>	<u>284,525</u>	<u>10,507</u>	<u>12,482</u>	<u>303,360</u>	<u>297,007</u>
Program expenses:						
General government	15,087	11,539			15,087	11,539
Public safety	50,893	42,461			50,893	42,461
Public works	31,236	26,025			31,236	26,025
Health and welfare	6,633	6,188			6,633	6,188
Parks, recreation and libraries	13,304	10,647			13,304	10,647
Education	185,208	168,740			185,208	168,740
Interest on long-term debt	11,386	11,553			11,386	11,553
Water			5,176	11,242	5,176	11,242
Total program expenses	<u>313,747</u>	<u>277,153</u>	<u>5,176</u>	<u>11,242</u>	<u>318,923</u>	<u>288,395</u>
Increase in net assets before transfers	(20,894)	7,372	5,331	1,240	(15,563)	8,612
Transfers	<u>6,663</u>	<u>1,263</u>	<u>(6,663)</u>	<u>(1,263)</u>	<u>-</u>	<u>-</u>
Increase (Decrease) in Net Position	<u>\$ (14,231)</u>	<u>\$ 8,635</u>	<u>\$ (1,332)</u>	<u>\$ (23)</u>	<u>\$ (15,563)</u>	<u>\$ 8,612</u>

The City's combined revenues were \$303.4 million. The total cost of all programs and services was \$318.9 million. In FY14, 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 transfers (\$5.4 million) as well as Public Works expenses (\$5 million) in FY 14.

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

Governmental Activities

Revenues for governmental activities totaled \$292.8 million; property taxes (36.9%), operating grants (47.8%) and charges for services (7.9%) are the major revenue sources – contributing approximately 92.6% of the City’s revenues.

Expenses for governmental activities were \$313.7 million, of which 57.6% were supported by program revenues and 42.4% were supported from general revenues. Expenses by function include education (59%), public safety (16.1%), public works (9.9%), and parks, recreation and libraries (4.2%), which made up 89.2% of the total governmental expenses.

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

**TABLE 3
GOVERNMENTAL ACTIVITIES**

	<u>Total Cost of Services</u>		<u>Net Cost of Services</u>	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Education	\$ 185,208	\$ 168,740	\$ 52,488	\$ 49,487
Public safety	50,893	42,461	42,938	37,471
Public works	31,236	26,025	11,163	4,771
General government	15,087	11,539	13,395	10,645
All others	<u>31,323</u>	<u>28,388</u>	<u>25,030</u>	<u>19,805</u>
Totals	<u>\$ 313,747</u>	<u>\$ 277,153</u>	<u>\$ 145,014</u>	<u>\$ 122,179</u>

Business-Type Activities

Revenues and expenses of the City’s business-type activities amounted to \$10.5 million and \$5.1 million, respectively. Net position decreased from \$(23) thousand to \$(1.3) 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 \$(16.9) million, which is a decrease from last year’s total of \$7.6 million. The decrease in the fund balance can be attributed to the \$25 million dollars in capital improvement expenditures prior to projects being permanently funded.

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 \$6.4 million and those for the internal service funds amounted to \$3.7m. The decrease in unrestricted net position for the Water Enterprise Fund of \$4.8m was mainly a result of a restatement of receivables as well as a slight drop in consumption.

General Fund Budgetary Highlights

- The General Fund received \$1.7m in cash from sale of delinquent tax liens.
- The General Fund revenues were under-budget by approximately \$13m. In particular, the Educational Cost Sharing line item was short by \$4.4m due to a state mandate that allowed the funding to go straight to the Board of Education. In addition, parking revenues were short by \$2.9m, sanitation revenue was short by \$1.9m, and police hotspot revenue was short by \$1.9m
- The General Fund expenditures were under-budget by approximately \$5.2m. In particular, there was a reduction in the debt service line item of \$3m, workers compensation line item of \$588 thousand and pension contributions line item of \$1,501 thousand. In addition, there was \$84 thousand remaining in Contingency.

Capital Asset and Debt Administration

Capital Assets

At June 30, 2014, the City had \$375 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 decrease (including additions and deductions) of \$10 million, or 2.4% below last year.

**TABLE 4
CAPITAL ASSETS**

	Governmental Activities		Business-Type Activities		Total	
	2014	2013	2014	2013	2014	2013
Land	\$ 13,417	\$ 13,417	\$ 1,977	\$ 1,977	\$ 15,394	\$ 15,394
Construction in progress	22,473	44,366			22,473	44,366
Buildings and improvements	208,692	206,584			208,692	206,584
Equipment	3,353	2,339			3,353	2,339
Vehicles	4,233	5,314			4,233	5,314
Infrastructure	65,332	53,281			65,332	53,281
Water filtration assets			56,022	57,514	56,022	57,514
Totals	<u>\$ 317,500</u>	<u>\$ 325,301</u>	<u>\$ 57,999</u>	<u>\$ 59,491</u>	<u>\$ 375,499</u>	<u>\$ 384,792</u>

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, 2014, the City had \$208,775 in bonds and notes outstanding versus \$225,355 last year - a decrease of 7.4% - as shown in Table 5.

**TABLE 5
OUTSTANDING DEBT**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
General obligation bonds (backed by the City)	\$ <u>206,759</u>	\$ <u>223,339</u>	\$ <u>2,016</u>	\$ <u>2,016</u>	\$ <u>208,775</u>	\$ <u>225,355</u>

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 2014 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 2014-15. Amounts available for appropriation in the General Fund was \$5 million, a decrease of 60% over the final 2013 amount of \$13 million.

Contacting the City’s Financial Management

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

Basic Financial Statements

CITY OF NEW BRITAIN, CONNECTICUT
STATEMENT OF NET POSITION
JUNE 30, 2014
(In Thousands)

	Governmental Activities	Business-Type Activities	Total
Assets:			
Cash and cash equivalents	\$ 73,129	\$ 3,299	\$ 76,428
Investments	15,961	12	15,973
Receivables, net	29,756	3,377	33,133
Inventory	240	158	398
Net pension assets	676		676
Capital assets:			
Capital assets not being depreciated	35,890	1,977	37,867
Capital assets being depreciated, net	281,610	56,022	337,632
Total assets	437,262	64,845	502,107
Deferred Outflows of Resources	15,138	978	16,116
Liabilities:			
Accounts and other payables	23,247	208	23,455
Bond anticipation notes	55,305		55,305
Tax anticipation notes	15,000		15,000
Unearned revenue	863		863
Noncurrent liabilities:			
Due within one year	18,098	1,931	20,029
Due in more than one year	222,673	16,211	238,884
Total liabilities	335,186	18,350	353,536
Deferred Inflows of Resources	14,413		14,413
Net Position:			
Invested in capital assets, net of related debt	125,383	41,058	166,441
Restricted for:			
Trust purposes:			
Expendable	2,855		2,855
Unrestricted	(25,437)	6,415	(19,022)
Total Net Position	\$ 102,801	\$ 47,473	\$ 150,274

The accompanying notes are an integral part of the financial statements

**CITY OF NEW BRITAIN, CONNECTICUT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2014
(In Thousands)**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
		Charges For Services	Operating Grants And Contributions	Capital Grants And Contributions	Governmental Activities	Business-Type Activities	Total
Primary Government:							
Governmental activities:							
General government	\$ 15,087	\$ 1,586	\$ 106	\$	\$ (13,395)	\$	\$ (13,395)
Public safety	50,893	4,207	1,669	2,079	(42,938)		(42,938)
Public works	31,236	13,385	3,148	3,540	(11,163)		(11,163)
Health and welfare	6,633	684	2,658		(3,291)		(3,291)
Parks, recreation and libraries	13,304	2,553	367		(10,384)		(10,384)
Education	185,208	744	131,976		(52,488)		(52,488)
Interest on long-term debt	11,386		31		(11,355)		(11,355)
Total governmental activities	313,747	23,159	139,955	5,619	(145,014)		(145,014)
Business-type activities:							
Water	5,176	10,498				5,322	5,322
Total	\$ 318,923	\$ 33,657	\$ 139,955	\$ 5,619	(145,014)	5,322	(139,692)
General revenues:							
Property taxes					108,112		108,112
Grants and contributions not restricted to specific programs					11,105		11,105
Unrestricted investment income					3,562	9	3,571
Miscellaneous					1,341		1,341
Total general revenues					124,120	9	124,129
Transfers					6,663	(6,663)	-
Change in net position					(14,231)	(1,332)	(15,563)
Net Position at Beginning of Year, as Restated					117,032	48,805	165,837
Net Position at End of Year					\$ 102,801	\$ 47,473	\$ 150,274

The accompanying notes are an integral part of the financial statements

CITY OF NEW BRITAIN, CONNECTICUT
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2014
(In Thousands)

	<u>General</u>	<u>Capital Projects Fund</u>	<u>BOE State and Federal Grants</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS					
Cash and cash equivalents	\$ 30,824	\$ 24,850	\$ 4,549	\$ 7,454	\$ 67,677
Accounts receivables, net	18,064	322	620	10,717	29,723
Inventories				240	240
	<u>48,888</u>	<u>25,172</u>	<u>5,169</u>	<u>18,411</u>	<u>97,640</u>
Total Assets	<u>\$ 48,888</u>	<u>\$ 25,172</u>	<u>\$ 5,169</u>	<u>\$ 18,411</u>	<u>\$ 97,640</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 12,551	\$ 2,394	\$ 4,025	\$ 1,633	\$ 20,603
Unearned revenue	405		439	18	862
Bond anticipation notes payable and other interim financing	15,000	55,305			70,305
Total liabilities	<u>27,956</u>	<u>57,699</u>	<u>4,464</u>	<u>1,651</u>	<u>91,770</u>
Deferred inflows of resources:					
Unavailable revenue - property taxes	15,780				15,780
Unavailable revenue - sewer use fees				2,174	2,174
Unavailable revenue - loans receivable				4,726	4,726
Unavailable revenue - grants receivable	187				187
Total deferred inflows of resources	<u>15,967</u>	<u>-</u>	<u>-</u>	<u>6,900</u>	<u>22,867</u>
Fund balances:					
Nonspendable				3,095	3,095
Restricted		2,935	705	6,481	10,121
Committed				1,824	1,824
Unassigned	4,965	(35,462)		(1,540)	(32,037)
Total fund balances	<u>4,965</u>	<u>(32,527)</u>	<u>705</u>	<u>9,860</u>	<u>(16,997)</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 48,888</u>	<u>\$ 25,172</u>	<u>\$ 5,169</u>	<u>\$ 18,411</u>	<u>\$ 97,640</u>

(Continued on next page)

CITY OF NEW BRITAIN, CONNECTICUT
BALANCE SHEET - GOVERNMENTAL FUNDS (CONTINUED)
JUNE 30, 2014
(In Thousands)

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

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

Fund balances - total governmental funds (Exhibit III)	\$	(16,997)
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Capital assets used in governmental activities are not financial
resources and, therefore, are not reported in the funds:

Governmental capital assets	\$	556,428	
Less accumulated depreciation		(238,928)	
Net capital assets			317,500

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

Net pension asset	676
Property tax receivables greater than 60 days	6,933
Interest receivable on property taxes	8,847
Housing loans receivable	4,726
Sewer receivable	2,174
Receivable from the state for school construction projects	187
Deferred cash outflows under interest rate swaps	14,413

Internal service funds are used by management to charge the costs of
risk management to individual funds. The assets and liabilities of
the internal service funds are reported with governmental activities
in the statement of net assets.

3,704

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	(206,759)
Clean water notes payable	(3,774)
Interest payable on bonds and notes	(2,336)
Compensated absences	(7,706)
Net pension obligation	(1,062)
Net OPEB obligation	(994)
Deferred charges on refunding	725
Unamortized bond premium	(3,043)
Deferred cash inflows under interest rate swaps	(14,413)

Net Assets of Governmental Activities (Exhibit I)	\$	102,801
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The accompanying notes are an integral part of the financial statements

CITY OF NEW BRITAIN, CONNECTICUT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2014
(In Thousands)

	<u>General</u>	<u>Capital Projects Fund</u>	<u>BOE State and Federal Grants</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:					
Property taxes	\$ 108,353	\$	\$	\$	\$ 108,353
Intergovernmental	107,833	5,218	31,028	13,246	157,325
Licenses, fees and charges for goods and services	12,594			11,209	23,803
Investment earnings	83			691	774
Miscellaneous	1,383	300		221	1,904
Total revenues	<u>230,246</u>	<u>5,518</u>	<u>31,028</u>	<u>25,367</u>	<u>292,159</u>
Expenditures:					
Current:					
General government	5,566			8	5,574
Public safety	32,236			598	32,834
Public works	15,460			6,334	21,794
Health and welfare	1,892			2,632	4,524
Education	141,020		30,681	6,286	177,987
Parks and recreation	7,077			1,745	8,822
Capital outlay		25,558			25,558
Debt and sundry	45,942	441			46,383
Total expenditures	<u>249,193</u>	<u>25,999</u>	<u>30,681</u>	<u>17,603</u>	<u>323,476</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(18,947)</u>	<u>(20,481)</u>	<u>347</u>	<u>7,764</u>	<u>(31,317)</u>
Other Financing Sources (Uses):					
Transfers in	11,364			386	11,750
Transfers out	(47)	(880)		(4,160)	(5,087)
Total other financing sources (uses)	<u>11,317</u>	<u>(880)</u>	<u>-</u>	<u>(3,774)</u>	<u>6,663</u>
Net Change in Fund Balances	(7,630)	(21,361)	347	3,990	(24,654)
Fund Balances at Beginning of Year	<u>12,595</u>	<u>(11,166)</u>	<u>358</u>	<u>5,870</u>	<u>7,657</u>
Fund Balances at End of Year	<u>\$ 4,965</u>	<u>\$ (32,527)</u>	<u>705</u>	<u>\$ 9,860</u>	<u>\$ (16,997)</u>

(Continued on next page)

CITY OF NEW BRITAIN, CONNECTICUT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2014
(In Thousands)

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

Balances - Governmental Funds to the Statement of Activities:

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

Net change in fund balances - total governmental funds (Exhibit IV)	\$	(24,654)
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Governmental funds report capital outlays as expenditures. In the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense:

Capital outlay and other expenditures		3,148
Depreciation expense		(11,213)

The statement of activities reports losses arising from the trade-in of existing capital assets to acquire new capital assets. Conversely, governmental funds do not report any gain or loss on a trade-in of capital assets.

264

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

School building grant receipts		(772)
Property tax receivable - accrual basis change		(911)
Property tax interest and lien revenue - accrual basis change		670
Housing loans receivable		(366)
Other grant receivables		(103)
Sewer receivables		(958)
Net pension asset change		(599)

The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are amortized and deferred in the statement of activities. The details of these differences in the treatment of long-term debt and related items are as follows:

Bond principal payments		16,580
Payments on clean water fund notes		343

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		438
Accrued interest		405
Amortization of deferred charge on refunding		(86)
Amortization of issuance costs		(134)
Amortization of bond premium		393
Net OPEB expense		(80)
Net pension expense		(539)

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

3,943

Change in Net Assets of Governmental Activities (Exhibit II)

\$ (14,231)

The accompanying notes are an integral part of the financial statements

CITY OF NEW BRITAIN, CONNECTICUT
STATEMENT OF NET POSITION - PROPRIETARY FUNDS
JUNE 30, 2014
(In Thousands)

	Business-Type Activities	Governmental Activities
	Water Enterprise Fund	Internal Service Fund
Assets:		
Current assets:		
Cash and cash equivalents	\$ 3,299	\$ 5,457
Investments	12	15,961
Receivables:		
Other, net of allowance for uncollectible	3,377	33
Inventory	158	
Total current assets	6,846	21,451
Noncurrent assets:		
Capital assets, net	57,999	
Total assets	64,845	21,451
Deferred Inflow of Resources	978	
Liabilities:		
Current liabilities:		
Accounts payable and accrued expenses	208	314
Compensated absences	97	
Current portion of bonds and notes payable	1,834	
Total current liabilities	2,139	314
Noncurrent liabilities:		
Bonds and notes payable	16,085	
Compensated absences	126	
Claim reserves		17,433
Total noncurrent liabilities	16,211	17,433
Total liabilities	18,350	17,747
Net Position:		
Invested in capital assets, net of related debt	41,058	
Unrestricted	6,415	3,704
Total Net Position	\$ 47,473	\$ 3,704

The accompanying notes are an integral part of the financial statements

CITY OF NEW BRITAIN, CONNECTICUT
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2014
(In Thousands)

	<u>Business-Type Activities Water Enterprise Fund</u>	<u>Governmental Activities Internal Service Fund</u>
Operating Revenues:		
Charges for services and goods	\$ 10,498	\$
Charges to other funds		24,137
Other		6,931
Total operating revenues	<u>10,498</u>	<u>31,068</u>
Operating Expenses:		
Cost of sales, services and administration	2,844	
Administration and general expense		656
Depreciation expense	1,658	
Claims incurred		28,923
Total operating expenses	<u>4,502</u>	<u>29,579</u>
Operating Income	<u>5,996</u>	<u>1,489</u>
Nonoperating Revenues (Expenses):		
Income on investments	9	2,788
Decrease in actuarial claims reserve		(334)
Interest expense	(674)	
Net nonoperating revenues (expenses)	<u>(665)</u>	<u>2,454</u>
Change in Net Position Before Transfers	5,331	3,943
Transfers:		
Transfers out	<u>6,663</u>	
Change in Net Position	(1,332)	3,943
Total Net Position at Beginning of Year, as Restated	<u>48,805</u>	<u>(239)</u>
Total Net Position at End of Year	<u>\$ 47,473</u>	<u>\$ 3,704</u>

The accompanying notes are an integral part of the financial statements

CITY OF NEW BRITAIN, CONNECTICUT
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2014
(In Thousands)

	<u>Business-Type Activities</u>	<u>Governmental Activities</u>
	<u>Water Enterprise Fund</u>	<u>Internal Service Fund</u>
Cash Flows from Operating Activities:		
Cash received from charges to other funds	\$	\$ 25,226
Cash received from customers	11,043	
Cash received from other operating activities		6,905
Cash paid for premiums and other operating expenses	(3,285)	(889)
Cash payments for claims made		(28,923)
Net cash provided by operating activities	<u>7,758</u>	<u>2,319</u>
Cash Flows from Noncapital Financing Activities:		
Transfers to other funds	<u>(6,663)</u>	
Cash Flows from Capital Financing Activities:		
Acquisition of capital assets	(166)	
Payment of loan obligation	(1,835)	
Interest paid on capital debt	(674)	
Net cash used in capital financing activities	<u>(2,675)</u>	<u>-</u>
Cash Flows from Investing Activities:		
Income on investments	9	2,788
Actuarial claim reserve		(334)
Purchase of investments		(294)
Sale of investments	82	182
Net cash provided by investing activities	<u>91</u>	<u>2,342</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(1,489)	4,661
Cash and Cash Equivalents at Beginning of Year	<u>4,788</u>	<u>796</u>
Cash and Cash Equivalents at End of Year	<u>\$ 3,299</u>	<u>\$ 5,457</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:		
Operating income	\$ <u>5,996</u>	\$ <u>1,489</u>
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	1,658	
Change in assets and liabilities:		
(Increase) decrease in accounts receivable	452	10
(Increase) decrease in due from other funds		1,053
(Increase) decrease in other deferred asset	93	
(Increase) decrease in inventory	(12)	
Increase (decrease) in accounts payable and accrued expenses	(429)	(233)
Total adjustments	<u>1,762</u>	<u>830</u>
Net Cash Provided by Operating Activities	<u>\$ 7,758</u>	<u>\$ 2,319</u>
Noncash Investment Activities:		
Net increase in fair value of investments	<u>\$ 9</u>	<u>\$ 2,788</u>

The accompanying notes are an integral part of the financial statements

CITY OF NEW BRITAIN, CONNECTICUT
STATEMENT OF FIDUCIARY NET POSITION - FIDUCIARY FUNDS
JUNE 30, 2014
(In Thousands)

	Pension Trust Funds	OPEB Trust Fund	Agency Funds
	<u> </u>	<u> </u>	<u> </u>
Assets:			
Cash and cash equivalents	\$ 1,284	\$ 1,698	\$ 362
Investments, at fair value:			
Mutual funds	99,790	1,525	
Certificates of deposit			228
U.S. securities	25,398		
Pooled funds	17,136		
Corporate bonds	9,545		
Other fixed income funds	1,015		
Mortgage-backed securities	7,687		
	<u> </u>	<u> </u>	<u> </u>
Total Assets	<u>161,855</u>	<u>3,223</u>	<u>\$ 590</u>
Liabilities:			
Accounts payable	4,209		\$
Due to other funds			
Due to beneficiaries			590
	<u> </u>	<u> </u>	<u> </u>
Total Liabilities	<u>4,209</u>	<u>-</u>	<u>\$ 590</u>
Net Position:			
Held in Trust for Pension and Other Post Retirement Benefits	<u>\$ 157,646</u>	<u>\$ 3,223</u>	

The accompanying notes are an integral part of the financial statements

CITY OF NEW BRITAIN, CONNECTICUT
STATEMENT OF CHANGES IN PLAN NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2014
(In Thousands)

	Pension Trust Funds	OPEB Trust Fund
	<u> </u>	<u> </u>
Additions:		
Contributions:		
Employer	\$ 1,590	\$ 6,291
Employee	544	
Total contributions	<u>2,134</u>	<u>6,291</u>
Investment income:		
Net appreciation in fair value of investments	20,315	185
Interest and dividends	2,458	33
Miscellaneous	17	
Total investment income	<u>22,790</u>	<u>218</u>
Less investment expense	<u>(252)</u>	
Net investment income	<u>22,538</u>	<u>218</u>
Total additions	<u>24,672</u>	<u>6,509</u>
Deductions:		
Benefits	13,096	5,692
Administration	145	8
Total deductions	<u>13,241</u>	<u>5,700</u>
Net Increase	11,431	809
Net Position at Beginning of Year, as Restated	<u>146,215</u>	<u>2,414</u>
Net Position at End of Year	<u>\$ 157,646</u>	<u>\$ 3,223</u>

The accompany notes are an integral part of the financial statements

THE CITY OF NEW BRITAIN, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS

(amounts expressed in thousands)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

Primary Government

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

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

All department heads report directly to the Mayor.

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

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

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

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

Joint Ventures

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

Tunxis Recycling Operating Committee

The City is a participant with thirteen 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 June 21, 1990. Expenditures of \$15 were incurred in 2013-14 related to the City's participation in TROC.

Fund balance of the General Fund for fiscal year ended June 30, 2014 as reflected in the Committee's financial statements is \$360. A complete set of financial statements for TROC can be obtained from the TROC's administrative office at 43 Enterprise Drive, Bristol, Connecticut 06010.

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 \$2,557 this year.

Fund balance of the General Fund for fiscal year ended June 30, 2014 as reflected in BRRFOC's financial statements is \$7.5 million. A complete set of financial statements for BRRFOC can be obtained from the administrative office at 43 Enterprise Drive, Bristol, Connecticut 06010.

The fourteen Contracting Communities that comprise BRRFOC entered into a Municipal Solid Waste Disposal and Recycling Services Agreement by and among Covanta in December 2012, which will provide for managing disposable and recyclable wastes for a twenty-year period commencing July 2014.

Jointly Governed Organizations

The Mattabassett District

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

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net 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.

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 and claims and judgments, are recorded only when payment is due.

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

The City reports the following major governmental funds:

The General Fund is the City's primary operating fund. It accounts for all financial resources of the City, except those required to be accounted for in another fund. The 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 BOE State and Federal Grants Fund accounts for educational grant programs funded by the federal and state government and other local agencies. The major source of revenue for this fund is 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.

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 City 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. Exceptions to this general rule are payments in lieu of taxes and other charges between certain City's functions because the elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

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

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

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed. Unrestricted resources are used in the following order: committed, assigned then unassigned.

D. Deposits and Investments

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

State statutes authorize the City to invest in obligations of the U.S. Treasury, commercial paper, corporate bonds, repurchase agreements and certain other investments as described in Note 3.

Investments for the City are reported at fair value.

E. Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the 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." All trade and property tax receivables are shown net of an allowance for uncollectibles.

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

The City has established a reserve in the amount of \$5,026 for property taxes receivable and interest receivable that are deemed to be uncollectible.

F. Inventories and Prepaid Items

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

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

G. Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, bridges, sidewalks and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets, other than infrastructure assets, are defined by the government as assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of five years. The government reports infrastructure on a subsystem basis. Accordingly, the amounts spent for the construction or acquisition of infrastructure assets are capitalized and reported in the government-wide financial statements regardless of their amount.

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

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

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

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

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

H. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position or fund balance that applies to a future period or periods and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City reports a deferred charge on refunding in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the associated debt.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position or fund balance that applies to a future period or periods and so will not be recognized as an inflow of resources (revenue) until that time. For governmental funds, the City reports unavailable revenue, which arises only under the modified accrual basis of accounting. The governmental funds report unavailable revenues from several sources: property taxes, grant receivables, sewer fees and long-term loans. These amounts are deferred and recognized as an inflow of resources (revenue) in the period in which the amounts become available.

The City's interest rate swap agreements are considered to be effective hedges. Accordingly, the fair value of the hedges therein are recognized as deferred inflows and outflows on the statements of net position.

I. Compensated Absences

Under the terms of its various union contracts, City and Board of Education employees are permitted to accumulate earned but unused sick pay benefits and, with approval, vacation benefits. The accumulated liability for sick time and vacation, as reported in the governmental funds, at the end of fiscal year was valued at \$7,706. The City and Board of Education compensated absences is generally liquidated by the General Fund.

J. 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 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. Bond issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

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.

K. Fund Equity

Equity in the government-wide financial statements is defined as “net position” and is classified in the following categories:

Invested in Capital Assets, Net of Related Debt - 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 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 due to form (e.g., inventories and prepaid amounts).

Restricted Fund Balance - This represents amounts constrained for a specific purpose by external parties, such as grantors, creditors, contributors or laws and regulations of their governments.

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).

Assigned Fund Balance - This balance represents 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.

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.

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

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

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

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

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

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

An additional \$15 was appropriated from fund balance during the fiscal year.

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

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

Also, in accordance with the provision of GASB 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 reappropriated and honored during the subsequent year.

B. Deficit Fund Equity

The following funds have a deficit fund balance/net position at (in thousands) June 30, 2014:

Nonmajor:

Special Revenue Funds:

Stanley Quarter Park	\$	671
Police & Youth Grants		2
New Britain Marketing Collaborative		7
Exercise the Right Choice II		8
Immunization Action Plan		3
Bullet Proof Vest Grant		30
System of Care Grant		19
Public Safety		110
Centralized and Distribution Services		236
Federal Omnibus Appropriation		80
CT Health Foundation		1
Highway Safety		192
Assistance to CCSU Police Department		56
Public Works Grant		270
School Rental Account		49
Business Outreach Center		52
Emergency Shelter Grant		31
Redevelopment Commission		6
Brownfield Park		5
EFSP Program		13
Neighborhood Stabilization Program		53
Cops Hiring Grant		52
Capital Projects Fund		32,527
Internal Service Funds:		
Special Reserve Fund		277
Health Insurance Fund		1,205
General Accident Casualty and Liability		136

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.

C. Overexpended Appropriations

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

<u>Department</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Parks and Recreation:			
Maintenance	\$ 1,922	\$ 1,932	\$ (10)
Handicap Services	84	95	(11)

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.

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*, \$79,554 of the City’s bank balance of \$81,884 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 71,432
Uninsured and collateral held by the pledging bank’s trust department, not in the City’s name	<u>8,122</u>
Total Amount Subject to Custodial Credit Risk	<u>\$ 79,554</u>

Cash Equivalents

At June 30, 2014, the City’s cash equivalents amounted to \$1,187. 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
Securities System (CLASS)	AAAm

Investments

As of June 30, 2014, the City had the following investments:

Investment Type	Credit Rating	Fair Value	Investment Maturities (Years)		
			Less Than 1	1-10	More Than 10
Interest-bearing investments:					
Certificate of deposit	N/A	\$ 238	\$ 238	\$	\$
U.S. Treasury notes and bonds	N/A	12,432		10,925	1,507
U.S. Government agency bonds	N/A	12,965		5,121	7,844
Corporate bonds	A3	88			88
Corporate bonds	Aa3	267		267	
Corporate bonds	Aaa	1,122		1,122	
Corporate bonds	Ba1	658		213	445
Corporate bonds	Ba2	675		675	
Corporate bonds	Ba3	558		558	
Corporate bonds	Baa1	1,239		187	1,052
Corporate bonds	Baa2	1,234		1,020	214
Corporate bonds	Baa3	1,116		878	238
Corporate bonds	**	2,588		1,234	1,354
Other fixed income	**	8,920	217	2,081	6,622
Total		44,100	\$ 455	\$ 24,281	\$ 19,364
Other investments:					
Mutual funds		116,905			
Pooled funds		17,137			
Common stock		155			
Total Investments		\$ 178,297			

N/A Not applicable

** Not available

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

Credit Risk - Investments - As indicated above, State Statutes limit the investment options of cities and towns. The City has no investment policy that would further limit its investment choices.

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. At June 30, 2014, the City had \$155 in uninsured and unregistered securities held by the counterparty, or by its trust department or agent that were not in the City's name.

4. RECEIVABLES

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

	<u>General</u>	<u>Capital Projects</u>	<u>BOE State and Federal Grants</u>	<u>Nonmajor and Other Funds</u>	<u>Business Activities Water Enterprise</u>	<u>Total</u>
Receivables:						
Interest	\$ 9,978	\$	\$	\$	\$	\$ 9,978
Taxes	11,573					11,573
Water					3,818	3,818
Accounts	1,352	95		4,763		6,210
Intergovernmental	187	227	620	1,254		2,288
Housing loans				4,818		4,818
Gross receivables	<u>23,090</u>	<u>322</u>	<u>620</u>	<u>10,835</u>	<u>3,818</u>	<u>38,685</u>
Less allowance for uncollectibles	<u>(5,026)</u>			<u>(85)</u>	<u>(441)</u>	<u>(5,552)</u>
Net Total Receivables	<u>\$ 18,064</u>	<u>\$ 322</u>	<u>620</u>	<u>\$ 10,750</u>	<u>\$ 3,377</u>	<u>\$ 33,133</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	\$ 5,026
Sewer receivables	85
Water receivables	<u>411</u>
Total	<u>\$ 5,522</u>

5. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2014 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 13,417	\$	\$	\$ 13,417
Construction in progress	44,366	1,504	23,397	22,473
Total capital assets not being depreciated	<u>57,783</u>	<u>1,504</u>	<u>23,397</u>	<u>35,890</u>
Capital assets being depreciated:				
Land improvements	32,486			32,486
Buildings	305,737	9,200		314,937
Machinery and equipment	14,241	1,364		15,605
Vehicles	20,167	239	308	20,098
Infrastructure	123,240	14,238	66	137,412
Total capital assets being depreciated	<u>495,871</u>	<u>25,041</u>	<u>374</u>	<u>520,538</u>
Less accumulated depreciation for:				
Land improvements	12,805	1,276		14,081
Buildings	118,834	5,816		124,650
Machinery and equipment	11,902	350		12,252
Vehicles	14,853	1,646	634	15,865
Infrastructure	69,959	2,125	4	72,080
Total accumulated depreciation	<u>228,353</u>	<u>11,213</u>	<u>638</u>	<u>238,928</u>
Total capital assets being depreciated, net	<u>267,518</u>	<u>13,828</u>	<u>(264)</u>	<u>281,610</u>
Governmental Activities Capital Assets, Net	<u>\$ 325,301</u>	<u>\$ 15,332</u>	<u>\$ 23,133</u>	<u>\$ 317,500</u>
	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Business-Type Activities:				
Capital assets not being depreciated:				
Land	\$ 1,977	\$	\$	\$ 1,977
Total capital assets not being depreciated	<u>1,977</u>	<u>-</u>	<u>-</u>	<u>1,977</u>
Capital assets being depreciated:				
Source of supply	5,960			5,960
Pumping plant	2,826			2,826
Water treatment plant	2,825			2,825
Filter plant	57,307			57,307
Machinery and equipment	2,114	72		2,186
Transmission and distribution	11,194	94	24	11,264
General plant and administrative equipment	311			311
Total capital assets being depreciated	<u>82,537</u>	<u>166</u>	<u>24</u>	<u>82,679</u>
Less accumulated depreciation for:				
Source of supply	2,693	64		2,757
Pumping plant	1,756	48		1,804
Water treatment plant	390	102		492
Filter plant	10,050	1,148		11,198
Machinery and equipment	1,664	125		1,789
Transmission and distribution	8,299	165	24	8,440
General plant and administrative	171	6		177
Total accumulated depreciation	<u>25,023</u>	<u>1,658</u>	<u>24</u>	<u>26,657</u>
Total capital assets being depreciated, net	<u>57,514</u>	<u>(1,492)</u>	<u>-</u>	<u>56,022</u>
Business-Type Activities Capital Assets, Net	<u>\$ 59,491</u>	<u>\$ (1,492)</u>	<u>\$ -</u>	<u>\$ 57,999</u>

Depreciation expense was charged to functions/programs as follows:

Governmental activities:	
General government	\$ 1,403
Public safety	1,424
Public works	3,639
Health and social services	10
Parks and recreation	948
Education	<u>3,789</u>
Total depreciation expense - governmental activities	<u>\$ 11,213</u>
Business-type activities:	
Enterprise Fund - water depreciation expense	<u>\$ 1,658</u>

Construction Commitments

The City has active construction projects as of June 30, 2014. The following is a summary of capital projects as of June 30, 2014:

<u>Project</u>	<u>Project Authorization</u>	<u>Cumulative Expenditures</u>	<u>Remaining Commitment</u>
Public buildings	\$ 39,460	\$ 38,073	\$ 1,387
Schools	67,104	31,444	35,660
Infrastructure	79,258	56,391	22,867
Parks and recreation	17,239	9,056	8,183
Other	55,794	32,895	22,899

6. INTERFUND TRANSFERS

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

Interfund transfers:

	<u>General Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Transfers Out</u>
General Fund	\$	\$ 47	\$ 47
Capital Projects	541	339	880
Nonmajor Governmental Funds	4,160		4,160
Water Fund	<u>6,663</u>		<u>6,663</u>
Total Transfers In	<u>\$ 11,364</u>	<u>\$ 386</u>	<u>\$ 11,750</u>

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

7. BOND ANTICIPATION NOTES AND INTERIM FINANCING

The following bond anticipation notes and other interim financing obligations, which serve as temporary financing for certain Capital Projects, were outstanding at June 30, 2014:

<u>Description</u>	<u>Fund</u>	<u>Rate</u>	<u>Maturity Date</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
2013 Bond Anticipation Notes	Capital Projects Fund	2.00%	3/26/2014	\$ 25,280	\$ -	\$ 25,280	\$ -
2014 Bond Anticipation Notes	Capital Projects Fund	2.00%	10/30/2014	-	55,305	-	55,305
				<u>\$ 25,280</u>	<u>\$ 55,305</u>	<u>\$ 25,280</u>	<u>\$ 55,305</u>

The City of New Britain also entered into an agreement with Bank of America to purchase \$15,000 in General Obligation Tax Anticipation Notes dated May 20, 2014 with a maturity of August 15, 2014 and an interest rate of .44%.

8. LONG-TERM DEBT

A schedule of bond indebtedness as of June 30, 2014 is as follows:

	<u>Interest Rate %</u>	<u>Original Issue</u>	<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Balance Outstanding</u>
Consolidated School District:					
2006 Series	4.0 - 5.0	\$ 11,000	4/6/2006	4/15/2021	\$ 5,128
2007 Series	3.8 - 5.0	6,600	4/5/2007	4/15/2022	3,520
2008 Series A	2.8 - 5.0	1,750	4/1/2008	4/15/2022	1,224
2009 Series	3.0 - 4.5	3,975	3/25/2009	4/1/2024	2,695
2010 Series C	3.0 - 4.0	1,840	10/28/2010	4/1/2015	360
2012 Series	2.0 - 4.0	3,136	3/15/2012	3/15/2027	2,644
2013 Series	2.0 - 4.0	2,800	3/19/2013	3/15/2033	2,660
Subtotal		31,101			18,231
Public Improvement:					
2005 MERF Pension Bond	4.93	1,450	6/1/2005	6/5/2023	870
2006 Series	4.0 - 5.0	6,460	4/6/2006	4/15/2021	3,012
2007 Series	3.8 - 5.0	6,975	4/5/2007	4/15/2022	3,720
2008 Series A	2.8 - 5.0	11,215	4/1/2008	4/1/2028	7,841
2008 Series B (2000B Refund)	2.8 - 5.0	9,070	4/1/2008	4/1/2020	5,180
2008 Series B (2005 Water Refund)	2.8 - 5.0	14,170	4/1/2008	4/1/2035	9,524
2009 Series	3.0 - 4.5	9,410	3/25/2009	4/1/2024	6,305
2010 Series A	2.5 - 5.25	11,715	3/30/2010	3/1/2025	8,580
2010 Series B	2.8 - 5.8	35,000	10/28/2010	10/1/2030	29,735
2012 Series	2.0 - 4.0	30,879	3/15/2012	3/15/2027	26,031
2013 Series	2.0 - 4.0	16,425	3/19/2013	3/15/2033	15,605
Subtotal		152,769			116,403
General Obligation Pension Bonds:					
1998 Series	5.70 - 6.54	66,000	2/1/1998	2/1/2021	32,125
General Obligation Pension Bonds:					
2008 Series C	6.371	40,700	5/30/2008	2/1/2026	40,000
Total Governmental Activities		\$ 290,570			\$ 206,759

General Fund Long-Term Bonded Debt

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

Changes in Long-Term Liabilities

Long-term liability activity for the year ended June 30, 2014 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities:					
Bonds payable:					
General obligation bonds	\$ 223,339	\$	\$ (16,580)	\$ 206,759	\$ 15,670
Bond premiums	3,436		(393)	3,043	
Total general obligation bonds	<u>226,775</u>	<u>-</u>	<u>(16,973)</u>	<u>209,802</u>	<u>15,670</u>
Notes Payable:					
Clean Water notes	4,117		(343)	3,774	349
Other liabilities:					
OPEB obligation	914	80		994	
Compensated absences	8,144		(438)	7,706	2,079
Net pension obligation	523	539		1,062	
Risk management	<u>17,768</u>	<u>29,716</u>	<u>(30,051)</u>	<u>17,433</u>	
Governmental Activities Long-Term Liabilities	<u>\$ 258,241</u>	<u>\$ 30,335</u>	<u>\$ (47,805)</u>	<u>\$ 240,771</u>	<u>\$ 18,098</u>
Business-Type Activities:					
Bonds payable	\$ 2,016	\$	\$	\$ 2,016	\$
Notes payable:					
Clean Water notes	17,738		(1,835)	15,903	1,834
Compensated absences	<u>208</u>	<u>15</u>		<u>223</u>	<u>97</u>
Business-Type Activities Long-Term Liabilities	<u>\$ 19,962</u>	<u>\$ 15</u>	<u>\$ (1,835)</u>	<u>\$ 18,142</u>	<u>\$ 1,931</u>

Debt Limit

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

<u>Category</u>	<u>Debt Limit</u>	<u>Net Indebtedness</u>	<u>Balance</u>
General purpose	\$ 245,340	\$ 219,638	\$ 25,702
Schools	490,680	67,981	422,699
Sewers	408,900	42,337	366,563
Urban renewal	354,380		354,380
Pension deficit	327,120		327,120

The total overall statutory debt limitation for the City is equal to seven times annual receipts from taxation (\$763,280).

The indebtedness above includes \$93,769 of authorized bonds which were unissued as of June 30, 2014.

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

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

In the prior year, the City had defeased certain general obligation bonds by place in the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are no included in the City's financial statements. The outstanding balance of the defeased bonds as of June 30, 2014 is \$5,550.

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 outstanding an \$83,184 Interim Funding Obligation (IFO) issued under the State of Connecticut's Clean Water Revolving Fund Program in connection with the design and construction of a Waste Water Pollution Facility Nitrogen Upgrade Project. As a member of the Mattabassett District, the City is assessed a pro-rate share of 41.61% of the District debt, which is reflected as overlapping debt. As of June 30, 2014, \$66,476 has been drawn upon and \$27,661 represents the City's share of the IFO as of that date.

The maturities relating to all bonds and serial notes of the governmental activities of the City as June 30, 2014 are as follows:

<u>Year Ending June 30,</u>	<u>Principal General Obligation</u>	<u>Principal Clean Water Notes</u>	<u>Interest General Obligation</u>	<u>Interest Clean Water Notes</u>	<u>Total</u>
2015	\$ 15,670	\$ 349	\$ 10,144	\$ 84	\$ 26,247
2016	15,625	349	9,433	65	25,472
2017	15,965	349	8,738	58	25,110
2018	16,315	349	8,008	51	24,723
2019	16,695	349	7,235	44	24,323
2020	17,105	349	6,413	37	23,904
2021	16,505	349	5,559	30	22,443
2022	15,840	349	4,730	24	20,943
2023	14,165	300	3,945	17	18,427
2024	14,505	222	3,200	12	17,939
2025	14,085	98	2,433	8	16,624
2026	13,825	98	1,676	6	15,605
2027	5,415	72	911	5	6,403
2028	3,945	35	678	4	4,662
2029	3,045	35	503	3	3,586
2030	3,005	35	364	2	3,406
2031	3,005	35	226	1	3,267
2032	1,079	35	132	1	1,247
2033	965	17	34		1,016
Total	\$ 206,759	\$ 3,774	\$ 74,362	\$ 452	\$ 285,347

Note: Due to a variable interest rate on the 2000 Series C issue of federally taxable bonds, the interest payments are computed based on the current interest rate of 3.6%. This rate will change on a yearly basis.

The maturities relating to all bonds and serial notes of the business-type activities of the City as of June 30, 2014 are as follows:

<u>Year Ending June 30,</u>	<u>General Obligation Bonds</u>	<u>Principal Clean Water Notes</u>	<u>Interest General Obligation Bonds</u>	<u>Interest Clean Water Notes</u>	<u>Total</u>
2015	\$	\$ 1,834	\$ 198	\$ 381	\$ 2,413
2016		1,834	187	334	2,355
2017		1,834	176	288	2,298
2018		1,834	165	241	2,240
2019		1,834	154	194	2,182
2020		1,834	143	147	2,124
2021		1,835	132	101	2,068
2022		1,464	125	56	1,645
2023		1,200	118	26	1,344
2024		400	110	2	512
2025			101		101
2026			92		92
2027			83		83
2028			73		73
2029			64		64
2030			55		55
2031			46		46
2032	421		36		457
2033	535		76		611
2034	530		50		580
2035	530		25		555
Total	\$ <u>2,016</u>	\$ <u>15,903</u>	\$ <u>2,209</u>	\$ <u>1,770</u>	\$ <u>21,898</u>

Interest Rate Swap Agreements

Objective - The City had an interest rate swap at June 30, 2014 in connection with their general obligation bonds. The intention of the swaps was to effectively change the City's interest rate on the bonds from a variable rate to a synthetic fixed rate. The interest rate swaps are considered to be effective cash flow hedges.

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

Fair Value - The swap had a negative fair value (representing a liability) as of June 30, 2014, as indicated below. The fair value was estimated using live trading data to construct a series of swap rates that is then used to run a present value calculation.

Credit Risk - As of June 30, 2014, 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.

The following is a summary of terms of the interest rate swaps held on June 30, 2014 by the City (not rounded):

	<u>Pension- Fxd</u>
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	6.371%
Rate Received	1M LIBOR
Fair Value	\$ (14,413,117)
Counterparty Credit Rating:	
Moody's Investors Service	Aa3
Standard & Poor's	A+

The following is a summary of the changes in fair value of the interest rate swaps for the years ended June 30, 2013 and 2014 (not rounded), which are accounted for as changes in deferred outflows reported in the statements of net position:

	<u>Pension - Fxd</u>
Fair Value at July 1, 2013	\$ (15,246,340)
Change in Fair Value for the year ended June 30, 2014	<u>833,223</u>
Fair Value at June 30, 2014	<u><u>\$ (14,413,117)</u></u>

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. During 1994, the City adopted Statement No. 10, as amended by Statement No. 17, of GASB.

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, 2010 to June 30, 2014. 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 \$1,583 is reported in the internal service fund at June 30, 2014, and is based on the requirements of GASB Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated.

The City's self-insurance program for general accident, casualty and liability is administered internally. When a claim is submitted, the City processes and pays the claim from funds now accumulated by the City in an internal service fund. The General Liability Internal Service Fund was funded in 1994 to the extent that the City's financial resources would be required during the next 12 months. The charges by the General Liability Internal Service Fund to other funds will be adjusted over future years so that internal service revenues and expenses are approximately equal over such period of time. The City currently carries excess general liability insurance coverage, which reflects a self-insured retention of \$500. The City retains the first \$500 per occurrence; coverage is provided by the insurer for the next \$3,000 per occurrence/\$4,000 aggregate. The insurance coverage includes a stop loss feature, providing coverage after the City has paid \$1,300 cumulative accident year claims. Separate policies for special risks are carried by the City to complement the self-insured program; these include:

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

The City's self-insurance program for workers' compensation is administered internally. When a claim is submitted, the City processes and pays the claim from funds now accumulated by the City in an internal service fund. The Workers' Compensation Internal Service Fund was funded in 1994 to the extent that the City's financial resources would be required during the next twelve months. The charges by the Workers' Compensation Internal Service Fund to other funds will be adjusted over future years so that internal service revenues and expenses are approximately equal over such period of time. The City's aggregate workers' compensation claim liability of approximately \$12.9 million has been recorded in the workers' compensation internal service fund. The City currently carries excess workers' compensation insurance coverage. The City retains the first \$1,000 per accident; limits are statutory.

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

The changes in the claim reserves for the fiscal years ended June 30, 2014 and 2013, are as follows:

	June 30, 2014			June 30, 2013		
	Medical	Workers' Compensation	General Accident Casualty and Liability	Medical	Workers' Compensation	General Accident Casualty and Liability
Beginning of year claim reserve	\$ 1,918	\$ 12,880	\$ 2,970	\$ 1,780	\$ 17,688	\$ 2,087
Current year incurred claims and changes in prior year estimate	26,874	1,988	61	25,378	(3,087)	937
Claim payments	(27,209)	(1,988)	(61)	(25,240)	(1,721)	(54)
End of Year Claim Reserve	\$ 1,583	\$ 12,880	\$ 2,970	\$ 1,918	\$ 12,880	\$ 2,970

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.

The current rate is 9.5% of covered payroll. The City’s and employee contributions to MERF for the years ended June 30, 2014, 2013 and 2012 are as follows:

Fiscal Year Ended	City Contribution Amount	Employee Contribution Amount	Total Contribution Amount	Total Payroll Covered by the MERF
June 30, 2012	\$ 6,162	\$ 2,498	\$ 8,660	\$ 49,979
June 30, 2013	4,157	2,428	6,585	48,558
June 30, 2014	7,026	2,521	9,547	50,426

Employee Retirement System

Plan Description

The City is the administrator of a single-employer public employee retirement system (PERS). The City maintains two plans that establish and administer pension benefits for both its Police and Fire Department employees, respectively. 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.

Management of the plans rests with the PERS Board, which consists of five members: the Finance Director, Mayor, Majority and Minority Leaders and the President of the Board of Finance and Taxation.

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%.

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

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

Summary of Significant Accounting Policies

Basis of Accounting: Financial statements are prepared using the accrual basis of accounting for the three defined benefit pension plans. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions are recognized when due and a formal commitment to provide the contributions has been made. Benefits and refunds are recognized when due and payable in accordance with the terms of the plans.

Method Used to Value Investments: Investments are reported at market value. Securities traded on a national exchange are valued at the last reported sales price. Investment income is recognized as earned.

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, 2014, these required contributions were \$1,138 and \$1,594 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.

Investments

Investment Policy: The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the PERS Board by a majority vote of its members. It is the policy of the PERS Board to pursue an investment strategy that reduces risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes. The pension plan's investment policy discourages the use of cash equivalents, except for liquidity purposes, and aims to refrain from dramatically shifting asset class allocations over short time spans. The following was the Board's adopted asset allocation policy for both plans as of June 30, 2014:

<u>Asset Class</u>	<u>Target Allocation</u>
Core Fixed Income	35.00%
Short-Term Bonds	1.50%
Large Cap US Equities	30.00%
Small Cap US Equities	10.00%
Developed Foreign Equities	20.00%
Commodities	<u>3.50%</u>
TOTAL	<u>100.00%</u>

Rate of Return: For the year ended June 30, 2014, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense for both Fire and Police, was 15.81% and 16.16% respectively. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Net Pension Liability of the City

In accordance with GASB Statement No. 67, the components of the net pension liability of the City at June 30, 2014 were as follows:

	<u>Police</u>	<u>Fire</u>
Total pension liability	\$ 81,871	\$ 85,706
Plan fiduciary net position	<u>73,782</u>	<u>83,865</u>
Total Net Pension Liability	<u>\$ 8,089</u>	<u>\$ 1,841</u>
Plan fiduciary net position as a percentage of the total pension liability	90.12%	97.85%

The City's net pension liability will be required to be recorded on the government-wide statement of net position at June 30, 2015.

Actuarial Assumptions: The total pension liability was determined by an actuarial valuation as of June 30, 2014, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75%
Salary increases	3.50%
Investment rate of return	7.50%

Mortality rates were based on the RP-2000 Healthy Annuitant Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA.

The actuarial assumptions used in the July 1, 2012 valuation were based on the results of an actuarial experience study for the period July 1, 2013-June 30, 2014.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2014 (see the discussion of the pension plan's investment policy) are summarized in the following table:

<u>Asset Class</u>	<u>Long-Term Expected Rate of Return</u>
Core Fixed Income	2.20%
Short-Term Bonds	1.05%
Large Cap US Equities	5.86%
Small Cap US Equities	7.64%
Developed Foreign Equities	6.29%
Commodities	4.57%

Discount Rate: The discount rate used to measure the total pension liability was 7.50% for both plans. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that City contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate: The following presents the net pension liability of the City, calculated using the discount rate of 7.50%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.50%) or 1 percentage point higher (8.50%) than the current rate:

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
Police Net Pension Liability	\$ 16,567	\$ 8,089	\$ 876
Fire Net Pension Liability	11,093	1,841	(6,035)

Annual Pension Cost and Net Pension Obligations

In accordance with GASB Statement No. 27, the City's annual pension cost and net pension obligation to the PERS for the current year were as follows:

	Police	Fire
Annual required contribution	\$ 1,594	\$ 1,138
Interest on net pension obligation	39	(96)
Adjustment to annual required contribution	(35)	88
Annual pension cost	1,598	1,130
Contributions made	1,059	531
Decrease in net pension asset	(539)	(599)
Net Pension Asset (Obligation), July 1, 2013	(523)	1,275
Net Pension Asset (Obligation), June 30, 2014	\$ (1,062)	\$ 676

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	90% of Market	90% of Market
Actuarial Assumptions:		
Investment rate of return	7.5%	7.5%
Projected Salary Increases*	3.5%	3.75%

*Includes inflation at 4%

Trend InformationFire Plan

Fiscal Year Ended	Annual Pension Cost (APC)	Actual Contribution	Percentage of APC Contributed	Net Pension Obligation (Asset)
6/30/2012	\$ 519	\$ 450	87%	\$ (1,265)
6/30/2013	521	531	102	(1,275)
6/30/2014	1,130	531	47	(676)

Police Plan

Fiscal Year Ended	Annual Pension Cost (APC)	Actual Contribution	Percentage of APC Contributed	Net Pension Obligation (Asset)
6/30/2012	\$ 1,056	\$ 744	70%	\$ 518
6/30/2013	1,059	1,054	100	523
6/30/2014	1,598	1,059	66	1,062

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

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 % of Covered Payroll (c/d)
1/01/2009	\$ 82,462	\$ 78,501	\$ (3,961)	\$ 4,971	(79.7)%
1/01/2011	79,711	79,785	74	4,853	1.5
7/01/2012	76,338	85,558	9,220	4,257	216.6

Police Plan

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 % of Covered Payroll (c/d)
1/01/2009	\$ 79,361	\$ 80,340	\$ 979	\$ 5,829	16.8%
1/01/2011	73,662	80,338	6,676	5,866	113.8
7/01/2012	67,748	80,500	14,751	5,240	281.5

Schedules of Plan Net Position

	Firemen's Pension Fund	Police Benefit Fund	Total
Assets			
Cash and cash equivalents	\$ 418	\$ 866	\$ 1,284
Investments	<u>85,437</u>	<u>75,134</u>	<u>160,571</u>
Total Assets	<u>\$ 85,855</u>	<u>\$ 76,000</u>	<u>\$ 161,855</u>
Liabilities and Net Position			
Liabilities:			
Accounts payable	\$ 1,990	\$ 2,219	\$ 4,209
Net Position Held in Trust for Pension Benefits	<u>83,865</u>	<u>73,781</u>	<u>157,646</u>
Total Liabilities and Net Position	<u>\$ 85,855</u>	<u>\$ 76,000</u>	<u>\$ 161,855</u>
Additions:			
Contributions:			
Employer	\$ 532	\$ 1,058	\$ 1,590
Employee	<u>289</u>	<u>255</u>	<u>544</u>
Total contributions	<u>821</u>	<u>1,313</u>	<u>2,134</u>
Investment income:			
Net appreciation fair value of investments	10,516	9,799	20,315
Interest and dividends	1,423	1,035	2,458
Miscellaneous	<u>16</u>	<u>1</u>	<u>17</u>
Total investment income	11,955	10,835	22,790
Less investment expense	<u>(146)</u>	<u>(106)</u>	<u>(252)</u>
Net investment income	<u>11,809</u>	<u>10,729</u>	<u>22,538</u>
Total additions	<u>12,630</u>	<u>12,042</u>	<u>24,672</u>
Deductions:			
Benefits	6,430	6,666	13,096
Administration	<u>72</u>	<u>73</u>	<u>145</u>
Total deductions	<u>6,502</u>	<u>6,739</u>	<u>13,241</u>
Net Increase	6,128	5,303	11,431
Net Position at Beginning of Year, as Restated	<u>77,737</u>	<u>68,478</u>	<u>146,215</u>
Net Position at End of Year	<u>\$ 83,865</u>	<u>\$ 73,781</u>	<u>\$ 157,646</u>

Single-Employer Defined Benefit Pension Plan

In addition to the above PERS, the City is currently paying benefits to three groups of retirees by means of annual appropriations. This program covers those individuals whose pension payments commenced prior to November 1972 and retired elected officials with over 20 years service. Since no active employees are included, their benefits are not advance funded but paid as they come due from General Fund appropriations, i.e., on a “pay-as-you-go” basis. The unfunded liability for this plan is decreasing rapidly since the average age is 82 years.

There are 11 retirees, 10 beneficiaries and no active employees covered by this plan.

Summary of Significant Accounting Policies and Plan Asset Matters

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

Funding Policy

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

Annual Pension Cost and Net Pension Obligation

The City’s annual pension cost, which is equal to the annual benefit payments, for the current year amounted to \$465. The “pay-as-you-go” plan does not have a net pension obligation as of June 30, 2014.

Trend Information

Fiscal Year Ended	Annual Pension Cost (APC)	Actual Contribution	Percentage of APC Contributed	Net Pension Obligation
6/30/2012	\$ 543	\$ 543	100%	N/A
6/30/2013	465	465	100	N/A
6/30/2014	465	465	100	N/A

Pension Plan Required Supplementary Information

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL	Funded Ratio	Covered Payroll	UAAL as a % of Covered Payroll
4/30/1996	\$ -	\$ 13,516	\$ 13,516	0.0 %	N/A	N/A
6/30/1997	-	12,270	12,270	0.0	N/A	N/A
6/30/2000 *	-	10,618	10,618	0.0	N/A	N/A

*latest actuarial valuation date

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

Post Employment Benefits

Summary of Significant Accounting Policies

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

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

Plan Description

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

At July 1, 2012, plan membership consisted of the following:

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

Funding Policy

The City currently pays for post employment 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%
20-24	80%
15-19	60%
10-14	40%

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

Board of Education

Teachers - Pre-65 is 100% retiree paid.

Administrator (Local 51) - 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.

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 follows:

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

Retirees can continue coverage beyond the seven-year period at their own expense. If the date of hire is after July 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:

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

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

Annual OPEB Cost and Net OPEB Obligations

The City of New Britain’s annual other post employment benefit (OPEB) cost is calculated based on the annual required contribution (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 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	\$ 6,360
Interest on OPEB obligation	73
Adjustment to annual required contribution	<u>(62)</u>
Annual OPEB cost	6,371
Contributions made	<u>6,291</u>
Increase in net OPEB obligation	80
Net OPEB Obligation, July 1, 2013	<u>914</u>
Net OPEB Obligation, June 30, 2014	<u>\$ 994</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, 2014, 2013 and 2012 are presented below.

<u>Fiscal Year End</u>	<u>Annual OPEB Cost (AOC)</u>	<u>Actual Contribution</u>	<u>Percentage of AOC Contributed</u>	<u>Net OPEB Obligation (Asset)</u>
6/30/2012	\$ 4,604	\$ 4,410	95.8%	\$ 793
6/30/2013	4,842	4,721	97.5%	914
6/30/2014	6,371	6,291	98.7%	994

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

Schedule of Funding Progress

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability (AAL)</u>	<u>Unfunded AAL (UAAL)</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAAL as a Percentage of Covered Payroll</u>
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	66,863	2.0	N/A	N/A

Schedule of Employer Contributions

<u>Fiscal Year Ended</u>		<u>Annual Required Contribution</u>	<u>Percentage Contributed</u>
6/30/12	\$	4,410	95.79%
6/30/13		4,721	97.52
6/30/14		6,360	98.74

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, 2012 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 period is 30 years decreasing. The valuation type is closed group. The ultimate inflation rate is 4.7%. 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, 2014, the certified employees of the City contributed \$4,808 to this plan, and the total payroll for certified employees covered by this plan for the year was \$66,332.

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, 2014, the City has recorded, in the General Fund, intergovernmental revenue and education expenditures in the amount of \$16,442 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 fund. Those reports may be obtained by writing to the State of Connecticut, Office of the State Comptroller, 55 Elm Street, Hartford, Connecticut 06106.

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.

12. FUND BALANCE

The components of fund balance for the governmental funds at June 30, 2014 are as follows:

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>BOE State and Federal Grants</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
Fund balances:					
Nonspendable:					
Inventory	\$	\$	\$	\$ 240	\$ 240
Trust purposes				2,855	2,855
Restricted for:					
Grants			705	6,481	7,186
Capital improvements		2,935			2,935
Committed to:					
General government				151	151
Public safety				96	96
Public works				772	772
Health and welfare				236	236
Parks, recreation and libraries				324	324
Education				245	245
Unassigned	4,965	(35,462)		(1,540)	(32,037)
Total Fund Balances	\$ 4,965	\$ (32,527)	\$ 705	\$ 9,860	\$ (16,997)

13. BULK LIEN SALES

During the fiscal year ended June 30, 2014, the City executed a bulk sale of property tax liens and collected proceeds of \$1,753. The City retains no interest in the assigned liens. The purchaser bears all risks relating to its ability to collect the amounts owed and, should it acquire title to the underlying real estate through foreclosure or otherwise, will bear all risks associated with the ownership and sale of the real property.

14. PRIOR PERIOD ADJUSTMENTS

The beginning net position for the Water Enterprise and Business-Type Activities column was restated from \$50,908 to \$48,805, respectively, for a change in water receivables and deferrals. The OPEB trust fund was restated to account for prior year contributions to the trust from \$1,315 to \$2,414.

15. SUBSEQUENT EVENTS

Activity related to debt instruments issued by the City are as follows:

- On October 30, 2014, the City rolled forward the \$55,305 Bond Anticipation Notes with a new maturity date of March 26, 2015 and an interest rate of 2%.
- On October 1, 2014, the City issued \$9,600 General Obligation Refunding Bonds with an interest rate range of 4-5% to advance refund previous City bonds outstanding.
- On August 15, 2014, the City paid off the Tax Anticipation Notes with Bank of America as due with an interest rate of .44%

**Required Supplementary
Information**

CITY OF NEW BRITAIN, CONNECTICUT

GENERAL FUND

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

FOR THE YEAR ENDED JUNE 30, 2014

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Property taxes:				
General property taxes	\$ 108,213	\$ 108,465	\$ 106,992	\$ (1,473)
Interest and liens	950	1,361	1,361	-
Total property taxes	<u>109,163</u>	<u>109,826</u>	<u>108,353</u>	<u>(1,473)</u>
Intergovernmental revenues (State):				
State Education for the Blind	50			-
H.E.W. Private Schools	93	74	74	-
Special School Transportation	175	203	203	-
Elementary & Secondary Transportation	1,364	1,320	1,320	-
Special Education	3,500	3,840	3,840	-
Education Equalization	76,851	76,851	72,432	(4,419)
State Infraction Distribution	35	19	19	-
Principal Subsidy	772	704	705	1
Interest Subsidy	562	518	518	-
DCA Tax Abatements	28	32	32	-
Town Aid Road Fund	773	773	773	-
Veterans Exemption Reimbursement	24	28	28	-
Tax Relief for the Elderly	419	405	405	-
State Property Tax Relief	2,911	2,905	2,905	-
Telephone Access Line Tax Relief	135	127	127	-
Municipal Video Competition Grant	20	10	10	-
Civil Defense	25	37	37	-
Off Track Betting	160	134	189	55
State Pilot Hospital Colleges	2,097	2,095	2,095	-
State Pilot Model Housing		166	89	(77)
Manufacturers in Distress	150	168	168	-
Bingo	1	1	1	-
Disability Exemption	9	9	9	-
Legalized Gaming Distribution	2,288	2,318	2,282	(36)
Dial a Ride	6		49	49
FEMA Grants			267	267
Municipal Revenue Sharing Grant	1,302	1,302	2,709	1,407
Total intergovernmental revenues (State)	<u>93,750</u>	<u>94,038</u>	<u>91,286</u>	<u>(4,427)</u>
Intergovernmental revenues (other than State):				
In lieu of taxes			15	15
Total intergovernmental revenues	<u>93,750</u>	<u>94,038</u>	<u>91,301</u>	<u>(4,412)</u>
Licenses and permits:				
Building Structures and Equipment	2,117	1,801	1,592	(209)
All other license	28	13	13	-
Protection	268	222	222	-
Health			37	37
Disposal	3,085	3,027		(3,027)
Planning and Zoning	11	23	8	(15)
Total licenses and permits	<u>5,509</u>	<u>5,086</u>	<u>1,872</u>	<u>(3,214)</u>

(Continued on next page)

CITY OF NEW BRITAIN, CONNECTICUT

GENERAL FUND

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

**FOR THE YEAR ENDED JUNE 30, 2014
(In Thousands)**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Charges for Services:				
City Hall Commissions Rent	\$	\$	\$ 20	\$ 20
Town Clerk	1,751	1,566	1,217	(349)
Recreation	1,927	1,762	785	(977)
Public Safety	1,540	1,540	2,617	1,077
Parking tickets	3,518	3,456	1,477	(1,979)
Public Works - Project Management	3,055	3,152	1,604	(1,548)
Health and Welfare	1,615	1,467	27	(1,440)
Sanitation and Fleet	1,080	870	1,873	1,003
Parking tickets	1,000	1,000	271	(729)
Assessor			2	2
Senior Center	51	51	10	(41)
Water Overhead	263	263	263	-
Legal	58	59		(59)
Other	15	15	156	141
Total charges for services	<u>15,873</u>	<u>15,201</u>	<u>10,322</u>	<u>(4,879)</u>
Total licenses, permits and charges for services	<u>21,382</u>	<u>20,287</u>	<u>12,194</u>	<u>(8,093)</u>
Other Revenue:				
Investment income	10	21	83	62
Miscellaneous	4	5	1,109	1,104
Sale of real estate property	500	500	114	(386)
Board of Education	20	152	160	8
Police Call Hotspot	1,893	1,893		(1,893)
Total other revenue	<u>2,427</u>	<u>2,571</u>	<u>1,466</u>	<u>(1,105)</u>
Total revenues	226,722	226,722	213,314	(15,083)
Other Financing Sources:				
Transfers in	<u>10,812</u>	<u>10,812</u>	<u>11,364</u>	<u>552</u>
Total Budgeted Revenues and Transfers	<u>\$ 237,534</u>	<u>\$ 237,534</u>	224,678	<u>\$ (14,531)</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			16,442	
Net effect of revenues for Dog Fund, Board of Education in Residence and YSB Funds not budgeted			<u>490</u>	
Total Revenues and Other Financing Sources as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds - Exhibit IV			<u>\$ 241,610</u>	

CITY OF NEW BRITAIN, CONNECTICUT

GENERAL FUND

SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)FOR THE YEAR ENDED JUNE 30, 2014
(In Thousands)

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
General Government:				
Legislative	\$ 129	\$ 140	\$ 131	\$ -
Boards and Commissions	2	2	2	-
Judicial	112	112	112	-
Elections	438	353	353	-
Mayor's Office	672	658	658	-
Planning and Zoning	33	27	27	-
Finance	3,249	2,758	2,758	-
Recording and Reporting	501	490	490	-
Legal	1,253	1,054	1,024	30
Central Services	27	14	14	-
Total	<u>6,416</u>	<u>5,608</u>	<u>5,569</u>	<u>30</u>
Public Safety:				
Police	17,035	16,241	16,241	-
Fire	13,897	12,755	12,755	-
Lighting	815	843	843	-
Building	419	470	470	-
Civil Preparedness	147	74	74	-
Central Emergency Dispatch	1,791	1,672	1,672	-
Total	<u>34,104</u>	<u>32,055</u>	<u>32,055</u>	<u>-</u>
Public Works:				
Administration	407	385	385	-
Street Services	3,409	3,269	3,269	-
Public Buildings	2,600	2,613	2,613	-
Capital Project	716	577	577	-
Signals and Control	183	184	184	-
Waste Disposal	5,189	4,724	4,724	-
Utility Division/Water	2,792	2,882	2,882	-
Stanley Golf Course Maintenance	276	563	563	-
Field Services	571	262	262	-
Total	<u>16,143</u>	<u>15,459</u>	<u>15,459</u>	<u>-</u>
Parks and Recreation:				
Administration	339	325	325	-
Forestry	191	144	144	-
Horticulture	272	256	256	-
Maintenance	1,861	1,922	1,932	(10)
Special Projects	9	9	9	-
Recreation Department	923	910	910	-
Willow Brook Sports Complex	177	161	161	-
City Supported Agencies	3,310	3,310	3,310	-
Cultural Organizations	64	30	30	-
Total	<u>7,146</u>	<u>7,067</u>	<u>7,077</u>	<u>(10)</u>

(Continued on next page)

CITY OF NEW BRITAIN, CONNECTICUT

GENERAL FUND

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

**FOR THE YEAR ENDED JUNE 30, 2014
(In Thousands)**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Health and Social Services:				
Rights and Opportunities Commission	\$ 114	\$ 111	\$ 111	\$ -
Civil Service Commission	190	221	221	-
Nursing	378	260	260	-
Environmental Control	304	287	287	-
Administration	93	87	87	-
Social Services	309	39	39	-
Senior Center	505	483	483	-
Handicap Services	95	84	95	(11)
Total	<u>1,988</u>	<u>1,572</u>	<u>1,583</u>	<u>(11)</u>
General Administration:				
Pension and Benefit Contributions	15,259	19,535	18,034	1,501
Contingency	489	84		84
Total	<u>15,748</u>	<u>19,619</u>	<u>18,034</u>	<u>1,585</u>
Education	<u>124,909</u>	<u>124,802</u>	<u>124,203</u>	<u>599</u>
Debt Service	<u>30,925</u>	<u>30,969</u>	<u>27,904</u>	<u>3,065</u>
Total expenditures	<u>237,379</u>	<u>237,151</u>	<u>231,884</u>	<u>5,258</u>
Other financing uses:				
Transfers out:				
Dog Fund	130	130	130	-
YSB Care Unit		221	221	-
Other	25	47	47	-
Total	<u>155</u>	<u>398</u>	<u>398</u>	<u>-</u>
Total	\$ <u>237,534</u>	\$ <u>237,549</u>	232,282	\$ <u>5,258</u>
Budgetary expenditures are different than GAAP expenditures because:				
State of Connecticut on-behalf payments to the Connecticut State Teachers' Retirement System for City Teachers are not budgeted			16,442	
Net effect of expenditures for Dog Fund, Board of Education in Residence and YSB Funds not budgeted			<u>516</u>	
Total Expenditures and Other Financing Uses as Reported on the Statement of Revenues, Expenditures Changes in Fund Balances - Governmental Funds - Exhibit IV			\$ <u>249,240</u>	

CITY OF NEW BRITAIN, CONNECTICUT

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS

LAST FISCAL YEAR

POLICE
(In Thousands)

	<u>2014</u>
Total pension liability:	
Service cost	\$ 868
Interest	5,996
Benefit payments, including refunds of member contributions	(8,010)
Net change in total pension liability	<u>(1,146)</u>
Total pension liability - beginning	<u>83,017</u>
Total pension liability - ending	<u>81,871</u>
Plan fiduciary net position:	
Contributions - employer	1,058
Contributions - member	255
Net investment income	10,806
Benefit payments, including refunds of member contributions	(6,666)
Administrative expense	(149)
Net change in plan fiduciary net position	<u>5,304</u>
Plan fiduciary net position - beginning	<u>68,478</u>
Plan fiduciary net position - ending	<u>73,782</u>
Net Pension Liability - Ending	<u>\$ 8,089</u>
Plan fiduciary net position as a percentage of the total pension liability	90.12%
Covered-employee payroll	\$ 4,576
Net pension liability as a percentage of covered-employee payroll	176.77%

CITY OF NEW BRITAIN, CONNECTICUT

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS

LAST FISCAL YEAR

FIRE
(In Thousands)

	<u>2014</u>
Total pension liability:	
Service cost	\$ 759
Interest	6,264
Benefit payments, including refunds of member contributions	(8,001)
Net change in total pension liability	<u>(978)</u>
Total pension liability - beginning	<u>86,684</u>
Total pension liability - ending	<u>85,706</u>
Plan fiduciary net position:	
Contributions - employer	532
Contributions - member	289
Net investment income	11,809
Benefit payments, including refunds of member contributions	(6,430)
Administrative expense	(72)
Net change in plan fiduciary net position	<u>6,128</u>
Plan fiduciary net position - beginning	<u>77,737</u>
Plan fiduciary net position - ending	<u>83,865</u>
Net Pension Liability - Ending	<u>\$ 1,841</u>
Plan fiduciary net position as a percentage of the total pension liability	97.85%
Covered-employee payroll	\$ 3,662
Net pension liability as a percentage of covered-employee payroll	50.27%

CITY OF NEW BRITAIN, CONNECTICUT
SCHEDULE OF EMPLOYER CONTRIBUTIONS
LAST TEN FISCAL YEARS

POLICE
(In Thousands)

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Actuarially determined contribution	\$ 650	\$ 650	\$ 394	\$ 85	\$ 85	\$ 743	\$ 743	\$ 1,054	\$ 1,054	\$ 1,594
Contributions in relation to the actuarially determined contribution	<u>642</u>	<u>607</u>	<u>419</u>	<u>85</u>	<u>85</u>	<u>85</u>	<u>749</u>	<u>743</u>	<u>1,054</u>	<u>1,059</u>
Contribution Deficiency (Excess)	\$ <u>8</u>	\$ <u>43</u>	\$ <u>(25)</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>658</u>	\$ <u>(6)</u>	\$ <u>311</u>	\$ <u>-</u>	\$ <u>535</u>
Covered-employee payroll	\$ N/A	\$ 6,640	\$ N/A	\$ 6,356	\$ N/A	\$ 5,829	\$ N/A	\$ 5,866	\$ N/A	\$ 4,576
Contributions as a percentage of covered-employee payroll	N/A	9.14%	N/A	1.34%	N/A	1.46%	N/A	12.67%	N/A	23.14%

Notes to Schedule

Valuation date: 7/1/2012
Measurement date: 6/30/2014

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age Normal
Amortization method	Level percent, closed
Remaining amortization period	23 years
Asset valuation method	5 years non-asymptotic
Inflation	2.75%
Salary increases	3.75%
Investment rate of return	7.50%
Retirement age	Graded based on age
Mortality	RP-2000 Mortality Table with projection to 2019 per Scale AA, with blue collar adjustment, and separate tables for active employees and annuitants
N/A	Not Available

CITY OF NEW BRITAIN, CONNECTICUT

SCHEDULE OF EMPLOYER CONTRIBUTIONS
LAST TEN FISCAL YEARSFIRE
(In Thousands)

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Actuarially determined contribution	\$ 234	\$ 234	\$ 433	\$ 211	\$ 211	\$ 450	\$ 450	\$ 531	\$ 531	\$ 1,138
Contributions in relation to the actuarially determined contribution	<u>292</u>	<u>599</u>	<u>739</u>	<u>211</u>	<u>215</u>	<u>211</u>	<u>450</u>	<u>450</u>	<u>531</u>	<u>531</u>
Contribution Deficiency (Excess)	<u>\$ (58)</u>	<u>\$ (365)</u>	<u>\$ (306)</u>	<u>\$ -</u>	<u>\$ (4)</u>	<u>\$ 239</u>	<u>\$ -</u>	<u>\$ 81</u>	<u>\$ -</u>	<u>\$ 607</u>
Covered-employee payroll	\$ N/A	\$ 6,502	\$ N/A	\$ 5,698	\$ N/A	\$ 4,971	\$ N/A	\$ 4,853	\$ N/A	\$ 3,662
Contributions as a percentage of covered-employee payroll	N/A	9.21%	N/A	3.70%	N/A	4.24%	N/A	9.27%	N/A	14.50%

Notes to Schedule

Valuation date: 7/1/2012
Measurement date: 6/30/2014

Methods and assumptions used to determine contribution rates:

Actuarial cost method: Entry Age Normal
Amortization method: Level percent, closed
Remaining amortization period: 23 years
Asset valuation method: 5 years non-asymptotic
Inflation: 2.75%
Salary increases: 3.50%
Investment rate of return: 7.50%
Retirement age: Graded based on age
Mortality: RP-2000 Mortality Table with projection to 2019 per Scale AA, with blue collar adjustment, and separate tables for active employees and annuitants
N/A: Not Available

CITY OF NEW BRITAIN, CONNECTICUT**SCHEDULE OF INVESTMENT RETURNS****LAST FISCAL YEAR****2014**

Annual money-weighted rate of return, net of investment expense

Police

16.16%

Fire

15.81%

Combining and Individual Fund Statements and Schedules

General Fund

GENERAL FUND

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

CITY OF NEW BRITAIN, CONNECTICUT

GENERAL FUND

COMPARATIVE BALANCE SHEET

JUNE 30, 2014 AND 2013
(In Thousands)

	<u>2014</u>	<u>2013</u>
ASSETS		
Cash and cash equivalents	\$ 30,824	\$ 4,386
Property taxes receivable, net of allowance for uncollectible accounts	9,274	8,603
Accounts receivable	8,603	16,466
Due from other governments	187	959
Due from other funds		<u>24,357</u>
Total Assets	<u>\$ 48,888</u>	<u>\$ 54,771</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE		
Liabilities:		
Accounts payable and accrued expenses	\$ 12,551	\$ 17,047
Tax anticipation notes	15,000	8,015
Unearned revenues	405	8,311
Total liabilities	<u>27,956</u>	<u>33,373</u>
Deferred inflows of resources:		
Unavailable revenue - property taxes	15,780	7,844
Unavailable revenue - grants receivable	187	959
Total deferred inflows of resources	<u>15,967</u>	<u>8,803</u>
Fund balance:		
Unassigned	<u>4,965</u>	<u>12,595</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balance	<u>\$ 48,888</u>	<u>\$ 54,771</u>

CITY OF NEW BRITAIN, CONNECTICUT

GENERAL FUND

SCHEDULE OF TAX COLLECTIONS

FOR THE YEAR ENDED JUNE 30, 2014
(In Thousands)

Grand List Year	Mill Rate	Uncollected Taxes July 1, 2013	Net Lawful		Tax Lien and Other Adjustments	Transfers To Suspense	Adjusted Amount Collectible	Collections			Uncollected Taxes June 30, 2014
			Additions	Deductions				Taxes	Interest and Lien Fees	Total	
2012	44.12	\$ 107,660	\$ 534	*\$ 476	\$ 529	\$	\$ 108,247	\$ 105,001	\$ 877	\$ 105,878	\$ 3,246
2011	36.63	2,450	12	43	(79)		2,340	1,269	223	1,492	1,071
2010	36.63	1,249	2	48	(33)		1,170	326	104	430	844
2009	36.63	964		4	(76)		884	190	84	274	694
2008	34.98	824		61	(5)		758	131	66	197	627
2007	34.98	692		55	9		646	51	52	103	595
2006	45.89	765		44	1		722	29	38	67	693
2005	45.88	621		43	44		622	16	23	39	606
2004	45.89	532			1		533	8	17	25	525
2003	46.90	444					444	5	11	16	439
2002	46.93	506					506	6	12	18	500
2001	54.76	529					529	5	12	17	524
2000	50.88	455					455	3	12	15	452
1999	49.98	410					410	4	12	16	406
1998	49.42	354					354	3	8	11	351
1997	49.48	332		332			-			-	-
Total		\$ 118,787	\$ 548	\$ 1,106	\$ 391	\$ -	\$ 118,620	\$ 107,047	\$ 1,551	108,598	\$ 11,573

65

* Includes motor vehicle supplement

Property taxes receivable considered available:

June 30, 2013	(990)
June 30, 2014	745

Total Collections \$ 108,353

**Nonmajor
Governmental Funds**

NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

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

Fund	Funding Source	Function
Stanley Quarter Park	Golf fees and Concession income	Operations of Public Golf Course
Park Security and Policing	Rental fees	To pay for a park security guard
Cemetery	Lot sales, internments, 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
Preventive 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		

Fund	Funding Source	Function
STD Control Program	State grant	STD prevention education and testing
Recreation Donation	Donations from local businesses	Fund various youth activities and scholarship awards
Recreation Amusement	Rental of recreation equipment	For the maintenance and purchase of new equipment
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
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 to for low- and moderate-income persons
HOME Project	Federal grant	Acquisition, rehabilitation and creation of housing for low and moderate income persons
Lead Grant	Federal grant	Residences in need of lead removal
State Home Programs	State grant	Rehabilitation of residential units
CHFA Broad Street Demolition	State grant	Demolition activities in the Broad St. Neighborhood Revitalization Zone
Redevelopment Commission	Various funding sources	Activities of the redevelopment commission
Brownfield Pilot	Federal grant	Evaluation of Brownfield sites
Rental	Rental income	DMD properties
EFSP Program	Federal grant	Community and economic development activities
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	Various funding sources	Activities benefiting the arts
Community Gardens	Various funding sources	Activities to create and sustain community gardens
COPS Hiring Grant	State and local funding sources	Hiring of police officers
Preserve America	State and local funding sources	Activities to preserve American resources

CITY OF NEW BRITAIN, CONNECTICUT

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS

JUNE 30, 2014
(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	Lead Poisoning Prevention	American Savings Grant	Police Explorers
ASSETS											
Cash and cash equivalents	\$	\$ 97	\$ 27	\$	\$	\$	\$	\$ 50	\$ 1	\$ 29	\$ 3
Accounts receivable	8			3,974							
Loans receivable											
Due from other governments						296					
Due from other funds											
Inventory											
Total Assets	<u>\$ 8</u>	<u>\$ 97</u>	<u>\$ 27</u>	<u>\$ 3,974</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 296</u>	<u>\$ 50</u>	<u>\$ 1</u>	<u>\$ 29</u>	<u>\$ 3</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES											
Liabilities:											
Accounts payable	\$ 138	\$ 4	\$ 6	\$ 12	\$ 2	\$	\$	\$	\$	\$ 9	\$
Due to other funds	541			1,016		7	296				
Unearned revenue											
Total liabilities	<u>679</u>	<u>4</u>	<u>6</u>	<u>1,028</u>	<u>2</u>	<u>7</u>	<u>296</u>	<u>-</u>	<u>-</u>	<u>9</u>	<u>-</u>
Deferred Inflows of Resources:											
Unavailable revenue - sewer receivable				2,174							
Unavailable revenue - loans receivable											
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,174</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances:											
Nonspendable											
Restricted											
Committed		93	21	772				50	1	20	3
Unassigned	(671)				(2)	(7)					
Total fund balances	<u>(671)</u>	<u>93</u>	<u>21</u>	<u>772</u>	<u>(2)</u>	<u>(7)</u>	<u>-</u>	<u>50</u>	<u>1</u>	<u>20</u>	<u>3</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 8</u>	<u>\$ 97</u>	<u>\$ 27</u>	<u>\$ 3,974</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 296</u>	<u>\$ 50</u>	<u>\$ 1</u>	<u>\$ 29</u>	<u>\$ 3</u>

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

JUNE 30, 2014
(In Thousands)

	Special Revenue Funds									
	Preventative Health Block Grant	Exercise the Right Choice	Exercise the Right Choice II	Immunization Action Plan	Bullet Proof Vest Grant	Bioterrorism Grant	System of Care Grant	Historical Records Preservation	21st Century Grant	Property Management
ASSETS										
Cash and cash equivalents	\$ 25	\$ 18	\$ -	\$ -	\$ -	\$ 38	\$ -	\$ 113	\$ 94	\$ 5
Accounts receivable										
Loans receivable										
Due from other governments										
Due from other funds										
Inventory										
Total Assets	\$ 25	\$ 18	\$ -	\$ -	\$ -	\$ 38	\$ -	\$ 113	\$ 94	\$ 5
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES										
Liabilities:										
Accounts payable	\$ 11	\$ 18	\$ 2	\$ 2	\$ -	\$ -	\$ 7	\$ 12	\$ -	\$ -
Due to other funds			6	1	30		12			
Unearned revenue										
Total liabilities	11	18	8	3	30	-	19	12	-	-
Deferred Inflows of Resources:										
Unavailable revenue - sewer receivable										
Unavailable revenue - loans receivable										
Total deferred inflows of resources	-	-	-	-	-	-	-	-	-	-
Fund Balances:										
Nonspendable										
Restricted	14					38			94	5
Committed								101		
Unassigned			(8)	(3)	(30)		(19)			
Total fund balances	14	-	(8)	(3)	(30)	38	(19)	101	94	5
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 25	\$ 18	\$ -	\$ -	\$ -	\$ 38	\$ -	\$ 113	\$ 94	\$ 5

(Continued on next page)

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

JUNE 30, 2014
(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	Recreation Amusement	Health Per Capita
ASSETS										
Cash and cash equivalents	\$	\$	\$ 5	\$	\$	\$	\$ 3	\$	\$ 28	\$ 73
Accounts receivable										
Loans receivable										
Due from other governments										
Due from other funds				114				222		
Inventory										
Total Assets	\$ -	\$ -	\$ 5	\$ 114	\$ -	\$ -	\$ 3	\$ 222	\$ 28	\$ 73
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES										
Liabilities:										
Accounts payable	\$	\$	\$	\$	\$	\$	\$	\$ 5	\$	\$ 3
Due to other funds	110	236			80	1				
Unearned revenue										
Total liabilities	110	236	-	-	80	1	-	5	-	3
Deferred Inflows of Resources:										
Unavailable revenue - sewer receivable										
Unavailable revenue - loans receivable										
Total deferred inflows of resources	-	-	-	-	-	-	-	-	-	-
Fund Balances:										
Nonspendable										
Restricted				114			3			70
Committed			5					217	28	
Unassigned	(110)	(236)			(80)	(1)				
Total fund balances	(110)	(236)	5	114	(80)	(1)	3	217	28	70
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ -	\$ -	\$ 5	\$ 114	\$ -	\$ -	\$ 3	\$ 222	\$ 28	\$ 73

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

JUNE 30, 2014
(In Thousands)

	Special Revenue Funds									
	Highway Safety Grant	Drug Investigation	Senior Citizens Center	Mobile Data Communication	Pulmonary Screening	Mayor's Fun Day	Assistance to CCSU Police Department	Asthma Initiative Grant	Public Works Grants	Fireworks Fund
ASSETS										
Cash and cash equivalents	\$	\$	\$ 31	\$	\$ 24	\$ 17	\$	\$ 22	\$	\$
Accounts receivable				1						18
Loans receivable										
Due from other governments										
Due from other funds		1,342		1,175	113					
Inventory										
Total Assets	\$ -	\$ 1,342	\$ 31	\$ 1,176	\$ 137	\$ 17	\$ -	\$ 22	\$ -	\$ 18
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES										
Liabilities:										
Accounts payable	\$ 3	\$ 41	\$	\$ 7	\$	\$	\$	\$ 29	\$	\$
Due to other funds	189						56	241		
Unearned revenue										
Total liabilities	192	41	-	7	-	-	56	-	270	-
Deferred Inflows of Resources:										
Unavailable revenue - sewer receivable										
Unavailable revenue - loans receivable										
Total deferred inflows of resources	-	-	-	-	-	-	-	-	-	-
Fund Balances:										
Nonspendable										
Restricted		1,301		1,169	137					
Committed			31					22		18
Unassigned	(192)					17	(56)		(270)	
Total fund balances	(192)	1,301	31	1,169	137	17	(56)	22	(270)	18
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ -	\$ 1,342	\$ 31	\$ 1,176	\$ 137	\$ 17	\$ -	\$ 22	\$ -	\$ 18

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

JUNE 30, 2014
(In Thousands)

Special Revenue Funds

	YSB Activity Fund	School Lunch Program	School Rental Account	High School Athletic	Adult Education	Summer School Music	Community and Neighborhood Development	Business Outreach	Emergency Shelter Grant	Community Development Block Grant	HOME Project
ASSETS											
Cash and cash equivalents	\$ 6	\$ 1,249	\$ 29	\$ 116	\$ 110	\$ 19	\$ 22	\$ 18	\$	\$ 923	\$ 285
Accounts receivable		59						12	2	626	23
Loans receivable										1,170	2,793
Due from other governments		928							30		
Due from other funds											
Inventory		240									
Total Assets	\$ 6	\$ 2,476	\$ 29	\$ 116	\$ 110	\$ 19	\$ 22	\$ 30	\$ 32	\$ 2,719	\$ 3,101
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES											
Liabilities:											
Accounts payable	\$ 1	\$ 919	\$ 78	\$	\$	\$	\$ 22	\$ 82	\$ 26	\$ 61	\$ 101
Due to other funds									37		
Unearned revenue										9	9
Total liabilities	1	919	78	-	-	-	22	82	63	70	110
Deferred Inflows of Resources:											
Unavailable revenue - sewer receivable										1,170	2,793
Unavailable revenue - loans receivable											
Total deferred inflows of resources	-	-	-	-	-	-	-	-	-	1,170	2,793
Fund Balances:											
Nonspendable		240									
Restricted		928								1,479	198
Committed	5			116	110	19					
Unassigned		389	(49)					(52)	(31)		
Total fund balances	5	1,557	(49)	116	110	19	-	(52)	(31)	1,479	198
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 6	\$ 2,476	\$ 29	\$ 116	\$ 110	\$ 19	\$ 22	\$ 30	\$ 32	\$ 2,719	\$ 3,101

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

JUNE 30, 2014
 (In Thousands)

	Special Revenue Funds									
	Lead Grant	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	\$ 323	\$ 47	\$ 98	\$ 6	\$ 4	\$ 47	\$ -	\$ -	\$ 317	\$ 1,265
Accounts receivable	3				4					
Loans receivable	770									
Due from other governments										
Due from other funds										
Inventory										
Total Assets	<u>\$ 1,096</u>	<u>\$ 47</u>	<u>\$ 98</u>	<u>\$ 6</u>	<u>\$ 4</u>	<u>\$ 47</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 317</u>	<u>\$ 1,265</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES										
Liabilities:										
Accounts payable	\$ -	\$ -	\$ -	\$ 12	\$ 9	\$ -	\$ 13	\$ 9	\$ -	\$ -
Due to other funds					9		13	44		
Unearned revenue										
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>12</u>	<u>9</u>	<u>-</u>	<u>13</u>	<u>53</u>	<u>-</u>	<u>-</u>
Deferred Inflows of Resources:										
Unavailable revenue - sewer receivable										
Unavailable revenue - loans receivable	763									
Total deferred inflows of resources	<u>763</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances:										
Nonspendable										1,006
Restricted	333								317	259
Committed		47	98			47				
Unassigned				(6)	(5)		(13)	(53)		
Total fund balances	<u>333</u>	<u>47</u>	<u>98</u>	<u>(6)</u>	<u>(5)</u>	<u>47</u>	<u>(13)</u>	<u>(53)</u>	<u>317</u>	<u>1,265</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 1,096</u>	<u>\$ 47</u>	<u>\$ 98</u>	<u>\$ 6</u>	<u>\$ 4</u>	<u>\$ 47</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 317</u>	<u>\$ 1,265</u>

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

JUNE 30, 2014
(In Thousands)

	<u>Special Revenue Funds</u>							Total Nonmajor Governmental Funds	
	C.B. Stanley Walnut Hill	Parks and Recreation	Darius Miller F/B/O Fairview Cemetery	Arts Fund	Community Gardens	Cops Hiring Grant	Total		Interfund Eliminations
ASSETS									
Cash and cash equivalents	\$ 1,585	\$ 13	\$ 264	\$ 8	\$ 1	\$	\$ 7,454	\$	\$ 7,454
Accounts receivable							4,730		4,730
Loans receivable							4,733		4,733
Due from other governments							1,254		1,254
Due from other funds							2,966	(2,966)	-
Inventory							240		240
Total Assets	\$ 1,585	\$ 13	\$ 264	\$ 8	\$ 1	\$ -	\$ 21,377	\$ (2,966)	\$ 18,411
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES									
Liabilities:									
Accounts payable	\$	\$	\$	\$	\$	\$ 11	\$ 1,633	\$	\$ 1,633
Due to other funds						41	2,966	(2,966)	-
Unearned revenue							18		18
Total liabilities	-	-	-	-	-	52	4,617	(2,966)	1,651
Deferred Inflows of Resources:									
Unavailable revenue - sewer receivable							2,174		2,174
Unavailable revenue - loans receivable							4,726		4,726
Total deferred inflows of resources	-	-	-	-	-	-	6,900	-	6,900
Fund Balances:									
Nonspendable	1,585		264				3,095		3,095
Restricted		13		8	1		6,481		6,481
Committed							1,824		1,824
Unassigned						(52)	(1,540)		(1,540)
Total fund balances	1,585	13	264	8	1	(52)	9,860	-	9,860
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 1,585	\$ 13	\$ 264	\$ 8	\$ 1	\$ -	\$ 21,377	\$ (2,966)	\$ 18,411

CITY OF NEW BRITAIN, CONNECTICUT

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

**FOR THE YEAR ENDED JUNE 30, 2014
(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	Lead Poisoning Prevention	American Savings Grant
Revenues:										
Intergovernmental revenue	\$	\$	\$	\$	\$ 10	\$	\$ 400	\$	\$	\$ 100
Investment earnings			234							
Licenses, fees and charges for goods and services	1,774	55	246	8,503						
Other revenues										
Total revenues	<u>1,774</u>	<u>55</u>	<u>480</u>	<u>8,503</u>	<u>10</u>	<u>-</u>	<u>400</u>	<u>-</u>	<u>-</u>	<u>100</u>
Expenditures:										
General government										
Public safety		42								
Public works				4,821			199			
Health and welfare			85							
Parks, recreation and libraries	897									96
Education										
Total expenditures	<u>897</u>	<u>42</u>	<u>85</u>	<u>4,821</u>	<u>-</u>	<u>-</u>	<u>199</u>	<u>-</u>	<u>-</u>	<u>96</u>
Excess (Deficiency) of Revenues over Expenditures	<u>877</u>	<u>13</u>	<u>395</u>	<u>3,682</u>	<u>10</u>	<u>-</u>	<u>201</u>	<u>-</u>	<u>-</u>	<u>4</u>
Other Financing Sources (Uses):										
Transfers in										
Transfers out	(940)		(424)	(2,779)						
Total other financing sources (uses)	<u>(940)</u>	<u>-</u>	<u>(424)</u>	<u>(2,779)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	(63)	13	(29)	903	10	-	201	-	-	4
Fund Balances at Beginning of Year	(608)	80	50	(131)	(12)	(7)	(201)	50	1	16
Fund Balances at End of Year	<u>\$ (671)</u>	<u>\$ 93</u>	<u>\$ 21</u>	<u>\$ 772</u>	<u>\$ (2)</u>	<u>\$ (7)</u>	<u>\$ -</u>	<u>\$ 50</u>	<u>\$ 1</u>	<u>\$ 20</u>

(Continued on next page)

CITY OF NEW BRITAIN, CONNECTICUT

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES (CONTINUED)
NONMAJOR GOVERNMENTAL FUNDSFOR THE YEAR ENDED JUNE 30, 2014
(In Thousands)

	Special Revenue Funds								
	Police Explorers	Martin Luther King Brick Sale	Preventative Health Block Grant	Parks & Recreation Special Projects	21st Century After School Grant	Exercise the Right Choice	Exercise the Right Choice II	Immunization Action Plan	Bullet Proof Vest Grant
Revenues:									
Intergovernmental revenue	\$	\$	\$ 22	\$	\$ 43	\$ 188	\$ 45	\$ 79	\$
Investment earnings									
Licenses, fees and charges for goods and services									
Other revenues	5								
Total revenues	<u>5</u>	<u>-</u>	<u>22</u>	<u>-</u>	<u>43</u>	<u>188</u>	<u>45</u>	<u>79</u>	<u>-</u>
Expenditures:									
General government									
Public safety	3								17
Public works									
Health and welfare			21					64	
Parks, recreation and libraries					21	190	44		
Education									
Total expenditures	<u>3</u>	<u>-</u>	<u>21</u>	<u>-</u>	<u>21</u>	<u>190</u>	<u>44</u>	<u>64</u>	<u>17</u>
Excess (Deficiency) of Revenues over Expenditures	<u>2</u>	<u>-</u>	<u>1</u>	<u>-</u>	<u>22</u>	<u>(2)</u>	<u>1</u>	<u>15</u>	<u>(17)</u>
Other Financing Sources (Uses):									
Transfers in									
Transfers out		(5)		(11)					
Total other financing sources (uses)	<u>-</u>	<u>(5)</u>	<u>-</u>	<u>(11)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	2	(5)	1	(11)	22	(2)	1	15	(17)
Fund Balances at Beginning of Year	<u>1</u>	<u>5</u>	<u>13</u>	<u>11</u>	<u>(22)</u>	<u>2</u>	<u>(9)</u>	<u>(18)</u>	<u>(13)</u>
Fund Balances at End of Year	<u>\$ 3</u>	<u>\$ -</u>	<u>\$ 14</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (8)</u>	<u>\$ (3)</u>	<u>\$ (30)</u>

(Continued on next page)

CITY OF NEW BRITAIN, CONNECTICUT

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES (CONTINUED)
NONMAJOR GOVERNMENTAL FUNDSFOR THE YEAR ENDED JUNE 30, 2014
(In Thousands)

	Special Revenue Funds									
	Bioterrorism Grant	System of Care Grant	Historical Records Preservation	21st Century Grant	American Legion Baseball	Property Management	Public Safety	Centralized and Distribution Services	Conversation on Race	Victim Services Coordinator Grant
Revenues:										
Intergovernmental revenue	\$ 77	\$	\$ 21	\$ 7	\$	\$	\$ 66	\$	\$	\$
Investment earnings										
Licenses, fees and charges for goods and services										
Other revenues									2	
Total revenues	<u>77</u>	<u>-</u>	<u>21</u>	<u>7</u>	<u>-</u>	<u>-</u>	<u>66</u>	<u>-</u>	<u>2</u>	<u>-</u>
Expenditures:										
General government			8							
Public safety							48			
Public works										
Health and welfare	72	44								
Parks, recreation and libraries									2	
Education										
Total expenditures	<u>72</u>	<u>44</u>	<u>8</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>48</u>	<u>-</u>	<u>2</u>	<u>-</u>
Excess (Deficiency) of Revenues over Expenditures	<u>5</u>	<u>(44)</u>	<u>13</u>	<u>7</u>	<u>-</u>	<u>-</u>	<u>18</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other Financing Sources (Uses):										
Transfers in		40								
Transfers out					(1)					
Total other financing sources (uses)	<u>-</u>	<u>40</u>	<u>-</u>	<u>-</u>	<u>(1)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	5	(4)	13	7	(1)	-	18	-	-	-
Fund Balances at Beginning of Year	<u>33</u>	<u>(15)</u>	<u>88</u>	<u>87</u>	<u>1</u>	<u>5</u>	<u>(128)</u>	<u>(236)</u>	<u>5</u>	<u>114</u>
Fund Balances at End of Year	<u>\$ 38</u>	<u>\$ (19)</u>	<u>\$ 101</u>	<u>\$ 94</u>	<u>\$ -</u>	<u>\$ 5</u>	<u>\$ (110)</u>	<u>\$ (236)</u>	<u>\$ 5</u>	<u>\$ 114</u>

(Continued on next page)

CITY OF NEW BRITAIN, CONNECTICUT

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES (CONTINUED)
NONMAJOR GOVERNMENTAL FUNDSFOR THE YEAR ENDED JUNE 30, 2014
(In Thousands)

	Special Revenue Funds									
	Federal Omnibus Appropriation	CT Health Foundation	STD Control Program	Recreation Donation	Recreation Amusement	Health Per Capita	Highway Safety Grant	Drug Investigation	Senior Citizens Center	Mobile Data Communication
Revenues:										
Intergovernmental revenue	\$ 159	\$	\$ 15	\$	\$	\$ 122	\$ 69	\$ 1,147	\$	\$ 215
Investment earnings										
Licenses, fees and charges for goods and services									5	
Other revenues				148	14					
Total revenues	<u>159</u>	<u>-</u>	<u>15</u>	<u>148</u>	<u>14</u>	<u>122</u>	<u>69</u>	<u>1,147</u>	<u>5</u>	<u>215</u>
Expenditures:										
General government										
Public safety	92						154	88		102
Public works										
Health and welfare			12			151				
Parks, recreation and libraries				276	10				6	
Education										
Total expenditures	<u>92</u>	<u>-</u>	<u>12</u>	<u>276</u>	<u>10</u>	<u>151</u>	<u>154</u>	<u>88</u>	<u>6</u>	<u>102</u>
Excess (Deficiency) of Revenues over Expenditures	<u>67</u>	<u>-</u>	<u>3</u>	<u>(128)</u>	<u>4</u>	<u>(29)</u>	<u>(85)</u>	<u>1,059</u>	<u>(1)</u>	<u>113</u>
Other Financing Sources (Uses):										
Transfers in										
Transfers out										
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	67	-	3	(128)	4	(29)	(85)	1,059	(1)	113
Fund Balances at Beginning of Year	<u>(147)</u>	<u>(1)</u>	<u>-</u>	<u>345</u>	<u>24</u>	<u>99</u>	<u>(107)</u>	<u>242</u>	<u>32</u>	<u>1,056</u>
Fund Balances at End of Year	<u><u>(80)</u></u>	<u><u>(1)</u></u>	<u><u>3</u></u>	<u><u>217</u></u>	<u><u>28</u></u>	<u><u>70</u></u>	<u><u>(192)</u></u>	<u><u>1,301</u></u>	<u><u>31</u></u>	<u><u>1,169</u></u>

(Continued on next page)

CITY OF NEW BRITAIN, CONNECTICUT

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES (CONTINUED)
NONMAJOR GOVERNMENTAL FUNDSFOR THE YEAR ENDED JUNE 30, 2014
(In Thousands)

	Special Revenue Funds									
	Pulmonary Screening	Mayor's Fun Day	Assistance to CCSU Police Department	Asthma Initiative Grant	ARRA Paving Program	Public Works Grants	Fireworks Fund	YSB Program Activity	School Lunch Program	School Rental Account
Revenues:										
Intergovernmental revenue	\$ 28	\$	\$	\$	\$	\$ 2,039	\$	\$	\$ 5,785	\$
Investment earnings										
Licenses, fees and charges for goods and services									467	66
Other revenues		16					31	5		
Total revenues	<u>28</u>	<u>16</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,039</u>	<u>31</u>	<u>5</u>	<u>6,252</u>	<u>66</u>
Expenditures:										
General government										
Public safety										
Public works					224	1,090				
Health and welfare	14									
Parks, recreation and libraries		1					43			
Education								12	6,224	
Total expenditures	<u>14</u>	<u>1</u>	<u>-</u>	<u>-</u>	<u>224</u>	<u>1,090</u>	<u>43</u>	<u>12</u>	<u>6,224</u>	<u>-</u>
Excess (Deficiency) of Revenues over Expenditures	<u>14</u>	<u>15</u>	<u>-</u>	<u>-</u>	<u>(224)</u>	<u>949</u>	<u>(12)</u>	<u>(7)</u>	<u>28</u>	<u>66</u>
Other Financing Sources (Uses):										
Transfers in						321	25			
Transfers out										
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>321</u>	<u>25</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	14	15	-	-	(224)	1,270	13	(7)	28	66
Fund Balances at Beginning of Year	<u>123</u>	<u>2</u>	<u>(56)</u>	<u>22</u>	<u>224</u>	<u>(1,540)</u>	<u>5</u>	<u>12</u>	<u>1,529</u>	<u>(115)</u>
Fund Balances at End of Year	<u>\$ 137</u>	<u>\$ 17</u>	<u>\$ (56)</u>	<u>\$ 22</u>	<u>\$ -</u>	<u>\$ (270)</u>	<u>\$ 18</u>	<u>\$ 5</u>	<u>\$ 1,557</u>	<u>\$ (49)</u>

(Continued on next page)

CITY OF NEW BRITAIN, CONNECTICUT

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES (CONTINUED)
NONMAJOR GOVERNMENTAL FUNDSFOR THE YEAR ENDED JUNE 30, 2014
(In Thousands)

	Special Revenue Funds								
	High School Athletic	Adult Education	Summer School Music	Business Outreach	Emergency Shelter Grant	Community Development Block Grant	HOME Project	Lead Grant	State Home Programs
Revenues:									
Intergovernmental revenue	\$	\$	\$	\$	\$ 222	\$ 2,080	\$ 267	\$	\$
Investment earnings									
Licenses, fees and charges for goods and services	51	8	1			33			
Other revenues									
Total revenues	<u>51</u>	<u>8</u>	<u>1</u>	<u>-</u>	<u>222</u>	<u>2,113</u>	<u>267</u>	<u>-</u>	<u>-</u>
Expenditures:									
General government									
Public safety									
Public works									
Health and welfare					222	1,733	173		
Parks, recreation and libraries									
Education	25		25						
Total expenditures	<u>25</u>	<u>-</u>	<u>25</u>	<u>-</u>	<u>222</u>	<u>1,733</u>	<u>173</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues over Expenditures	<u>26</u>	<u>8</u>	<u>(24)</u>	<u>-</u>	<u>-</u>	<u>380</u>	<u>94</u>	<u>-</u>	<u>-</u>
Other Financing Sources (Uses):									
Transfers in									
Transfers out									
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	26	8	(24)	-	-	380	94	-	-
Fund Balances at Beginning of Year	<u>90</u>	<u>102</u>	<u>43</u>	<u>(52)</u>	<u>(31)</u>	<u>1,099</u>	<u>104</u>	<u>333</u>	<u>47</u>
Fund Balances at End of Year	<u>\$ 116</u>	<u>\$ 110</u>	<u>\$ 19</u>	<u>\$ (52)</u>	<u>\$ (31)</u>	<u>\$ 1,479</u>	<u>\$ 198</u>	<u>\$ 333</u>	<u>\$ 47</u>

(Continued on next page)

CITY OF NEW BRITAIN, CONNECTICUT

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

**FOR THE YEAR ENDED JUNE 30, 2014
(In Thousands)**

	Special Revenue Funds									
	CHFA Broad Street Demolition	Redevelopment Commission	Brownfield Pilot	Rental	EFSP Program	Neighborhood Stabilization Program	C.B. Erwin Walnut Hill Park	Darius Miller Walnut Hill	C.B. Stanley Walnut Hill	Parks and Recreation
Revenues:										
Intergovernmental revenue	\$	\$	\$	\$	\$	10	\$	188	\$	212
Investment earnings							32	188	212	
Licenses, fees and charges for goods and services										
Other revenues										
Total revenues	-	-	-	-	-	10	32	188	212	-
Expenditures:										
General government										
Public safety										
Public works										
Health and welfare			9			10				
Parks, recreation and libraries							7	55	90	
Education										
Total expenditures	-	-	9	-	-	10	7	55	90	-
Excess (Deficiency) of Revenues over Expenditures	-	-	(9)	-	-	-	25	133	122	-
Other Financing Sources (Uses):										
Transfers in										
Transfers out										
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-	-
Net Change in Fund Balances	-	-	(9)	-	-	-	25	133	122	-
Fund Balances at Beginning of Year	98	(6)	4	47	(13)	(53)	292	1,132	1,463	13
Fund Balances at End of Year	\$ 98	\$ (6)	\$ (5)	\$ 47	\$ (13)	\$ (53)	\$ 317	\$ 1,265	\$ 1,585	\$ 13

(Continued on next page)

CITY OF NEW BRITAIN, CONNECTICUT

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES (CONTINUED)
NONMAJOR GOVERNMENTAL FUNDSFOR THE YEAR ENDED JUNE 30, 2014
(In Thousands)

Special Revenue Funds

	<u>Darius Miller F/B/O Fairview Cemetery</u>	<u>Arts Fund</u>	<u>Community Gardens Fund</u>	<u>Cops Hiring Grant</u>	<u>Preserve America Fund</u>	<u>Total</u>	<u>Interfund Eliminations</u>	<u>Total Nonmajor Governmental Funds</u>
Revenues:								
Intergovernmental revenue	\$	\$ 8	\$	\$	22	\$ 13,246	\$	\$ 13,246
Investment earnings	25					691		691
Licenses, fees and charges for goods and services						11,209		11,209
Other revenues						221		221
Total revenues	<u>25</u>	<u>8</u>	<u>-</u>	<u>-</u>	<u>22</u>	<u>25,367</u>	<u>-</u>	<u>25,367</u>
Expenditures:								
General government						8		8
Public safety				52		598		598
Public works						6,334		6,334
Health and welfare					22	2,632		2,632
Parks, recreation and libraries	6		1			1,745		1,745
Education						6,286		6,286
Total expenditures	<u>6</u>	<u>-</u>	<u>1</u>	<u>52</u>	<u>22</u>	<u>17,603</u>	<u>-</u>	<u>17,603</u>
Excess (Deficiency) of Revenues over Expenditures	<u>19</u>	<u>8</u>	<u>(1)</u>	<u>(52)</u>	<u>-</u>	<u>7,764</u>	<u>-</u>	<u>7,764</u>
Other Financing Sources (Uses):								
Transfers in						386		386
Transfers out						(4,160)		(4,160)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(3,774)</u>	<u>-</u>	<u>(3,774)</u>
Net Change in Fund Balances	19	8	(1)	(52)	-	3,990	-	3,990
Fund Balances at Beginning of Year	<u>245</u>	<u>-</u>	<u>2</u>	<u>-</u>	<u>-</u>	<u>5,870</u>	<u>-</u>	<u>5,870</u>
Fund Balances at End of Year	<u>\$ 264</u>	<u>\$ 8</u>	<u>\$ 1</u>	<u>\$ (52)</u>	<u>\$ -</u>	<u>\$ 9,860</u>	<u>\$ -</u>	<u>\$ 9,860</u>

**Capital
Projects Fund**

CAPITAL PROJECTS FUND

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

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

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

The schedule on the following pages displays for each project:

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

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

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

CITY OF NEW BRITAIN, CONNECTICUT

CAPITAL PROJECTS FUND

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

FOR THE YEAR ENDED JUNE 30, 2014
(In Thousands)

Project Description	Amended Budget	Current Year Expenditures and Transfers	Cumulative Expenditures	Encumbered	Available Budget
Capital Equipment Reserve #004	\$ 26,518	\$ 1,018	\$ 15,982	\$ 456	\$ 10,080
Capital and Nonrecurring #003	30,594	696	30,483	66	45
Subway #005		15	1,301		(1,301)
Lincoln, Northend, Vance	43,800	217			43,800
New Britain High School	16,595		16,515		80
ReRoof Schools	8,225	1			8,225
Entrance/Security	1,700	3			1,700
NBHS Code Compliance City	2,905				2,905
NBHS Code Compliance	95	2			95
Smalley Academy Chiller	500				500
Diloretto School Renovation	10,000	556	9,458	20	522
Gaffmeyer School Renovations	30,000	948	948	1,815	27,237
Various BOE Projects	9,935	4,523	4,523	4,237	1,175
School Security Upgrade	574			418	156
Advance Refunding	450	403			450
Badolato & Szczesny Garage Repairs	6,775	1,409	5,374	277	1,124
Technology Bond	2,000	6	1,640	92	268
2007 Revaluation	1,200	169			1,200
Broad, Beaver, Main and North	6,600	246			6,600
Police Headquarters Renovation	3,500	42	3,071		429
EMS Ambulance	3,375	48			3,375
Storm Water System Improvements	4,750	125	3,871	38	841
Environmental Remediation	8,150	160	6,874	1,276	-
Local Capital Improvements	950				950
Fafnir Booth Street Industrial Park	8,550				8,550
St Clair, Lester, East Street	2,200	78			2,200
Hart Street Extension	9,500	358			9,500
Street Infrastructure	27,808	3,338	22,656	2,127	3,025
Transfer Station Rehab	2,378	2	1,707	161	510
Broad Street Reconstruction	13,300	2,272	12,323	386	591
NB Machine Industrial Park	3,600	40			3,600
Fafnir Smart Park Expansion	3,250		2,864		386
Downtown Feasibility Study	250		250		-
Willow Street Project	5,350		5,478	4	(132)
Bridge Program	2,425	10	1,027	13	1,385
Pinnacle Heights	7,946	292	7,850	44	52
Sewer I&I Improvements	17,775	454	14,954	100	2,721
Beaver St Reconstruction	1,000	80	755	18	227
New Police Station	38,850	402	38,011	399	440
2011 Revaluation	500	7	457		43
Swap Termination Fee	2,500				2,500
Fairview Cemetery Fence	275	1	229	14	32
AW Stanley Pool	500	36	385		115
Stanley Golf Course Irrigation	2,000	8	8		1,992
Telecommunications	5,750	3,930	5,598	630	(478)
City Wide Facilities PW	610	62	62		548
Willow Brook Park Improvements	3,329	2,617	2,617	14	698
City Wide Park ADA Improvements	875	3	2		873
City Wide Park Improvements	690	70	70	22	598
Beehive Stadium Improvements	995	5	5	9	981
Chesley Park Improvements	1,075	84	84	324	667
Chesley Pool	150	89	89	48	13
Washington Park Pool	2,000	89	89	48	1,863
Telecommunications	1,400	280	280		1,120
Streetscape Improvements	6,000	793	793	128	5,079
Arch Street Improvements	1,200	2	2	80	1,118
Broad Street Reconstruction Phase 2	5,000	10	10		4,990
Elam Street Water Tank	5,395				5,395
TOTAL	\$ 403,617	\$ 25,999	\$ 218,695	\$ 13,264	\$ 171,658

Internal Service Funds

INTERNAL SERVICE FUNDS

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

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

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

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

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

CITY OF NEW BRITAIN, CONNECTICUT

INTERNAL SERVICE FUNDS

COMBINING BALANCE SHEET

JUNE 30, 2014
(In Thousands)

	<u>Special Reserve Fund</u>	<u>Health Insurance Fund</u>	<u>Workers' Compensation</u>	<u>General Accident Casualty and Liability</u>	<u>Interfund Elimination</u>	<u>Total</u>
ASSETS						
Cash and cash equivalents	\$	\$ 633	\$ 4,179	\$ 645	\$	\$ 5,457
Investments			13,772	2,189		15,961
Due from other funds			277		(277)	
Accounts receivable		33				33
Total Assets	<u>\$ -</u>	<u>\$ 666</u>	<u>\$ 18,228</u>	<u>\$ 2,834</u>	<u>\$ (277)</u>	<u>\$ 21,451</u>
LIABILITIES AND NET POSITION						
Liabilities:						
Accounts payable and accrued expenses	\$	\$ 288	\$ 26	\$	\$	\$ 314
Due to other funds	277				(277)	
Claim reserves		1,583	12,880	2,970		17,433
Total liabilities	<u>277</u>	<u>1,871</u>	<u>12,906</u>	<u>2,970</u>	<u>(277)</u>	<u>17,747</u>
Net Position	<u>(277)</u>	<u>(1,205)</u>	<u>5,322</u>	<u>(136)</u>		<u>3,704</u>
Total Liabilities and Net Position	<u>\$ -</u>	<u>\$ 666</u>	<u>\$ 18,228</u>	<u>\$ 2,834</u>	<u>\$ (277)</u>	<u>\$ 21,451</u>

CITY OF NEW BRITAIN, CONNECTICUT

INTERNAL SERVICE FUNDS

COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION

FOR THE YEAR ENDED JUNE 30, 2014

(In Thousands)

	<u>Special Reserve Fund</u>	<u>Health Insurance Fund</u>	<u>Workers' Compensation</u>	<u>General Accident Casualty and Liability</u>	<u>Total</u>
Operating Revenues:					
Charges to other funds	\$	\$ 23,981	\$ 156	\$	\$ 24,137
Other revenues		6,848		83	6,931
Total operating revenues	<u>-</u>	<u>30,829</u>	<u>156</u>	<u>83</u>	<u>31,068</u>
Operating Expenses:					
Claims incurred		26,874	1,988	61	28,923
Administrative costs		459	185	12	656
Total operating expenses	<u>-</u>	<u>27,333</u>	<u>2,173</u>	<u>73</u>	<u>29,579</u>
Operating Income (Loss)	<u>-</u>	<u>3,496</u>	<u>(2,017)</u>	<u>10</u>	<u>1,489</u>
Nonoperating Revenues (Expenses):					
Interest and dividends			2,507	281	2,788
Decrease in actuarial claims reserve		(334)			(334)
Total nonoperating revenues (expenses)	<u>-</u>	<u>(334)</u>	<u>2,507</u>	<u>281</u>	<u>2,454</u>
Change in Net Position	-	3,162	490	291	3,943
Net Position at Beginning of Year	<u>(277)</u>	<u>(4,367)</u>	<u>4,832</u>	<u>(427)</u>	<u>(239)</u>
Net Position at End of Year	<u>\$ (277)</u>	<u>\$ (1,205)</u>	<u>\$ 5,322</u>	<u>\$ (136)</u>	<u>\$ 3,704</u>

CITY OF NEW BRITAIN, CONNECTICUT

INTERNAL SERVICE FUNDS

COMBINING STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2014

(In Thousands)

	<u>Special Reserve Fund</u>	<u>Health Insurance Fund</u>	<u>Workers' Compensation</u>	<u>General Accident Casualty and Liability</u>	<u>Total</u>
Cash Flows from Operating Activities:					
Cash received from charges to other funds	\$	\$ 21,704	\$ 3,522	\$	\$ 25,226
Cash received from other operating activities		6,818		87	6,905
Cash paid for premiums and other operating expenses		(681)	(195)	(13)	(889)
Cash payments for claims made		(26,874)	(1,988)	(61)	(28,923)
Net cash provided by operating activities	<u>-</u>	<u>967</u>	<u>1,339</u>	<u>13</u>	<u>2,319</u>
Cash Flows from Investing Activities:					
Interest income			2,507	281	2,788
Actuarial claims reserve		(334)			(334)
Purchase of investments				(294)	(294)
Sale of investments			182		182
Net cash provided by (used in) investing activities	<u>-</u>	<u>(334)</u>	<u>2,689</u>	<u>(13)</u>	<u>2,342</u>
Net Increase in Cash and Cash Equivalents	-	633	4,028	-	4,661
Cash and Cash Equivalents at Beginning of Year	<u>-</u>	<u>-</u>	<u>151</u>	<u>645</u>	<u>796</u>
Cash and Cash Equivalents at End of Year	<u>\$ -</u>	<u>\$ 633</u>	<u>\$ 4,179</u>	<u>\$ 645</u>	<u>\$ 5,457</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities:					
Operating income (loss)	\$ -	\$ 3,496	\$ (2,017)	\$ 10	\$ 1,489
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:					
Decrease in due from other funds		(2,277)	3,330		1,053
(Increase) decrease in accounts receivable		(30)	36	4	10
Decrease in accounts payable and accrued expenses		(222)	(10)	(1)	(233)
Total adjustments	<u>-</u>	<u>(2,529)</u>	<u>3,356</u>	<u>3</u>	<u>830</u>
Net Cash Provided by Operating Activities	<u>\$ -</u>	<u>\$ 967</u>	<u>\$ 1,339</u>	<u>\$ 13</u>	<u>\$ 2,319</u>
Noncash Investment Activities:					
Net Increase in the Fair Value of Investments	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,507</u>	<u>\$ 281</u>	<u>\$ 2,788</u>

Fiduciary Funds

AGENCY FUNDS

Agency 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. Agency Funds are not included in the government-wide statements. The Agency Funds are as follows:

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 its 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.

CITY OF NEW BRITAIN, CONNECTICUT

AGENCY FUNDS

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

FOR THE YEAR ENDED JUNE 30, 2014

	<u>Balance</u> <u>July 1, 2013</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2014</u>
Contractor's Bond Fund				
Assets:				
Cash and cash equivalents	\$ 150	\$	\$ 90	\$ 60
Investments	<u>175</u>	<u>59</u>	<u>6</u>	<u>228</u>
Total	<u>\$ 325</u>	<u>\$ 59</u>	<u>\$ 96</u>	<u>\$ 288</u>
Liabilities:				
Due to beneficiaries	<u>\$ 325</u>	<u>\$ 59</u>	<u>\$ 96</u>	<u>\$ 288</u>
Student Activity Funds				
Assets:				
Cash and cash equivalents	\$ 140	\$ 838	\$ 689	\$ 289
Investments	<u>86</u>	<u></u>	<u>86</u>	<u>-</u>
Total	<u>\$ 226</u>	<u>\$ 838</u>	<u>\$ 775</u>	<u>\$ 289</u>
Liabilities:				
Due to beneficiaries	<u>\$ 226</u>	<u>\$ 838</u>	<u>\$ 775</u>	<u>\$ 289</u>
Downtown District				
Assets:				
Cash and cash equivalents	<u>\$ 7</u>	<u>\$ 209</u>	<u>\$ 203</u>	<u>\$ 13</u>
Liabilities:				
Due to beneficiaries and others	<u>\$ 7</u>	<u>\$ 209</u>	<u>\$ 203</u>	<u>\$ 13</u>
Total All Funds				
Assets:				
Cash and cash equivalents	\$ 297	\$ 1,047	\$ 982	\$ 362
Investments	<u>261</u>	<u>59</u>	<u>92</u>	<u>228</u>
Total	<u>\$ 558</u>	<u>\$ 1,106</u>	<u>\$ 1,074</u>	<u>\$ 590</u>
Liabilities:				
Due to beneficiaries	<u>\$ 558</u>	<u>\$ 1,106</u>	<u>\$ 1,074</u>	<u>\$ 590</u>

Statistical Section

Statistical Section Information

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

Statistical section information is presented in the following categories:

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

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

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

CITY OF NEW BRITAIN, CONNECTICUT

NET POSITION BY COMPONENT

LAST TEN FISCAL YEARS
(In Thousands)

	FISCAL YEAR									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Governmental activities:										
Invested in capital assets, net of related debt	\$ 125,383	\$ 151,122	\$ 147,800	\$ 137,210	\$ 153,258	\$ 152,453	\$ 147,314	\$ 121,481	\$ 103,955	\$ 87,181
Restricted	2,855	8,281	8,109	2,883	2,483	2,381	2,714	2,734	2,687	2,589
Unrestricted	(25,437)	(42,371)	(47,512)	(27,443)	(50,521)	(54,702)	(43,784)	(32,020)	(27,256)	(27,525)
Total governmental activities net assets	102,801	117,032	108,397	112,650	105,220	100,132	106,244	92,195	79,386	62,245
Business-type activities:										
Invested in capital assets, net of related debt	41,058	39,737	39,381	27,883	27,181	26,456	25,400	25,320	23,391	21,575
Unrestricted	6,415	11,171	11,550	20,425	24,519	23,623	20,523	17,705	18,377	14,821
Total business-type activities net assets	47,473	50,908	50,931	48,308	51,700	50,079	45,923	43,025	41,768	36,396
Primary government:										
Invested in capital assets, net of related debt	166,441	190,859	187,181	165,093	180,439	178,909	172,714	146,801	127,346	108,756
Restricted	2,855	8,281	8,109	2,883	2,483	2,381	2,714	2,734	2,687	2,589
Unrestricted	(19,022)	(31,200)	(35,962)	(7,018)	(26,002)	(31,079)	(23,261)	(14,315)	(8,879)	(12,704)
Total Primary Government Net Assets	\$ 150,274	\$ 167,940	\$ 159,328	\$ 160,958	\$ 156,920	\$ 150,211	\$ 152,167	\$ 135,220	\$ 121,154	\$ 98,641

CITY OF NEW BRITAIN, CONNECTICUT

CHANGES IN NET POSITION

LAST TEN FISCAL YEARS

(In Thousands)

	FISCAL YEAR									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Expenses:										
Governmental activities:										
General government	\$ 15,087	\$ 11,539	\$ 12,124	\$ 12,083	\$ 8,596	\$ 13,414	\$ 12,547	\$ 12,165	\$ 8,041	\$ 6,413
Public safety	50,893	42,461	45,290	41,086	40,102	36,142	33,466	33,434	37,152	35,492
Public works	31,236	26,025	20,309	23,171	25,668	26,500	10,436	22,746	20,445	21,083
Health and welfare	6,633	6,188	6,574	8,225	8,643	8,763	8,707	6,786	8,373	9,153
Parks, recreation and libraries	13,304	10,647	13,077	11,462	11,348	12,249	9,275	10,097	11,609	12,334
Education	185,208	168,740	164,084	173,807	163,027	159,235	204,322	146,783	143,287	139,567
Interest on long-term debt	11,386	11,553	14,052	10,907	10,036	10,813	10,032	11,876	10,568	12,092
Total governmental activities expenses	<u>313,747</u>	<u>277,153</u>	<u>275,510</u>	<u>280,741</u>	<u>267,420</u>	<u>267,116</u>	<u>288,785</u>	<u>243,887</u>	<u>239,475</u>	<u>236,134</u>
Business-type activities:										
Water	5,176	11,242	10,236	10,432	10,560	9,034	11,048	11,034	9,309	9,031
Total Primary Government Expenses	<u>\$ 318,923</u>	<u>\$ 288,395</u>	<u>\$ 285,746</u>	<u>\$ 291,173</u>	<u>\$ 277,980</u>	<u>\$ 276,150</u>	<u>\$ 299,833</u>	<u>\$ 254,921</u>	<u>\$ 248,784</u>	<u>\$ 245,165</u>
Program Revenues:										
Governmental activities:										
Charges for services:										
General government	\$ 1,586	\$ 788	\$ 1,632	\$ 969	\$ 1,209	\$ 1,376	\$ 1,488	\$ 2,057	\$ 4,694	\$ 3,015
Public safety	4,207	4,202	3,810	2,140	2,593	2,743	3,125	2,916	2,362	2,258
Public works	13,385	12,697	11,820	12,818	12,387	10,240	12,111	8,011	10,449	9,371
Health and welfare	684	837	877	96	450	1,921	684	179	928	714
Parks, recreation and libraries	2,553	2,655	3,057	2,667	3,085	2,872	3,043	2,718	2,677	2,597
Education	744	596	507	777	1,586	5,835	1,791	2,546	3,980	3,293
Nondepartmental fixed charges										
Interest on long-term debt										
Operating grants and contributions	139,955	131,215	122,717	135,289	129,213	119,868	164,686	113,388	115,998	106,747
Capital grants and contributions	5,619	1,984	2,632	2,080	1,248	25	30	2,193	1,094	1,099
Total governmental activities program revenues	<u>168,733</u>	<u>154,974</u>	<u>147,052</u>	<u>156,836</u>	<u>151,771</u>	<u>144,880</u>	<u>186,958</u>	<u>134,008</u>	<u>142,182</u>	<u>129,094</u>
Business-type activities:										
Charges for services	10,498	12,472	12,840	12,012	12,394	13,055	13,946	11,616	14,433	10,999
Capital grants and contributions										
Total business-type activities revenues	<u>10,498</u>	<u>12,472</u>	<u>12,840</u>	<u>12,012</u>	<u>12,394</u>	<u>13,055</u>	<u>13,946</u>	<u>11,616</u>	<u>14,433</u>	<u>10,999</u>
Total Primary Government Program Revenues	<u>\$ 179,231</u>	<u>\$ 167,446</u>	<u>\$ 159,892</u>	<u>\$ 168,848</u>	<u>\$ 164,165</u>	<u>\$ 157,935</u>	<u>\$ 200,904</u>	<u>\$ 145,624</u>	<u>\$ 156,615</u>	<u>\$ 140,093</u>
Net (Expense) Revenue:										
Governmental activities	\$ (145,014)	(122,179)	(128,458)	(123,905)	(115,649)	(122,236)	(101,827)	(109,879)	(97,293)	(107,040)
Business-type activities	5,322	1,230	2,604	1,580	1,834	4,021	2,898	582	5,124	1,968
Total Primary Government Net Expense	<u>\$ (139,692)</u>	<u>\$ (120,949)</u>	<u>\$ (125,854)</u>	<u>\$ (122,325)</u>	<u>\$ (113,815)</u>	<u>\$ (118,215)</u>	<u>\$ (98,929)</u>	<u>\$ (109,297)</u>	<u>\$ (92,169)</u>	<u>\$ (105,072)</u>

(Continued on next page)

CITY OF NEW BRITAIN, CONNECTICUT
CHANGES IN NET POSITION (CONTINUED)

LAST TEN FISCAL YEARS
(In Thousands)

	FISCAL YEAR									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
General revenues and other changes in net assets:										
Governmental activities:										
Property taxes	\$ 108,112	\$ 112,865	\$ 106,069	\$ 108,741	\$ 104,280	\$ 105,220	\$ 96,133	\$ 97,941	\$ 95,192	\$ 98,000
Grants and contributions not restricted to specific purposes	11,105	10,184	11,024	10,557	11,177	10,889	14,897	17,292	14,603	14,776
Unrestricted investment earnings	3,562	2,092	870	6,070	4,249	(600)	1,150	6,289	4,437	2,900
Transfer		1,263		5,000	263		3,000			
Miscellaneous	1,341	4,410	3,654	967	768	615	696	1,166	202	2,774
Total governmental activities	<u>124,120</u>	<u>130,814</u>	<u>121,617</u>	<u>131,335</u>	<u>120,737</u>	<u>116,124</u>	<u>115,876</u>	<u>122,688</u>	<u>114,434</u>	<u>118,450</u>
Business-type activities:										
Unrestricted investment earnings	9	10	19	28	50	135		675	579	412
Transfer		(1,263)		(5,000)	(263)				(5)	
Total business-type activities	<u>9</u>	<u>(1,253)</u>	<u>19</u>	<u>(4,972)</u>	<u>(213)</u>	<u>135</u>	<u>-</u>	<u>675</u>	<u>574</u>	<u>412</u>
∞ Total Primary Government	<u>\$ 124,129</u>	<u>\$ 129,561</u>	<u>\$ 121,636</u>	<u>\$ 126,363</u>	<u>\$ 120,524</u>	<u>\$ 116,259</u>	<u>\$ 115,876</u>	<u>\$ 123,363</u>	<u>\$ 115,008</u>	<u>\$ 118,862</u>
Changes in Net Position:										
Governmental activities	\$ (14,231)	\$ 8,635	\$ (6,841)	\$ 7,430	\$ 5,088	\$ (6,112)	\$ 14,049	\$ 12,809	\$ 17,141	\$ 11,410
Business-type activities	<u>(1,332)</u>	<u>(23)</u>	<u>2,623</u>	<u>(3,392)</u>	<u>1,621</u>	<u>4,156</u>	<u>2,898</u>	<u>1,257</u>	<u>5,698</u>	<u>2,380</u>
Total Primary Government	<u>\$ (15,563)</u>	<u>\$ 8,612</u>	<u>\$ (4,218)</u>	<u>\$ 4,038</u>	<u>\$ 6,709</u>	<u>\$ (1,956)</u>	<u>\$ 16,947</u>	<u>\$ 14,066</u>	<u>\$ 22,839</u>	<u>\$ 13,790</u>

Notes:

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

CITY OF NEW BRITAIN, CONNECTICUT
FUND BALANCES, GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS
(In Thousands)

	FISCAL YEAR									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
General Fund:										
Reserved	\$	\$	\$	\$	\$ 1,372	\$ 2,803	\$ 3,661	\$ 1,861	\$ 2,990	\$ 1,035
Unreserved					7,655	7,212	9,479	8,996	8,980	7,989
Committed				5						
Assigned			41	379						
Unassigned	4,965	12,595	12,159	11,663						
Total General Fund	\$ 4,965	\$ 12,595	\$ 12,200	\$ 12,047	\$ 9,027	\$ 10,015	\$ 13,140	\$ 10,857	\$ 11,970	\$ 9,024
All other governmental funds:										
Reserved	\$	\$	\$	\$	\$ 2,489	\$ 15,123	\$ 16,586	\$ 17,964	\$ 9,144	\$ 13,783
Unreserved, reported in:										
Special revenue funds					6,333	7,335	11,640	14,288	13,532	14,466
Capital projects funds					(31,257)	(42,841)	(36,667)	(31,895)	(21,132)	(34,221)
Nonspendable	3,095	2,038	2,890	2,883						
Restricted	10,102	6,573	5,464	5,697						
Committed	1,796	1,138	898	2,331						
Assigned			41							
Unassigned	(36,955)	(2,092)	(6,293)	(14,758)						
Total All Other Governmental Funds	\$ (21,962)	\$ 7,657	\$ 3,000	\$ (3,847)	\$ (22,435)	\$ (20,383)	\$ (8,441)	\$ 357	\$ 1,544	\$ (5,972)

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

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

LAST TEN FISCAL YEARS
(In Thousands)

	FISCAL YEAR									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Revenues:										
Property taxes	\$ 108,353	\$ 114,381	\$ 110,013	\$ 106,904	\$ 103,052	\$ 104,141	\$ 95,447	\$ 96,757	\$ 95,175	\$ 96,828
Intergovernmental	157,325	148,476	137,303	150,216	141,888	134,838	179,853	136,003	134,949	126,563
Licenses, fees and charges for goods and services	23,803	21,494	21,632	19,529	21,010	18,861	20,641	18,155	18,927	17,121
Income on investments	774	618	308	3,504	2,843	263	778	4,180	4,065	1,585
Miscellaneous	1,904	4,410	3,654	1,123	3,135	3,263	8,029	3,343	2,401	2,932
Total revenues	<u>292,159</u>	<u>289,379</u>	<u>272,910</u>	<u>281,276</u>	<u>271,928</u>	<u>261,366</u>	<u>304,748</u>	<u>258,438</u>	<u>255,517</u>	<u>245,029</u>
Expenditures:										
General government	5,574	10,057	11,027	7,012	6,559	5,603	5,128	4,935	7,151	5,641
Public safety	32,834	41,442	43,589	40,696	39,852	34,405	34,448	33,183	36,118	33,526
Public works	21,794	19,237	23,536	21,998	33,515	36,106	18,294	19,324	17,518	17,193
Social services	4,524	6,181	6,584	8,187	8,666	9,262	8,655	6,966	8,325	9,104
Education	177,987	164,743	160,477	168,532	161,745	159,487	198,898	145,231	141,081	147,599
Parks and recreation	8,822	10,064	12,569	10,918	10,852	10,988	10,291	10,397	10,873	11,503
Other				1,194						
Capital outlay	25,558	24,125	30,378	16,971	581	1,127	23,585	23,549	22,711	9,521
Debt service interest	29,803	11,680	9,433	10,083	10,631	11,510	11,014	10,721	10,623	10,374
Debt service principal	16,580	17,925	22,384	15,024	15,507	14,836	14,360	14,764	14,218	15,477
Total expenditures	<u>323,476</u>	<u>305,454</u>	<u>319,977</u>	<u>300,615</u>	<u>287,908</u>	<u>283,324</u>	<u>324,673</u>	<u>269,070</u>	<u>268,618</u>	<u>259,938</u>
Excess of Revenue Under Expenditures	<u>(31,317)</u>	<u>(16,075)</u>	<u>(47,067)</u>	<u>(19,339)</u>	<u>(15,980)</u>	<u>(21,958)</u>	<u>(19,925)</u>	<u>(10,632)</u>	<u>(13,101)</u>	<u>(14,909)</u>
Other Financing Sources (Uses):										
Transfers in	11,750	6,407	11,765	6,954	29,785	27,185	31,959	31,409	36,507	35,963
Transfers out	(5,087)	(5,144)	(1,269)	(1,954)	(29,522)	(34,216)	(33,412)	(37,604)	(32,397)	(36,288)
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
Payment to refund bond escrow agent				(1,904)						
Total other financing sources (uses)	<u>6,663</u>	<u>20,732</u>	<u>44,937</u>	<u>40,947</u>	<u>12,941</u>	<u>6,891</u>	<u>13,410</u>	<u>8,332</u>	<u>23,563</u>	<u>2,371</u>
Net Change in Fund Balances	<u>\$ (24,654)</u>	<u>\$ 4,657</u>	<u>\$ (2,130)</u>	<u>\$ 21,608</u>	<u>\$ (3,039)</u>	<u>\$ (15,067)</u>	<u>\$ (6,515)</u>	<u>\$ (2,300)</u>	<u>\$ 10,462</u>	<u>\$ (12,538)</u>
Debt Service as a Percentage of Noncapital Expenditures	15.5%	11.8%	12.3%	9.8%	9.5%	10.3%	8.7%	10.4%	10.1%	10.3%

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

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

Fiscal Year	Real Property			Personal Property	Motor Vehicle	Less Tax-Exempt Property	Total Assessed Value	(5) Less BAA	Total Taxable Assessed Value	(6) Total Direct Tax Rate	(7) Estimated Actual Taxable Value	(8) Taxable Assessed Value As a Percentage of Actual Taxable Value
	(3) Residential	(4) Commercial	Industrial									
2014	\$ 1,442,331,690	\$ 1,527,554,750	\$ 96,517,900	\$ 232,308,663	\$ 269,408,233	\$ 1,017,141,130	\$ 2,550,980,106	\$ 8,931,154	\$ 2,542,048,952	44.12	\$ 3,631,498,502	70 %
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

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. farm, forest, open space)
- (4) Commercial also includes public utility, exempt properties and apartment buildings
- (5) Less BAA (Board of Assessment Appeals) changes
- (6) Total Direct Tax Rate = mill rate
- (7) Total Taxable Assessed Value / .70 = Actual Taxable Value
- (8) Taxable Assessed Value as a Percentage of Actual Value = Assessments are 70% of Value

CITY OF NEW BRITAIN, CONNECTICUT

PRINCIPAL PROPERTY TAXPAYERS

2012 AND 2003

TAXPAYER	October 1, 2012			TAXPAYER	October 1, 2003		
	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	\$ 56,560,238	1	2.22%	Stanley Works	\$ 38,522,811	1	1.90%
Pebblebrook Apartments LLC	20,865,530	2	0.82%	CT Light & Power	23,484,501	2	1.15%
StanleyBlack & Decker Inc.	18,431,308	3	0.72%	Brittany Farms Assoc.	17,949,542	3	0.88%
Conn Natural Gas Corp	13,211,657	4	0.52%	DAM NB LLC	11,824,680	4	0.58%
Investment Associates LTP	11,704,623	5	0.46%	NB-BTMC LLC	11,459,070	5	0.56%
Inland Southeast NB LLC	11,232,130	6	0.44%	CT Natural Gas Corp	11,182,595	6	0.55%
NB-BTMC LLC	10,888,850	7	0.43%	Creed Monarch	11,113,087	7	0.55%
Farmington Hills 06 LLC	10,282,590	8	0.40%	Investment Associates LTP	10,638,834	8	0.52%
Webster Bank	9,026,249	9	0.35%	HSC Community Services	9,094,287	9	0.44%
Paramount Plaza at New Brite LLC	8,840,440	10	0.35%	Newbrite Associates LTD Partnership	8,236,060	10	0.40%
TOTAL	\$ 171,043,615		6.71%	TOTAL	\$ 153,505,467		7.53%

Source: City of New Britain, Office of Tax Assessor

CITY OF NEW BRITAIN, CONNECTICUT
PROPERTY TAX LEVIES AND COLLECTIONS

LAST TEN FISCAL YEARS
(In Thousands)

Fiscal Year Ended June 30,	Tax Rate In Mills	Taxes Levied for the Fiscal Year	Collected Within the Fiscal Year of the Levy		Collection in Subsequent Years	Total Collections to Date	
			Amount	Percentage of Levy		Amount	Percentage of Levy
2014	44.12	\$ 106,331	\$ 103,465	97.30 %	\$ N/A	\$ 103,465	97.30 %
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	95.72	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	2,391	93,935	99.39
2005	46.90	96,045	92,975	96.80	2,529	95,504	99.44

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

CITY OF NEW BRITAIN, CONNECTICUT

RATIOS OF OUTSTANDING DEBT BY TYPE

LAST TEN FISCAL YEARS
(In Thousands, Except Per Capita)

Fiscal Year	Governmental Activities		Business-Type Activities		Total Primary Government	Ratio of Debt to Taxable Assessed Value	Debt Per Capita
	General Obligation Bonds	Capital Leases	Water				
2014	\$ 210,533	\$ -	\$ 17,919		\$ 228,452	7.85 %	\$ 3,127
2013	227,415	-	19,754		247,169	5.40	3,324
2012	220,634	-	26,366		247,000	5.15	3,322
2011	198,147	-	34,336		232,483	4.76	3,312
2010	178,571	-	36,573		215,144	4.28	3,080
2009	181,951	-	38,822		220,773	4.33	3,146
2008	183,802	-	41,076		224,878	6.16	3,106
2007	182,985	-	42,743		225,728	6.17	3,062
2006	183,966	-	44,577		228,543	6.27	3,121
2005	178,827	23	33,811		212,661	6.18	2,896

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

CITY OF NEW BRITAIN, CONNECTICUT

STATEMENT OF DEBT LIMITATION

JUNE 30, 2014

(In Thousands)

Total tax collections (including interest and lien fees) received by Treasurer for year ended June 30, 2014					\$ 108,598 *
Reimbursement for revenue loss (year ended June 30, 2014): Freeze program					<u>442</u>
BASE for Debt Limitation Computation					<u>\$ 109,040</u>
	<u>General Purpose</u>	<u>Schools</u>	<u>Sewers</u>	<u>Urban Renewal</u>	<u>Pension</u>
Debt limitation:					
2-1/4 times base	\$ 245,340	\$	\$	\$	\$
4-1/2 times base		490,680			
3-3/4 times base			408,900		
3-1/4 times base				354,380	
3 times base					327,120
Total debt limitation	<u>245,340</u>	<u>490,680</u>	<u>408,900</u>	<u>354,380</u>	<u>327,120</u>
Indebtedness:					
Bonds payable	188,528	18,231			
Notes payable	52,677	17,628	3,774		
Overlapping debt			27,661		
Bonds authorized - unissued	50,558	32,309	10,902		
Total indebtedness	<u>291,763</u>	<u>68,168</u>	<u>42,337</u>	<u>-</u>	<u>-</u>
Less self-liquidating indebtedness:					
Statutory exclusion- pension obligation bond	72,125				
School construction grants		187			
Total self-liquidating indebtedness	<u>72,125</u>	<u>187</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total indebtedness less self-liquidating indebtedness	<u>219,638</u>	<u>67,981</u>	<u>42,337</u>	<u>-</u>	<u>-</u>
Debt Limitation in Excess of Outstanding and Authorized Debt	<u>\$ 25,702</u>	<u>\$ 422,699</u>	<u>\$ 366,563</u>	<u>\$ 354,380</u>	<u>\$ 327,120</u>

Note: In no case shall total indebtedness exceed seven times annual receipts from taxation - \$763,280

*Budgetary basis

CITY OF NEW BRITAIN, CONNECTICUT

LEGAL DEBT MARGIN INFORMATION

LAST TEN FISCAL YEARS

(In Thousands)

	FISCAL YEAR									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Debt limitation	\$ 763,280	\$ 796,372	\$ 764,726	\$ 761,802	\$ 722,176	\$ 740,202	\$ 681,645	\$ 688,226	\$ 677,215	\$ 689,717
Total net debt applicable to limit	<u>331,956</u>	<u>316,193</u>	<u>339,738</u>	<u>297,519</u>	<u>289,278</u>	<u>269,466</u>	<u>256,823</u>	<u>193,391</u>	<u>183,749</u>	<u>192,481</u>
Legal debt margin	<u>\$ 431,324</u>	<u>\$ 480,179</u>	<u>\$ 424,988</u>	<u>\$ 464,283</u>	<u>\$ 432,898</u>	<u>\$ 470,736</u>	<u>\$ 424,822</u>	<u>\$ 494,835</u>	<u>\$ 493,466</u>	<u>\$ 497,236</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	<u>43.49%</u>	<u>39.70%</u>	<u>44.43%</u>	<u>39.05%</u>	<u>40.06%</u>	<u>36.40%</u>	<u>37.68%</u>	<u>28.10%</u>	<u>27.13%</u>	<u>27.91%</u>

96 Source: Comprehensive Annual Financial Reports - Schedule of Debt Limitation

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

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

Calendar Year	Population (1)	Personal Income (2)	Per Capita Income (3)	Median Age (4)	School Enrollment (5)	Unemployment Rate (6)
2014	73,055	\$ 39,838	\$ 20,655	33.0	10,053	8.90 %
2013	74,348	41,811	20,601	42.0	10,324	11.30
2012	74,348	41,811	20,601	42.0	9,977	11.80
2011	70,185	37,629	23,557	35.0	10,400	13.20
2010	69,860	42,759	23,557	35.0	10,405	12.40
2009	70,181	42,391	20,907	35.0	10,203	11.50
2008	72,395	41,056	20,907	35.0	10,344	8.10
2007	72,395	41,056	20,907	35.0	10,654	7.50
2006	71,840	41,056	23,379	33.9	10,950	7.70
2005	71,840	41,056	23,379	33.9	10,947	7.50

(1) Source: State of Connecticut

(2) Source: State of Connecticut

(3) Source: U.S. Census Bureau

(4) Source: New Britain Board of Education

(5) Source: Connecticut Department of Labor

CITY OF NEW BRITAIN, CONNECTICUT

PRINCIPAL EMPLOYERS

2014 AND 2005

2014					2005				
EMPLOYER	NATURE OF BUSINESS	EMPLOYEES	RANK	PERCENTAGE OF TOTAL CITY EMPLOYMENT	EMPLOYER	NATURE OF BUSINESS	EMPLOYEES	RANK	PERCENTAGE OF TOTAL CITY EMPLOYMENT
Hospital of Central CT	Hospital	2,900	1	8.89%	New Britain General Hospital	Hospital	2,300	1	7.33%
City of New Britain	Municipality	1,781	2	5.46%	City of New Britain	Municipality	1,900	2	6.05%
Central CT State University	University	1,657	3	5.08%	Central CT State University	University	1,540	3	4.91%
State of CT	Government	1,095	4	3.36%	Hospital for Special Care	Hospital	1,370	4	4.36%
Hospital for Special Care	Hospital	1,080	5	3.31%	Tilcon CT	Construction	1,000	5	3.19%
Stanley-Black & Decker	Manufacturing	890	6	2.73%	State of CT	Government	900	6	2.87%
Tilcon CT	Construction	553	7	1.69%	Stanley Works	Manufacturing	700	7	2.23%
Webster Bank	Banking	524	8	1.61%	Grove Hill Medical Center	Health Care	440	8	1.40%
Grove Hill Medical Center	Health Care	495	9	1.52%	Dattco	Transportation	385	9	1.23%
Dattco	Transportation	450	10	1.38%	BankNorth CT	Banking	375	10	1.19%
Total		<u>11,425</u>		<u>35.24%</u>			<u>10,910</u>		<u>34.75%</u>
Total Employment		<u>32,420</u>					<u>31,393</u>		

Source: City of New Britain, Municipal Development Agency

CITY OF NEW BRITAIN, CONNECTICUT

FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM

LAST TEN FISCAL YEARS

Function/Program	FISCAL YEAR									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Administration, financial and other	112	98	119	123	124	132	132	100	108	137
Police	182	157	162	151	165	172	173	173	151	141
Fire	132	137	152	153	154	158	156	145	135	142
Health and welfare	10	22	18	18	18	20	21	20	13	19
Parks and recreation	38	42	53	54	53	57	60	60	68	70
Public works, engineering, garage	43	50	62	63	63	74	70	71	77	70
Water	40	38	52	52	52	53	53	56	53	57
Education	<u>1,224</u>	<u>1,294</u>	<u>1,332</u>	<u>1,333</u>	<u>1,364</u>	<u>1,334</u>	<u>1,386</u>	<u>1,353</u>	<u>1,352</u>	<u>1,339</u>
Total	<u><u>1,781</u></u>	<u><u>1,838</u></u>	<u><u>1,950</u></u>	<u><u>1,947</u></u>	<u><u>1,993</u></u>	<u><u>2,000</u></u>	<u><u>2,051</u></u>	<u><u>1,978</u></u>	<u><u>1,957</u></u>	<u><u>1,975</u></u>

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

Function/Program	FISCAL YEAR									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
General government:										
Building permits issued	992	628	852	518	2,296	1,985	2,219	2,366	2,442	1,968
Building inspections conducted	1,026	1,131	1,804	1,101	4,631	4,210	4,373	3,865	4,483	3,672
Police:										
Calls for service	74,295	32,701	43,233	45,494	46,776	51,989	54,432	56,885	59,646	55,284
Physical arrests	4,341	4,230	5,307	6,188	7,021	6,803	6,868	6,161	6,828	6,732
Parking violations	12,915	16,963	13,197	15,049	14,498	18,436	20,621	22,059	26,367	28,126
Traffic violations	4,243	2,103	3,054	4,410	3,315	4,322	4,685	5,422	6,997	5,975
Fire:										
Emergency responses	6,047	6,542	6,286	6,604	6,624	6,871	6,832	6,929	6,320	6,082
Fires extinguished	404	241	280	284	297	291	522	565	279	296
Inspections	207	226	295	305	302	288	537	351	312	307
Refuse collection:										
Refuse collected (tons per day)	157	161	165	168	177	178	170	186	193	197
Recyclables collected (tons per day)	16	16	17	14	9	10	13	12	11	11
Other public works:										
Street resurfacing (miles)	10	9	8	5	7	12	19	15	9	12
Potholes repaired	N/A	N/A	N/A	N/A	N/A	1,406	N/A	N/A	N/A	N/A
Parks and recreation:										
Athletic field permits issued	2,820	3,110	3,176	3,373	3,300	3,763	2,918	4,958	2,597	2,447
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	234,883	230,497	225,581	213,907	220,384	220,974	223,056	231,214	246,891	243,723
Total volumes borrowed	361,682	405,206	408,167	394,456	415,416	394,883	399,119	373,557	312,662	315,649
Water:										
New connections	-	11	4	5	405	151	196	60	94	86
Water main breaks	13	20	9	21	18	31	25	28	16	24
Average daily consumption										
(thousands of gallons)	9,056	8,830	8,887	9,140	8,755	9,050	10,103	10,100	10,000	11,161
Peak daily consumption										
(thousands of gallons)	12,659	11,640	12,722	13,424	16,660	11,800	17,900	14,410	12,745	15,700
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

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

Function/Program	FISCAL YEAR									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Zone offices	2	2	2	2	2	2	2	3	3	3
Patrol units	38	30	32	32	30	30	30	30	30	30
Fire stations	6	6	6	6	6	6	6	6	6	6
Refuse collection:										
Collection trucks	11	10	10	10	10	9	7	17	17	15
Other public works:										
Streets (miles)	185	185	163	163	163	163	163	163	163	163
Highways (miles)	15	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	71	70	70
Parks and recreation:										
Acreage	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	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	248	247	247	269	269	269	269	269	269
Fire hydrants	1,863	1,863	1,851	1,887	1,852	1,992	1,988	1,977	1,991	1,991
Storage capacity (thousands of gallons)	2,857,800	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
Wastewater:										
Sanitary sewers (miles)	179	179	179	179	179	179	187	180	180	180
Storm sewers (miles)	154	154	153	153	153	153	171	152	152	152