

In the opinion of Bond Counsel, assuming the accuracy of and continuing compliance by the City with its representations and covenants relating to certain requirements contained in the Internal Revenue Code of 1986, as amended (the “Code”), based on existing law, interest on the Series A Bonds and the Series C Bonds (both as defined below) is excludable from gross income for federal income tax purposes and is not treated as an item of tax preference for purposes of calculating the federal alternative minimum tax. Interest on the Series A Bonds and Series C Bonds (as defined below) is includable in the calculation of certain taxes under the Code, including the federal alternative minimum tax on certain corporations, as described under Appendix B-1 – “Form of Legal Opinion of Bond Counsel and Tax Exemption - Series A Bonds” and Appendix B-3 “Form of Legal Opinion of Bond Counsel and Tax Exemption - Series C Bonds”, herein. In the opinion of Bond Counsel, based on existing law, interest on the Series B Bonds (as defined below) is included in gross income for federal income tax purposes pursuant to the Code as described under Appendix B-2 - “Form of Legal Opinion of Bond Counsel and Tax Status - Series B Bonds”, herein. In the opinion of Bond Counsel, under existing statutes, interest on the Bonds (as defined below) is excluded from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates and is excluded from amounts on which the net Connecticut minimum tax is based in the case of individuals, trusts and estates required to pay the federal alternative minimum tax.



**CITY OF NEW BRITAIN, CONNECTICUT
GENERAL OBLIGATION BONDS, 2017 SERIES CONSISTING OF:**

**\$8,570,000 TAX-EXEMPT GENERAL OBLIGATION REFUNDING BONDS, 2017 SERIES A
\$13,005,000 TAXABLE GENERAL OBLIGATION REFUNDING BONDS, 2017 SERIES B
\$53,145,000 TAX-EXEMPT GENERAL OBLIGATION BONDS, 2017 SERIES C**

Dated: Date of Delivery

Due: As set out on the inside cover

The General Obligation Bonds, 2017 Series consisting of \$8,570,000 Tax-Exempt General Obligation Refunding Bonds, 2017 Series A (the “Series A Bonds”), \$13,005,000 Taxable General Obligation Refunding Bonds, 2017 Series B (the “Series B Bonds”), and \$53,145,000 Tax-Exempt General Obligation Bonds, 2017 Series C (the “Series C Bonds” and collectively with the Series A Bonds and Series B Bonds, the “Bonds”) will be general obligations of the City of New Britain, Connecticut (the “City”), and the City will pledge its full faith and credit to pay the principal of and interest on the Bonds when due (see “Security and Remedies” herein).

The City is considering the use of bond insurance with the issuance of the Bonds.

Interest on the Bonds will be payable semi-annually on the first day of March and September in each year until maturity commencing September 1, 2017.

The Series A Bonds and the Series B Bonds are not subject to optional redemption prior to maturity.

The Series C Bonds are subject to optional redemption and mandatory sinking fund redemption prior to maturity as more fully described herein. See “Redemption Provisions” herein.

The Registrar, Transfer Agent, Certifying Agent, Paying Agent and Escrow Agent on the Bonds will be U.S. Bank National Association, Hartford, Connecticut.

The Bonds will be registered in the name of Cede & Co., as Bondowner and nominee for The Depository Trust Company (“DTC”), New York, New York. DTC will act as securities depository for the Bonds. Purchases of the Bonds will be made in book-entry-only form, in the denomination of \$5,000 or any integral multiple thereof. Purchasers will not receive certificates representing their ownership interest in the Bonds. So long as Cede & Co. is the Bond owner, as nominee of DTC, reference herein to the Bond owner or owners shall mean Cede & Co., as aforesaid, and shall not mean the Beneficial Owners (as described herein) of the Bonds. (See “Book-Entry-Only System” herein.)

The scheduled payment of principal of and interest on the Bonds when due will be guaranteed under an insurance policy to be issued concurrently with the delivery of the Bonds by **ASSURED GUARANTY MUNICIPAL CORP.**



The Bonds are offered subject to the final approving opinion of Shipman & Goodwin LLP, Hartford, Connecticut, Bond Counsel to the City. Certain legal matters will be passed upon for the Underwriter by its counsel, Day Pitney LLP, Hartford, Connecticut. It is expected that the Series A Bonds and the Series B Bonds will be available for delivery through the facilities of DTC in New York, New York on or about March 1, 2017 and the Series C Bonds will be available for delivery through the facilities of DTC in New York, New York on or about March 15, 2017.

This cover page contains certain information for quick reference only. It is not a summary of this issue. Investors must read the entire Official Statement to obtain information essential to the making of an informed investment decision.

William Blair

MATURITY SCHEDULES

\$8,570,000 Tax-Exempt General Obligation Refunding Bonds, 2017 Series A

SERIAL BONDS

MATURITY (MARCH 1)	PAR AMOUNT	INTEREST RATE	YIELD	CUSIP ⁸
2019	\$2,020,000	5.000%	1.490%	6427137A3
2020	2,120,000	5.000	1.750	6427137B1
2021	2,230,000	5.000	1.950	6427137C9
2022	2,200,000	5.000	2.170	6427137D7

\$13,005,000 Taxable General Obligation Refunding Bonds, 2017 Series B

SERIAL BONDS

MATURITY (MARCH 1)	PAR AMOUNT	INTEREST RATE	YIELD	CUSIP ⁸
2019	\$1,730,000	1.871%	1.871%	6427137E5
2020	1,765,000	2.262	2.262	6427137F2
2021	1,805,000	2.505	2.505	6427137G0
2022	1,850,000	2.655	2.655	6427137H8
2023	1,895,000	2.934	2.934	6427137J4
2024	1,950,000	3.084	3.084	6427137K1
2025	2,010,000	3.188	3.188	6427137L9

\$53,145,000 Tax-Exempt General Obligation Bonds, 2017 Series C

SERIAL BONDS

MATURITY (MARCH 1)	PAR AMOUNT	INTEREST RATE	YIELD	CUSIP ⁸	MATURITY (MARCH 1)	PAR AMOUNT	INTEREST RATE	YIELD	CUSIP ⁸
2024	\$2,580,000	5.000%	2.560%	6427137N5	2031	\$3,630,000	5.000%	3.440%*	6427137V7
2025	2,710,000	5.000	2.750	6427137P0	2032	3,810,000	5.000	3.520*	6427137W5
2026	2,845,000	5.000	2.910	6427137Q8	2033	4,000,000	5.000	3.580*	6427137X3
2027	2,985,000	5.000	3.030	6427137R6	2034	4,200,000	5.000	3.640*	6427137Y1
2028	3,135,000	5.000	3.210*	6427137S4	2035	4,410,000	5.000	3.690*	6427137Z8
2029	3,295,000	5.000	3.290*	6427137T2	2036	4,630,000	5.000	3.730*	6427138A2
2030	3,455,000	5.000	3.370*	6427137U9	2037	4,865,000	5.000	3.760*	6427138B0

TERM BOND

MATURITY (MARCH 1)	PAR AMOUNT	INTEREST RATE	YIELD	CUSIP ⁸
2023 ⁺	\$2,595,000	5.000%	2.370%	6427137M7

* Priced assuming redemption on March 1, 2027; however any such redemption is at the option of the City (see "Redemption Provisions" herein).

⁺Subject to mandatory sinking fund redemption (see "Redemption Provisions" herein).

⁸ Copyright, American Bankers Association. CUSIP® is a registered trademark of the American Bankers Association. CUSIP numbers have been assigned by an independent company not affiliated with the City and are included solely for the convenience of the holders of the Bonds. The City is not responsible for the selection or use of these CUSIP numbers, does not undertake any responsibility for their accuracy, and makes no representation as to their correctness on the Bonds or as indicated above. The CUSIP number for a specific maturity is subject to being changed after the issuance of the Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part of such maturity or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Bonds.

This Official Statement ("Official Statement") is not to be construed as a contract or agreement between the City and the purchasers or holders of any of the Bonds. Any statements made in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended merely as opinion and not as representations of fact. The information and expressions of opinion herein are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the City since the date hereof.

All quotations from and summaries and explanations of provisions of statutes, charters, or other laws and acts and proceedings of the City contained herein do not purport to be complete, are subject to repeal or amendment, and are qualified in their entirety by reference to such laws and the original official documents. All references to the Bonds and the proceedings of the City relating thereto are qualified in their entirety by reference to the definitive form of the Bonds and such proceedings.

No dealer, broker, salesman or any other person has been authorized to give any information or to make any representations, other than the information and representations contained herein, in connection with the offering of the Bonds, and if given or made, such information or representations must not be relied upon. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy any of the Bonds in any jurisdiction to any person to whom it is unlawful to make such offer or solicitation in such jurisdiction. The information set forth herein has been furnished by the City and other sources which are believed to be reliable, but is not guaranteed as to accuracy or completeness. Neither the delivery of this Official Statement nor any sale made hereunder shall under any circumstances create any implication that there has been no change in the affairs of the City since the date hereof.

The information relating to The Depository Trust Company ("DTC") and the book-entry-only system contained in this Official Statement have been furnished by DTC (see "Book-Entry-Only System" herein). No representation is made by the City as to the adequacy or accuracy of such information. The City has not made any independent investigation of DTC or the book-entry-only system.

The City deems this Official Statement to be "Final" for purposes of Securities and Exchange Commission Rule 15c2-12(b)(1), but is subject to revision or amendment.

Other than matters expressly set forth in their opinions in Appendix B-1, Appendix B-2, and Appendix B-3, Bond Counsel is not passing on and does not assume any responsibilities for the accuracy or adequacy of the statements made in this Official Statement and makes no representation that they have independently verified the same.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITER MAY OVERALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING TRANSACTIONS, IF BEGUN, MAY BE ENDED OR INTERRUPTED AT ANY TIME WITHOUT NOTICE. THE UNDERWRITER MAY OFFER AND SELL THE BONDS TO CERTAIN DEALERS AND DEALER BANKS AND BANKS ACTING AS AGENTS AT PRICES LOWER OR YIELDS HIGHER THAN THE PUBLIC OFFERING PRICES OR YIELDS STATED ABOVE AND SAID PUBLIC OFFERING PRICES AND YIELDS MAY BE CHANGED FROM TIME TO TIME BY THE UNDERWRITER WITHOUT NOTICE.

The Underwriter has provided the following sentence for inclusion in this Official Statement. The Underwriter has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information.

Assured Guaranty Municipal Corp. ("AGM") makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, AGM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding AGM supplied by AGM and presented under the heading "Bond Insurance" and "Appendix D - Specimen Municipal Bond Insurance Policy".

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APPENDIX B-2 – FORM OF LEGAL OPINION OF BOND COUNSEL AND TAX STATUS - SERIES B BONDS

APPENDIX B-3 – FORM OF LEGAL OPINION OF BOND COUNSEL AND TAX EXEMPTION - SERIES C BONDS

APPENDIX C-1 – FORM OF CONTINUING DISCLOSURE AGREEMENT - SERIES A BONDS

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APPENDIX C-3 – FORM OF CONTINUING DISCLOSURE AGREEMENT - SERIES C BONDS

APPENDIX D – SPECIMEN MUNICIPAL BOND INSURANCE POLICY

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BOND ISSUE SUMMARIES

TAX-EXEMPT GENERAL OBLIGATION REFUNDING BONDS, 2017 SERIES A

The information in this section is qualified in its entirety by the detailed information and financial statements appearing elsewhere in this Official Statement. Investors must read the entire Official Statement to obtain information essential to the making of an informed investment decision. The Official Statement speaks only as of its date and the information herein is subject to change.

Issuer:	The City of New Britain, Connecticut (the “City”)
Issue:	\$8,570,000 Tax-Exempt General Obligation Refunding Bonds, 2017 Series A (the “Series A Bonds”)
Dated Date:	Date of Delivery
Interest Due:	March 1 and September 1 in each year until maturity, commencing September 1, 2017.
Principal Due Date:	March 1, as shown on the inside cover of this Official Statement.
Purpose:	Proceeds of the Series A Bonds will be used to refund certain outstanding bonds of the City. See “Plan of Refunding - Series A Bonds” herein.
Security:	The Series A Bonds will be general obligations of the City, and the City will pledge its full faith and credit to the payment of principal of and interest on the Series A Bonds when due. See “Security and Remedies” herein.
Bank Qualification:	The Series A Bonds shall <u>NOT</u> be designated by the City as qualified tax-exempt obligations under the provisions of Section 265(b) of the Internal Revenue Code of 1986, as amended, for purposes of the deduction by financial institutions for interest expense allocable to the Series A Bonds.
Ratings:	See “Ratings” herein.
Credit Enhancement:	The scheduled payment of principal of and interest on the Series A Bonds when due will be guaranteed under an insurance policy to be issued concurrently with the delivery of the Series A Bonds by Assured Guaranty Municipal Corp.
Redemption:	The Series A Bonds are not subject to optional redemption prior to maturity.
Tax Exemption:	See Appendix B-1 “Form of Legal Opinion of Bond Counsel and Tax Exemption - Series A Bonds”.
Certifying Bank, Registrar, Transfer Agent, Escrow Agent and Paying Agent:	U.S. Bank National Association, 225 Asylum Street, 23rd Floor, Hartford, Connecticut 06103.
Legal Opinion:	Shipman & Goodwin LLP, Bond Counsel, Hartford, Connecticut.
Continuing Disclosure:	In accordance with the requirements of Rule 15c2-12 promulgated by the Securities and Exchange Commission, the City will agree to provide, or cause to be provided, (i) annual financial information and operating data; (ii) timely notice of the occurrence of certain events not in excess of ten (10) business days of the occurrence of such events, and (iii) timely notice of any failure by the City to provide the required annual financial information on or before the date specified in the Continuing Disclosure Agreement for the Series A Bonds to be executed by the City substantially in the form attached as Appendix C-1 to this Official Statement.
Delivery:	It is expected that delivery of the Series A Bonds in book-entry form to The Depository Trust Company will be made on or about March 1, 2017. Payment must be made in Federal Funds.
Issuer Official:	For further information regarding this Official Statement and the City contact: Ms. Lori Granato, Finance Director, City Hall, 27 West Main Street, New Britain, Connecticut 06051.

TAXABLE GENERAL OBLIGATION REFUNDING BONDS, 2017 SERIES B

The information in this section is qualified in its entirety by the detailed information and financial statements appearing elsewhere in this Official Statement. Investors must read the entire Official Statement to obtain information essential to the making of an informed investment decision. The Official Statement speaks only as of its date and the information herein is subject to change.

Issuer:	The City of New Britain, Connecticut (the “City”)
Issue:	\$13,005,000 Taxable General Obligation Refunding Bonds, 2017 Series B (the “Series B Bonds”)
Dated Date:	Date of Delivery
Interest Due:	March 1 and September 1 in each year until maturity, commencing September 1, 2017.
Principal Due Date:	March 1, as shown on the inside cover of this Official Statement.
Purpose:	Proceeds of the Series B Bonds will be used to refund certain outstanding bonds of the City. See “Plan of Refunding - Series B Bonds” herein.
Security:	The Series B Bonds will be general obligations of the City, and the City will pledge its full faith and credit to the payment of principal of and interest on the Series B Bonds when due. See “Security and Remedies” herein.
Ratings:	See “Ratings” herein.
Credit Enhancement:	The scheduled payment of principal of and interest on the Series B Bonds when due will be guaranteed under an insurance policy to be issued concurrently with the delivery of the Series B Bonds by Assured Guaranty Municipal Corp.
Redemption:	The Series B Bonds are not subject to optional redemption prior to maturity.
Tax Exemption:	See Appendix B-2 “Form of Legal Opinion of Bond Counsel and Tax Status - Series B Bonds”.
Certifying Bank, Registrar, Transfer Agent, Escrow Agent and Paying Agent:	U.S. Bank National Association, 225 Asylum Street, 23rd Floor, Hartford, Connecticut 06103.
Legal Opinion:	Shipman & Goodwin LLP, Bond Counsel, Hartford, Connecticut.
Continuing Disclosure:	In accordance with the requirements of Rule 15c2-12 promulgated by the Securities and Exchange Commission, the City will agree to provide, or cause to be provided, (i) annual financial information and operating data; (ii) timely notice of the occurrence of certain events not in excess of ten (10) business days of the occurrence of such events, and (iii) timely notice of any failure by the City to provide the required annual financial information on or before the date specified in the Continuing Disclosure Agreement for the Series B Bonds to be executed by the City substantially in the form attached as Appendix C-2 to this Official Statement.
Delivery:	It is expected that delivery of the Series B Bonds in book-entry form to The Depository Trust Company will be made on or about March 1, 2017. Payment must be made in Federal Funds.
Issuer Official:	For further information regarding this Official Statement and the City contact: Ms. Lori Granato, Finance Director, City Hall, 27 West Main Street, New Britain, Connecticut 06051.

TAX-EXEMPT GENERAL OBLIGATION BONDS, 2017 SERIES C

The information in this section is qualified in its entirety by the detailed information and financial statements appearing elsewhere in this Official Statement. Investors must read the entire Official Statement to obtain information essential to the making of an informed investment decision. The Official Statement speaks only as of its date and the information herein is subject to change.

Issuer:	The City of New Britain, Connecticut (the “City”)
Issue:	\$53,145,000 Tax-Exempt General Obligation Bonds, 2017 Series C (the “Series C Bonds”)
Dated Date:	Date of Delivery
Interest Due:	March 1 and September 1 in each year until maturity, commencing September 1, 2017.
Principal Due Date:	March 1, as shown on the inside cover of this Official Statement.
Purpose:	Proceeds of the Series C Bonds will be used to finance various municipal improvements and capital projects. See “Use of Proceeds - Series C Bonds” and “Project Descriptions - Series C Bonds” herein.
Security:	The Series C Bonds will be general obligations of the City, and the City will pledge its full faith and credit to the payment of principal of and interest on the Series C Bonds when due. See “Security and Remedies” herein.
Bank Qualification:	The Series C Bonds shall <u>NOT</u> be designated by the City as qualified tax-exempt obligations under the provisions of Section 265(b) of the Internal Revenue Code of 1986, as amended, for purposes of the deduction by financial institutions for interest expense allocable to the Series C Bonds.
Ratings:	See “Ratings” herein.
Credit Enhancement:	The scheduled payment of principal of and interest on the Series C Bonds when due will be guaranteed under an insurance policy to be issued concurrently with the delivery of the Series C Bonds by Assured Guaranty Municipal Corp.
Redemption:	The Series C Bonds are subject to optional redemption and mandatory sinking fund redemption prior to maturity as more fully described herein. See “Redemption Provisions” herein.
Tax Exemption:	See Appendix B-3 “Form of Legal Opinion of Bond Counsel and Tax Exemption - Series C Bonds”.
Certifying Bank, Registrar, Transfer Agent, Escrow Agent and Paying Agent:	U.S. Bank National Association, 225 Asylum Street, 23rd Floor, Hartford, Connecticut 06103.
Legal Opinion:	Shipman & Goodwin LLP, Bond Counsel, Hartford, Connecticut.
Continuing Disclosure:	In accordance with the requirements of Rule 15c2-12 promulgated by the Securities and Exchange Commission, the City will agree to provide, or cause to be provided, (i) annual financial information and operating data; (ii) timely notice of the occurrence of certain events not in excess of ten (10) business days of the occurrence of such events, and (iii) timely notice of any failure by the City to provide the required annual financial information on or before the date specified in the Continuing Disclosure Agreement for the Series C Bonds to be executed by the City substantially in the form attached as Appendix C-3 to this Official Statement.
Delivery:	It is expected that delivery of the Series C Bonds in book-entry form to The Depository Trust Company will be made on or about March 15, 2017. Payment must be made in Federal Funds.
Issuer Official:	For further information regarding this Official Statement and the City contact: Ms. Lori Granato, Finance Director, City Hall, 27 West Main Street, New Britain, Connecticut 06051.

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- **Introduction**
- **Authority to Issue the Bonds**
- **Description of the Bonds**
- **Redemption Provisions**
- **Qualification of Financial Institutions**
- **Security and Remedies**
- **Plan of Refunding - Series A Bonds**
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- **Project Descriptions - Series C Bonds**
- **Sources and Uses**
- **Book-Entry-Only System**
- **DTC Practices**
- **Ratings**
- **Underwriting**

SECURITIES INFORMATION

Introduction

This Official Statement, including the cover page and appendices, is provided for the purpose of presenting certain information relating to the City of New Britain, Connecticut (the “City”), in connection with the original sale of the City’s \$8,570,000 Tax-Exempt General Obligation Refunding Bonds, 2017 Series A (the “Series A Bonds”), \$13,005,000 Taxable General Obligation Refunding Bonds, 2017 Series B (the “Series B Bonds”), and \$53,145,000 Tax-Exempt General Obligation Bonds, 2017 Series C (the “Series C Bonds”, and collectively with the Series A Bonds and the Series B Bonds, the “Bonds”).

U.S. Bank National Association, Goodwin Square, 225 Asylum Street, 23rd Floor, Hartford, Connecticut 06103 will act as Registrar, Certifying Agent, Transfer Agent, Paying Agent and Escrow Agent for the Bonds.

This Official Statement is not to be construed as a contract or agreement between the City and the purchasers or holders of any of the Bonds. Any statements made in this Official Statement involving matters of opinion or estimates are not intended to be representations of fact, and no representation is made that any such opinion or estimate will be realized. Neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the City since the date hereof.

All quotations from, and summaries and explanations of, provisions of statutes, charters, or other laws and acts and proceedings of the City contained herein do not purport to be complete and are qualified in their entirety by reference to the original official document; and all references to the Bonds and the proceedings of the City relating thereto are qualified in their entirety by reference to the definitive forms of the Bonds and such proceedings.

The presentation of information is intended to show recent historical trends and is not intended to indicate future or continuing trends in the financial or other positions of the City. Except for information expressly attributed to other sources, all financial and other information presented herein has been provided by the City.

No dealer, broker, salesman or other person has been authorized to give any information or to make any representation other than as contained in this Official Statement in connection with the placement described herein, and if given or made, such information or representation must not be relied upon as having been authorized. The information in this Official Statement has been provided by the City and from other sources which are believed to be reliable. Neither the delivery of this Official Statement nor the sale of any of the Bonds shall imply that the information herein is correct as of any time subsequent to the date hereof.

Bond Counsel is not passing upon and does not assume responsibility for the accuracy or adequacy of the statements made in this Official Statement (other than matters expressly set forth as its opinions in Appendices B-1, B-2 and B-3) and it makes no representation that it has independently verified the same.

Authority to Issue the Bonds

The Series A Bonds and the Series B Bonds are issued pursuant to the Connecticut General Statutes, as amended, the City Charter and a Refunding Resolution adopted by the City’s Common Council on January 11, 2017. The Series C Bonds are issued pursuant to the Connecticut General Statutes, as amended, the City Charter and various bond resolutions adopted by the City’s Common Council, as described herein. See “Project Descriptions - Series C Bonds” herein.

Description of the Bonds

The principal amounts of the Bonds will be due annually on March 1st as set forth on the inside cover of this Official Statement. The Bonds will be dated the date of delivery and will bear interest payable semi-annually on March 1 and September 1 in each year commencing September 1, 2017 to the holders of record as of the close of business on the fifteenth day of February and August in each year, or the preceding business day if the fifteenth day is not a business day.

Interest on the Bonds will be calculated on the basis of a 360-day year, consisting of twelve 30-day months. The Bonds are issuable only as fully-registered bonds in book-entry form (see “Book-Entry-Only System” herein) in denominations of \$5,000 or any integral multiple thereof. Principal of and interest on the Bonds will be paid directly to The Depository Trust Company (“DTC”) by the City or its agent, or so long as the Bonds are registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York, by such other means as DTC, the Paying Agent and the City shall agree.

Redemption Provisions

Optional Redemption

The Series A Bonds and the Series B Bonds are not subject to redemption prior to maturity.

The Series C Bonds maturing on March 1, 2028 and thereafter are subject to redemption prior to maturity, at the option of the City, on and after March 1, 2027, at any time, in whole or in part and by lot within a maturity, in such amounts and in such order of maturity as the City may determine, at the redemption price or prices (expressed as a percentage of the principal amount of Series C Bonds to be redeemed) set forth in the following table, plus interest accrued and unpaid to the redemption date:

<u>Redemption Date</u>	<u>Redemption Price</u>
March 1, 2027 and thereafter	100.00%

Mandatory Sinking Fund Redemption

The Series C Bond maturing March 1, 2023 is issued as a term bond and is subject to mandatory sinking fund redemption prior to maturity in part, selected by lot, in the amounts, and on March 1 of the years set forth below from funds deposited with the Paying Agent in amounts necessary to redeem such term bond to be so redeemed, plus accrued interest to the date of redemption.

Term Bond Due March 1, 2023

<u>Year</u>	<u>Amount</u>
2022	\$140,000
2023	2,455,000*

*Final Maturity

Notice of Redemption

Notice of redemption shall be given by the City or its agent by mailing a copy of the redemption notice by first-class mail not less than thirty (30) days prior to the redemption date to the registered owner of any Series C Bonds designated for redemption in whole or in part at the address of such registered owner as the same shall last appear on the registration books for the Series C Bonds kept for such purpose. Failure to give such notice by mailing to any registered owner, or any defect therein, shall not affect the validity of the redemption of any other Series C Bonds. Upon the giving of such notice, if sufficient funds available solely for redemption are on deposit with the Paying Agent, the Series C Bonds, or portions thereof so called for redemption will cease to bear interest after the specified redemption date.

If less than all of the Series C Bonds of any one maturity shall be called for redemption, the particular Series C Bonds or portions of Series C Bonds of such maturity to be redeemed shall be selected by lot in such manner as the City in its discretion may determine; provided, however, that the portion of any Series C Bonds to be redeemed shall be in the principal amount of \$5,000 or a multiple thereof and that, in selecting Series C Bonds for redemption, each Series C Bond shall be considered as representing that number of Series C Bonds which is obtained by dividing the principal amount of such bond by \$5,000.

The City, so long as a book-entry system is used for the Series C Bonds, will send any notice of redemption only to DTC (or a successor securities depository) or its nominee. Any failure of DTC to advise any DTC Participant or of any DTC Participant or Indirect Participant to notify any Indirect Participant or Beneficial Owner of any such notice and its content or effect will not affect the validity of the redemption of such Series C Bonds called for redemption. (See “Book-Entry-Only System” herein for a discussion of DTC and definitions of “DTC Participant”, “Indirect Participant”, and “Beneficial Owner”).

Redemption of a portion of the Series C Bonds of any maturity by the City will reduce the outstanding principal amount of such maturity held by DTC. In such event it is the current practice of DTC to allocate by lot, through its book-entry system, among the interests held by DTC Participants in the Series C Bonds to be redeemed, the interest to be reduced by such redemption in accordance with its own rules or other agreements with DTC Participants. The DTC Participants and Indirect

Participants may allocate reductions of the interest in the Series C Bonds to be redeemed held by the Beneficial Owners. Any such allocation of interest in the Series C Bonds to be redeemed will not be governed by the determination of the City authorizing the issuance of the Series C Bonds and will not be conducted by or the responsibility of the City, the Registrar or Paying Agent.

Qualification for Financial Institutions

The Series A Bonds and the Series C Bonds shall NOT be designated by the City as “qualified tax-exempt obligations” under the provisions of Section 265(b) of the Internal Revenue Code of 1986, as amended, for purposes of the deduction by financial institutions for interest expense allocable to such Bonds.

Security and Remedies

General

The Bonds will be general obligations of the City, and the City will pledge its full faith and credit to pay the principal of and interest on the Bonds when due.

Unless paid from other sources, the Bonds are payable from general property tax revenues of the City. The City has the power under the Connecticut General Statutes to levy ad valorem taxes on all taxable property in the City without limit as to rate or amount, except as to certain classified property such as certified forest land taxable at a limited rate, and dwelling houses of qualified elderly persons of low income taxable at limited amounts. There was, however, no such certified forest land on the last completed Grand List of the City.

Payment of the Bonds is not limited to property tax revenue or any other revenue source, but certain revenues of the City may be restricted as to use and therefore may not be available to pay debt service on the Bonds. There are no statutory provisions for priorities in the payment of general obligations of the City. There are no statutory provisions for a lien on any portion of the tax levy or other revenues to secure the Bonds, or judgments thereon, in priority to other claims.

Remedies

The City is subject to suit on its general obligation bonds and a court of competent jurisdiction has the power in appropriate proceedings to render a judgment against the City. Courts of competent jurisdiction also have the power in appropriate proceedings to order the payment of a judgment on such bonds from funds lawfully available therefor or, in the absence thereof, to order the City to take all lawful action to obtain the same, including the raising of the required amount in the next annual tax levy. In exercising their discretion as to whether to enter such an order, the courts may take into account all relevant factors, including the current operating needs of the City and the availability and adequacy of other remedies.

Enforcement of a claim for payment of principal of or interest on general obligation bonds of the City would also be subject to the applicable provisions of Federal bankruptcy laws and to provisions of other bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights, and to provisions of other statutes, if any, hereafter enacted by Congress or the Connecticut General Assembly extending the time for payment or imposing other constraints upon enforcement insofar as the same may be constitutionally applied. Under the Federal Bankruptcy Code, the City may seek relief only, among other requirements, if it is specifically authorized, in its capacity as a municipality or by name, to be a debtor under Chapter 9, Title 11 of the United States Code, or by State law or by a governmental officer or organization empowered by State law to authorize such entity to become a debtor under such Chapter. Connecticut General Statutes Section 7-566 provides that no Connecticut municipality shall file a petition to become a debtor under Chapter 9 of the Federal Bankruptcy Code without the express prior written consent of the Governor.

**THE CITY OF NEW BRITAIN HAS NEVER DEFAULTED IN THE PAYMENT OF
PRINCIPAL OF OR INTEREST ON ITS BONDS OR NOTES.**

Plan of Refunding - Series A Bonds

A portion of the proceeds of the Series A Bonds will be used to refund the following maturities and principal amounts of the City of New Britain General Obligation Bonds listed below (the “Series A Refunded Bonds”). The refunding is contingent upon delivery of the Series A Bonds.

Series	Maturity		Principal	Coupon	Refunded
	Date	CUSIP			Principal
2014A Bonds	3/1/2017	6427135C1	\$2,250,000	4.00%	\$2,250,000
2015A Bonds	3/1/2018	6427135H0	1,065,000	3.00%	1,065,000
2015A Bonds	3/1/2022	6427135M9 ¹	1,260,000	5.00%	100,000
2016A Bonds	3/1/2017	6427136W6	1,000,000	0.82%	1,000,000
2016A Bonds	3/1/2017	6427136M8	2,905,000	5.00%	2,905,000
2016A Bonds	3/1/2018	6427136N6	4,255,000	5.00%	840,000
2016A Bonds	3/1/2019	6427136P1	4,470,000	5.00%	880,000

Upon delivery of the Series A Bonds, a portion of the Series A Bonds proceeds will be deposited in an irrevocable escrow fund established with U.S. Bank National Association, as escrow agent (the “Escrow Agent”), under an Escrow Agreement dated as of March 1, 2017 between the Escrow Agent and the City. The Escrow Agent will use such proceeds to purchase a portfolio of non-callable direct obligations of, or obligations guaranteed by, the government of the United States of America, including United States Treasury State and Local Government Series (“SLGS”) securities, Federal National Mortgage Association (“FNMA”) securities, and any other securities permitted by Section 7-400 of the Connecticut General Statutes, all of which shall not be callable or prepayable at the option of the issuer thereof (the “Series A Escrow Securities”). The principal of and interest on the Series A Escrow Securities, when due, will provide amounts sufficient to pay the principal of, interest on and redemption premium, if any, on the Series A Refunded Bonds on the dates such payments are due.

Plan of Refunding - Series B Bonds

A portion of the proceeds of the Series B Bonds will be used to refund the following maturities and principal amounts of the City of New Britain General Obligation Bonds listed below (the “Series B Refunded Bonds”). The refunding is contingent upon delivery of the Series B Bonds.

Series	Maturity		Principal	Coupon	Refunded
	Date	CUSIP			Principal
2014A Bonds	3/1/2018	6427135D9	2,345,000	4.00	\$2,345,000
2014A Bonds	3/1/2019	6427135E7	2,445,000	5.00	2,445,000
2016A Bonds	3/1/2018	6427136N6	4,255,000	5.00	3,415,000
2016A Bonds	3/1/2019	6427136P1	4,470,000	5.00	3,590,000
2016A Bonds	3/1/2025	6427136V8 ¹	5,990,000	5.00	100,000

Upon delivery of the Series B Bonds, a portion of the Series B Bonds proceeds will be deposited in an irrevocable escrow fund established with U.S. Bank National Association, as escrow agent (the “Escrow Agent”), under an Escrow Agreement dated as of March 1, 2017 between the Escrow Agent and the City. The Escrow Agent will use such proceeds to purchase a portfolio of non-callable direct obligations of, or obligations guaranteed by, the government of the United States of America, including United States Treasury State and Local Government Series (“SLGS”) securities, Federal National Mortgage Association (“FNMA”) securities, and any other securities permitted by Section 7-400 of the Connecticut General Statutes, all of which shall not be callable or prepayable at the option of the issuer thereof (the “Series B Escrow Securities”). The principal of and interest on the Series B Escrow Securities, when due, will provide amounts sufficient to pay the principal of, interest on and redemption premium, if any, on the Series B Refunded Bonds on the dates such payments are due.

¹ New CUSIPs will be issued for (a) the portion of this bond that will remain outstanding and (b) the portion of this bond that will be refunded.

Verification of Mathematical Computations

AMTEC Corporation of Avon, Connecticut (“AMTEC”) will verify from information provided to them the mathematical accuracy as of the date of the closing of the Series A Bonds (i) the computations contained in the provided schedules to determine that the anticipated receipts from the Series A Escrow Securities and cash deposits, to be held in escrow, will be sufficient to pay, when due, the principal, interest and call premium requirements, if any, of the Series A Refunded Bonds and (ii) the computations of yield on both the Series A Escrow Securities and the Series A Bonds contained in the provided schedules used by Bond Counsel in its determination that the interest on the Series A Bonds is excludable from gross income for federal income tax purposes.

AMTEC will also verify from information provided to them the mathematical accuracy as of the date of the closing of the Series B Bonds the computations contained in the provided schedules to determine that the anticipated receipts from the Series B Escrow Securities and cash deposits, to be held in escrow, will be sufficient to pay, when due, the principal, interest and call premium requirements, if any, of the Series B Refunded Bonds.

AMTEC will express no opinion on the assumptions provided to them, nor as to the tax status of the Series A Bonds or the Series B Bonds.

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Use of Proceeds - Series C Bonds

The proceeds of the Series C Bonds will be used to (i) pay the principal of and interest on the City's \$40,465,000 General Obligation Bond Anticipation Notes that mature on March 23, 2017 (the "Notes") and (ii) provide additional funds for the City's capital projects.

<i>Use of Proceeds</i>			
<u>Project</u>	Amount Authorized	Notes Maturing 3/23/17	The Series C Bonds
<u>Capital Equipment</u>			
2011 Capital Equipment	\$7,524,186	\$500,000	\$1,650,000
2013 Capital Equipment	4,070,000	4,000,000	4,000,000
<u>Public Improvements</u>			
Environmental Remediation	7,150,000	515,000	515,000
Pinnacle Heights	7,946,000	95,000	95,000
Transfer Station Rehab	2,377,912	300,000	300,000
Street Infrastructure	28,458,000	6,000,000	6,000,000
Information Technology	3,180,000	353,700	353,700
Badolato/Szczesny Garage Repairs	6,775,000	160,950	520,950
Storm Water System Imp	4,750,000	568,400	568,400
AW Stanley Park Pool	5,300,000	3,300,000	4,900,000
Willow Brook Park Improvement	3,329,000	3,329,000	3,329,000
Stanley Golf Course Irrigation Repairs	2,000,000	2,000,000	2,000,000
City-Wide Facilities Repairs	1,177,000	1,110,000	1,110,000
City-Wide Park ADA Improvements	875,000	875,000	875,000
City-Wide Park Improvements	990,000	690,000	990,000
Beehive Stadium Improvement	495,000	495,000	495,000
Chesley Park Improvements	2,075,000	1,075,000	2,075,000
Chesley Park Pool	102,000	90,000	90,000
Washington Park Pool	100,000	90,000	90,000
Telecommunications, Infrastructure & Equipment	1,400,000	1,400,000	1,400,000
Streetscape Improvement	6,000,000	1,300,000	2,800,000
Broad Street Reconstruction (Burritt)	4,350,000	2,000,000	4,350,000
New Britain Stadium	795,000	750,000	795,000
EMS Equipment	400,000	360,000	360,000
Vehicles and Capital Equipment (2016)	4,200,000	0	4,200,000
Beaver Street	1,000,000	0	95,000
Arch Street	1,200,000	0	80,000
General Purposes Subtotal	\$108,019,098	\$31,357,050	\$44,037,050
<u>Education</u>			
DiLoreto School	\$10,000,000	\$2,665,350	\$2,665,350
Gaffney Elementary School	30,000,000	6,300,000	6,300,000
School Security Upgrades	142,600	142,600	142,600
Schools Subtotal	\$40,142,600	\$9,107,950	\$9,107,950
Total	\$148,161,698	\$40,465,000	\$53,145,000

Upon delivery of the Series C Bonds, a portion of the Series C Bonds proceeds will be deposited in an irrevocable escrow fund established with U.S. Bank National Association, as escrow agent (the "Escrow Agent"), under an Escrow Agreement dated as of March 15, 2017 between the Escrow Agent and the City. The Escrow Agent will use such proceeds to purchase a portfolio of non-callable direct obligations of, or obligations guaranteed by, the government of the United States of America, including United States Treasury State and Local Government Series ("SLGS") securities, Federal National Mortgage Association ("FNMA") securities, and any other securities permitted by Section 7-400 of the Connecticut General Statutes, all of which shall not be callable or prepayable at the option of the issuer thereof (the "Series C Escrow Securities"). The

principal of and interest on the Series C Escrow Securities, when due, will provide amounts sufficient to pay the principal of and interest on the Notes on March 23, 2017.

Project Descriptions - Series C Bonds

CAPITAL EQUIPMENT

2011 CAPITAL EQUIPMENT: \$7,524,186 was appropriated, and the issuance of bonds and notes was authorized, for capital equipment costs within the City. The appropriation and authorization was most recently acted on by the Standing Bonding Subcommittee at a meeting held on September 7, 2015 and was amended by the Common Council at a meeting held on September 23, 2015.

2013 CAPITAL EQUIPMENT: \$4,070,000 was appropriated, and the issuance of bonds and notes was authorized, for capital equipment costs with the City. The appropriation and authorization as most recently acted on by the Standing Bonding Subcommittee at a meeting held on December 9, 2015 and was amended by the Common Council at a meeting held on December 16, 2015.

PUBLIC IMPROVEMENTS

ENVIRONMENTAL REMEDIATION: \$8,150,000 was appropriated, and \$7,150,000 was authorized for the issuance of bonds and notes, for costs related to the environmental remediation of various City facilities, including the transfer station, the landfill, various City parks, the cemetery and the golf course. The appropriation and authorization was most recently acted on by the Standing Bonding Subcommittee at a meeting held on March 12, 2014 and was amended by the Common Council at a meeting being held on March 12, 2014.

PINNACLE HEIGHTS REDEVELOPMENT PROJECT: \$7,946,000 was appropriated, and the issuance of bonds and notes was authorized, for the Pinnacle Heights Redevelopment Project. The project includes acquisition of the approximately 60 acre site previously managed by the New Britain Housing Authority (NBHA) know as Pinnacle Heights, for redevelopment purposes. The appropriation includes funding for acquisition of the site, security, maintenance, demolition and marketing costs. The appropriation and authorization was acted on by the Standing Bonding Subcommittee on June 20, 2006 and was approved by the Common Council at a meeting held on June 28, 2006.

TRANSFER STATION REHAB: \$2,377,912 was appropriated, and the issuance of bonds and notes was authorized, for the renovation of the City-owned transfer station, including costs for inspection, design, construction, excavation, materials, professional fees, and other ancillary expenses. The appropriation and authorization was most recently acted on by the Standing Bonding Subcommittee at a meeting held on March 12, 2014 and was amended by the Common Council at a meeting held on March 12, 2014.

STREET INFRASTRUCTURE: \$30,058,000 was appropriated, and \$28,458,000 was authorized for the issuance of bonds and notes for street infrastructure rehabilitation, including design of a comprehensive program for maintenance and rehabilitation, mapping, design, and reconstruction of street infrastructure locations where rehabilitation is not sufficient. The appropriation and authorization was most recently acted on by the Standing Bonding Subcommittee at a meeting held on June 10, 2015 and was amended by the Common Council at a meeting held on June 10, 2015.

INFORMATION TECHNOLOGY: \$3,180,000 was appropriated, and the issuance of bonds and notes was authorized, for the Strategic Information Technology Plan, and certain technology-related projects, including installation of an audio/visual system in the Common Council Chambers; public Wi-Fi, wireless and fixed surveillance cameras for downtown and Walnut Hill Park areas; upgrades to video surveillance equipment in various City locations; and updates to employee time clocks for timekeeping. The appropriation and bond authorization was most recently acted on by the Standing Bonding Subcommittee at a meeting held on February 24, 2016 and was amended by the Common Council on February 24, 2016.

BADOLATO & SZCZESNY GARAGE REPAIRS: \$6,775,000 was appropriated, and the issuance of bonds and notes authorized, for improvements and repairs to Szczesny Municipal Parking Garage and Badolato Municipal Parking Garage, including costs for concrete repairs, waterproofing repairs, architectural upgrades and repairs, electrical upgrades and repairs, plumbing/mechanical upgrades and repairs, revenue controls, elevator repairs, security system upgrades, security for access to City Hall, as well as minor capital repairs to the Linda A. Blogoslawski Parking Garage, and other ancillary expenses. The appropriation and authorization was most recently acted on by the Standing Bonding Subcommittee at a meeting held on February 8, 2012 and was amended by the Common Council at a meeting held on February 8, 2012.

STORM WATER SYSTEM IMPROVEMENTS: \$4,750,000 was appropriated, and the issuance of bonds and notes authorized, for the costs of improvements to the City's storm water systems. Project scope consists of the design,

construction or replacement of storm water sewers and drains in a variety of City locations. The appropriation and authorization was most recently acted on by the Standing Bonding Subcommittee at a meeting held on July 9, 2008 and was amended by the Common Council at a meeting held on July 9, 2008.

AW STANLEY PARK POOL: \$5,300,000 was appropriated, and the issuance of bonds and notes was authorized, for the improvements described in the A.W. Stanley Park Master Plan, including, the design and construction of a new pool facility relocated to a different portion of the Park, a new bath house and playing field and various other capital improvements. The appropriation and bond authorization was most recently acted on by the Standing Bonding Subcommittee at a meeting held on February 24, 2016 and was amended by the Common Council on February 24, 2016.

WILLOW BROOK PARK IMPROVEMENT: \$3,329,000 was appropriated, and the issuance of bond and notes was authorized, for the replacement of the track and installation of artificial turf at Willow Brook Park and the installation of a scoreboard at Chesley Park. The appropriation and authorization was most recently acted on by the Standing Bonding Subcommittee at a meeting held on January 22, 2014 and was amended by the Common Council at a meeting held on January 22, 2014.

STANLEY GOLF COURSE IRRIGATION REPAIRS: \$2,000,000 was appropriated, and the issuance of bonds and notes was authorized, for replacement of the irrigation system at the Stanley Golf Course. The appropriation and authorization was acted on by the Standing Bonding Subcommittee at a meeting held on June 25, 2013 and was approved by the Common Council at a meeting held on June 27, 2013.

CITY-WIDE FACILITIES REPAIRS: \$1,177,000 was appropriated, and the issuance of bonds and notes was authorized, for improvements to various fire stations and the public works yard on Harvard Street. The appropriation and authorization was most recently acted on by the Standing Bonding Subcommittee at a meeting held on February 24, 2016 and was amended by the Common Council at a meeting held on February 24, 2016.

CITY-WIDE PARK ADA IMPROVEMENTS: \$875,000 was appropriated, and the issuance of bonds and notes was authorized, for improvements to various parks regarding ADA issues. The appropriation and authorization was most recently acted on by the Standing Bonding Subcommittee at a meeting held on February 24, 2016 and was amended by the Common Council at a meeting held on February 24, 2016.

CITY-WIDE PARK IMPROVEMENTS: \$990,000 was appropriated, and the issuance of bonds and notes was authorized, for improvements to New Britain Stadium and Stanley Quarter Park. The appropriation and authorization was most recently acted on by the Standing Bonding Subcommittee at a meeting held on June 10, 2015 and was amended by the Common Council at a meeting held on June 10, 2015.

BEEHIVE STADIUM IMPROVEMENT: \$1,495,000 was appropriated, and \$495,000 was authorized for the issuance of bonds and notes, for costs associated with improvements to Beehive Stadium, including, but not limited to, bleacher repairs, field improvements, ADA renovations and building repairs. The appropriation and authorization was most recently acted on by the Standing Bonding Subcommittee at a meeting held on June 10, 2015 and was amended by the Common Council at a meeting held on June 10, 2015.

CHESLEY PARK IMPROVEMENTS: \$2,075,000 was appropriated, and the issuance of bonds and notes was authorized, for improvements to Chesley Park, including the revamping of lighting and softball complex, field restoration and installation of synthetic turf. The appropriation and bond authorization was most recently acted on by the Standing Bonding Subcommittee at a meeting held on June 10, 2015 and was amended by the Common Council on June 10, 2015.

CHESLEY PARK POOL: \$102,000 was appropriated, and the issuance of bonds and notes was authorized, for the replacement of the pool and bath houses at Chesley Park. The appropriation and bond authorization was most recently acted on by the Standing Bonding Subcommittee at a meeting held on June 10, 2015 and was amended by the Common Council on June 10, 2015.

WASHINGTON PARK POOL: \$100,000 was appropriated, and the issuance of bonds and notes was authorized, for the replacement of the pool and bath houses at Washington Park to comply with ADA standards. The appropriation and bond authorization was mostly recently acted on by the Standing Bonding Subcommittee at a meeting held on June 10, 2015 and was amended by the Common Council on June 10, 2015.

TELECOMMUNICATIONS, INFRASTRUCTURE & EQUIPMENT: \$1,400,000 was appropriated, and the issuance of bond and notes was authorized, for radio system site development at three City locations, HVAC improvements at the police headquarters and the purchase of additional radios for fire, police and public works vehicles. The appropriation and

authorization was acted on by the Standing Bonding Subcommittee at a meeting held on June 25, 2013 and was approved by the Common Council at a meeting held on June 27, 2013.

STREETSCAPE IMPROVEMENT: \$6,000,000 was appropriated, and the issuance of bond and notes was authorized, for various improvements to streetscape in the downtown area. The appropriation and authorization was acted on by the Standing Bonding Subcommittee at a meeting held on June 25, 2013 and was approved by the Common Council at a meeting held on June 27, 2013.

BROAD STREET RECONSTRUCTION (BURRITT): \$4,350,000 was appropriated, and the issuance of bonds and notes was authorized for the reconstruction of 2200 feet of Broad Street from Horace Street westerly to and including and its intersections with Burritt Street including but not limited to, new paving, curbing, sidewalks, pedestrian ramps, storm sewer upgrade and replacement, traffic signal replacement and streetscape improvements. The appropriation and authorization was most recently acted on by the Standing Bonding Subcommittee at a meeting held on July 10, 2015 and was amended by the Common Council at a meeting held on July 10, 2015.

NEW BRITAIN STADIUM: \$795,000 was appropriated, and the issuance of bonds and notes was authorized, for renovations, upgrades and improvements to New Britain Stadium, including, but not limited to, locker room improvements and repairs, field improvements, ADA renovations, paving of exterior areas, replacement of electrical systems and lighting, and building repairs. The appropriation and authorization was most recently acted on by the Standing Bonding Subcommittee at a meeting on February 24, 2016 and was amended by the Common Council on February 24, 2016.

EMS EQUIPMENT: \$400,000 was appropriated, and the issuance of bonds and notes was authorized, for the replacement or refurbishment of two (2) ambulances and ambulance-related equipment, including, but not limited to, non-transporting EMS emergency response units and stretcher systems, for New Britain Emergency Services, Inc. and for the improvements to 225 Arch Street to repair or replace the fire escape, as provided in the First Amendment dated May 15, 2015 to the 9-1-1 EMS Response Services Agreement dated March 31, 2009 between the City of New Britain and New Britain Emergency Medical Services, Inc. The appropriation and bond authorization as acted on by the Standing Bonding Subcommittee at a meeting held on February 24, 2016 and was approved by the Common Council on February 24, 2016.

VEHICLES AND CAPITAL EQUIPMENT (2016): \$4,200,000 was appropriated, and the issuance of bonds and notes was authorized, for the purchase of certain vehicles and equipment for the City as determined by the Mayor in consultation with the appropriate department head or chief. The appropriation and bond authorization was acted on by the Standing Bonding Subcommittee on October 26, 2016 and was approved by the Common Council on October 26, 2016.

BEAVER STREET: \$1,000,000 was appropriated, and the issuance of bonds and notes was authorized, for reconstructing Beaver Street, the realignment of the intersections of Washington Street, Beaver Street and Farmington Avenue, traffic signal improvements, streetscape type enhancements, drainage and utility improvements and other related work. The appropriation and bond authorization was most recently acted on by the Standing Bonding Subcommittee on March 12, 2014 and was approved by the Common Council on March 12, 2014.

ARCH STREET: \$1,200,000 was appropriated, and the issuance of bonds and notes was authorized, for improvements to Arch Street. The appropriation and authorization was acted on by the Standing Bonding Subcommittee at a meeting held on June 25, 2013 and was approved by the Common Council at a meeting held on June 27, 2013.

EDUCATION PROJECTS

DILORETO SCHOOL: \$10,000,000 was appropriated, and the issuance of bonds and notes was authorized, for the construction of an addition to the DiLoreto Magnet School. The appropriation and authorization was most recently acted on by the Standing Bonding Subcommittee at a meeting held on June 10, 2015 and was amended by the Common Council at a meeting held on June 10, 2015.

GAFFNEY ELEMENTARY SCHOOL: \$30,000,000 was appropriated, and the issuance of bonds and notes was authorized, for the renovation of Gaffney Elementary School. The appropriation and authorization was most recently acted on by the Standing Bonding Subcommittee at a meeting held on June 10, 2015 and was amended by the Common Council at a meeting held on June 10, 2015.

SCHOOL SECURITY UPGRADES: \$573,500 was appropriated, and \$142,600 was authorized for the issuance of bonds, for costs related to upgrades to the security system of the New Britain Schools. The appropriation and bond authorization was acted on by the Standing Bonding Subcommittee at a meeting held on March 12, 2014 and was approved by the Common Council on March 12, 2014.

Sources and Uses

Sources:	Series A Bonds	Series B Bonds	Series C Bonds	Total
Principal Amount	\$8,570,000.00	\$13,005,000.00	\$53,145,000.00	\$74,720,000.00
Net Original Issue Premium	893,674.10	0.00	6,952,136.50	7,845,810.60
Total Sources	\$9,463,674.10	\$13,005,000.00	\$60,097,136.50	\$82,565,810.60
Uses:				
Capital Projects	\$0.00	\$0.00	\$12,680,000.00	\$12,680,000.00
Retirement of outstanding bond anticipation notes	0.00	0.00	41,272,051.94	41,272,051.94
Escrow Deposit Fund	9,364,216.88	12,867,142.71		22,231,359.59
Costs of Issuance ¹	99,457.22	137,857.29	567,273.07	804,587.58
Additional Proceeds	0.00	0.00	5,577,811.49	5,577,811.49
Total Uses	\$9,463,674.10	\$13,005,000.00	\$60,097,136.50	\$82,565,810.60

¹ Includes, but is not limited to, Underwriter's Discount and Bond Insurance Premium

Book-Entry-Only System

Unless otherwise noted, the description which follows of the procedures and recordkeeping with respect to beneficial ownership interests in the Bonds, payment of interest and other payments on the Bonds to DTC participants or beneficial owners of the Bonds, confirmation and transfer of beneficial ownership interest in the Bonds and other bond-related transactions by and between DTC, the DTC participants and beneficial owners of the Bonds is based solely on information provided on DTC's website and presumed to be reliable. Accordingly, neither the City nor the Underwriter make any representation as to the completeness or the accuracy of such information or as to the absence of material adverse changes in such information subsequent to the date hereof.

The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the Bonds. The Bonds will be issued as fully-registered Bonds registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond certificate will be issued for each maturity of the Series A Bonds, the Series B Bonds and the Series C Bonds each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of "AA+". The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of the Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmation providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by

entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. or such other name as may be requested by an authorized representative of DTC. The deposit of the Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee does not affect any change in the beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the City as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on, and redemption premium, if any, with respect to the Bonds will be made to Cede & Co. or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the City or the Paying Agent on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, nor its nominee, the Paying Agent, or the City subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest payments, and redemption premium, if any, to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the City or the Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the City or the Paying Agent. Under such circumstances, in the event that a successor securities depository is not obtained, Bond certificates are required to be printed and delivered.

The City may decide to discontinue the use of the system of the book-entry-only transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the City believes to be reliable, but the City takes no responsibility for the accuracy thereof.

DTC Practices

The City can make no assurances that DTC, Direct Participants, Indirect Participants or other nominees of the Beneficial Owners of the Bonds will act in a manner described in this Official Statement. DTC is required to act according to rules and procedures established by DTC and its participants which are on file with the Securities and Exchange Commission.

Ratings

S&P Global Ratings ("S&P") has assigned the Bonds an underlying credit rating of "A+" (Stable Outlook).

S&P is expected to assign the Bonds an insured rating of "AA" based on the issuance of the insurance policy to be issued by Assured Guaranty Municipal Corp. at the time of the delivery of the Bonds.

A rating obtained from a rating agency is subject to revision or withdrawal, which could affect the market price of the City's bonds and notes, including the Bonds. There can be no assurance that a rating will continue for any given period of time or that it will not be lowered or withdrawn entirely by the rating agency if, in its judgment, circumstances so warrant. Any such downward change in or withdrawal of a rating may have an adverse effect on the marketability or market price of outstanding securities, including the Bonds.

Underwriting

The Bonds are being purchased by William Blair & Company, L.L.C. (the “Underwriter”) pursuant to the terms of a purchase contract for the Bonds with the City (the “Contract of Purchase”). Pursuant to the Contract of Purchase, the Underwriter has agreed to purchase (1) the Series A Bonds at the net aggregate purchase price of \$9,400,147.41 which is equal to the par amount of the Series A Bonds plus net original premium of \$893,674.10, less an underwriter’s discount of \$42,850.39 and less the bond insurance premium of \$20,676.30, (2) the Series B Bonds at the net aggregate purchase price of \$12,909,464.52 which is equal to the par amount of the Series B Bonds plus net original premium of \$95,535.48, less an underwriter’s discount of \$65,025.02 and less the bond insurance premium of \$30,510.46, and (3) the Series C Bonds at the net aggregate purchase price of \$59,660,357.69 which is equal to the par amount of the Series C Bonds plus net original premium of \$7,388,915.31, less an underwriter’s discount of \$252,440.94 and less the bond insurance premium of \$184,337.87. The Underwriter may offer and sell the Bonds to certain dealers (including dealers depositing Bonds into unit investment trusts) and others at prices lower or yields higher than the public offering prices or yields stated on the inside cover page hereof. The initial offering prices or yields may be changed from time to time by the Underwriter.

The Bonds are offered by the Underwriter for sale in those jurisdictions in the United States, Puerto Rico, and Guam where it is lawful to make such offers. The Underwriter has undertaken that it has not offered, sold or delivered and will not offer, sell or deliver, directly or indirectly, any of the Bonds or distribute this Official Statement or other material relating to the Bonds in or from any jurisdiction except under circumstances that will, to the best of its knowledge and belief, result in compliance with the applicable laws and regulations thereof.

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- **City Description**
- **Principal City Officials**
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City Description

The City of New Britain is Connecticut's eighth largest municipality, with a population in excess of 73,000. The City itself covers 13.3 square miles, was first settled as part of the Town of Berlin in 1680, and was chartered as a City in 1871.

Sitting at the geographic center of Connecticut, New Britain is just a two hour drive from both New York City and Boston. Interstate 84, Route 9 and Route 72 all run through the City with multiple access points, and Interstate 91 lies only a few miles away. The City's location, coupled with its easy access to all points in the state, make it highly attractive to both businesses and individuals alike.

New Britain lies only 9.2 miles from Hartford, and is part of the capital region economic zone. The City recently joined the Capital Region Council of Governments as its second-largest member, which will enhance its ability to participate in regional planning and maximize state and federal grant dollars, especially those geared toward transit-oriented development. On June 19, 2016, the City was one of ten municipalities nationwide to be named an All-America City in 2016 by the National Civic League.

The completion of New England's first bus rapid transit system, CTfastrak has resulted in huge ridership numbers and an opportunity for the City to build and redevelop along the route through Transit Oriented Development. A \$54 million dollar mixed use development just steps from the CTfastrak hub is currently underway in the City. When completed, the site will boast street level retail shops and workforce housing for professionals who want to live, work and play in central Connecticut.

According to data provided by the Connecticut Department of Transportation, in November 2016, on an average weekday, there were 10,573 trips taken on CTfastrak buses. Compared to the November 2015 figure of 9,394 trips, ridership has grown by over 12%. This joint state-federal project links downtown New Britain with downtown Hartford via a dedicated busway, including nine additional stations along the route in New Britain, Newington, West Hartford and Hartford. The demand for this line has resulted in an expansion of the route east of the Connecticut River into Hartford along I-91 and into East Hartford and Manchester.

One of the most critical impacts of CTfastrak is that it provides a direct mass transit connection between downtown New Britain and Central Connecticut State University ("CCSU"). CCSU has been located in New Britain since 1849 and is now the largest institution in Connecticut's state university system. It has a population of 12,500 students and a faculty of nearly 800. CCSU's offerings include degrees in arts & sciences, technology, education and graduate studies. The CCSU School of Business is the largest in Connecticut, and the institution prides itself on its partnerships with the community. The CCSU Institute for Technology and Business Development is located in downtown New Britain and offers local businesses an array of technological and incubator resources to help them start and succeed. There continues to be discussions to increase CCSU's presence downtown, which will bring increased pedestrian traffic and create a dedicated ridership on CTfastrak.

Residents of New Britain have a variety of medical facilities to call upon, including the 436 bed Hospital of Central Connecticut (formerly New Britain General Hospital), the 7th largest hospital in the state with nearly 3,000 employees and 500 physicians. The 200 bed Hospital for Special Care provides rehabilitation services and elder care. These two medical anchor facilities have fueled the growth of numerous modern clinics and outpatient treatment centers, and New Britain is part of the State's Bioscience Enterprise Corridor Zone that provides economic incentives for small-to-medium sized businesses in the bioscience industry. The Hospital of Central Connecticut, in partnership with Hartford Hospital, is nearing completion of a new state-of-the-art cancer treatment and research facility straddling the New Britain – Plainville line. This will be the first facility of its kind in Connecticut to be a full partner with Memorial Sloan-Kettering Cancer Center.

New Britain is the home of the Museum of American Art, one of the nation's leading American art collections. The state-of-the-art facility boasts over 5,000 works in their collection and drew over 70,000 patrons last year alone. In addition to the galleries themselves, the Museum has a café, a multipurpose room that seats 200, studios for art classes and a shop. The Museum has an endowment in excess of \$14 million, and has just broken ground on its latest expansion project.

The City has ten major parks, A.W. Stanley, Stanley Quarter, Walnut Hill, Washington, Chesley, Osgood, Martha Hart, Hungerford, Willow Brook and Willow Street. Walnut Hill Park was famously designed by Frederick Law Olmstead, the architect of New York City's Central Park. Stanley Quarter Park boasts New England's largest skate park, in addition to its walking trails and playing fields. The City operates two major pools at A.W. Stanley and Willow Brook, as well as "splash pads" at Willow Street and Chesley.

In addition to these parks, New Britain owns and operates Stanley Golf Course, voted the top municipal golf course in the Hartford region in 2014. The course has three nine-hole tracks, a restaurant and tavern, pro shop and full practice facilities.

The City of New Britain was designated a 2016 All-America City by the National Civic League, one of 10 in the nation. The All-America City Award recognizes communities that engage residents in trail-blazing efforts to bring all aspects of the community together to tackle the most pressing local issues.

National Civic League evaluators pointed to New Britain's approach to creating child-friendly environments and focus on solving community-wide challenges as reasons for the award.

New Britain has a rich history of playing host to minor league baseball, which draws thousands of residents, families, and visitors to each game every season. Starting in 1983, New Britain was home to the Red Sox and then Rock Cats from 1997 to 2015. Those teams had affiliations with Major League Baseball clubs the Colorado Rockies, Minnesota Twins, and Boston Red Sox. The City is now home to the Bees. The team is in their second year of play in the Atlantic League of Professional Baseball at New Britain Stadium. The Bees will open up on April 21, 2017 against the York Revolution and is expected to play 140 games.

New Britain is an ethnically diverse city, and possesses the second largest Polish-American population nationally, behind Chicago. The Little Poland district of New Britain is the City's most vibrant commercial area, and a multi-phase streetscape project is underway to better link that neighborhood with downtown. The Hispanic & Latino community has their own epicenter in the Arch Street area, with eateries and other family-owned businesses taking root.

Economic Vitality and Development

New Britain is known as "The Hardware City," due to its rich manufacturing history. It remains home to Stanley Black & Decker, a Fortune 500 company that maintains its world headquarters campus within the City. Stanley still manufactures their iconic tape measures in their Stanley Works facility downtown.

New Britain retains a strong manufacturing base, bolstered by small and medium-sized production facilities. Continental Machine Tool Co. provides precision-machined parts and assemblies to both commercial and military sectors. Okay Industries provides complex metal stamping and surgical tools for medical, automotive, and military applications. Polamer Precision manufactures world-class airframe and engine components for the aerospace industry. In September 2014, Polamer opened a new, 150,000 square foot, state-of-the-art production facility in New Britain's Pinnacle Business Park. Peter Paul Electronics manufactures precision solenoid valves used by Fortune 500 end-users in the energy, transportation, medical and industrial sectors.

New Britain is also home to Guida's Dairy, one of New England's largest dairy processors and distributors. Rich Foods (formerly Celebration Foods) produces all of the ice cream products for the Carvel brand in the New England region. On October 15, 2015, the Costco Corporation opened its newest superstore in New Britain which has brought 220 new full-time jobs and significant new tax revenues. Webster Bank's 112,000 square foot Bank Resource Center, as well as Siracusa Moving & Storage, Dattco Transportation and Stag Arms all call New Britain home. The City also hosts the 130,000 square foot New Britain Judicial District courthouse complex, as well as the offices of several other state agencies.

Principal City Officials

Office	Name	Term	Commencement Date of Current Term	Years of Service in Current Position	Total Years of Municipal Service
Mayor	Erin E. Stewart	2 Years	11/10/15	3 years	4 years
Treasurer	Mark DeGrandis	2 Years	11/10/15	1 year	4 years
City & Town Clerk	Mark H. Bernacki	4 Years	11/12/13	3 years	19 years
Tax Collector	Cheryl Blogoslawski	2 Years	11/10/15	9 years	9 years
Finance Director	Lori Granato	Appointment	01/25/16	1 year	20 years
Assessor	Michael Konik	Appointment	10/13/04	12 years	18 years
Superintendent of Schools	Nancy Sarra	2 Years	04/01/16	9 months	23 years

Form of Government

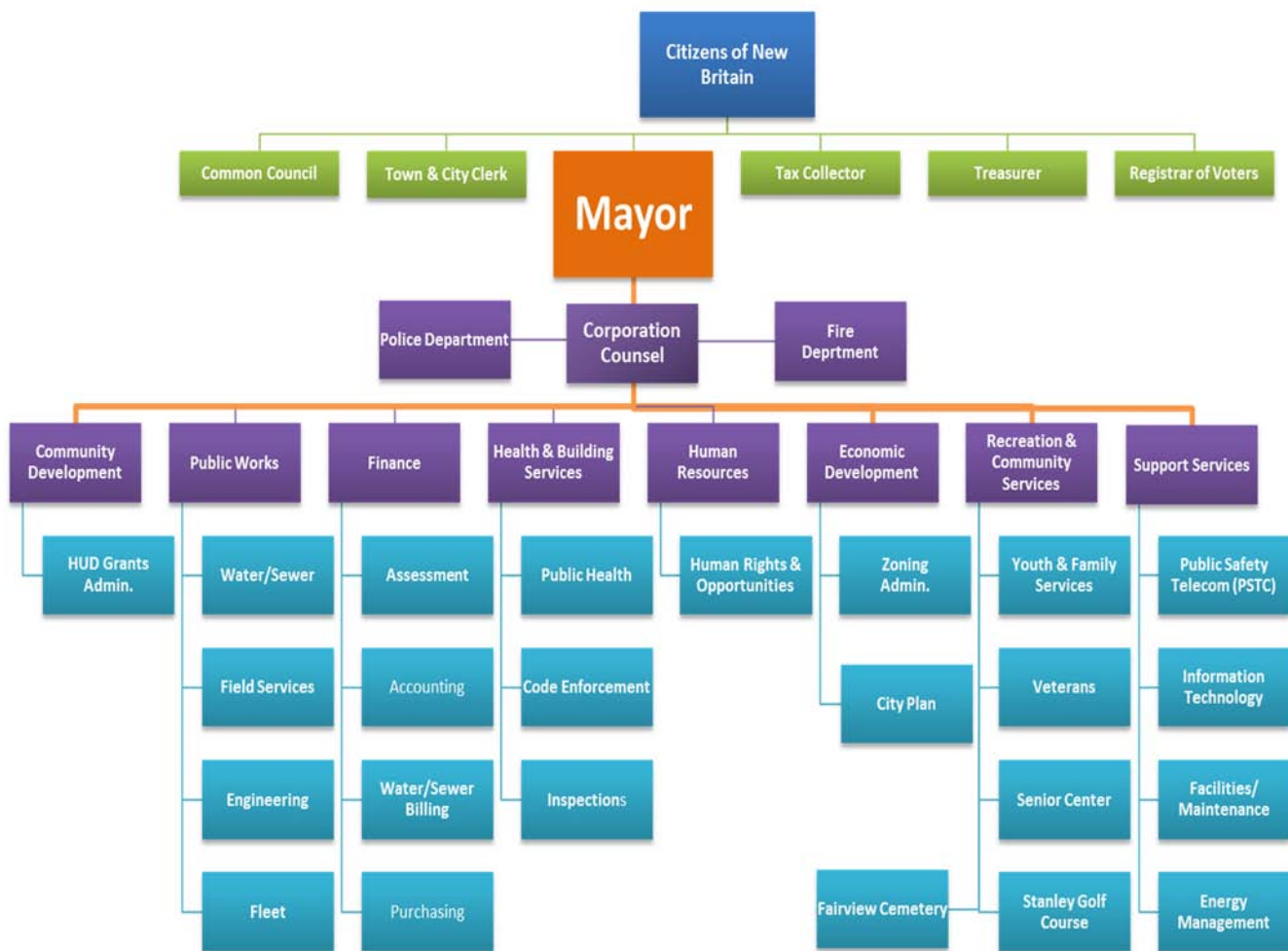
New Britain became a consolidated City and Town in 1905 with a Mayor-Council form of government. The Mayor and Common Council serve concurrent two-year terms and operate under the City's Charter, which was initially adopted in 1961 and has had several subsequent revisions.

The Common Council, the legislative body elected biennially, consists of 15 Councilmen, five elected at large and ten on a five district basis (two each). The other elected officials are the City and Town Clerk, Tax Collector, 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 authorized by ordinance. The Mayor is an ex-officio member of all bipartisan boards and commissions. All department heads report directly to the Mayor.

Organization of City Government

The following form of government has been updated from previous official statements under the recent reorganization of city government.



Municipal Services

Fire

The New Britain Fire Department is comprised of eight paid full-time fire companies operating from six fire stations. Each fire station is strategically located throughout the City for the most efficient response possible to any point in the City. The Department mission is to minimize community risks and improve the quality of life for all persons within New Britain.

To achieve this mission New Britain's Fire Department currently utilizes six engine companies (carrying hoses and water) and two ladder companies (carrying ladders and specialized salvage and overhaul equipment, which carry specialized rescue equipment such as the "jaws of life", hazardous materials equipment, confined space rescue equipment, cold water rescue equipment and air monitoring meters). All firefighting vehicles also carry medical equipment to allow firefighters to perform their Medical Response and Emergency Medical Technician functions.

The Department believes that a proactive method of risk reduction is the best method of making the community safer. The Fire Marshall's Office (Fire Prevention Bureau) within the Fire Department is responsible for fire investigation and fire code inspection and enforcement.

The Fire Department also undertakes public fire education and awareness initiatives aimed at school children in the New Britain School system. Such initiatives are supported by a Fire Safety trailer designed to educate children about kitchen and bedroom fire safety.

The Fire Department is also responsible for emergency management in the City. This service enhances the level of preparedness and community response to major disasters. The Emergency Management Office has also developed the City's Community Emergency Response Team (C.E.R.T.). This team is made up of community members who will assist emergency services in the event of major man made or naturally occurring emergency situations.

The City is assigned Fire Rating #3 by ISO Commercial Risk Services, Inc. The firm conducts fire ratings of communities and areas for the insurance industry served by public fire protection. The rating is an evaluation of the capability of the existing fire protection that is available to individual property owners. The purpose of this rating is to gather information needed to determine a fire insurance classification, which may be used in the calculation of property insurance premiums. This classification is based on a rating system scale of 1-9, with one (1) being the highest rating. Factors considered in calculating the rating include the following: receiving and handling fire alarms, water supply, and Fire Department structure and divergence.

Location of Firehouses	Apparatus Located	Personnel
Headquarters - 253 Beaver Street	Engine-1, Ladder-1, Rescue-1	32
Station #2 - 146 S. Main Street	Engine-2, Truck-2	32
Station #4 - 1085 Corbin Avenue	Engine-4	12
Station #5 - 915 Stanley Street	Engine-5	12
Station #7 - 60 Hartford Road	Engine-7	12
Station #8 - 2155 Corbin Avenue	Engine-8	12
Chief	n/a	1
Assistant Chief	n/a	0
Deputy Chiefs	n/a	4
Fire Prevention	n/a	7
Maintenance/Mechanics	n/a	3
Local Emergency Planning Co.	n/a	1
Training/Department Chief of Training	n/a	1
Emergency Planning/Captain of Planning/Research	n/a	1
Administration	n/a	<u>1</u>
TOTAL		131

Police

The New Britain Police Department has a total of 158 sworn officers and 8 civilians on a full-time daily basis. The sworn officers fulfill their duties from the main headquarters on Columbus Boulevard or from one of three substations.

The main headquarters is a 50,000 square foot building housing the Police Administration and Patrol, Detective and Professional Services Divisions. An Identification and Records Bureau, Forensic Unit, a Traffic Safety Bureau, a Youth Services Bureau, and a License and Property Bureau are also housed within the Headquarters. The Headquarters contains a fully functioning cellblock complex capable of holding male and female prisoners, complete with video and audio monitoring systems and secure entrance and exit for prisoner transport. A Police Museum within the headquarters building is a repository of many memories, photographs, uniforms and artifacts detailing the history of the New Britain Police Department.

Sewers

The City is the largest member of a three-municipality regional sewer authority, the Mattabassett District (the "District"). The District, organized in 1961 by a special act of the Connecticut General Assembly, is a cooperative solution to the pollution control problems of the area. The District provides secondary treatment and biological nitrogen removal on 70% of wastewater flow. A treatment plant and trunk sewer lines were built by the District to tie into the communities including the City to suit their own situations. Each community is assessed for its share of the cost of the project based on its use. It is divided approximately as follows: 75% - City of New Britain; 15% - Town of Berlin; and 10% - Town of Cromwell.

Mandated sewer user charges defray the cost of the yearly operation and maintenance assessment. The sewage system presently serves 99% of the City's population.

The City of New Britain Water Pollution Control Authority has adopted the Water Consumption Method to establish a fair and effective charge for the use of the City's sewer system. Under this format, each user is charged a base fee derived from its volume of wastewater flow into the system. The base fee charged is a proportion of the total annual costs equal to the ratio of the individual user's wastewater flow to the total wastewater flow from the system.

The Board of Public Works serves as the Water Pollution Control Authority (WPCA) and conducts public hearings to set and recommend an annual sewer rate in relation to the annual sewer budget as approved by the Common Council. The New Britain Sewer User Charge for fiscal year 2016-2017, as set by the Board of Public Works, is \$3.88 per one hundred cubic feet. Charges for the past four years were:

Fiscal Year 2015-2016	\$3.40 per one hundred cubic feet
Fiscal Year 2014-2015	\$3.40 per one hundred cubic feet
Fiscal Year 2013-2014	\$2.84 per one hundred cubic feet
Fiscal Year 2012-2013	\$2.84 per one hundred cubic feet

The owner of record as of the billing date is liable for the payment of sewer user charges. Interest and penalties may be charged as provided by the Connecticut General Statutes. Sewer user charges, together with interest and penalties, shall constitute a lien upon the property, and such lien may be foreclosed and such sewer user charges may be collected in the manner provided by the Connecticut General Statutes. The lien is a combination lien filed for any overdue water charges or sewer use fees. The owner of the property pays for the cost of applying liens against their property.

Sewer user charges are collected in accordance with regulations and procedures as promulgated by the Public Works Commission. Revenues are turned over periodically to the City Treasurer and credited to the Sewer Operating Fund. The Sewer Operating Fund is used for operation, maintenance, administration, and expansion of the treatment works and for payment of principal and interest on bonds of the City issued for construction of sewerage facilities.

Public Works

The Department of Public Works has approximately 70 administrative, professional and field positions. The Department is responsible for 163 miles of public road maintenance including paving, snowplowing, sweeping, patching and cleaning, and for the repair of storm and sanitary sewers. Department personnel also assume responsibility for 227 miles of sidewalks, all traffic signals, pavement markings, and vehicular safety signage. The Department also operates a landfill, and oversees refuse and recycling collection.

Water Department

The Water Department serves approximately 85,000 people in New Britain, Berlin, Newington, Farmington, Bristol and Plainville. The system consists of six reservoirs, three well-fields, pumping stations, treatment facilities and an extensive piping system. The system has a storage capacity of 2.7 billion gallons. In order to reach this capacity, over the years the City has purchased land outside the City. At present, the Department owns 6,541 acres outside the City limits.

While historically the City's total water supply has been adequate with a reserve capacity in excess of 20% above its maximum anticipated demand, a recent decrease in rainfall in the area has decreased the City's water levels. Due to this decrease, the City entered into an agreement with the Metropolitan District Commission ("MDC") in November, 2016 whereby the City has activated the raw water pump station interconnection to draw water from the Nepaug Reservoir (the "MDC Agreement"). The City originally obtained the right to utilize this interconnection in an agreement between the City and MDC in 1958. In accordance with the MDC Agreement, the City will purchase water at \$1.00 per 100 cubic feet or \$1,335 per million gallons. This rate will remain unchanged for one (1) year. The City currently plans to purchase water under the MDC Agreement for the next few months. The City estimates that the cost to the City to purchase water under the MDC Agreement for two to three months will cost the City's Water Enterprise Fund approximately \$600,000 - \$900,000.

City water is filtered and meets all Federal and State requirements regarding safeguards and quality. Water mains installed by the Water Department are assessed (for improvements) on a per-foot-of-frontage basis to benefiting property owners as determined by the Board of Water Commissioners after a public hearing.

Customers are billed semi-annually according to water usage. After 30 days, any unpaid water bill is assessed a 10% penalty and interest at the annual rate of 6%. After one year in arrears, the interest rate increases to 18% per annum. After one year, a continuation of lien is placed against the property, and a filing fee, plus the administrative costs to prepare the continuation of lien of \$32.00, is charged to the owner of the property. After 30 days, unpaid bills for any other services are assessed interest at the annual rate of 6% from the date of billing.

The water rate structure set forth below is such as to further promote conservation efforts through the compression of rates.

Water rate structure FY 2016-2017

First	2,300,000	cubic feet @	\$27.82	per 1,000 cubic feet
Next	2,300,000	cubic feet @	\$24.73	per 1,000 cubic feet
Over	4,600,000	cubic feet @	\$19.91	per 1,000 cubic feet

The water department also has out-of-town retail rates for the City of Bristol, the Town of Plainville, Valley Water Systems, and the Kensington Fire District.

The Board of Water Commissioners also charges customers for private fire protection service. This charge is assessed in accordance with the size of the water main that the customer uses for private fire protection. The current semi-annual charge for this service is as follows:

Under 4" service line	\$59.00
4" service line	127.00
6" service line	201.00
8" service line	289.00
10" service line	403.00
Over 10" service line	516.00

The Water Department completed construction in 2004 of a new single drinking water treatment plant in conjunction with a \$58,500,000 bond authorization. The project replaces two aged treatment plants. The cost of amortizing project debt, net of state and federal grants, has been incorporated in the water use charges. The department commenced "pre-funding" the project cost in its water use charges as of fiscal year 1998-1999.

The City has entered into two separate agreements with the State of Connecticut Department of Public Health under which the Board of Water Commissioners has borrowed a total of \$36,682,987 in low interest Drinking Water State Revolving Fund (DWSRF) loans. The first loan is for \$12,682,987 at an interest rate of 2.77% and will mature on November 30, 2021. The second loan is for \$24,000,000 at an interest rate of 2.43% and will mature on October 1, 2023.

Enterprise Funds

Enterprise funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) when the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriated for capital maintenance, public policy, management control, accountability, or other purposes.

Under Section 7-374(b) of the Connecticut General Statutes, water system improvement bonds are treated as a self-supporting debt and are excluded from the City's debt limitation. See "Debt and Financial Information - Series A and Series B Bonds - Statement of Statutory Debt Limitation" and "Debt and Financial Information - Series C Bonds - Statement of Statutory Debt Limitation" herein.

Utilities

Gas is supplied by the Connecticut Natural Gas Company for households and businesses.

Electricity is furnished by Connecticut Light & Power Company for households and businesses.

The City has also made a commitment to expanding its use of renewable energy. The state has awarded Zero Renewable Energy Credits (ZREC) to six major solar power projects brokered between the City and Solar City Corp., including: a 1.2 megawatt array at the New Britain Water Treatment Facility, and fully ballasted arrays on the roofs of five school buildings.

Special Assessment Fund

Underground channels housing high (electric) and low (communication) conduits are located in certain defined areas in the City. The system has been referred to as the "Subway". A separate fund has been established within the City's financial structure accounting for system operation and maintenance, defrayed entirely through assessments levied semi-annually against its users, or annual lease payments made in accordance with the terms of the negotiated lease agreement with AT&T (formerly, SBC). System users are charged semi-annually for all the operating, capital and debt service requirements of the Subway Fund. The two principal users are Connecticut Light & Power (electric) and AT&T (communication). The City sold the high potential conduit system to Connecticut Light & Power in June of 2003 for \$6,117,000. A portion of the proceeds have been reserved for system debt retirement. The low potential conduit system continues to be owned by the City. Additionally, the City and AT&T, the primary conduit occupant, have finalized a long-term lease agreement that fixed the annual lease payment and shifted the repair and maintenance of the system to AT&T.

Periodically, the City issues taxable bonds for improvements to and expansion of the underground utility system. See "Debt and Financial Information - Series A and Series B Bonds - Debt Statement" and "Debt and Financial Information - Series C Bonds - Debt Statement" herein.

Solid Waste

The City is a participant with 14 other cities and towns in a joint venture, the Bristol Resource Recovery Facility ("BRRFOC"). The BRRFOC was created pursuant to an intercommunity agreement dated as of August 15, 1985 to exercise certain rights on behalf of contracting municipalities in dealing with the trash to energy plant built by Covanta Bristol, Inc. (successor to Ogden Martin Systems of Bristol, Inc.). The governing board consists of municipal officials appointed by each of the participating municipalities, and assumes all the management decisions.

Effective July 1, 2014, Tunxis Recycling Operating Committee ("TROC"), a sister company of BRRFOC, merged with BRRFOC. On August 18, 2014 the Board voted to release and transfer all remaining funds to BRRFOC, which will continue its activities under an amended agreement. On December 4, 2014, the Board approved a settlement agreement to be paid to the member communities. The settlement payment made to the City was \$933,000.

Municipal Employees

Full-Time Municipal Employees

Calendar Year End	General Government	Board of Education	Total
2016	561	1,280	1,841
2015	557	1,257	1,814
2014	557	1,257	1,814
2013	557	1,224	1,781
2012	544	1,294	1,838

Source: City of New Britain – Finance Department

Note: Includes only full-time employees.

General Government Employees by Department

General Government Department	Full-time Employees As of 12/31/16
Police (including mgmt., civilians, and dispatch)	187
Fire (including management)	131
Administrative, Financial, and All Other	111
Health & Welfare	12
Recreation/Stanley Golf	16
Public Works, Engineering, Sanitation, Garage, Parks & Cemetery	62
Water	42
Total	561

Source: City of New Britain – Finance Department

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Municipal Employees' Bargaining Organizations

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

		12/31/16 Employees Represented	Current Contract Expiration Dates
Board of Education Groups			
Education Employees	American Federation of State, County & Municipal Employees – General Government Local 1186.....	173	6/30/2018
Teacher's Aides	New Britain Federation of Para-Professionals – Teacher's Aides 2407	188	6/30/2018
Teachers	New Britain Federation of Teachers - Teachers 871	799	6/30/2018
School Administrators	American Federation of School Administrators – Administration 51	38	6/30/2019
Supervisory Employees	American Federation of State, County Principal Employees - Local 818	10	6/30/2018
Support Services	American Federation of School Administrators – Administration 51	9	6/30/2019
Administrators	New Britain Support Services Administrators	1	6/30/2019
Administrators	Non-Affiliated.....	6	N/A
Education Employees	Non-Affiliated.....	56	N/A
General Government Groups			
City Hall Supervisors	American Federation of State, County & Municipal Employees - Supervisors - Local 818	34	12/31/2018
Firefighters	Hardware City Firefighters - Fire 992.....	130	6/30/2018
Police Officers	American Federation of State, County & Municipal Employees - Local 1165	160	6/30/2019
City Hall Employees	American Federation of State, County & Municipal Employees - Local 1186	168	6/30/2020
Managers & Professional Employees	Non-Affiliated Association (MPA).....	0	N/A
Professional Union	American Federation of State, County & Municipal Employees - Local 1303-332	38	6/30/2018
Non-Affiliated Employees	Management (Mgmt)	4	N/A
Emergency Dispatch Employees	Connecticut Independent Labor Union (CILU)	17	6/30/2019
Elected & Appointed	Non-affiliated	10	N/A
Grant Positions	Non-affiliated.....	0	N/A

Source: City of New Britain Finance Department

Note: The negotiation of collective bargaining agreements is subject to binding arbitration under Connecticut Statutes.

Connecticut General Statutes Sections 7-473c, 7-474 and 10-153a to 10-153n provide a procedure for binding arbitration of collective bargaining agreements between municipal employers and organizations representing municipal employees, including certified teachers and certain other employees. The legislative body of the municipality may reject the arbitration panel's decision by a two-thirds majority vote. The State and the employee organization must be advised in writing of the reasons for rejection. The State will then appoint a new panel of either one or three arbitrators to review the decisions on each of the rejected issues. The panel must accept the last best offer of either party. In reaching its determination, the arbitration panel shall give priority to the public interest and the financial capability of the municipal employer, including consideration of other demands on the financial capability of the municipal employer. For binding arbitration of teachers' contracts, in assessing the financial capability of a municipality, there is an irrefutable presumption that a budget reserve of 5% or less is not available for payment of the cost of any item subject to arbitration. In light of the employer's financial capability, the panel shall consider prior negotiations between the parties, the interests and welfare of the employee group, changes in the cost of living, existing employment conditions, and the wages, salaries, fringe benefits, and other conditions of employment prevailing in the labor market, including developments in private sector wages and benefits.

School Facilities

The City's school system consists of fifteen schools for pupils in grades pre-K through 12. The schools are governed by a ten-member Board of Education.

School	Grades	Date Occupied	Additions & Classrooms	Enrollment 10/1/2016¹	Rated Capacity
Chamberlain	K-5	1952	1982, 1989, 1993	517	757
DiLoreto	K-8	1951	1982, 1991	850	822
Gaffney	K-5	1959	1982, 1990	637	639
Holmes	K-5	1955	1978, 1991, 1997	511	697
Jefferson	K-5	1956	1982, 1991, 1997	455	567
Lincoln	K-5	1925	1976, 1982, 1994	669	610
Northend	K-5	1932	1982, 2005	254	330
Smalley	K-5	1971	1982, 1997	685	816
Smith	K-5	1952	1982, 1993	566	767
Vance	K-5	1926	1988, 1994, 2005	515	592
Hals	6-8	2006		147	180
Pulaski Middle	6-8	1961	1982, 1992, 1994	842	1,350
Roosevelt Early Learning Center ²	Pre-K	1993	1993	165	792
Slade	6-8	1960	1982, 1992, 1994	821	1,190
New Britain High School	9-12	1972	1982, 1989, 1998	2,431	2,094
Total				10,065	12,203

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

Note: Students from Roosevelt were moved to Slade and Pulaski in 2014-2015.

¹ Includes Special Education

² Original school built in 1928. New school constructed on site of original school which was demolished.

School Enrollments

Fiscal Year	Elementary Pre-K & ECC	Middle School	High School	Total Enrollment
2016-2017	5,587	2,046	2,432	10,065
2015-2016	5,582	1,833	2,459	9,874
2014-2015	5,502	2,006	2,509	10,017
2013-2014	5,430	2,067	2,556	10,053
2012-2013	5,521	2,161	2,642	10,324
<u>Projected</u>				
2017-2018	5,944	2,223	2,414	10,581

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

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- **Population and Density**
- **Population Distribution by Age**
- **Income Distribution**
- **Comparative Income Measures**
- **Total Employment by Industry**
- **Employment Data**
- **Principal Employers**
- **Educational Attainment**
- **Number and Size of Households**
- **Age Distribution of Housing**
- **Housing Inventory**
- **Owner-Occupied Housing Values**
- **Building Permits**

ECONOMIC AND DEMOGRAPHIC INFORMATION

Population and Density

Year	City of New Britain			State of Connecticut	
	Population	% Change	Density ¹	Population ¹	% Change
2010	73,206	2.3	5,488	3,574,097	4.95
2000	71,538	-5.2	5,363	3,405,565	3.60
1990	75,491	2.2	5,659	3,287,116	5.78
1980	73,840	-11.5	5,535	3,107,576	2.49
1970	83,441	---	6,255	3,032,217	---

Source: 1970-2010 U.S. Department of Commerce, Bureau of Census. (DP-01)

1. Per square mile: area 13.34 square miles

Population Distribution by Age

Age	City of New Britain		State of Connecticut	
	2010	Percent	2010	Percent
Under 5	5,043	6.9	202,106	5.6
5-19	15,196	20.8	713,670	20.0
20-34	18,769	25.6	648,275	18.1
35-54	18,026	24.6	1,060,035	29.7
55-64	7,440	10.2	443,452	12.4
65 and over	8,732	11.9	506,559	14.2
Total	73,206	100.0	3,574,097	100.0
Median Age (Years)	32.6		40.0	

Source: U.S. Department of Commerce, Bureau of Census, 2010 (DP-01)

Income Distribution

Income for Families	City of New Britain		State of Connecticut	
	Families	Percent	Families	Percent
\$0 – 9,999	1,574	9.2	30,926	3.5
10,000 – 24,999	2,685	15.7	64,148	7.1
25,000 – 49,999	4,336	25.4	138,888	15.5
50,000 – 74,999	3,451	20.2	139,724	15.6
75,000 – 99,999	2,069	12.1	126,557	14.1
100,000 – 149,999	1,910	11.2	183,030	20.4
150,000 or more	1,026	6.0	212,366	23.8
Total	17,051	100.0	895,639	100.0

Source: U.S. Department of Commerce, Bureau of Census, American Community Survey, 2011-2015 (DP03).

Comparative Income Measures

	City of New Britain	State of Connecticut
Per Capita Income	\$21,470	\$38,803
Median Family Income	49,493	89,031
Median Household Income	40,457	70,331
% Families below poverty level	19.1	7.6

Source: U.S. Department of Commerce, Bureau of Census, American Community Survey, 2011-2015 (DP03).

Total Employment by Industry

Sector	City of New Britain		State of Connecticut		United States
	Employed	Percent	Employed	Percent	Percent
Agriculture & forestry	83	0.3	7,214	0.4	1.9
Construction	1,805	5.5	100,593	5.6	6.1
Manufacturing	4,202	12.9	191,286	10.7	10.4
Wholesale trade	677	2.1	44,581	2.5	2.8
Retail trade	4,059	12.5	193,799	10.9	11.6
Transportation & utilities	1,307	4.0	66,850	3.8	5.0
Information:	558	1.7	41,486	2.3	2.1
Finance, Insurance & Real Estate	2,067	6.3	163,822	9.2	6.6
Services, including Education & Health Care	16,729	51.4	905,043	50.8	48.4
Public Administration	1,085	3.3	66,743	3.7	5.1
Total	32,572	100.0	1,781,417	100.0	100.0

Source: U.S. Department of Commerce, Bureau of Census, American Community Survey, 2011-2015 (DP03).

Employment Data

Average Annual Period	City of New Britain		Percentage Unemployed		
	Employed	Unemployed	City of New Britain	Hartford Labor Market Area	State of Connecticut
Nov. 2016	34,402	1,898	5.2%	3.7%	3.7%
2015	33,652	2,975	8.1	5.7	5.6
2014	33,222	3,486	9.5	6.6	6.8
2013	31,662	3,873	10.9	8.0	8.0
2012	31,797	4,173	11.6	8.4	8.3
2011	32,382	4,553	12.3	8.8	8.8
2010	32,117	4,827	13.1	9.4	9.3

Source: Department of Labor, State of Connecticut, Office of Research, Historical Labor Force Monthly Data

Principal Employers

Name	Nature of Business	Number of Employees	% of Total City Employment
City of New Britain	Municipality	1,827	5.39%
Hospital of Central CT	Hospital	1,657	4.89
Hospital for Special Care	Hospital	1,136	3.35
State of CT	Government	1,095	3.23
Stanley-Black & Decker	Manufacturing	800	2.36
Tilcon CT	Construction	553	1.63
Webster Bank	Banking	545	1.61
Dattco	Transportation	527	1.55
Creed Monarch	Manufacturing	312	0.92
Starling	Health Care	200	0.59
TOTAL		8,652	25.52%

Source: City of New Britain, Municipal Development Agency

Educational Attainment

Years of School Completed Age 25 & Over

	City of New Britain		State of Connecticut	
	Number	Percent	Number	Percent
Less than 9th grade	3,940	8.4	105,725	4.3
9th to 12th grade	5,033	10.8	144,132	5.9
High school graduate	17,621	37.7	673,973	27.4
Some college, no degree	8,154	17.4	430,129	17.5
Associate's degree	3,229	6.9	183,289	7.4
Bachelors' degree	5,334	11.4	516,001	21.0
Graduate or professional degree	3,454	7.4	409,606	16.6
Total	46,765	100.0	2,462,855	100.0
Percent high school graduate or higher	--	80.8	--	89.9
Percent bachelor degree or higher	--	18.8	--	37.6

Source: U.S. Department of Commerce, Bureau of Census, American Community Survey, 2011-2015 (DP02).

Number and Size of Households

	City of New Britain		State of Connecticut	
	Number	Percent	Number	Percent
Persons in households	39,979	--	3,574,097	--
Persons per household (average)	2.41	--	2.52	--
Persons per family	3.02	--	3.08	--
Family households	9,884	59.5	908,661	66.3
Non-family households	6,715	40.5	462,426	33.7
All households	16,599	100.0	1,371,087	100.0
Family households by type				
Married couple	6,071	61.4	672,013	73.9
Female householders, no spouse	2,848	28.8	176,973	19.5
Other	965	9.8	59,675	6.6
Total family households	9,884	100.0	908,661	100.0
Non-family households by type				
Householders living alone	5,192	77.3	373,648	80.8
Other	1,523	22.7	88,778	19.2
Total non-family households	6,715	100.0	462,426	100.0

Source: U.S. Department of Commerce, Bureau of Census, 2010 (DP-1)

Age Distribution of Housing

	City of New Britain		State of Connecticut	
	Units	Percent	Units	Percent
Built in 1939 or earlier	9,802	31.0	331,829	22.2
Built in 1940 - 1969	14,569	46.0	536,501	35.9
Built in 1970 - 1979	2,820	8.9	199,447	13.4
Built in 1980 - 1989	3,012	9.5	193,595	13.0
Built in 1990 - 1999	803	2.5	115,076	7.7
Built in 2000 - 2009	506	1.6	103,911	7.0
Built in 2010 - present	158	0.5	11,427	0.7
Total	31,670	100.0	1,491,786	100.0

Source: U.S. Department of Commerce, Bureau of Census, American Community Survey, 2011-2015 (DP04).

Housing Inventory

Units in Structure	City of New Britain		State of Connecticut	
	Units	Percent	Units	Percent
1-Unit Detached	9,061	28.5	882,941	59.2
1-Unit Attached	918	2.9	80,636	5.4
2 to 4 Units	12,626	39.9	253,922	17.0
5 to 9 Units	3,384	10.7	82,727	5.6
10 or more units	5,652	17.9	179,387	12.0
Mobile Home, Trailer, Other	29	0.1	12,173	0.8
Total	30,670	100.0	1,491,786	100.0

Source: U.S. Department of Commerce, Bureau of Census, American Community Survey, 2011-2015 (DP04).

Owner-Occupied Housing Values

	City of New Britain		State of Connecticut	
	Number	Percent	Number	Percent
Less \$50,000	378	3.4	24,620	2.7
\$50,000 to \$99,999	1,040	9.3	28,771	3.2
\$100,000 to \$149,999	3,205	28.6	78,066	8.6
\$150,000 to \$199,999	3,900	34.7	140,544	15.5
\$200,000 to \$299,999	2,258	20.1	251,106	27.7
\$300,000 to \$499,999	360	3.2	235,670	26.0
\$500,000 to \$999,999	67	0.6	106,965	11.8
\$1,000,000 or more	16	0.1	40,485	4.5
Total	11,224	100.0	906,227	100.0

Source: U.S. Department of Commerce, Bureau of Census, American Community Survey, 2011-2015 (DP04).

Building Permits

Fiscal Year Ended	Residential		Commercial/Industrial		Total	
	No.	Value	No.	Value	No.	Value
2016	977	\$18,399,767	15	\$ 811,672	992	\$19,211,439
2015	900	22,422,140	20	10,499,050	920	32,921,190
2014	1,082	43,844,365	62	3,587,491	1,144	47,431,856
2013	754	28,804,888	68	27,927,005	822	56,731,893
2012	722	15,447,085	130	27,080,171	852	42,527,256
2011	691	10,288,179	148	36,188,889	839	46,477,068
2010	800	13,274,825	147	9,094,350	947	22,369,175
2009	757	13,898,224	164	19,536,292	921	33,434,516
2008	746	11,836,020	218	21,113,296	964	32,949,316
2007	866	20,010,947	136	16,028,277	1,002	36,039,224

Source: City of New Britain, Building Department

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TAX BASE DATA

- **Property Tax and Assessments**
- **Property Tax Levy and Collection**
- **Net Taxable Grand List**
- **Comparative Assessed Valuations**
- **Tax Exempt Property**
- **Property Tax Collections**
- **Principal Property Taxpayers**

TAX BASE DATA

Property Tax and Assessments

Section 12-62 et. seq. of the Connecticut General Statutes governs real property assessments and establish the revaluation cycle for Connecticut municipalities of a revaluation every five years and, generally, a full inspection, including measuring or verifying the exterior dimensions of a building and entering and examining the interior of the building, once every ten years. Section 12-62 also imposes a penalty on municipalities that fail to effect revaluations as required, with certain exceptions. Municipalities may choose to phase-in real property assessment increases resulting from a revaluation over a period of up to five years. The maintenance of an equitable tax base by locating and appraising all real and personal property within the City for inclusion on the Grand List is the responsibility of the Assessor's Office. The Grand List represents the total assessed values for all taxable and tax exempt real estate, taxable personal property, and motor vehicles located within the City as of October 1. Assessments for real and personal property are computed at seventy percent (70%) of the market value at the time of last revaluation, and at 70% of the annual approval of Motor Vehicles by the Office of Policy and Management. Grand List information is used by municipalities to set the mill rate which in turn becomes the basis for the City's annual tax levy. Any property owner may seek to appeal its assessment by filing a written appeal to a City's Board of Assessment Appeals. The Board of Assessment Appeals elects to hear such appeals and determines whether adjustments to the Assessor's list relating to assessments under appeal are warranted. Under Connecticut law, taxpayers who are dissatisfied with a decision by a City's Board of Assessment Appeals may appeal the decision to the Connecticut Superior Court. The City's last revaluation was implemented on October 1, 2012 (commencing tax fiscal year 2013-2014). The next scheduled revaluation is due October 1, 2017.

When a new structure or modification to an existing structure is undertaken, a municipality's Assessor's Office receives a copy of the permit issued by the Building Inspector. A physical appraisal is then completed and the structure classified and priced from a schedule developed as of the revaluation. Property depreciation and obsolescence factors are also considered when arriving at an equitable value.

Public Act No. 16-3, May Special Session, allows municipalities to tax motor vehicles at a different rate than other taxable property but caps the motor vehicle tax rate at (1) 37.00 mills for the 2015 assessment year (fiscal year beginning July 1, 2016 and ending June 30, 2017) and (2) 32.00 mills for the 2016 assessment year (fiscal year beginning July 1, 2017 and ending June 30, 2018) and thereafter. Public Act No. 16-3, May Special Session, also diverts a portion of state collected sales tax revenue to provide funding to municipalities to fully reimburse the revenue loss attributed to the motor vehicle property tax cap.

Motor vehicle lists are furnished to municipalities by the State Department of Motor Vehicles and appraisals of motor vehicles are accomplished in accordance with an automobile price schedule developed by the Connecticut Association of Assessing Officials and as recommended by the State Office of Policy and Management. Section 12-71b of The Connecticut General Statutes provides that motor vehicles which are registered with the Commissioner of Motor Vehicles after the October 1 assessment date are subject to property tax as follows: 1) vehicles registered subsequent to October 1 but prior to the following August 1, are subject to a prorated tax based on the period of time from the date of registration until the following October 1; 2) vehicles purchased in August and September are not taxed until the next October 1 Grand List. With respect to replacement vehicles (as compared to additional vehicles) Section 12-71b provides for similar prorating of taxes on the new vehicle and a credit with respect to taxes due on the replaced vehicle during the assessment year.

All commercial personal property (furniture, fixtures, equipment, machinery and leased equipment) is assessed annually. An assessor's check and audit is completed periodically. Assessments for both personal property and motor vehicles are computed at seventy percent (70%) of present market value.

Section 12-124a of the Connecticut General Statutes permits a municipality, upon approval by its legislative body, to abate property taxes on owner-occupied residences to the extent that the taxes exceed eight percent of the owner's total income, from any source, adjusted for self-employed persons to reflect expenses allowed in determining adjusted gross income. The owner must agree to pay the amount of taxes abated with interest at 6% per annum, or at such rate approved by the legislative body, at such time that the residence is sold or transferred or on the death of the last surviving owner. A lien for such amounts is recorded in the land records but does not take precedence over any mortgage recorded before the lien.

Section 12-170v of the Connecticut General Statutes permits a municipality upon approval by its legislative body to freeze the property taxes due for certain low-income elderly residents. Any municipality providing such property tax relief may place a lien upon such property in the amount of total tax relief granted plus interest.

Property Tax Levy and Collection

Property taxes are levied on all taxable assessed property on the Grand List of October 1 prior to the beginning of the fiscal year. Real and personal property taxes are generally payable in two installments on July 1 and January 1, except that real and personal property taxes under \$100 are payable in one installment on July 1. Motor vehicle tax bills are payable in July and motor vehicle supplemental bills are payable in January. A margin against delinquencies, legal reductions, and Grand List adjustments, such as Assessor errors, is provided by adjusting the Grand List downward when computing anticipated property tax revenue from the current levy. An estimate for delinquent taxes and outstanding interest and lien fees anticipated to be collected during the fiscal year is normally included as a revenue item in the budget. Delinquent taxes are billed at least four times a year with interest charged at the rate of one and one-half percent per month with a minimum charge of \$2. In accordance with State law, the oldest outstanding tax is collected first. Outstanding real estate tax accounts are automatically liened each year prior to June 30 with legal demands and alias tax warrants used in the collection of personal property and motor vehicle tax bills. Delinquent motor vehicle and personal property tax accounts are transferred to a suspense account when collection appears unlikely at which time they cease to be carried as receivables by the City, although they remain collectible. Tax accounts unpaid fifteen years after the due date are not collectible in accordance with State statutes.

Net Taxable Grand List

(In Thousands)

FYE 6/30	Grand List 10/1	Real Estate			Personal Property		Total Assessed Value	Less: Exemptions	Net Taxable Grand List
		Residential	Industrial/ Commercial	Other	Motor Vehicles	Other			
2018	2016	\$1,449,942	\$608,293	\$11,970	\$292,548	\$284,548	\$2,647,262	\$142,118	\$2,505,144
2017	2015	1,446,554	606,294	12,027	281,370	269,633	2,615,878	134,442	2,481,436
2016	2014	1,443,289	598,648	13,955	274,234	254,228	2,584,354	122,352	2,462,002
2015	2013	1,442,983	591,969	11,130	269,963	233,843	2,549,888	106,183	2,443,705
2014	2012 ¹	1,442,332	606,932	12,078	269,408	232,309	2,563,059	112,825	2,450,234
2013	2011	1,871,854	682,305	14,692	265,204	225,067	3,059,122	110,041	2,949,081
2012	2010	1,869,080	676,918	14,459	254,028	216,493	3,030,978	108,254	2,922,724
2011	2009	1,863,239	675,408	15,265	251,889	211,675	3,017,476	104,087	2,913,389
2010	2008	1,862,258	684,890	15,137	244,061	211,469	3,017,815	95,696	2,922,119
2009	2007 ¹	1,856,339	716,129	15,575	251,566	198,384	3,037,993	75,038	2,962,955
2008	2006	1,227,065	480,020	10,752	243,942	196,500	2,158,279	68,671	2,089,608

Source: City of New Britain, Assessor's Office

Note: Totals have been rounded.

Comparative Assessed Valuations

Grand List 10/1	Real Property					Gross Taxable Grand List	Less: All Categories of Exemptions	Net Taxable Grand List
	Residential	Commercial & Industrial	All other	Motor Vehicles	Other Personal Property			
2016	54.8%	23.0%	0.5%	11.1%	10.7%	\$2,647,262,340	\$142,118,052	\$2,505,144,288
2015	55.3	23.2	0.5	10.8	10.3	2,615,877,607	134,441,741	2,481,435,866
2014	55.8	23.2	0.5	10.6	9.8	2,584,263,274	122,352,329	2,461,910,945
2013	56.6	23.2	0.4	10.6	9.2	2,549,887,651	106,183,418	2,443,704,233
2012 ¹	56.3	23.7	0.5	10.5	9.1	2,563,057,836	112,825,418	2,450,232,418
2011	61.2	22.3	0.5	8.7	7.4	3,059,121,528	110,041,442	2,949,080,086
2010	61.7	22.3	0.5	8.4	7.1	3,030,977,819	108,253,648	2,922,724,171
2009	61.7	22.4	0.5	8.3	7.0	3,017,475,451	104,086,991	2,913,388,460
2008	61.7	22.7	0.5	8.1	7.0	3,017,815,363	95,695,577	2,922,119,786
2007 ¹	61.1	23.3	0.8	8.3	6.5	3,037,922,933	75,037,608	2,962,885,325
2006	56.9	22.2	0.5	11.3	9.1	2,158,279,371	68,671,284	2,089,608,087

Source: City of New Britain, Assessor's Office

Note: Percentages calculated as a percent of Gross Taxable Grand List.

¹ Revaluation Year

Tax Exempt Property

Publicly Owned	As of 10/01/16
City of New Britain	\$302,827,210
State of Connecticut	63,271,740
State of Connecticut (Education)	325,406,650
Federal	3,380,440
City of Hartford	373,380
New Britain Housing Authority	21,296,240
Total Publicly Owned	\$716,555,660
Total Privately Owned¹	\$403,603,030
Total Tax Exempt	\$1,120,158,690
Percentage as compared to Net Taxable Grand List ²	44.71%

Source: City of New Britain, Assessor's Office

¹Includes two regional non-profit hospitals, religious institutions, libraries, museums and all others.

²Based on October 1, 2016 Net Taxable Grand List of \$2,505,144,288. The Tax Exempt Property breakdown was not available for the 2016 Net Taxable Grand List data as of February 1, 2017.

Property Tax Collections

(In Thousands)

FYE 6/30	Mill Rate	Adjusted Tax Levy for Fiscal Year	Collected in the FY of the Levy Amount Percentage	Collections in Subsequent Years (thru 6/30/16)	Total Collections Amount Percentage
2017		CURRENT YEAR – IN COLLECTION			
2016	49.00	\$121,394	\$117,265 96.60%	N/A	\$117,265 96.60%
2015	49.00	120,101	115,575 96.23	2,637	115,575 96.23
2014 ¹	44.12	108,247	105,001 97.00	1,785	105,250 98.98
2013	36.63	106,630	104,180 97.70	1,716	105,896 99.31
2012	36.63	107,582	103,302 96.02	3,646	106,948 99.41
2011	36.63	107,141	102,722 95.88	3,862	106,584 99.48
2010	34.98	102,274	98,267 96.08	3,482	101,749 99.49
2009 ¹	34.98	103,153	98,983 95.96	3,642	102,625 99.49
2008	45.88	95,749	91,654 95.72	3,424	95,078 99.30
2007	45.89	95,916	92,550 96.49	2,756	95,306 99.36

Source: 2007-2015, City of New Britain, Comprehensive Annual Financial Reports; 2015, City Tax Collector

¹Revaluation Year

Principal Property Taxpayers

Name	Nature of Business	Property Assessed Value as of October 1, 2016	% of Net Taxable Grand List October 1, 2016 ¹
Connecticut Light & Power	Utility	\$69,819,890	2.78%
Stanley Black & Decker Inc.	Manufacturing	23,202,991	0.93
Pebblebrook Apartments, LLC	Apartments	19,675,530	0.79
Conn. Natural Gas Corp.	Utility	14,244,640	0.57
Investment Associates LTP	Medical Offices	11,546,830	0.46
Corbin Pinnacle, LLC	Apartments	10,187,230	0.41
Inland Southeast New Britain LLC	Retail	9,852,570	0.39
NB-BTMC LLC	Retail	9,800,000	0.39
NETZ BHNV-New Britain, LLC	Apartments	9,373,820	0.37
Paramount Plaza at New Brite LLC	Retail	9,239,650	0.37
TOTAL		\$184,943,151	7.23%

Source: City of New Britain, Assessor's Office

¹Based on 10/1/2016 Net Taxable Grand List of \$2,481,435,866

- **Principal Amount of Indebtedness**
- **Authorized But Unissued Debt**
- **Overlapping/Underlying Debt**
- **Annual Debt Maturity Schedules**
- **Debt Statement**
- **Current Debt Ratios**
- **Limitation of Indebtedness**
- **Statement of Statutory Debt Limitation**
- **Bond Authorization**
- **Temporary Financing**
- **Clean Water Fund Program**
- **Capital Improvement Program Summary**

DEBT AND FINANCIAL INFORMATION - SERIES A AND SERIES B BONDS

Principal Amount of Indebtedness

Pro Forma as of March 1, 2017 ¹

(In Thousands)

	Date of Issue	Final Maturity	Interest Rate	Original Issue	Balance Outstanding
Long Term Debt					
1998 Series POB	02/01/98	02/01/21	5.70 – 6.54%	\$66,000	\$19,040
2005 MERF	07/28/05	06/01/23	4.93	1,450	705
2006 Series	04/06/06	04/15/21	4.00 – 5.00	17,460	1,160
2007 Series	04/05/07	04/15/22	3.75 – 5.00	13,575	1,810
2008A Series	04/01/08	04/01/28	2.75 – 5.00	12,965	5,165
2008B Series	04/01/08	04/01/35	2.75 – 5.00	29,655	8,175
2009 Series	03/31/09	04/01/24	3.00 – 5.00	13,385	3,600
2010A Series	03/30/10	03/01/25	2.50 – 5.25	11,715	3,900
2010 B-2 Series	11/09/10	10/01/24	2.89 – 5.35	18,000	14,400
2010 B-3 Series	11/09/10	10/01/30	5.69 – 5.82	9,935	9,935
2012 Series	03/28/12	03/15/27	2.00 – 4.00	34,015	12,655
2013 Series	03/27/13	03/15/33	2.00 – 4.00	19,225	11,545
2014 Series A ²	10/01/14	03/01/20	4.00 – 5.00	9,600	9,600
2015 Series A ²	03/26/15	03/01/35	3.00 – 5.00	29,000	29,000
2015 Series POB	04/15/15	02/01/26	1.901 – 4.034	56,000	51,075
2016 Series A ²	01/28/16	03/01/25	0.82 – 5.00	44,545	44,545
<i>2017 Series A (This Issue)</i>	<i>03/01/17</i>	<i>03/01/22</i>	<i>5.00</i>	<i>8,570</i>	<i>8,570</i>
<i>2017 Series B (This Issue)</i>	<i>03/01/17</i>	<i>03/01/25</i>	<i>1.871 – 3.188</i>	<i>13,005</i>	<i>13,005</i>
<i>LESS: 2017 Series A Refunded Bonds</i>	<i>03/01/17</i>				<i>(9,040)</i>
<i>LESS: 2017 Series B Refunded Bonds</i>	<i>03/01/17</i>				<i>(11,895)</i>
Total Long Term Debt				\$408,100	\$226,950
Short Term Debt					
GO BANS, Issue of 2016	03/24/16	03/23/17	2.00	<u>\$40,465</u>	<u>\$40,465</u>
Total Short Term Debt				\$40,465	\$40,465

¹This chart does not include the Series C Bonds (as defined herein) which will be dated and issued March 15, 2017.

² Balance outstanding includes those portions of the Series A Refunded Bonds and the Series B Refunded Bonds being refunded pursuant to the “Plan of Refunding - Series A Bonds” and the “Plan of Refunding - Series B Bonds”, herein.

Authorized But Unissued Debt ¹

Pro Forma as of March 1, 2017

Project	Date	Bond Authorization	Bonds issued / Paydowns / Grants	Authorized but Unissued Debt
	Authorized			
Capital Equipment				
2005 Capital Equipment (28576-5)	5/11/2005	\$4,503,500	\$4,391,750	\$111,750
2007 Capital Equipment (29502-5)	2/28/2007	8,450,000	6,548,500	1,901,500
2011 Capital Equipment (31127-7)	9/8/2010	7,524,186	4,725,000	2,799,186
2013 Capital Equipment (32387-7)	6/27/2013	4,070,000	0	4,070,000
Public Improvements				
Environmental Remediation (27491-7)	5/14/2003	\$7,150,000	\$6,345,000	805,000
Pinnacle Heights (29188-1)	6/28/2006	7,946,000	7,785,000	161,000
Bridge Program (29022-5)	9/13/2006	2,025,000	1,125,000	900,000
Transfer Station Rehab (29504-3)	2/28/2007	2,377,912	1,725,000	652,912
Street Infrastructure (29503-9)	2/28/2007	28,458,000	21,172,000	7,286,000
Broad & Washington St (26188-7)	2/13/2000	13,300,000	11,878,978	1,421,022
Information Technology (29823-3)	9/26/2007	3,180,000	1,989,000	1,191,000
Badolato/Szczesny Repairs (29559-5)	4/11/2007	6,775,000	5,493,248	1,281,752
Fafnir Smart Park (26325-6)	3/14/2001	3,250,000	2,815,233	434,767
Beaver Street (30581-3)	6/10/2009	1,000,000	680,329	319,671
Storm Water System Imp (27488-7)	5/14/2003	4,750,000	3,845,000	905,000
Police Hdqtrs (30892-3)	2/24/2010	38,850,000	38,847,500	2,500
2011 Revaluation (28574-5)	5/11/2005	500,000	496,750	3,250
Cemetery Fence (31960-1)	8/8/2012	275,000	250,000	25,000
AW Stanley Park Pool (32053-5)	10/10/2012	5,300,000	386,000	4,914,000
Willow Brook Park Improvement (32374-3)	6/27/2013	3,329,000	0	3,329,000
Stanley Golf Course Irrigation Repairs (32371-1)	6/27/2013	2,000,000	0	2,000,000
City-Wide Facilities Repairs (32373-5)	6/27/2013	1,177,000	0	1,177,000
City-Wide Park ADA Improvement (32375-5)	6/27/2013	875,000	0	875,000
City-Wide Park Improvements (32376-5)	6/27/2013	990,000	0	990,000
Beehive Stadium Improvement (32377-5)	6/27/2013	495,000	0	495,000
Chesley Park Improvement (32379-5)	6/27/2013	2,075,000	0	2,075,000
Chesley Park Pool (32380-5)	6/27/2013	102,000	0	102,000
Washington Park Pool (32381-5)	6/27/2013	100,000	0	100,000
Telecommunications, Infrastructure and Equipment (32382-1)	6/27/2013	1,400,000	0	1,400,000
Streetscape Improvement (32384-1)	6/27/2013	6,000,000	1,173,137	4,826,863
Arch Street Improvement (32385-1)	6/27/2013	1,200,000	0	1,200,000
Broad Street Reconstruction (Burritt) (32403-5)	7/10/2013	4,350,000	0	4,350,000
Elam Street Water Project (32576-1)	12/11/2013	5,395,000	3,300,063	2,094,937
New Britain Stadium (33146-3)	6/10/2015	795,000	0	795,000
EMS Equipment (33391-1)	2/24/2016	400,000	0	400,000
Water Treatment Facility (33392-1)	2/14/2016	1,283,000	0	1,283,000
Vehicles and Capital Equipment (2016) (33654-1)	10/26/2016	4,200,000	0	4,200,000
General Purposes Subtotal		\$185,850,598	\$124,972,488	\$60,878,110
Sewers				
Sewer I&I (26189-5)	12/13/2000	\$17,775,000	\$13,315,646	\$4,459,354
Sewers Subtotal		\$17,775,000	\$13,315,646	\$4,459,354
Education				
New Britain High School (28472-5)	4/13/2005	\$16,595,000	\$16,211,941	\$383,059
Diloretto School (30944-3)	4/14/2010	10,000,000	1,359,000	8,641,000
Gaffney Elementary School (32372-3)	6/27/2013	30,000,000	0	30,000,000
School Security Systems (32639-1)	3/12/2014	142,600	0	142,600
Smalley Academy (33528-1)	6/22/2016	53,000,000	0	53,000,000
Schools Subtotal		\$109,737,600	\$17,570,941	\$92,166,659
TO TAL		<u>\$313,363,198</u>	<u>\$155,859,075</u>	<u>\$157,504,123</u>

¹ This chart does not include the Series C Bonds (as defined herein) which will be dated and issued March 15, 2017.

Overlapping/Underlying Debt

The City, along with the Towns of Berlin and Cromwell, is a member of the Mattabassett District (the “District”), a regional sewer authority, which was organized under a special act of the 1961 session of the Connecticut General Assembly. The three constituent municipalities approved the District's charter dated October, 1968. The function of the District is to operate and maintain a water pollution control system. The District is governed by a District Board composed of twelve members appointed by the constituent municipalities.

The Mattabassett District has outstanding a \$83.184 million 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 Control Facility Nitrogen Upgrade Project. As a member of the Mattabassett District, the City is assessed a pro-rata share of 41.61% of the District's debt, which is reflected as overlapping debt. As of June 30, 2016, \$73.511 million has been drawn upon and \$30.588 million represents the City's share of the IFO as of that date.

Annual Debt Maturity Schedules

Pro Forma as of March 1, 2017

Fiscal Year (6/30)	<u>Outstanding GO Debt¹</u>		<u>Series A Bonds</u>		<u>Series B Bonds</u>		<u>Total Debt Service</u>	<u>Percent Retired</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>		
2017	\$90,000	\$1,497,926					\$1,587,926	0.0%
2018	11,865,000	9,102,106		\$428,500		\$346,441	21,742,048	5.3%
2019	13,415,000	8,590,323	\$2,020,000	428,500	\$1,730,000	346,441	26,530,264	12.8%
2020	21,210,000	7,979,095	2,120,000	327,500	1,765,000	314,073	33,715,668	23.9%
2021	25,225,000	6,944,119	2,230,000	221,500	1,805,000	274,149	36,699,768	36.8%
2022	21,280,000	5,806,448	2,200,000	110,000	1,850,000	228,934	31,475,382	47.9%
2023	19,785,000	4,918,406			1,895,000	179,816	26,778,222	57.5%
2024	20,225,000	4,058,784			1,950,000	124,217	26,358,001	67.3%
2025	18,835,000	3,171,975			2,010,000	64,079	24,081,054	76.5%
2026	13,440,000	2,323,054					15,763,054	82.4%
2027	7,020,000	1,746,120					8,766,120	85.5%
2028	5,635,000	1,423,244					7,058,244	88.0%
2029	4,815,000	1,154,175					5,969,175	90.1%
2030	4,865,000	917,664					5,782,664	92.2%
2031	4,960,000	677,909					5,637,909	94.4%
2032	3,550,000	477,069					4,027,069	96.0%
2033	3,625,000	346,131					3,971,131	97.6%
2034	2,730,000	212,569					2,942,569	98.8%
2035	2,805,000	107,644					2,912,644	100.0%
TOTAL	\$205,375,000	\$61,454,761	\$8,570,000	\$1,516,000	\$13,005,000	\$1,878,150	\$291,798,911	

NOTE: This chart does not include the Series C Bonds (as defined herein) which will be dated and issued March 15, 2017.

¹ Debt Service on the Series A Refunded Bonds and Series B Refunded Bonds is not included.

Debt Statement

Pro Forma as of March 1, 2017

GENERAL OBLIGATION**LONG-TERM DEBT**

2017 Series A (This Issue)	\$8,570,000
2017 Series B (This Issue)	13,005,000
Less: Series A Refunded Bonds	(9,040,000)
Less: Series B Refunded Bonds	(11,895,000)
Schools	27,001,430
General Purpose	119,350,280
Water	9,843,290
Pension Obligation Bonds	70,115,000
TOTAL LONG-TERM DEBT	\$226,950,000
SHORT-TERM DEBT	\$40,465,000
TOTAL DIRECT DEBT	\$267,415,000
Less: Self-Supporting Water Debt	(9,843,290)
TOTAL DIRECT NET DEBT	\$257,571,710
OVERLAPPING/UNDERLYING DEBT ¹	\$30,588,000
TOTAL NET DIRECT DEBT	\$288,159,710

Current Debt Ratios

(Grand list \$ in thousands)

Population (2010) ¹	73,206
Net Taxable Grand List 10/1/16 at 70% of Full Value ²	\$2,505,144
Estimated Full Value of Grand List	\$3,578,778
Equalized Net Taxable Grand List (10/1/14) ³	\$3,648,567
Income per Capita (2015) ³	\$21,470
Estimated Full Value per Capita	\$48,886

	Total Direct Debt	Total Direct Net Debt	Total Net Direct Debt
	\$267,415,000	\$257,571,710	\$288,159,710
Debt per Capita	\$3,652.91	\$3,518.45	\$3,936.29
Ratio to Net Taxable Grand List	10.68%	10.28%	11.50%
Ratio to Estimated Full Value	7.47%	7.20%	8.05%
Ratio to Equalized Net Taxable Grand List	7.33%	7.06%	7.90%
Debt per Capita to Income per Capita	17.01%	16.39%	18.33%

¹U.S. Department of Commerce, Bureau of Census, 2010²Assessor's Office, City of New Britain³State of Connecticut, Municipal Fiscal Indicators Fiscal Years Ended 2011-2015

Limitation on Indebtedness

In accordance with the Connecticut General Statutes, the aggregate indebtedness of a municipality shall not exceed seven (7) times the annual receipts from taxation.

A municipality also shall not incur indebtedness through the issuance of bonds which will cause aggregate indebtedness by class to exceed the following:

General Purposes:	2.25 times annual receipts from taxation
School Purposes:	4.50 times annual receipts from taxation
Sewer Purposes:	3.75 times annual receipts from taxation
Urban Renewal Purposes:	3.25 times annual receipts from taxation
Unfunded Past Pension Obligation Purposes:	3.00 times annual receipts from taxation

"Annual receipts from taxation", (the "base") is defined as total tax collections of the municipality and only coterminous municipalities, including interest, penalties, late payments of taxes and State payments for revenue loss under CGS Section 12-129d and State payments under CGS Section 7-528.

The statutes also provide for exclusion from a municipality's debt limit calculations debt (i) issued in anticipation of taxes; (ii) issued for the supply of water, gas, electricity, electric demand response, conservation and load management, distributed generation, renewable energy products, for the construction of subways for cables, wires and pipes, for the construction of underground conduits for cables, wires and pipes, for the construction and operation of a municipal community antenna television system, and for two or more such purposes; (iii) issued in anticipation of the receipt of proceeds from assessments levied upon property benefited by any public improvement; (iv) issued in anticipation of the receipt of proceeds from State or federal grants evidenced by a written commitment or for which an allocation has been approved by the State Bond Commission, or from a contract with the State, a State agency or another municipality, but only to the extent such indebtedness can be paid from such proceeds; (v) issued for certain water pollution control projects; and (vi) upon placement in escrow of an amount sufficient to provide for the payment when due of the principal and interest on bonds, notes or other obligations.

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Statement of Statutory Debt Limitation ¹

Pro Forma as of March 1, 2017

(\$ in Thousands)

Total tax collections (including interest and lien fees) for the fiscal year ended June 30, 2016. \$122,528
 Reimbursement for revenue loss

Base for Debt Limitation Computation

413
\$122,941

DEBT LIMITATION

FACTOR MULTIPLIED BY BASE

	General Purposes	Schools	Sewers	Urban Renewal	Pension Deficit
2 ¼ times base.....	\$276,617	-	-	-	-
4 ½ times base.....	-	\$553,235	-	-	-
3 ¾ times base.....	-	-	\$461,029	-	-
3 ¼ times base.....	-	-	-	\$399,558	-
3 times base.....	-	-	-	-	\$368,823
Total Debt Limitation	\$276,617	\$553,235	\$461,029	\$399,558	\$368,823

INDEBTEDNESS

Bonds Payable.....	\$189,924	\$27,123	\$9,903	-	-
Notes Payable.....	31,357	9,108	-	-	-
Overlapping Debt.....	-	-	30,588	-	-
Bond Authorized, but Unissued.....	60,878	92,167	4,459	-	-
Total Outstanding Debt	\$282,159	\$128,398	\$44,950	-	-
Less self-liquidating indebtedness:					
Statutory Exclusion - Pension Bonds.....	(70,115)	-	-	-	-
School Construction Grants.....		(17,943)			
Total Statutory Debt	\$212,044	\$110,455	\$44,950	\$0	\$0

DEBT LIMITATION IN EXCESS OF OUTSTANDING AND AUTHORIZED LIMIT

\$64,573 \$442,780 \$416,079 \$399,558 \$368,823

Note: In no case shall total indebtedness exceed \$860,587 or seven times annual receipt from taxation.

¹This chart does not include the Series C Bonds (as defined herein) which will be dated and issued March 15, 2017.

Bond Authorization

The City is authorized to issue bonds or notes as provided by Article XII of the City Charter and the Connecticut General Statutes. The Mayor recommends bond authorizations to the Standing Bonding Subcommittee of the Committee on Administration, Finance and Law (the "Bonding Committee"). The Bonding Committee consists of 9 Common Council Members and 2 Board of Finance and Taxation members. Once approved by the Bonding Committee, the recommended bond authorization is presented to the Common Council at a Special Meeting. A two-thirds vote of the members of the Common Council (present and absent) is required to approve bonding authorizations. The Mayor must then approve the bonds. If the Mayor disapproves, then two-thirds of the Common Council must again pass the resolution. If the Mayor fails to approve it in ten days, then the resolution is approved, as if the Mayor had approved it.

Temporary Financing

When general obligation bonds have been authorized, bond anticipation notes may be issued maturing in not more than two years (CGS Sec. 7-378). Temporary notes may be renewed up to ten years from their original date of issue as long as all project grant payments are applied toward payment of temporary notes when they become due and payable and the legislative body schedules principal reductions by the end of the third year and for all subsequent years during which such temporary notes remain outstanding in an amount equal to a minimum of 1/20th (1/30th for sewer projects) of the estimated net project cost (CGS Sec. 7-378a). The term of the bond issue is reduced by the amount of time temporary financing exceeds two years, or, for sewer projects, by the amount of time temporary financing has been outstanding.

Temporary notes may be funded beyond ten years from the initial borrowing if a written commitment exists for State and/or federal grants, for terms not to exceed six months until such time that the final grant payments are received (CGS Sec. 7-378b).

Temporary notes may also be issued for up to fifteen years for certain capital projects associated with the operation of a waterworks system (CGS Sec. 7-244a) or a sewage system (CGS Sec. 7-264a). In the first year following the completion of the project(s), or in the sixth year (whichever is sooner), and in each year thereafter, the notes must be reduced by at least 1/15 of the total amount of the notes issued by funds derived from certain sources of payment.

Temporary notes may be issued in one year maturities for up to fifteen years in anticipation of sewer assessments receivable, such notes to be reduced annually by the amount of assessments received during the preceding year (CGS Sec. 7-269a).

Clean Water Fund Program

The City is a participant in the State of Connecticut Clean Water Fund ("CWF") Program (Connecticut General Statutes Section 22a-475 et seq., as amended) which provides financial assistance for sewer improvements through a combination of grants and loans bearing interest at a rate of 2% per annum. All participating municipalities receive a grant of 20% and a loan of 80% of total eligible costs (with the exception of combined sewer overflow correction projects which are financed with a 50% grant and a 50% loan).

The CWF Program includes a drinking water component. Eligible drinking water projects receive State loans from the Drinking Water State Revolving Fund ("DWSRF") established pursuant to the CWF, which bear interest at no more than one-half of the average net interest cost incurred by the State's previous similar bond issue. State water grant funding is not generally available; however the State administers federal grant funding such as the Long Island Sound Restoration Act (LISRA) and American Recovery and Reinvestment Act (ARRA) through the DWSRF.

CWF and DWSRF loans are made pursuant to Project Grant and Project Loan Agreements ("Loan Agreements"). Construction costs are funded with temporary draw down loans called Interim Funding Obligations ("IFO"), which enables municipalities to borrow only what is required for project costs. The IFO is permanently financed through the issuance of a Project Loan Obligation ("PLO") at the conclusion of the project. IFOs and PLOs are secured by either the full faith and credit of the municipality and/or a dedicated source of revenue. The City issued a PLO to the State of Connecticut on October 27, 2016 in the amount of \$3,022,188.47.

Amortization of each loan is required to begin one year from the earlier of the scheduled completion date specified in the Loan Agreement or the actual project completion date. The final maturity of each PLO is twenty years from the scheduled completion date. Principal and interest payments are made (1) in equal monthly installments commencing one month after the scheduled completion date, or (2) in single annual installments representing 1/20 of the total principal not later than one year from the scheduled completion date specified in the Loan Agreement repayable thereafter in monthly installments. Borrowers may elect to make level debt service payments or level principal payments. Borrowers may prepay their loans at any time prior to maturity without penalty.

Capital Improvement Program Summary

The City's Capital Improvement Program ("CIP") is prepared pursuant to Article XI, Section 11 of the City of New Britain Charter, as amended, and is submitted simultaneously to the Mayor or his or her designee and the Board of Finance and Taxation. The Mayor and the Board of Finance and Taxation shall prepare an annual five (5) fiscal year Capital Projects budget for the City.

The Capital Improvement Program is a recommended schedule of public, physical improvements for the City of New Britain for the next five fiscal years. The first year of the program represents the proposed Capital Budget for that fiscal year.

The schedule is based on a priority analysis that examines the need, desirability and importance of such improvements, their relations to other improvements and plans, and the City's current and anticipated financial capacity. The Capital Improvement Program is updated annually, and the schedule of projects is reevaluated each year.

In adopting a Capital Improvement Program, the City analyzes the problem of balancing needed or desired physical improvements with available financing, thereby maximizing benefits from the available public revenue. In addition, the CIP is a valuable planning tool that accomplishes the following objectives:

1. Coordinates various City improvements and informs each City department of all City improvements so that rational decisions are made and, where appropriate, joint programs initiated;
2. Informs private businesses and citizens about proposed public improvements so that they may make sounder judgments concerning their own construction programs; and
3. Enables the City to take better advantage of federal and state grant-in-aid programs; and leads to balanced development throughout the City.

The Fiscal Year 2017-Fiscal Year 2021 Capital Improvement Program budget was adopted on June 2, 2016 and is outlined below.

Capital Improvement Program ¹

Department	FY 16-17	FY 17-18	FY 18-19	FY 19-20	FY 20-21	Total
Public Works	\$23,441,000	\$24,836,015	\$12,175,000	\$10,575,000	\$11,950,000	\$82,977,015
Sewer & Water	4,315,366	6,193,257	5,225,432	4,278,233	4,314,783	24,327,071
Fire	800,000	6,300,000	5,700,000	10,000,000	10,000,000	32,800,000
Dispatch	208,500	65,500	65,500	240,500	60,500	640,500
Emergency Medical Services	141,000	30,000	30,000	0	0	201,000
Information Technology	773,785	53,000	53,000	53,000	0	932,785
	<u>\$29,679,651</u>	<u>\$37,477,772</u>	<u>\$23,248,932</u>	<u>\$25,146,733</u>	<u>\$26,325,283</u>	<u>\$141,878,371</u>

1. The Capital Improvement Program prioritizes City projects; amounts indicated do not represent appropriated monies or bond authorizations.

Development of the Capital Improvement Program has been administratively modified in respect to selecting and defining projects recommended for funding as follows:

1. Elimination of projects previously included in the plan yet deemed not sufficiently necessary and unlikely to receive funding, regardless of source;
2. Eligibility for State of Connecticut Grant Funding (LOCIP);
3. Inclusion of projects defined as highly desirable and funded with appropriated monies or bond authorization; and
4. Exclusion of Board of Education Capital Improvement Projects, referred to as the 2020 plan, from the CIP.

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- **Principal Amount of Indebtedness**
- **Authorized But Unissued Debt**
- **Overlapping/Underlying Debt**
- **Annual Debt Maturity Schedules**
- **Debt Statement**
- **Current Debt Ratios**
- **Limitation of Indebtedness**
- **Statement of Statutory Debt Limitation**
- **Bond Authorization**
- **Temporary Financing**
- **Clean Water Fund Program**
- **Capital Improvement Program Summary**

DEBT AND FINANCIAL INFORMATION - SERIES C BONDS

Principal Amount of Indebtedness

Pro Forma as of March 15, 2017

(In Thousands)

	Date of Issue	Final Maturity	Interest Rate	Original Issue	Balance Outstanding
Long Term Debt					
1998 Series POB	2/1/1998	2/1/2021	5.70 – 6.54%	\$66,000	\$19,040
2005 MERF	7/28/2005	6/1/2023	4.93	1,450	705
2006 Series	4/6/2006	4/15/2021	4.00 – 5.00	17,460	1,160
2007 Series	4/5/2007	4/15/2022	3.75 – 5.00	13,575	1,810
2008A Series	4/1/2008	4/1/2028	2.75 – 5.00	12,965	5,165
2008B Series	4/1/2008	4/1/2035	2.75 – 5.00	29,655	8,175
2009 Series	3/31/2009	4/1/2024	3.00 – 5.00	13,385	3,600
2010A Series	3/30/2010	3/1/2025	2.50 – 5.25	11,715	3,900
2010 B-2 Series	11/9/2010	10/1/2024	2.89 – 5.53	18,000	14,400
2010 B-3 Series	11/9/2010	10/1/2030	5.69 – 5.82	9,935	9,935
2012 Series	3/28/2012	3/15/2027	2.00 – 4.00	34,015	12,655
2013 Series	3/27/2013	3/15/2033	2.00 – 4.00	19,225	11,545
2014 Series A ¹	10/1/2014	3/1/2020	4.00 – 5.00	9,600	9,600
2015 Series A ¹	3/26/2015	3/1/2035	3.00 – 5.00	29,000	29,000
2015 Series POB	4/15/2015	2/1/2026	1.901 – 4.034	56,000	51,075
2016 Series A ¹	1/28/2016	3/1/2025	.820 – 5.00	44,545	44,545
2017 Series A	3/1/2017	3/1/2022	5.00	8,570	8,570
2017 Series B	3/1/2017	3/1/2025	1.871 – 3.188	13,005	13,005
Less: Series A Refunded Bonds					(9,040)
Less: Series B Refunded Bonds					(11,895)
2017 Series C (This Issue)	3/15/2017	3/1/2037		53,145	53,145
Total Long Term Debt				\$461,245	\$280,095

Total Short Term Debt² **\$0** **\$0**

¹Balance outstanding includes those portions of the Series A Refunded Bonds and the Series B Refunded Bonds being refunded pursuant to the “Plan of Refunding - Series A Bonds” and the “Plan of Refunding - Series B Bonds”, herein.

²The City’s \$40,465,000 General Obligation Bond Anticipation Notes dated March 24, 2016 and maturing on March 23, 2017 will be paid out of a portion of the proceeds of the Series C Bonds that will be deposited into an escrow account with the escrow agent of such notes. See “Use of Proceeds - Series C Bonds” herein.

Authorized But Unissued Debt
Pro Forma as of March 15, 2017

Project	Date	Bond Authorization	Bonds issued / Paydowns / Grants	Series C (This Issue)	Authorized but Unissued Debt
	Authorized				
Capital Equipment					
2005 Capital Equipment (28576-5)	5/11/2005	\$4,503,500	\$4,391,750	0	\$111,750
2007 Capital Equipment (29502-5)	2/28/2007	8,450,000	6,548,500	0	1,901,500
2011 Capital Equipment (31127-7)	9/8/2010	7,524,186	4,725,000	\$1,650,000	1,149,186
2013 Capital Equipment (32387-7)	6/27/2013	4,070,000	0	4,000,000	70,000
Public Improvements					
Environmental Remediation (27491-7)	5/14/2003	\$7,150,000	\$6,345,000	515,000	290,000
Pinnacle Heights (29188-1)	6/28/2006	7,946,000	7,785,000	95,000	66,000
Bridge Program (29022-5)	9/13/2006	2,025,000	1,125,000	0	900,000
Transfer Station Rehab (29504-3)	2/28/2007	2,377,912	1,725,000	300,000	352,912
Street Infrastructure (29503-9)	2/28/2007	28,458,000	21,172,000	6,000,000	1,286,000
Broad & Washington St (26188-7)	2/13/2000	13,300,000	11,878,978	0	1,421,022
Information Technology (29823-3)	9/26/2007	3,180,000	1,989,000	353,700	837,300
Badolato/Szczesny Repairs (29559-5)	4/11/2007	6,775,000	5,493,248	520,950	760,802
Fafnir Smart Park (26325-6)	3/14/2001	3,250,000	2,815,233	0	434,767
Beaver Street (30581-3)	6/10/2009	1,000,000	680,329	95,000	224,671
Storm Water System Imp (27488-7)	5/14/2003	4,750,000	3,845,000	568,400	336,600
Police Hdqtrs (30892-3)	2/24/2010	38,850,000	38,847,500	0	2,500
2011 Revaluation (28574-5)	5/11/2005	500,000	496,750	0	3,250
Cemetery Fence (31960-1)	8/8/2012	275,000	250,000	0	25,000
AW Stanley Park Pool (32053-5)	10/10/2012	5,300,000	386,000	4,900,000	14,000
Willow Brook Park Improvement (32374-3)	6/27/2013	3,329,000	0	3,329,000	0
Stanley Golf Course Irrigation Repairs (32371-1)	6/27/2013	2,000,000	0	2,000,000	0
City-Wide Facilities Repairs (32373-5)	6/27/2013	1,177,000	0	1,110,000	67,000
City-Wide Park ADA Improvement (32375-5)	6/27/2013	875,000	0	875,000	0
City-Wide Park Improvements (32376-5)	6/27/2013	990,000	0	990,000	0
Beehive Stadium Improvement (32377-5)	6/27/2013	495,000	0	495,000	0
Chesley Park Improvement (32379-5)	6/27/2013	2,075,000	0	2,075,000	0
Chesley Park Pool (32380-5)	6/27/2013	102,000	0	90,000	12,000
Washington Park Pool (32381-5)	6/27/2013	100,000	0	90,000	10,000
Telecommunications, Infrastructure and Equipment (32382-1)	6/27/2013	1,400,000	0	1,400,000	0
Streetscape Improvement (32384-1)	6/27/2013	6,000,000	1,173,137	2,800,000	2,026,863
Arch Street Improvement (32385-1)	6/27/2013	1,200,000	0	80,000	1,120,000
Broad Street Reconstruction (Burritt) (32403-5)	7/10/2013	4,350,000	0	4,350,000	0
Elam Street Water Project (32576-1)	12/11/2013	5,395,000	3,300,063	0	2,094,937
New Britain Stadium (33146-3)	6/10/2015	795,000	0	795,000	0
EMS Equipment (33391-1)	2/24/2016	400,000	0	360,000	40,000
Water Treatment Facility (33392-1)	2/14/2016	1,283,000	0	0	1,283,000
Vehicles and Capital Equipment (2016) (33654-1)	10/26/2016	4,200,000	0	4,200,000	0
General Purposes Subtotal		\$185,850,598	\$124,972,488	\$44,037,050	\$16,841,060
Sewers					
Sewer I&I (26189-5)	12/13/2000	\$17,775,000	\$13,315,646	0	\$4,459,354
Sewers Subtotal		\$17,775,000	\$13,315,646	0	\$4,459,354
Education					
New Britain High School (28472-5)	4/13/2005	\$16,595,000	\$16,211,941	0	\$383,059
Diloretto School (30944-3)	4/14/2010	10,000,000	1,359,000	\$2,665,350	5,975,650
Gaffney Elementary School (32372-3)	6/27/2013	30,000,000	0	6,300,000	23,700,000
School Security Systems (32639-1)	3/12/2014	142,600	0	142,600	0
Smalley Academy (33528-1)	6/22/2016	53,000,000	0	0	53,000,000
Schools Subtotal		\$109,737,600	\$17,570,941	\$9,107,950	\$83,058,709
TO TAL		\$313,363,198	\$155,859,075	\$53,145,000	\$104,359,123

Overlapping/Underlying Debt

The City, along with the Towns of Berlin and Cromwell, is a member of the Mattabassett District (the “District”), a regional sewer authority, which was organized under a special act of the 1961 session of the Connecticut General Assembly. The three constituent municipalities approved the District's charter dated October, 1968. The function of the District is to operate and maintain a water pollution control system. The District is governed by a District Board composed of twelve members appointed by the constituent municipalities.

The Mattabassett District has outstanding a \$83.184 million 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 Control Facility Nitrogen Upgrade Project. As a member of the Mattabassett District, the City is assessed a pro-rata share of 41.61% of the District's debt, which is reflected as overlapping debt. As of June 30, 2016, \$73.511 million has been drawn upon and \$30.588 million represents the City's share of the IFO as of that date.

Annual Debt Maturity Schedules

Pro Forma as of March 15, 2017

Fiscal Year (6/30)	<u>Outstanding GO Debt¹</u>		<u>Series C Bonds</u>		Total Debt Service	Percent Retired
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>		
2017	\$90,000	\$1,111,907			\$1,201,907	0.0%
2018	11,865,000	9,877,048		\$2,553,913	24,295,960	4.3%
2019	17,165,000	9,365,264		2,657,250	29,187,514	10.4%
2020	25,095,000	8,620,668		2,657,250	36,372,918	19.4%
2021	29,260,000	7,439,768		2,657,250	39,357,018	29.8%
2022	25,330,000	6,145,382	\$140,000	2,657,250	34,272,632	38.9%
2023	21,680,000	5,098,222	2,455,000	2,650,250	31,883,472	47.5%
2024	22,175,000	4,183,001	2,580,000	2,527,500	31,465,501	56.4%
2025	20,845,000	3,236,054	2,710,000	2,398,500	29,189,554	64.9%
2026	13,440,000	2,323,054	2,845,000	2,263,000	20,871,054	70.6%
2027	7,020,000	1,746,120	2,985,000	2,120,750	13,871,870	74.1%
2028	5,635,000	1,423,244	3,135,000	1,971,500	12,164,744	77.3%
2029	4,815,000	1,154,175	3,295,000	1,814,750	11,078,925	80.2%
2030	4,865,000	917,664	3,455,000	1,650,000	10,887,664	83.1%
2031	4,960,000	677,909	3,630,000	1,477,250	10,745,159	86.2%
2032	3,550,000	477,069	3,810,000	1,295,750	9,132,819	88.8%
2033	3,625,000	346,131	4,000,000	1,105,250	9,076,381	91.6%
2034	2,730,000	212,569	4,200,000	905,250	8,047,819	94.0%
2035	2,805,000	107,644	4,410,000	695,250	8,017,894	96.6%
2036	--	-	4,630,000	474,750	5,104,750	98.3%
2037	--	--	<u>4,865,000</u>	<u>243,250</u>	<u>5,108,250</u>	100.0%
TOTAL	\$226,950,000	\$64,462,892	\$53,145,000	\$36,775,913	\$381,333,804	

NOTE: The above table includes the debt service of the Series A and Series B Bonds (as defined herein) which will be dated and issued March 1, 2017.

¹Debt Service on the Series A Refunded Bonds and the Series B Refunded Bonds is not included.

Debt Statement

Pro Forma as of March 15, 2017

GENERAL OBLIGATION**LONG-TERM DEBT**

2017 Series C (This Issue)	\$53,145,000
2017 Series A	8,570,000
2017 Series B	13,005,000
Less: Series A Refunded Bonds	(9,040,000)
Less: Series B Refunded Bonds	(11,895,000)
Schools	27,001,430
General Purpose	119,350,280
Water	9,843,290
Pension Obligation Bonds	70,115,000
TOTAL LONG-TERM DEBT	\$280,095,000

SHORT-TERM DEBT²	\$0
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TOTAL DIRECT DEBT	\$280,095,000
Less: Self-Supporting Water Debt	(9,843,290)

TOTAL DIRECT NET DEBT	\$270,251,710
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OVERLAPPING/UNDERLYING DEBT ¹	\$30,588,000
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TOTAL NET DIRECT DEBT	\$300,839,710
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¹Please see "Overlapping/Underlying Debt" section herein²The City's \$40,465,000 General Obligation Bond Anticipation Notes dated March 24, 2016 and maturing on March 23, 2017 will be paid out of a portion of the proceeds of the Series C Bonds. See "Use of Proceeds - Series C Bonds" herein.

Current Debt Ratios

(Grand list \$ in thousands)

Population (2010) ²	73,206
Net Taxable Grand List 10/1/16 at 70% of Full Value ³	\$2,505,144
Estimated Full Value of Grand List	\$3,578,778
Equalized Net Taxable Grand List (10/1/14) ⁴	\$3,648,567
Income per Capita (2015) ⁴	\$21,470
Estimated Full Value per Capita	\$48,886

	Total Direct Debt	Total Direct Net Debt	Total Net Direct Debt
	\$280,095,000	\$270,251,710	\$300,839,710
Debt per Capita	\$3,826.12	\$3,691.66	\$4,109.50
Ratio to Net Taxable Grand List	11.18%	10.79%	12.01%
Ratio to Estimated Full Value	7.83%	7.55%	8.41%
Ratio to Equalized Net Taxable Grand List	7.68%	7.41%	8.25%
Debt per Capita to Income per Capita	17.82%	17.20%	19.14%

²U.S. Department of Commerce, Bureau of Census, 2010

³Assessor's Office, City of New Britain

⁴State of Connecticut, Municipal Fiscal Indicators Fiscal Year Ended 2011-2015

Limitation on Indebtedness

In accordance with the Connecticut General Statutes, the aggregate indebtedness of a municipality shall not exceed seven (7) times the annual receipts from taxation.

A municipality also shall not incur indebtedness through the issuance of bonds which will cause aggregate indebtedness by class to exceed the following:

General Purposes:	2.25 times annual receipts from taxation
School Purposes:	4.50 times annual receipts from taxation
Sewer Purposes:	3.75 times annual receipts from taxation
Urban Renewal Purposes:	3.25 times annual receipts from taxation
Unfunded Past Pension Obligation Purposes:	3.00 times annual receipts from taxation

"Annual receipts from taxation", (the "base") is defined as total tax collections of the municipality and only coterminous municipalities, including interest, penalties, late payments of taxes and State payments for revenue loss under CGS Section 12-129d and State payments under CGS Section 7-528.

The statutes also provide for exclusion from a municipality's debt limit calculations debt (i) issued in anticipation of taxes; (ii) issued for the supply of water, gas, electricity, electric demand response, conservation and load management, distributed generation, renewable energy products, for the construction of subways for cables, wires and pipes, for the construction of underground conduits for cables, wires and pipes, for the construction and operation of a municipal community antenna television system, and for two or more such purposes; (iii) issued in anticipation of the receipt of proceeds from assessments levied upon property benefited by any public improvement; (iv) issued in anticipation of the receipt of proceeds from State or federal grants evidenced by a written commitment or for which an allocation has been approved by the State Bond Commission, or from a contract with the State, a State agency or another municipality, but only to the extent such indebtedness can be paid from such proceeds; (v) issued for certain water pollution control projects; and (vi) upon placement in escrow of an amount sufficient to provide for the payment when due of the principal and interest on bonds, notes or other obligations.

Statement of Statutory Debt Limitation

Pro Forma as of March 15, 2017

(\$ in Thousands)

Total tax collections (including interest and lien fees) for the fiscal year ended June 30, 2016. \$122,528
 Reimbursement for revenue loss

Base for Debt Limitation Computation

413
\$122,941

DEBT LIMITATION	General Purposes	Schools	Sewers	Urban Renewal	Pension Deficit
FACTOR MULTIPLIED BY BASE					
2 ¼ times base.....	\$276,617	-	-	-	-
4 ½ times base.....	-	\$553,235	-	-	-
3 ¾ times base.....	-	-	\$461,029	-	-
3 ¼ times base.....	-	-	-	\$399,558	-
3 times base.....	-	-	-	-	\$368,823
Total Debt Limitation	\$276,617	\$553,235	\$461,029	\$399,558	\$368,823
INDEBTEDNESS					
Bonds Payable (including the Series C Bonds)	\$233,961	\$36,231	\$9,903	-	-
Notes Payable ¹	-	-	-	-	-
Overlapping Debt.....	-	-	30,588	-	-
Bond Authorized, but Unissued.....	16,841	83,059	4,459	-	-
Total Outstanding Debt	\$250,802	\$119,290	\$44,950	-	-
Less self-liquidating indebtedness:					
Statutory Exclusion - Pension Bonds.....	(70,115)	-	-	-	-
School Construction Grants.....		(17,942)			
Total Statutory Debt	\$180,687	\$101,348	\$44,950	\$0	\$0
DEBT LIMITATION IN EXCESS OF OUTSTANDING AND AUTHORIZED LIMIT	\$95,930	\$451,887	\$416,079	\$399,558	\$368,823

Note: In no case shall total indebtedness exceed \$860,587 or seven times annual receipt from taxation.

¹The City's \$40,465,000 General Obligation Bond Anticipation Notes dated March 24, 2016 and maturing on March 23, 2017 will be paid out of a portion of the proceeds of the Series C Bonds. See "Use of Proceeds - Series C Bonds" herein.

Bond Authorization

The City is authorized to issue bonds or notes as provided by Article XII of the City Charter and the Connecticut General Statutes. The Mayor recommends bond authorizations to the Standing Bonding Subcommittee of the Committee on Administration, Finance and Law (the "Bonding Committee"). The Bonding Committee consists of 9 Common Council Members and 2 Board of Finance and Taxation members. Once approved by the Bonding Committee, the recommended bond authorization is presented to the Common Council at a Special Meeting. A two-thirds vote of the members of the Common Council (present and absent) is required to approve bonding authorizations. The Mayor must then approve the bonds. If the Mayor disapproves, then two-thirds of the Common Council must again pass the resolution. If the Mayor fails to approve it in ten days, then the resolution is approved, as if the Mayor had approved it.

Temporary Financing

When general obligation bonds have been authorized, bond anticipation notes may be issued maturing in not more than two years (CGS Sec. 7-378). Temporary notes may be renewed up to ten years from their original date of issue as long as all project grant payments are applied toward payment of temporary notes when they become due and payable and the legislative body schedules principal reductions by the end of the third year and for all subsequent years during which such temporary notes remain outstanding in an amount equal to a minimum of 1/20th (1/30th for sewer projects) of the estimated net project cost (CGS Sec. 7-378a). The term of the bond issue is reduced by the amount of time temporary financing exceeds two years, or, for sewer projects, by the amount of time temporary financing has been outstanding.

Temporary notes may be funded beyond ten years from the initial borrowing if a written commitment exists for State and/or federal grants, for terms not to exceed six months until such time that the final grant payments are received (CGS Sec. 7-378b).

Temporary notes may also be issued for up to fifteen years for certain capital projects associated with the operation of a waterworks system (CGS Sec. 7-244a) or a sewage system (CGS Sec. 7-264a). In the first year following the completion of the project(s), or in the sixth year (whichever is sooner), and in each year thereafter, the notes must be reduced by at least 1/15 of the total amount of the notes issued by funds derived from certain sources of payment.

Temporary notes may be issued in one year maturities for up to fifteen years in anticipation of sewer assessments receivable, such notes to be reduced annually by the amount of assessments received during the preceding year (CGS Sec. 7-269a).

Clean Water Fund Program

The City is a participant in the State of Connecticut Clean Water Fund ("CWF") Program (Connecticut General Statutes Section 22a-475 et seq., as amended) which provides financial assistance for sewer improvements through a combination of grants and loans bearing interest at a rate of 2% per annum. All participating municipalities receive a grant of 20% and a loan of 80% of total eligible costs (with the exception of combined sewer overflow correction projects which are financed with a 50% grant and a 50% loan).

The CWF Program includes a drinking water component. Eligible drinking water projects receive State loans from the Drinking Water State Revolving Fund ("DWSRF") established pursuant to the CWF, which bear interest at no more than one-half of the average net interest cost incurred by the State's previous similar bond issue. State water grant funding is not generally available; however the State administers federal grant funding such as the Long Island Sound Restoration Act (LISRA) and American Recovery and Reinvestment Act (ARRA) through the DWSRF.

CWF and DWSRF loans are made pursuant to Project Grant and Project Loan Agreements ("Loan Agreements"). Construction costs are funded with temporary draw down loans called Interim Funding Obligations ("IFO"), which enables municipalities to borrow only what is required for project costs. The IFO is permanently financed through the issuance of a Project Loan Obligation ("PLO") at the conclusion of the project. IFOs and PLOs are secured by either the full faith and credit of the municipality and/or a dedicated source of revenue. The City issued a PLO to the State of Connecticut on October 27, 2016 in the amount of \$3,022,188.47.

Amortization of each loan is required to begin one year from the earlier of the scheduled completion date specified in the Loan Agreement or the actual project completion date. The final maturity of each PLO is twenty years from the scheduled completion date. Principal and interest payments are made (1) in equal monthly installments commencing one month after the scheduled completion date, or (2) in single annual installments representing 1/20 of the total principal not later than one year from the scheduled completion date specified in the Loan Agreement repayable thereafter in monthly installments. Borrowers may elect to make level debt service payments or level principal payments. Borrowers may prepay their loans at any time prior to maturity without penalty.

Capital Improvement Program Summary

The City's Capital Improvement Program ("CIP") is prepared pursuant to Article XI, Section 11 of the City of New Britain Charter, as amended, no later than the second Friday in January of each year, and is submitted simultaneously to the Mayor or his or her designee and the Board of Finance and Taxation. The Mayor and the Board of Finance and Taxation shall prepare an annual five (5) fiscal year Capital Projects budget for the City.

The Capital Improvement Program is a recommended schedule of public, physical improvements for the City of New Britain for the next five fiscal years. The first year of the program represents the proposed Capital Budget for that fiscal year.

The schedule is based on a priority analysis that examines the need, desirability and importance of such improvements, their relations to other improvements and plans, and the City's current and anticipated financial capacity. The Capital Improvement Program is updated annually, and the schedule of projects is reevaluated each year.

In adopting a Capital Improvement Program, the City analyzes the problem of balancing needed or desired physical improvements with available financing, thereby maximizing benefits from the available public revenue. In addition, the CIP is a valuable planning tool that accomplishes the following objectives:

1. Coordinates various City improvements and informs each City department of all City improvements so that rational decisions are made and, where appropriate, joint programs initiated;
2. Informs private businesses and citizens about proposed public improvements so that they may make sounder judgments concerning their own construction programs; and
3. Enables the City to take better advantage of federal and state grant-in-aid programs; and leads to balanced development throughout the City.

The Fiscal Year 2017-Fiscal Year 2021 Capital Improvement Program budget was adopted on June 2, 2016 and is outlined below.

Capital Improvement Program ¹

Department	FY 16-17	FY 17-18	FY 18-19	FY 19-20	FY 20-21	Total
Public Works	\$23,441,000	\$24,836,015	\$12,175,000	\$10,575,000	\$11,950,000	\$82,977,015
Sewer & Water	4,315,366	6,193,257	5,225,432	4,278,233	4,314,783	24,327,071
Fire	800,000	6,300,000	5,700,000	10,000,000	10,000,000	32,800,000
Dispatch	208,500	65,500	65,500	240,500	60,500	640,500
Emergency Medical Services	141,000	30,000	30,000	0	0	201,000
Information Techonology	773,785	53,000	53,000	53,000	0	932,785
	<u>\$29,679,651</u>	<u>\$37,477,772</u>	<u>\$23,248,932</u>	<u>\$25,146,733</u>	<u>\$26,325,283</u>	<u>\$141,878,371</u>

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1. Elimination of projects previously included in the plan yet deemed not sufficiently necessary and unlikely to receive funding, regardless of source;
2. Eligibility for State of Connecticut Grant Funding (LOCIP);
3. Inclusion of projects defined as highly desirable and funded with appropriated monies or bond authorization; and
4. Exclusion of Board of Education Capital Improvement Projects, referred to as the 2020 plan, from the CIP.

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- **Fiscal Year**
- **Significant Financial Policies**
- **Budgetary Procedures**
- **Annual Audit**
- **Auditor's Disclaimer**
- **Investment Policy**
- **Pension Programs**
- **OPEB Funding Policy**
- **General Fund Revenues and Expenditures**

FINANCIAL ADMINISTRATION

Fiscal Year

The City's fiscal year begins July 1 and ends June 30.

Significant Financial Policies

Financial Reporting: On a monthly basis, financial operating statements are prepared and distributed to the Mayor, the Common Council and the Board of Finance and Taxation for review and comment. Departmental reporting of the current status of budgeting operations occurs on a weekly basis.

Investment Funds: The City invests its available cash from various activities on a competitive basis with local institutions strictly in accordance with the General Statutes of Connecticut. The City participates in the State of Connecticut Short-Term Investment Fund ("STIF") and other funds, in order to diversify the City's investment portfolio. Deposits are protected against loss under the Public Deposits Protection Act only when deposits are with a qualified public depository in the State of Connecticut. Investments are stated at cost.

Personnel Compensation: Accrued compensated absences are recognized in the City's Long-Term Debt Account. The nature of the benefit costs falls into two categories: vacation and sick days. City policies and/or applicable labor contracts stipulate the manner in which compensated absences are accrued and paid. Funds for payment of absences are budgeted in yearly department appropriations as they occur.

Basis of Accounting: The accounts of the City Funds and Expendable Trust Funds are maintained on the modified accrual basis. Proprietary Fund and Pension Trust Funds are accounted for using the accrual basis of accounting.

Litigation Liabilities: The City has established a special reserve fund in which funds are contributed from appropriate sources and maintained to meet liabilities in excess of budgeted funds. The City is self-insured for various claims.

Encumbrances: Encumbrance accounting, under which purchase orders, contracts and other commitments are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgeting interaction in the Governmental Funds.

Budgetary Procedures

City departments submit estimates of expenditures to the Board of Finance and Taxation and the Mayor no later than the second Friday in January. The Board of Finance and Taxation estimates in detail the amounts required by the departments of the City for the ensuing year. These estimated expenditures, accompanied by an estimate of the income necessary to meet such expenditures, are submitted to the Mayor not later than 75 days following the receipt of the department estimates as the "Proposed Budget". No later than 90 days following the receipt of the department estimates, the Mayor submits a budget to the Common Council (the "Mayor's Proposed Budget"). The Common Council may increase or decrease the Mayor's recommended appropriations or revenues, and set the rate of taxation for the ensuing year. The Mayor may then veto all or any part of the budget approved by the Common Council. The Common Council may then override the Mayor's veto by a two-thirds vote. If the veto is not overridden and 60 days has passed since the Mayor submitted the Mayor's Proposed Budget, the Mayor's Proposed Budget shall be the approved budget.

Public Act No. 15-244 (the "Act") creates certain disincentives on increasing general budget expenditures for municipalities in Connecticut. Beginning in fiscal year 2018, the Office of Policy and Management ("OPM") must reduce the amount of the municipal revenue sharing grant (which is created by the Act) for those municipalities whose spending, with certain exceptions, exceeds the spending limits specified in the Act. Each fiscal year, OPM must determine the municipality's percentage growth in spending over the prior fiscal year and reduce the grant if the growth rate is equal to or greater than 2.5% or the inflation rate, whichever is greater. The reduction to the municipal revenue sharing grant will generally equal 50 cents for every dollar the municipality spends over this spending limit.

The Act requires each municipality to annually certify to the Secretary of OPM whether the municipality has exceed the spending limits, and if so, the amount by which the limit was exceeded.

Under the Act, municipal spending does not include expenditures:

1. for debt service, special education, or costs to implement court orders or arbitration awards;
2. associated with a major disaster or emergency declaration by the President or disaster emergency declaration issued by the Governor under the civil preparedness law; or
3. for budgeting for an audited deficit, nonrecurring grants, capital expenditures and payments on unfunded pension liabilities.

Annual Audit

The City, pursuant to local ordinance and the Municipal Auditing Act (Chapter 111 of the Connecticut General Statutes), is obligated to undergo an annual examination by an independent certified public accountant. The audit must be conducted under the guidelines issued by the State of Connecticut Office of Policy and Management ("OPM"), and a copy of said audit report must be filed with OPM. The City is in compliance with said provisions.

For the fiscal year ended June 30, 2016, the financial statements of the various funds of the City were audited by Blum, Shapiro & Company, PC, Certified Public Accountants, West Hartford, Connecticut. The auditors have not been asked nor have they given permission to print the financial statements in this Official Statement.

Auditor's Disclaimer

Blum, Shapiro & Company, PC, Certified Public Accountants, West Hartford, Connecticut, the City's independent auditors, are not passing upon and do not assume responsibility for the sufficiency, accuracy or completeness of the financial information presented in this Official Statement (other than matters expressly set forth in Appendix A, "Financial Statements" herein), and make no representation that they have independently verified the same. The auditors have not been engaged nor performed audit procedures regarding the post audit period. The auditors have not been asked to nor have they provided their written consent to include their Independent Auditors' Report in this Official Statement.

Investment Policy

Eligible investments for Connecticut municipalities are governed by the Connecticut General Statutes, Sections 7-400 and 7-402. Refer to "APPENDIX A – Auditor's Report" under "Notes to the General Purpose Financial Statements", Note 3, regarding the City's cash and cash equivalent investments and investment policies. The City's investments do not include derivative products. The investment practices of the City are in compliance with the Connecticut General Statutes.

Pension Programs

Substantially all City employees, except for the certified employees of the Board of Education and certain 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 Department hired prior to January 1, 2000 and members of the Fire Department hired prior to July 1, 1995 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 Teachers Retirement Board.

Municipal Employees' Retirement Fund Overview

MERF is the administrator of a cost-sharing multiple-employer public employee retirement system established by the State of Connecticut and administered by the State Retirement Commission to provide retirement and disability benefits, annual cost-of-living adjustments and death benefits to the employees and beneficiaries of participating municipalities. Chapter 113 Part II of the General Statutes of Connecticut, which can be amended by legislative action, establishes PERS benefits, member contribution rates and other plan provisions. 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.

Plan provisions are set by State statute. MERF provides retirement benefits, as well as death and disability benefits. Annual cost of living increases of 2.5% to a maximum of 6% are paid to members prior to age 65 after which cost of living increases will remain at a minimum of 3% to a maximum of 5%. All benefits are vested after five years of continuous service. Members who retire after age 55 with five 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 17% of covered payroll. The City's and employee contributions to MERF for the years ended June 30, 2012 through 2016 are as follows:

(In Thousands)

Fiscal Year Ended	City Contribution Amount	Employee Contribution Amount	Total Contribution Amount	Total Payroll covered by the MERF
June 30, 2016	\$4,981	\$1,913	\$6,894	\$38,265
June 30, 2015	3,520	2,520	6,040	41,982
June 30, 2014	7,026	2,521	9,547	50,426
June 30, 2013	4,157	2,428	6,585	48,558
June 30, 2012	6,162	2,498	8,660	49,978

Teachers' Retirement System

Teachers within the City participate in the State of Connecticut Teachers' Retirement System under Section 10-183b through 10-183rr of the Connecticut General Statutes. 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 is service in the public schools of Connecticut.

The Board of Education withholds 7.25% of all teachers' annual salaries and transmits the funds to the State Teachers' Retirement Board. For the year ended June 30, 2016, the certified employees of the City contributed \$5.085 million to this plan, and the total payroll for certified employees covered by this plan for the year was \$70.143 million.

The retirement system for teachers is funded by the State based upon the recommendation of the State Teachers' Retirement Board. Such contribution includes amortization of the actuarially computed unfunded liability. The City does not have any liability for teacher pensions. For the year ended June 30, 2016, the City has recorded, in the General Fund, intergovernmental revenue and education expenditures in the amount of \$15.355 million 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.

Employee Retirement System

The City is the administrator of a single-employer public employee retirement system ("PERS") established and administered by the City to provide pension benefits for its Police and Fire Department employees. Benefits and contributions under this retirement system are established by the City and may be amended only by the Common Council and union negotiation. 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.

The City issued General Obligation Pension Obligation Bonds (POB) on February 1, 1998 in an amount equivalent to the then actuarial unfunded liability of the pension plans, \$106,000,000, as determined by the City's actuary, Hooker & Holcombe, as of December 1, 1997. The net proceeds of the Pension Obligation Bond issue were deposited into a retiree benefits reserve fund to be invested in accordance with Connecticut Special Act No. 96-6 and the Connecticut General Statutes.

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 police officers 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%.

For the fiscal year 2016, the City's contributions were \$888,475 and \$1,344,388 for the fire and police plans, respectively, which were 100% of the Annual Required Contribution ("ARC"). Firefighters hired after July 1, 1995 and police officers hired after January 1, 2000 are enrolled in the Municipal Employees' Retirement Fund (MERF), described above.

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 of service. Since no active employees are included, their benefits are not advance funded but paid as they come due from General Fund appropriations, i.e., on a "pay-as-you-go" basis. The unfunded liability for this plan is decreasing rapidly since the average age is 82 years. There are 15 retirees, 7 beneficiaries and no active employees covered by this plan.

Schedule of Funding Progress

(In Thousands)

Fire Plan

Actuarial Valuation Date	Value of Assets	Actuarial Accrued Liability	Unfunded Accrued Liability	Funded Ratio	Annual Covered Payroll	UAAL as a % of Covered Payroll
7/1/2016	\$80,689	\$99,483	\$18,793	81.1%	\$3,324	565.3%
7/1/2014	83,865	97,096	13,230	86.4%	4,175	316.9%
7/1/2012	76,338	85,558	9,220	89.2%	4,257	216.6%
1/1/2011	79,711	79,785	74	99.9%	4,853	1.5%
1/1/2009	82,462	78,501	(3,961)	105.0%	4,971	-79.7%
1/1/2007	83,474	74,781	(8,693)	111.6%	5,698	-152.6%

Police Plan

Actuarial Valuation Date	Value of Assets	Actuarial Accrued Liability	Unfunded Accrued Liability	Funded Ratio	Annual Covered Payroll	UAAL as a % of Covered Payroll
7/1/2016	\$69,925	\$88,290	\$18,365	79.2%	\$3,158	581.6%
7/1/2014	73,782	86,718	12,936	85.1%	3,963	326.4%
7/1/2012	67,749	82,500	14,751	82.1%	5,240	281.5%
1/1/2011	73,662	80,338	6,676	91.7%	5,866	113.8%
1/1/2009	79,361	80,340	979	98.8%	5,829	16.8%
1/1/2007	83,762	74,590	(9,172)	112.3%	6,356	-144.3%

NOTE: For further details on the plans, please refer to Note 10 Employee Retirement Systems and Pension Plans in the Financial Statements included as Appendix A hereto.

OPEB Funding Policy

The City provides other post-employment benefits (“OPEB”) of retired employees and covered dependents. The City’s OPEB benefits plan covers City, Board of Education, Police and Fire employees. Eligibility and premium sharing information is detailed in various collective bargaining agreements. The City received from its actuarial firm, Milliman, an estimated OPEB ARC letter dated January 26, 2017 with respect to the plan. The City has an estimated actuarial valuation liability of \$71,354,171 with respect to the plan and \$3,778,000 plan assets and unfunded actuarial liability of \$67,576,171. The actuarial assumption includes a 6.5% rate of return.

The City’s annual OPEB cost, the actual OPEB contribution, the percentage of annual OPEB cost contributed to the plan and the cumulative net OPEB obligation by fiscal year is presented below.

(In Thousands)

<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>
6/30/2016	\$6,057	\$5,892	97.3%	\$1,602
6/30/2015	6,682	6,239	93.4	1,437
6/30/2014	6,371	6,291	98.7	994
6/30/2013	4,842	4,721	97.5	914
6/30/2012	4,604	4,410	95.8	794

For further details on OPEB, please refer to Note 10 Employee Retirement Systems and Pension Plans in the Financial Statements included as Appendix A hereto.

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General Fund Revenues and Expenditures

(In Thousands)

The General Fund revenues, expenditures and changes in fund balance for the fiscal years ended June 30, 2010 through 2015 have been derived from the City's audited financial statements. The City's independent auditors have not examined, reviewed or compiled any of the estimates presented below or expressed any conclusion or provided any other form of assurance with respect to such estimates, and accordingly, assumes no responsibility for them. The financial information presented herein is the responsibility of the City's management. ("Appendix A – Financial Statements" was taken from the City's General Purpose Financial Statements for the Fiscal Year ended June 30, 2016).

	Budget 2016-17 ¹	Actual 2015-16	Actual 2014-15	Actual 2013-14	Actual 2012-13	Actual 2011-12
REVENUES						
Property Taxes	\$121,800	\$122,734	\$119,389	\$108,353	\$114,381	\$110,013
Intergovernmental Revenue	91,092	90,317	89,992	107,833	103,939	106,402
Charges for services	8,325	9,624	8,619	12,594	10,168	10,247
Investment Earnings	50	82	79	83	86	99
Miscellaneous	10,602	3,165	5,288	1,383	2,412	2,873
Transfers from Other Funds	2,620	2,470	950	11,364	5,407	11,709
Total Revenues	\$234,489	\$228,392	\$224,317	\$241,610	\$236,393	\$241,343
EXPENDITURES						
General Government	\$7,652	\$6,248	\$5,985	\$5,566	\$9,960	\$10,896
Public Safety	42,711	42,366	39,184	32,236	40,721	42,833
Public Works	13,025	11,126	11,454	15,460	10,891	14,138
Health & Welfare	2,344	2,079	1,832	1,892	2,621	2,583
Education	126,777	124,204	131,575	141,020	133,504	132,786
Parks and Recreation	7,755	7,700	7,555	7,077	8,458	9,467
Other Expenditures	-	-	-	-	-	-
Debt and Sundry	31,086	15,396	10,427	45,942	29,087	28,640
Transfers to Other Funds	8,020	6,317	6,327	47	1,000	273
Total Expenditures and Transfers	\$239,370	\$215,436	\$214,339	\$249,240	\$236,242	\$241,616
RESULTS OF OPERATIONS	(4,881)	12,956	9,978	(7,630)	151	(273)
OTHER FINANCING SOURCES (USES)						
Issuance of Bonds	-	-	-	-	-	426
Proceeds from the sale of refunding bonds	-	-	-	-	-	-
Premium on bonds	-	-	-	-	244	-
Payment to refund bond escrow agent	4,881	501	-	-	-	-
Total Other Financing Sources (Uses)	4,881	501	-	-	244	426
NET CHANGE IN FUND BALANCES		\$13,457	9,978	(7,630)	395	153
Fund Balance, July 1,	\$28,400	\$14,943	\$4,965	\$12,595	\$12,200	\$12,047
Fund Balance, June 30,	\$28,400	\$28,400	\$14,943	\$4,965	\$12,595	\$12,200

Source: City's Comprehensive Annual Financial Reports from 2011-2016; City Budget FY 2017

¹Approved by the Common Council on June 2, 2016 and approved by the Mayor on June 2, 2016

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- **Litigation**
- **Availability of Continuing Disclosure Information**
- **Bond Insurance**
- **Transcript and Closing Documents**
- **Legal Matters**
- **Concluding Statement**

LEGAL AND OTHER INFORMATION

Litigation

The City, its officers, employees, boards and commissions are named defendants in a number of lawsuits, tax appeals, administrative proceedings and other miscellaneous claims. It is the City's Corporation Counsel's opinion that such pending litigation will not be finally determined, individually or in the aggregate, so as to result in final judgments against the City which would have a material adverse effect on the City's financial position.

Availability of Continuing Disclosure Information

The City prepares, in accordance with State law, annual audited financial statements and files such annual audits with the State of Connecticut, Office of Policy and Management within six months of the end of its fiscal year. The City provides, and will continue to provide, to the Municipal Securities Rulemaking Board's ("MSRB") Electronic Municipal Market Access System ongoing disclosure in the form of the Comprehensive Annual Financial Report, recommended and adopted budgets, and other materials relating to its management and financial condition, as may be necessary or requested.

In accordance with the requirements of Rule 15c2-12(b)(5) promulgated by the Securities and Exchange Commission, in connection with the issuance of the Bonds, the City will agree to provide or cause to be provided, annual financial information and operating data, notice of certain events and notice of any failure by the City to provide the required information with respect to the Bonds in accordance with the Continuing Disclosure Agreement to be executed in substantially the forms attached as Appendices C-1, C-2 and C-3 to this Official Statement.

The City has previously undertaken in Continuing Disclosure Agreements entered into for the benefit of holders of certain of its general obligation bonds and notes to provide certain annual financial information and event notices pursuant to Rule 15c2-12(b)(5). For the past five years, the City has not failed to meet any of its undertakings in any material respect under such agreements.

Bond Insurance

Bond Insurance Policy

Concurrently with the issuance of the Bonds, Assured Guaranty Municipal Corp. ("AGM") will issue its Municipal Bond Insurance Policy for the Bonds (the "Policy"). The Policy guarantees the scheduled payment of principal of and interest on the Bonds when due as set forth in the form of the Policy included as Appendix D to this Official Statement.

The Policy is not covered by any insurance security or guaranty fund established under New York, California, Connecticut or Florida insurance law.

Assured Guaranty Municipal Corp.

AGM is a New York domiciled financial guaranty insurance company and an indirect subsidiary of Assured Guaranty Ltd. ("AGL"), a Bermuda-based holding company whose shares are publicly traded and are listed on the New York Stock Exchange under the symbol "AGO". AGL, through its operating subsidiaries, provides credit enhancement products to the U.S. and global public finance, infrastructure and structured finance markets. Neither AGL nor any of its shareholders or affiliates, other than AGM, is obligated to pay any debts of AGM or any claims under any insurance policy issued by AGM.

AGM's financial strength is rated "AA" (stable outlook) by S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC ("S&P"), "AA+" (stable outlook) by Kroll Bond Rating Agency, Inc. ("KBRA") and "A2" (stable outlook) by Moody's Investors Service, Inc. ("Moody's"). Each rating of AGM should be evaluated independently. An explanation of the significance of the above ratings may be obtained from the applicable rating agency. The above ratings are not recommendations to buy, sell or hold any security, and such ratings are subject to revision or withdrawal at any time by the rating agencies, including withdrawal initiated at the request of AGM in its sole discretion. In addition, the rating agencies may at any time change AGM's long-term rating outlooks or place such ratings on a watch list for possible downgrade in the near term. Any downward revision or withdrawal of any of the above ratings, the assignment of a negative outlook to such ratings or the placement of such ratings on a negative watch list may have an adverse effect on the market price of any security guaranteed by AGM. AGM only guarantees scheduled principal and scheduled interest payments payable by the issuer of bonds insured by AGM on the date(s) when such amounts were initially scheduled to become due and payable (subject to and in accordance with the terms of the relevant insurance policy), and does not guarantee the market

price or liquidity of the securities it insures, nor does it guarantee that the ratings on such securities will not be revised or withdrawn.

Current Financial Strength Ratings

On July 27, 2016, S&P issued a credit rating report in which it affirmed AGM's financial strength rating of "AA" (stable outlook). AGM can give no assurance as to any further ratings action that S&P may take.

On August 8, 2016, Moody's published a credit opinion affirming its existing insurance financial strength rating of "A2" (stable outlook) on AGM. AGM can give no assurance as to any further ratings action that Moody's may take.

On December 14, 2016, KBRA issued a financial guaranty surveillance report in which it affirmed AGM's insurance financial strength rating of "AA+" (stable outlook). AGM can give no assurance as to any further ratings action that KBRA may take.

For more information regarding AGM's financial strength ratings and the risks relating thereto, see AGL's Annual Report on Form 10-K for the fiscal year ended December 31, 2015.

Capitalization of AGM

At September 30, 2016, AGM's policyholders' surplus and contingency reserve were approximately \$3,891 million and its net unearned premium reserve was approximately \$1,378 million. Such amounts represent the combined surplus, contingency reserve and net unearned premium reserve of AGM, AGM's wholly owned subsidiary Assured Guaranty (Europe) Ltd. and 60.7% of AGM's indirect subsidiary Municipal Assurance Corp.; each amount of surplus, contingency reserve and net unearned premium reserve for each company was determined in accordance with statutory accounting principles.

Incorporation of Certain Documents by Reference

Portions of the following documents filed by AGL with the Securities and Exchange Commission (the "SEC") that relate to AGM are incorporated by reference into this Official Statement and shall be deemed to be a part hereof:

- (i) the Annual Report on Form 10-K for the fiscal year ended December 31, 2015 (filed by AGL with the SEC on February 26, 2016);
- (ii) the Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2016 (filed by AGL with the SEC on May 5, 2016);
- (iii) the Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2016 (filed by AGL with the SEC on August 4, 2016); and
- (iv) the Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2016 (filed by AGL with the SEC on November 4, 2016).

All consolidated financial statements of AGM and all other information relating to AGM included in, or as exhibits to, documents filed by AGL with the SEC pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, excluding Current Reports or portions thereof "furnished" under Item 2.02 or Item 7.01 of Form 8-K, after the filing of the last document referred to above and before the termination of the offering of the Bonds shall be deemed incorporated by reference into this Official Statement and to be a part hereof from the respective dates of filing such documents. Copies of materials incorporated by reference are available over the internet at the SEC's website at <http://www.sec.gov>, at AGL's website at <http://www.assuredguaranty.com>, or will be provided upon request to Assured Guaranty Municipal Corp.: 1633 Broadway, New York, New York 10019, Attention: Communications Department (telephone (212) 974-0100). Except for the information referred to above, no information available on or through AGL's website shall be deemed to be part of or incorporated in this Official Statement.

Any information regarding AGM included herein under the caption "BOND INSURANCE – Assured Guaranty Municipal Corp." or included in a document incorporated by reference herein (collectively, the "AGM Information") shall be modified or superseded to the extent that any subsequently included AGM Information (either directly or through incorporation by reference) modifies or supersedes such previously included AGM Information. Any AGM Information so modified or superseded shall not constitute a part of this Official Statement, except as so modified or superseded.

Miscellaneous Matters

AGM makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, AGM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding AGM supplied by AGM and presented under the heading "BOND INSURANCE".

Transcript and Closing Documents

Upon delivery of the Bonds, the Underwriter will be furnished with the following:

1. Signature and No Litigation Certificate stating that at the time of delivery no litigation is pending or threatened affecting the validity of the Bonds or the levy or collection of taxes to pay the principal of and the interest on the Bonds.
2. A Certificate on behalf of the City signed by the Mayor and Treasurer of the City, which will be dated the date of delivery and attached to a confirmed copy of the Official Statement, and which will certify, to the best of said officials' knowledge and belief, the descriptions and statements in the Official Statement relating to the City and its finances were true and correct in all material respects and did not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, and that there has been no material adverse change in the financial condition of the City from that set forth in or contemplated by the Official Statement.
3. Receipts for the purchase price of the Bonds.
4. The approving opinion of Shipman & Goodwin LLP, Hartford, Connecticut for the Bonds in substantially the form set out in Appendices B-1, B-2 and B-3.
5. Executed Continuing Disclosure Agreements for the Bonds in substantially the forms of Appendices C1, C-2 and C-3 of this Official Statement.
6. Within seven (7) business days after the award, the City will make available to the Underwriter fifteen (15) copies of the Official Statement at the City's expense. Additional copies may be obtained by the Underwriter at its own expense by arrangement with the printer.

A record of the proceedings taken by the City in authorizing the Bonds will be kept on file at the principal office of the Registrar and Paying Agent, U.S. Bank National Association of Hartford, Connecticut and may be examined upon reasonable request.

Legal Matters

Shipman & Goodwin LLP, Hartford, Connecticut is serving as Bond Counsel with respect to the authorization and issuance of the Bonds and will render its opinion in substantially the form included in the Official Statement as Appendices B-1, B-2 and B-3.

Concluding Statement

This Official Statement is submitted only in connection with the sale of the Bonds by the City and may not be reproduced or used in whole or in part for any other purpose.

The following officials in their capacity as officers of the City, and in the name and on behalf of the City, do hereby certify in connection with this issue, that they have examined this Official Statement, and to the best of their knowledge and belief, the description and statements relating to the City and its finances were true and correct in all material respects and did not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

Additional information may be obtained upon request from the Department of Finance, Attn. Ms. Lori Granato, Finance Director, City Hall, 27 West Main Street, New Britain, CT 06051, (860) 826-3440.

This Official Statement has been duly prepared and delivered by the City, and executed for and on behalf of the City by the following officials:

CITY OF NEW BRITAIN, CONNECTICUT

By: /s/ Erin E. Stewart
Erin E. Stewart, *Mayor*

By: /s/ Mark DeGrandis
Mark DeGrandis, *Treasurer*

Dated as of February 9, 2017

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APPENDIX A – FINANCIAL STATEMENTS

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City of New Britain Connecticut



Comprehensive Annual Financial Report

Fiscal Year Ended June 30, 2016

COMPREHENSIVE ANNUAL FINANCIAL REPORT

OF THE

CITY OF NEW BRITAIN CONNECTICUT

FISCAL YEAR ENDED JUNE 30, 2016



Prepared by Finance Department

Lori Granato, Director of Finance

**CITY OF NEW BRITAIN, CONNECTICUT
COMPREHENSIVE ANNUAL FINANCIAL REPORT
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JUNE 30, 2016**

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Introductory Section

**CITY OF NEW BRITAIN, CONNECTICUT
PRINCIPAL OFFICIALS
AS OF JUNE 30, 2016**

MAYOR

Erin E. Stewart

TREASURER

Mark DeGrandis

TOWN COUNCIL

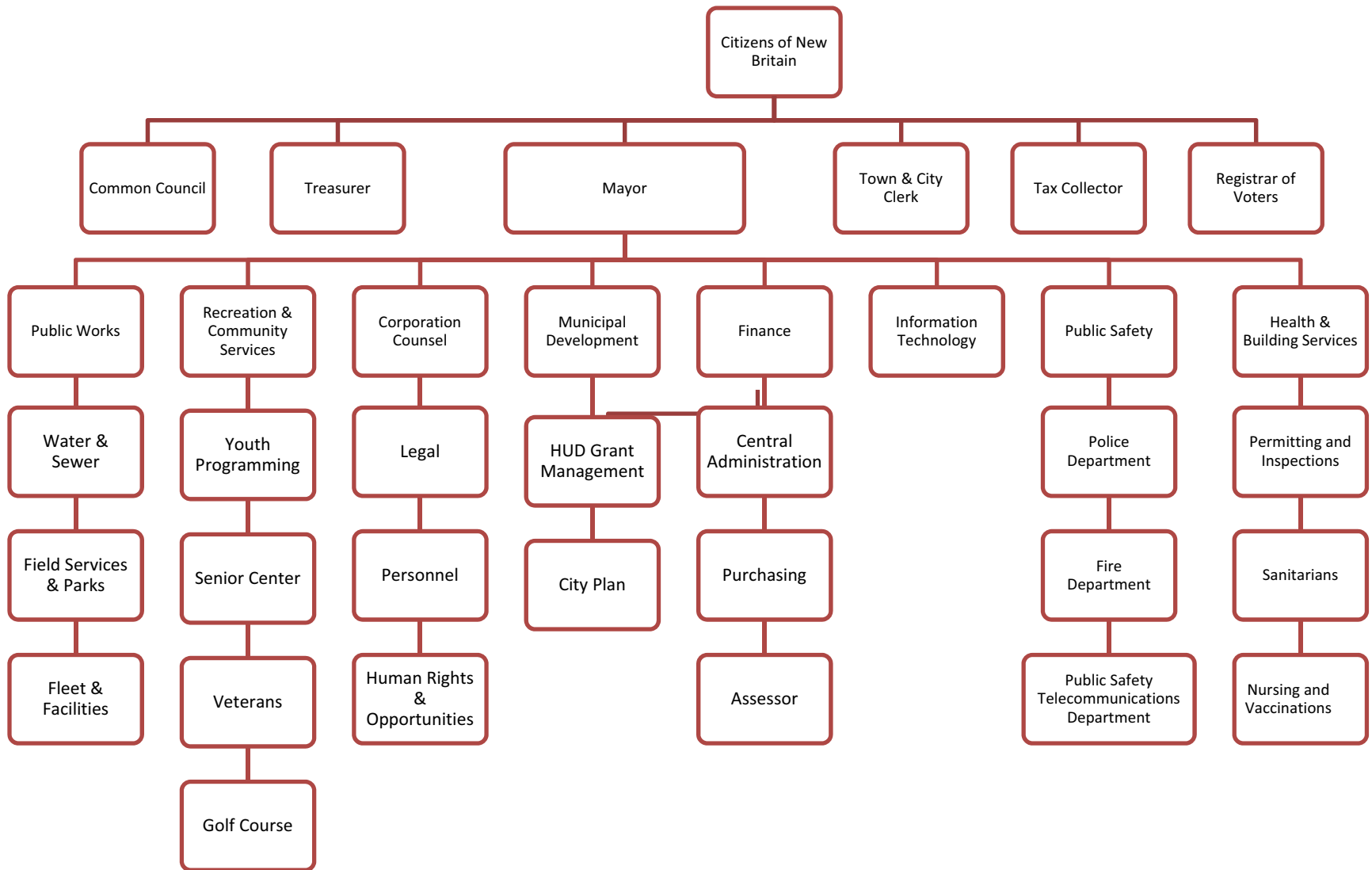
Jamie Giantonio, President ProTempore
Daniel Salerno, Majority Leader
Carlo Carlozzi, Jr. Minority Leader
Wilfredo Pabon, Assistant Majority Leader
Robert Smedley, Assistant Majority Leader
Shirley Black
Tremell Collins
Daniel Davis
Jarrell Hargraves
Don Naples
Christopher Polkowski
Kristian Rosado
Louis Salvio
Emmanuel Sanchez
Jim Sanders Jr

ADMINISTRATION

Corporation Counsel	Gennaro Bizzarro
Town Clerk	Mark Bernacki
Tax Collector	Cheryl Blogoslawski
Assessor	Michael Konik
Director of Finance	Lori Granato
Director of Health	Sergio Lupo
Director of Personnel	Karen Levine
Director of Parks and Recreation	Erik Barbieri
Director of Public Works	Mark Moriarty
Director of Youth Services	Zeena Tawfik
Director of Licenses, Permits and Inspections	Sergio Lupo
Director of Water	Gilbert Bligh
Director of Municipal Development	Kenneth Malinowski

BOARD OF EDUCATION

Nicholas Mercier, President
Nicole Robriguez, Vice President
Elaine Zottola, Secretary
Grisselle Aponte
Sharon Beloin-Saavedra
Merrill Gay
Miriam Geraci
Judith Greco
Daisy Sanchez
Gayle Sanders Connolly
Nancy Sarra, Superintendent of Schools



CITY OF NEW BRITAIN, CONNECTICUT



December 22, 2016

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, 2016.

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, 2015 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, 2016, 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 highway which runs through the City. Direct highway access to Hartford has been improved with the completion of the northern leg of the Central Connecticut Expressway (Route 9).

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

New Britain offers a variety of housing and is committed to neighborhood preservation. Walnut Hill, a National Historic District overlooking the heart of the City, features a 98-acre park, displaying some of America's rarest 19th century architecture. Over the past decade, older homes in the community have been completely renovated by their owners using a variety of specialty loan and grant programs. In addition, New Britain offers more than 800 housing units to its senior citizens.

Stanley Black & Decker, a Fortune 500 company, has located its world headquarters facility at a site along Interstate 84. In addition, the City has benefited from the recent growth of many small businesses representing a variety of sectors. TD Bank, a national leader in the financial sector has recently located its corporate headquarters in downtown New Britain. Webster Bank has also recently located offices in the North West section of town. Continued growth of City-based corporations will increase both employment and tax revenue.

New Britain is also home to the New Britain Bees beginning in April 2016 playing in a sports facility built to the standards established by the professional major leagues. It is home to 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 as well as Go Ape, a zip-line and treetop adventure.

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 is a dedicated bus rapid transit roadway which opened in the spring of 2015. The busway connects 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.

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 has opened 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 is currently in the process of finalizing details of a \$58 million development of mixed use housing and business. Polamer Precision opened in the Pinnacle business park with plans of future expansion. In the last year, the city has grown over 700 new jobs and 40 new businesses were opened. In addition, the City continues to leverage transportation oriented development opportunities with state and federal government to improve its downtown area.

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 \$xx 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.

Financial Policies

Several key policies have been developed and implemented that significantly affect the financial transactions of the City. The Fund Balance Policy is a safeguard to ensure that if the fund balance drops below five percent (5%) of operating expenditures, there will be a mechanism in place to increase the fund balance over a specified period of time. The OPEB Policy was implemented to ensure proper

funding of the City's OPEB trust fund. In addition, there are several policies that have been adopted to ensure proper investment of the City's funds, including the pension trust fund.

Debt Administration

At year end, the City had a number of debt issues outstanding. These included \$239m 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, 2015, the City's net general obligation bonded debt of \$239 million was well below the legal limit of \$861 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,



Lori Granato
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, 2015

Executive Director/CEO

Financial Section



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, 2016, 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 from 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, 2016 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.

Change in Accounting Principle

As discussed in Note 3 to the financial statements, during the fiscal year ended June 30, 2016, the City adopted new accounting guidance, GASB Statement No. 72, *Fair Value Measurement and Application*. Our opinion is not modified with respect to this matter.

Prior Period Adjustments

As discussed in Note 14 to the financial statements, during the fiscal year ended June 30, 2016, prior period adjustments were made with respect to the Town's participation in the State of Connecticut Municipal Employees' Retirement System. The System changed its method of accounting for receivables and the Town recognized the amount payable to the System for prior service costs. Our opinion is not modified with respect to this matter.

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 66 through 69 and the pension schedules on pages 70 through 77 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.

We also previously audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statement of the City of New Britain, Connecticut, as of and for the year ended June 30, 2015 (not presented herein), and have issued our report thereon dated December 12, 2015, which contained unmodified opinions on the respective financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information. The accompanying General Fund balance sheet as of June 30, 2015 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 2015 financial statements. The accompanying General Fund balance sheet has been subjected to the auditing procedures applied in the audit of the 2015 basic financial statements and certain additional procedures including comparing and reconciling such information directly to the underlying accounting and other records used to prepare those financial statements or to those financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the General Fund balance sheet is fairly stated in all material respects in relation to the basic financial statements as a whole for the year ended June 30, 2015.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 22, 2016 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 22, 2016

**CITY OF NEW BRITAIN, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2016**

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, 2016. Please read this MD&A in conjunction with the transmittal letter and the City's financial statements, Exhibits I to IX.

Financial Highlights

- The City's net position increased as a result of this year's operations. The net position of the business-type activities increased by \$1.2m, and the net position of the governmental activities increased by \$16.1 million.
- In its governmental activities, the City had revenues of \$335 million and expenses of \$320 million.
- In the City's business-type activities, revenues were \$11.9 million while expenses were \$9.4 million, thus increasing the net position before transfers of the business-type funds by \$2.5 million. The net position after transfers of the business-type funds increased by \$1.2m.
- The General Fund reported a fund balance of \$28.4 million.
- The tax collection rate for the current levy was 96.6%.

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 higher than it was one year ago, increasing from \$113 million to \$130 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	
	2016	2015	2016	2015	2016	2015
Current Assets	\$ 117,914	\$ 105,716	\$ 9,294	\$ 8,398	\$ 127,208	\$ 114,114
Capital assets:						
Capital assets not being depreciated	39,333	60,721	1,977	1,977	41,310	62,698
Capital assets being depreciated, net	309,774	274,617	53,188	54,564	362,962	329,181
Total assets	<u>467,021</u>	<u>441,054</u>	<u>64,459</u>	<u>64,939</u>	<u>531,480</u>	<u>505,993</u>
Deferred Outflows of Resources	<u>28,821</u>	<u>18,353</u>	<u>885</u>	<u>931</u>	<u>29,706</u>	<u>19,284</u>
Long-term debt outstanding	347,286	316,492	14,490	16,305	361,776	332,797
Other liabilities	68,718	69,365	345	277	69,063	69,642
Total liabilities	<u>416,004</u>	<u>385,857</u>	<u>14,835</u>	<u>16,582</u>	<u>430,839</u>	<u>402,439</u>
Deferred Inflows of Resources		9,809			-	9,809
Net Position:						
Net investment in capital assets	138,395	138,868	41,799	41,387	180,194	180,255
Restricted	3,814	3,311			3,814	3,311
Unrestricted (deficit)	<u>(62,371)</u>	<u>(78,438)</u>	<u>8,710</u>	<u>7,901</u>	<u>(53,661)</u>	<u>(70,537)</u>
Total Net Position	<u>\$ 79,838</u>	<u>\$ 63,741</u>	<u>\$ 50,509</u>	<u>\$ 49,288</u>	<u>\$ 130,347</u>	<u>\$ 113,029</u>

Net position of the City's governmental activities increased in FY16 by 25% (\$80 million compared to \$67 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 \$(62) million at June 30, 2016.

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

- Capital assets increased by \$13.7m due to several large-scale projects (street rehab and telecommunications upgrades).
- Deferred outflows related to the City's share in MERS (Municipal Employee Retirement System) have decreased.
- The January 2016 refunding allowed the annual cost of debt service payments to remain relatively low compared to past years.

The net position of business-type activities increased by 2.5% (\$50.5 million compared to \$49.2 million) in 2016.

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

- A 3.9% increase in the amount of water receivables outstanding (\$4.3m as compared to \$4.1m)
- A 17.5% increase in the amount of cash and cash equivalents (\$4.7m as compared to \$4m)

TABLE 2
SUMMARY STATEMENT OF ACTIVITIES

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2016	2015	2016	2015	2016	2015
Revenues:						
Program revenues:						
Charges for services	\$ 22,112	\$ 22,197	\$ 11,912	\$ 11,734	\$ 34,024	\$ 33,931
Operating grants and contributions	147,578	139,486			147,578	139,486
Capital grants and contributions	23,232	7,737			23,232	7,737
General revenues:						
Property taxes	127,292	121,333			127,292	121,333
Grants and contributions not restricted to specific programs	11,528	10,974			11,528	10,974
Unrestricted investment earnings	466	1,016	5	3	471	1,019
Other general revenues	3,101	1,947			3,101	1,947
Total revenues	<u>335,309</u>	<u>304,690</u>	<u>11,917</u>	<u>11,737</u>	<u>347,226</u>	<u>316,427</u>
Program expenses:						
General government	12,907	3,687			12,907	3,687
Public safety	57,112	56,019			57,112	56,019
Public works	20,661	28,358			20,661	28,358
Health and welfare	6,746	6,605			6,746	6,605
Parks, recreation and libraries	13,857	15,804			13,857	15,804
Education	194,594	182,907			194,594	182,907
Interest on long-term debt	14,585	26,172			14,585	26,172
Water			9,446	8,922	9,446	8,922
Total program expenses	<u>320,462</u>	<u>319,552</u>	<u>9,446</u>	<u>8,922</u>	<u>329,908</u>	<u>328,474</u>
Increase (decrease) in net assets before transfers	14,847	(14,862)	2,471	2,815	17,318	(12,047)
Transfers	<u>1,250</u>	<u>1,000</u>	<u>(1,250)</u>	<u>(1,000)</u>	<u>-</u>	<u>-</u>
Increase (decrease) in net position	16,097	(13,862)	1,221	1,815	17,318	(12,047)
Net position at beginning of year*	<u>63,741</u>	<u>77,603</u>	<u>49,288</u>	<u>47,473</u>	<u>113,029</u>	<u>125,076</u>
Net Position at End of Year	<u>\$ 79,838</u>	<u>\$ 63,741</u>	<u>\$ 50,509</u>	<u>\$ 49,288</u>	<u>\$ 130,347</u>	<u>\$ 113,029</u>

*Prior year balances in Tables 1 and 2 were restated to reflect changes to the MERS plan as stated in Note 14.

The City's combined revenues were \$347 million. The total cost of all programs and services was \$329.9 million.

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

Governmental Activities

Revenues for governmental activities totaled \$335.3 million; property taxes (37.9%), operating grants (44%) and charges for services (6.5%) are the major revenue sources - contributing approximately 88.4% of the City's revenues.

Expenses for governmental activities were \$320.4 million, of which 57.5% were supported by program revenues and 42.5% were supported from general revenues. Expenses by function include education (60.7%), public safety (17.8%), public works (6.4%), and parks, recreation and libraries (4.3%), 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**

	Total Cost of Services		Net Cost of Services	
	2016	2015	2016	2015
Education	\$ 194,594	\$ 182,914	\$ 41,313	\$ 48,048
Public safety	57,112	56,019	51,858	51,458
Public works	20,661	28,358	(4,036)	11,009
General government	12,907	3,687	10,846	(2,033)
All others	35,188	48,581	27,559	41,657
Totals	<u>\$ 320,462</u>	<u>\$ 319,559</u>	<u>\$ 127,540</u>	<u>\$ 150,139</u>

Business-Type Activities

Revenues and expenses of the City's business-type activities amounted to \$11.9 million and \$9.4million, respectively. Net position increased by \$1.2 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 \$5.5) million, which is an increase from last year's total of \$(8.5) million. The increase in the fund balance can be attributed to the operating surplus for FY 2016.

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 \$8.7 million and those for the internal service funds amounted to \$2m. The increase in unrestricted net position for the Water Enterprise Fund of \$.08m was mainly a result of an increase in receivables. The decrease in unrestricted net position for the internal service funds was due to an increase in claim reserves.

General Fund Budgetary Highlights

- The General Fund received \$564 thousand in cash from sale of delinquent tax liens.
- The General Fund received \$500 thousand in bond/BAN premium
- The General Fund received \$1.9m from BFFROC in surplus distribution
- Debt service expenditures were reduced by \$3.9m due to a debt restructuring

Capital Asset and Debt Administration

Capital Assets

At June 30, 2016, the City had \$404 million invested in a broad range of capital assets, including land, buildings, park facilities, vehicles and equipment, roads, bridges, and water and sewer lines - Table 4. This amount represents a net increase (including additions and deductions) of \$13.7 million, or 3.5% above last year.

TABLE 4
CAPITAL ASSETS

	Governmental Activities		Business-Type Activities		Total	
	2016	2015	2016	2015	2016	2015
Land	\$ 13,417	\$ 13,417	\$ 1,977	\$ 1,977	\$ 15,394	\$ 15,394
Construction in progress	25,916	47,304			25,916	47,304
Buildings and improvements	227,701	202,324			227,701	202,324
Equipment	9,067	2,983			9,067	2,983
Vehicles	5,904	3,425			5,904	3,425
Infrastructure	67,102	65,885			67,102	65,885
Water filtration assets			53,188	56,022	53,188	56,022
Totals	\$ <u>349,107</u>	\$ <u>335,338</u>	\$ <u>55,165</u>	\$ <u>57,999</u>	\$ <u>404,272</u>	\$ <u>393,337</u>

For governmental-type funds, this year's major additions included various street and telecommunication 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, 2016, the City had \$241,310 in bonds and notes outstanding versus \$246,925 last year - a decrease of 2.3% - as shown in Table 5.

TABLE 5
OUTSTANDING DEBT

	Governmental Activities		Business-Type Activities		Total	
	2016	2015	2016	2015	2016	2015
General Obligation Bonds (backed by the City)	\$ <u>239,294</u>	\$ <u>244,909</u>	\$ <u>2,016</u>	\$ <u>2,016</u>	\$ <u>241,310</u>	\$ <u>246,925</u>

The City's general obligation bond rating from Standard & Poor's, Moody's, and Fitch all national rating agencies, is A+, Baa1 and A- 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 \$861 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 2015 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 6.2% versus 11.3% a year ago. This compares with the State's unemployment rate of 5.1% and the national rate of 4.9%.

These indicators were taken into account when adopting the General Fund budget for 2016-17. Amounts available for appropriation in the General Fund were \$15 million, an increase of 66% over the final 2014 amount of \$5 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, 2016
(In Thousands)

	Governmental Activities	Business-Type Activities	Total
Assets:			
Cash and cash equivalents	\$ 56,478	\$ 4,751	\$ 61,229
Investments	21,160	12	21,172
Receivables, net	37,963	4,345	42,308
Due from Fiduciary Fund	2,179		2,179
Inventory	134	186	320
Capital assets:			
Capital assets not being depreciated	39,333	1,977	41,310
Capital assets being depreciated, net	309,774	53,188	362,962
Total assets	<u>467,021</u>	<u>64,459</u>	<u>531,480</u>
Deferred Outflows of Resources:			
Deferred charge on refunding	4,171	885	5,056
Changes related to proportional share	268		268
Changes related to projected investment earnings	17,433		17,433
Contributions made subsequent to the measurement date	6,949		6,949
Total deferred outflows of resources	<u>28,821</u>	<u>885</u>	<u>29,706</u>
Liabilities:			
Accounts and other payables	25,832	345	26,177
Bond anticipation notes	40,465		40,465
Unearned revenue	2,421		2,421
Noncurrent liabilities:			
Due within one year	20,736	1,935	22,671
Due in more than one year	326,550	12,555	339,105
Total liabilities	<u>416,004</u>	<u>14,835</u>	<u>430,839</u>
Net Position:			
Net investment in capital assets	138,395	41,799	180,194
Restricted for:			
Trust purposes:			
Expendable	3,814		3,814
Unrestricted	(62,371)	8,710	(53,661)
Total Net Position	<u>\$ 79,838</u>	<u>\$ 50,509</u>	<u>\$ 130,347</u>

The accompanying notes are an integral part of the financial statements

CITY OF NEW BRITAIN, CONNECTICUT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2016
(In Thousands)

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
		Charges For Services	Operating Grants And Contributions	Capital Grants And Contributions	Governmental Activities	Business-Type Activities	Total
Primary Government:							
Governmental activities:							
General government	\$ 12,907	\$ 1,966	\$ 95	\$	\$ (10,846)	\$	\$ (10,846)
Public safety	57,112	4,027	1,015	212	(51,858)		(51,858)
Public works	20,661	12,534	1,162	11,001	4,036		4,036
Health and welfare	6,746	484	3,774		(2,488)		(2,488)
Parks, recreation and libraries	13,857	2,507	380		(10,970)		(10,970)
Education	194,594	594	140,668	12,019	(41,313)		(41,313)
Interest on long-term debt	14,585		484		(14,101)		(14,101)
Total governmental activities	320,462	22,112	147,578	23,232	(127,540)	-	(127,540)
Business-type activities:							
Water	9,446	11,912				2,466	2,466
Total	<u>\$ 329,908</u>	<u>\$ 34,024</u>	<u>\$ 147,578</u>	<u>\$ 23,232</u>	<u>(127,540)</u>	<u>2,466</u>	<u>(125,074)</u>
General revenues:							
Property taxes					127,292		127,292
Grants and contributions not restricted to specific programs					11,528		11,528
Unrestricted investment income					466	5	471
Miscellaneous					3,101		3,101
Total general revenues					<u>142,387</u>	<u>5</u>	<u>142,392</u>
Transfers					<u>1,250</u>	<u>(1,250)</u>	<u>-</u>
Change in net position					16,097	1,221	17,318
Net Position at Beginning of Year, as Restated					<u>63,741</u>	<u>49,288</u>	<u>113,029</u>
Net Position at End of Year					<u>\$ 79,838</u>	<u>\$ 50,509</u>	<u>\$ 130,347</u>

The accompanying notes are an integral part of the financial statements

CITY OF NEW BRITAIN, CONNECTICUT
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2016
(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	\$ 38,651	\$ 525	\$ 7,490	\$ 8,044	\$ 54,710
Investments		4,255			4,255
Accounts receivables, net	24,734	560	519	12,093	37,906
Due from other funds	2,321				2,321
Inventories				134	134
Total Assets	<u>\$ 65,706</u>	<u>\$ 5,340</u>	<u>\$ 8,009</u>	<u>\$ 20,271</u>	<u>\$ 99,326</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 14,156	\$ 244	\$ 4,708	\$ 1,578	\$ 20,686
Unearned revenue	820		1,601		2,421
Bond anticipation notes payable		40,465			40,465
Total liabilities	<u>14,976</u>	<u>40,709</u>	<u>6,309</u>	<u>1,578</u>	<u>63,572</u>
Deferred inflows of resources:					
Unavailable revenue - property taxes	22,330				22,330
Unavailable revenue - sewer use fees				3,550	3,550
Unavailable revenue - loans receivable				4,321	4,321
Total deferred inflows of resources	<u>22,330</u>	<u>-</u>	<u>-</u>	<u>7,871</u>	<u>30,201</u>
Fund balances:					
Nonspendable				3,033	3,033
Restricted		8,178	1,700	5,483	15,361
Committed				4,714	4,714
Assigned	3,165				3,165
Unassigned	25,235	(43,547)		(2,408)	(20,720)
Total fund balances	<u>28,400</u>	<u>(35,369)</u>	<u>1,700</u>	<u>10,822</u>	<u>5,553</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 65,706</u>	<u>\$ 5,340</u>	<u>\$ 8,009</u>	<u>\$ 20,271</u>	<u>\$ 99,326</u>

(Continued on next page)

CITY OF NEW BRITAIN, CONNECTICUT
BALANCE SHEET - GOVERNMENTAL FUNDS (CONTINUED)
JUNE 30, 2016
(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)	\$ 5,553
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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	\$ 605,626	
Less accumulated depreciation	<u>(256,519)</u>	
Net capital assets		349,107

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

Property tax receivables greater than 60 days	9,093
Interest receivable on property taxes	13,237
Housing loans receivable	4,321
Sewer receivable	3,550
Deferred outflows related to MERS proportional share	268
Deferred outflows related to investment returns	17,433
Deferred outflows related to contributions made subsequent to the measurement date	6,949

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

1,929

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	(239,294)
Clean water notes payable	(3,076)
Interest payable on bonds and notes	(3,770)
Prior service costs	(48)
Compensated absences	(6,755)
Net pension liability	(68,790)
Net OPEB obligation	(1,602)
Deferred charges on refunding	4,171
Unamortized bond premium	<u>(12,438)</u>

Net Assets of Governmental Activities (Exhibit I)	\$ <u>79,838</u>
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The accompanying notes are an integral part of the financial statements

CITY OF NEW BRITAIN, CONNECTICUT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2016
(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	\$ 122,687	\$	\$	\$	\$ 122,687
Intergovernmental	106,451	19,168	39,516	17,004	182,139
Licenses, fees and charges for goods and services	10,118			11,791	21,909
Investment earnings	147	155		(97)	205
Miscellaneous	2,440	364		251	3,055
Total revenues	<u>241,843</u>	<u>19,687</u>	<u>39,516</u>	<u>28,949</u>	<u>329,995</u>
Expenditures:					
Current:					
General government	5,268			26	5,294
Public safety	33,112			1,420	34,532
Public works	10,277			11,109	21,386
Health and welfare	1,856			4,158	6,014
Education	139,867		39,577	7,176	186,620
Parks and recreation	7,364			2,768	10,132
Capital outlay		19,159			19,159
Debt and sundry	33,129	1,399		408	34,936
Total expenditures	<u>230,873</u>	<u>20,558</u>	<u>39,577</u>	<u>27,065</u>	<u>318,073</u>
Excess (Deficiency) of Revenues over Expenditures	<u>10,970</u>	<u>(871)</u>	<u>(61)</u>	<u>1,884</u>	<u>11,922</u>
Other Financing Sources (Uses):					
Transfers in	2,208	170		52	2,430
Transfers out	(222)			(958)	(1,180)
Premium on general obligation bonds		7,086			7,086
Premium on bond anticipation notes	501				501
Issuance of refunding bonds		44,545			44,545
Payment to refund bond escrow agent		(51,169)			(51,169)
Total other financing sources (uses)	<u>2,487</u>	<u>632</u>	<u>-</u>	<u>(906)</u>	<u>2,213</u>
Net Change in Fund Balances	13,457	(239)	(61)	978	14,135
Fund Balances at Beginning of Year	<u>14,943</u>	<u>(35,130)</u>	<u>1,761</u>	<u>9,844</u>	<u>(8,582)</u>
Fund Balances at End of Year	<u>\$ 28,400</u>	<u>\$ (35,369)</u>	<u>1,700</u>	<u>\$ 10,822</u>	<u>\$ 5,553</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, 2016
(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)	\$ 14,135
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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	24,890
Depreciation expense	(11,103)

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.	(18)
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Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds, and revenues recognized in the funds are not reported in the statement of activities:

Property tax receivable - accrual basis change	692
Property tax interest and lien revenue - accrual basis change	3,914
Housing loans receivable	(190)
Sewer receivables	220
Change in deferred inflows related to investment returns	9,809

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

Proceeds from bond refunding	(44,545)
Payment to bond escrow	51,169
Bond principal payments	2,610
Payments on clean water fund notes	349
Premium on general obligation bonds	(7,086)

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	755
Change in prior service costs	7
Accrued interest	(1,391)
Amortization of deferred charge on refunding	(482)
Amortization of bond premium	1,378
Net OPEB expense	(165)
Net pension expense	(25,027)
Change in deferred outflows related to investment returns	11,515
Change in deferred outflow related to actuarial experience	(5,412)
Change in deferred outflows related to MERS proportional share	268
Change in deferred outflows related to contributions made subsequent to the measurement date	960

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.	(11,155)
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Change in Net Assets of Governmental Activities (Exhibit II)	<u>\$ 16,097</u>
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The accompanying notes are an integral part of the financial statements

CITY OF NEW BRITAIN, CONNECTICUT
STATEMENT OF NET POSITION - PROPRIETARY FUNDS
JUNE 30, 2016
(In Thousands)

	Business-Type Activities	Governmental Activities
	Water	Internal
	Enterprise Fund	Service Funds
Assets:		
Current assets:		
Cash and cash equivalents	\$ 4,751	\$ 1,766
Investments	12	16,905
Receivables:		
Other, net of allowance for uncollectible	4,345	53
Inventory	186	
Total current assets	<u>9,294</u>	<u>18,724</u>
Noncurrent assets:		
Capital assets, net	55,165	
Total assets	<u>64,459</u>	<u>18,724</u>
Deferred Outflows of Resources:		
Deferred charge on refunding	<u>885</u>	
Liabilities:		
Current liabilities:		
Accounts payable and accrued expenses	345	1,370
Compensated absences	101	
Due to other funds		142
Current portion of bonds and notes payable	1,834	
Total current liabilities	<u>2,280</u>	<u>1,512</u>
Noncurrent liabilities:		
Bonds and notes payable	12,417	
Compensated absences	138	
Claim reserves		15,283
Total noncurrent liabilities	<u>12,555</u>	<u>15,283</u>
Total liabilities	<u>14,835</u>	<u>16,795</u>
Net Position:		
Net investment in capital assets	41,799	
Unrestricted	<u>8,710</u>	<u>1,929</u>
Total Net Position	<u>\$ 50,509</u>	<u>\$ 1,929</u>

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, 2016
(In Thousands)

	Business-Type Activities	Governmental Activities
	Water Enterprise Fund	Internal Service Funds
Operating Revenues:		
Charges for services and goods	\$ 11,912	\$
Charges to other funds		29,110
Other		2,078
Total operating revenues	<u>11,912</u>	<u>31,188</u>
Operating Expenses:		
Cost of sales, services and administration	7,223	
Administration and general expense		998
Depreciation expense	1,654	
Claims incurred		41,606
Total operating expenses	<u>8,877</u>	<u>42,604</u>
Operating Income (Loss)	<u>3,035</u>	<u>(11,416)</u>
Nonoperating Revenues (Expenses):		
Income on investments	5	261
Interest expense	(569)	
Net nonoperating revenues (expenses)	<u>(564)</u>	<u>261</u>
Change in Net Position Before Transfers	2,471	(11,155)
Transfers:		
Transfers out	<u>1,250</u>	
Change in Net Position	1,221	(11,155)
Total Net Position at Beginning of Year	<u>49,288</u>	<u>13,084</u>
Total Net Position at End of Year	<u>\$ 50,509</u>	<u>\$ 1,929</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, 2016
(In Thousands)

	Business-Type Activities Water Enterprise Fund	Governmental Activities Internal Service Funds
Cash Flows from Operating Activities:		
Cash received from charges to other funds	\$ 11,794	\$ 29,326
Cash received from customers	(7,160)	2,092
Cash received from other operating activities	(7,160)	(998)
Cash paid for premiums and other operating expenses	(41,295)	(41,295)
Cash payments for claims made	4,634	(10,875)
Net cash provided by (used in) operating activities	<u>4,634</u>	<u>(10,875)</u>
Cash Flows from Noncapital Financing Activities:		
Transfers to other funds	(1,250)	
Cash Flows from Capital Financing Activities:		
Acquisition of capital assets	(278)	
Payment of loan obligation	(1,834)	
Interest paid on capital debt	(569)	
Net cash provided by (used in) capital financing activities	<u>(2,681)</u>	<u>-</u>
Cash Flows from Investing Activities:		
Income on investments	5	261
Actuarial claim reserve		6,620
Purchase of investments		(195)
Net cash provided by (used in) investing activities	<u>5</u>	<u>6,686</u>
Net Increase (Decrease) in Cash and Cash Equivalents	708	(4,189)
Cash and Cash Equivalents at Beginning of Year	4,043	5,955
Cash and Cash Equivalents at End of Year	<u>\$ 4,751</u>	<u>\$ 1,766</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:		
Operating income (loss)	\$ 3,035	\$ (11,416)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:		
Depreciation	1,654	
Change in assets and liabilities:		
(Increase) decrease in accounts receivable	(164)	230
(Increase) decrease in other deferred asset	46	
(Increase) decrease in inventory	(24)	
Increase (decrease) in accounts payable and accrued expenses	87	169
Increase (decrease) in due to other funds	142	142
Total adjustments	<u>1,599</u>	<u>541</u>
Net Cash Provided (Used in) by Operating Activities	<u>\$ 4,634</u>	<u>\$ (10,875)</u>
Noncash Investment Activities:		
Net increase in fair value of investments	<u>\$ -</u>	<u>\$ 195</u>

The accompanying notes are an integral part of the financial statements

CITY OF NEW BRITAIN, CONNECTICUT
STATEMENT OF NET POSITION - FIDUCIARY FUNDS
JUNE 30, 2016
(In Thousands)

	Pension and Other Employee Benefit Trust Funds	Agency Funds
Assets:		
Cash and cash equivalents	\$ 1,698	\$ 771
Investments, at fair value:		
Mutual funds	110,977	
U.S. securities	6,258	
Corporate bonds	10,958	
Mortgage-backed securities	14,054	
	<u>143,945</u>	<u>771</u>
Total Assets	<u>143,945</u>	<u>\$ 771</u>
Liabilities:		
Accounts payable	913	\$
Due to other funds	2,179	
Due to beneficiaries		771
	<u>3,092</u>	<u>771</u>
Total Liabilities	<u>3,092</u>	<u>\$ 771</u>
Net Position:		
Restricted for Pension and Other Post Retirement Benefits	<u>\$ 140,853</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, 2016
(In Thousands)

	Pension and Other Employee Benefit Trust Funds
Additions:	
Contributions:	
Employer	\$ 8,130
Employee	387
Total contributions	<u>8,517</u>
Investment income (loss):	
Net change in fair value of investments	(3,807)
Interest and dividends	2,496
Miscellaneous	75
Total investment income (loss)	<u>(1,236)</u>
Less investment expense	
Net investment income	<u>(1,236)</u>
Total additions	<u>7,281</u>
Deductions:	
Benefits	19,541
Administration	345
Total deductions	<u>19,886</u>
Change in Net Position	(12,605)
Net Position at Beginning of Year	<u>153,458</u>
Net Position at End of Year	<u>\$ 140,853</u>

The accompanying notes are an integral part of the financial statements

**CITY OF NEW BRITAIN, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

(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 one joint venture as described below.

Bristol Resource Recovery Facility Operating Committee

The City is a participant with fourteen 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.

**CITY OF NEW BRITAIN, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

(amounts expressed in thousands)

Fund balance of the General Fund for fiscal year ended June 30, 2016 as reflected in BRRFOC's financial statements is \$1.8 million. A complete set of financial statements for BRRFOC can be obtained from the administrative office at 43 Enterprise Drive, Bristol, Connecticut 06010.

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

CITY OF NEW BRITAIN, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

(amounts expressed in thousands)

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 and OPEB 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 and also 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.

CITY OF NEW BRITAIN, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

(amounts expressed in thousands)

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 \$4,930 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.

CITY OF NEW BRITAIN, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

(amounts expressed in thousands)

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 and deferred outflows related to pension 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 refunded or refunding debt. A deferred outflow of resources related to pension

CITY OF NEW BRITAIN, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

(amounts expressed in thousands)

results from differences between expected and actual experience, changes in assumptions or other inputs. These amounts are deferred and included in pension expense in a systematic and rational manner over a period equal to the average of the expected remaining service lives of all employees that are provided with benefits through the pension plan (active employees and inactive employees).

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.

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 \$6,755. The City and Board of Education compensated absences is generally liquidated by the General Fund.

J. Net Pension Liability

The net pension liability is measured as the portion of the actuarial present value of projected benefits that is attributed to past periods of employee service (total pension liability), net of the pension plan's fiduciary net position. The pension plan's fiduciary net position is determined using the same valuation methods that are used by the pension plan for purposes of preparing its statement of fiduciary net position. The net pension liability is measured as of a date (measurement date) no earlier than the end of the employer's prior fiscal year, consistently applied from period to period.

K. Net OPEB Obligations

The net OPEB obligation represents the cumulative difference between the OPEB cost and the City's contributions to the plans. These amounts are calculated on an actuarial basis and are recorded as noncurrent assets and/or noncurrent liabilities, accordingly, in the government-wide financial statements.

L. 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.

**CITY OF NEW BRITAIN, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

(amounts expressed in thousands)

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.

M. Fund Equity

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

Net Investment in Capital Assets

This component of net position consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets.

Restricted Net Position

Net position is restricted because it is 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 does not meet the definition of “restricted” or “invested in capital assets.”

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). A resolution approved by the Common Council of the City of New Britain is required to modify or rescind a fund balance commitment.

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.

**CITY OF NEW BRITAIN, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

(amounts expressed in thousands)

N. Accounting Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

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 that 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 \$20 was appropriated 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.

CITY OF NEW BRITAIN, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

(amounts expressed in thousands)

Encumbrance accounting is employed in governmental funds. Encumbrances (e.g., purchase orders, contracts) outstanding at year end are reported and 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 June 30, 2016:

Nonmajor:	
Special Revenue Funds:	
Stanley Quarter Park	\$ 1,119
Cemetery	252
Police & Youth Grants	11
New Britain Marketing Collaborative	7
21st Century After School Grant	3
Exercise the Right Choice	3
Exercise the Right Choice II	7
Immunization Action Plan	1
Bullet Proof Vest Grant	19
System of Care Grant	28
Public Safety	110
Centralized and Distribution Services	236
Federal Omnibus Appropriation	20
CT Health Foundation	1
Highway Safety	237
Assistance to CCSU Police Department	56
Public Works Grant	187
Fireworks fund	38
Business Outreach Center	52
Emergency Shelter Grant	39
Redevelopment Commission	6
Brownfield Park	5
EFSP Program	13
Neighborhood Stabilization Program	53
Cops Hiring Grant	52
Busway Bike Trails	21
Capital Projects Fund	35,369
Internal Service Funds:	
Health Insurance Fund	7,082

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

**CITY OF NEW BRITAIN, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
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(amounts expressed in thousands)

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>
Pension and Benefit Contributions	\$ 11,498	\$ 17,898	\$ (6,400)
Dog Fund		464	(464)

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.

CITY OF NEW BRITAIN, CONNECTICUT
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Based on the criteria described in GASB Statement No. 40, *Deposits and Investment Risk Disclosures*, \$65,491 of the City's bank balance of \$67,491 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 58,742
Uninsured and collateral held by the pledging bank's trust department, not in the City's name	<u>6,749</u>
Total Amount Subject to Custodial Credit Risk	<u>\$ 65,491</u>

The City had no cash equivalents at June 30, 2016.

Investments

As of June 30, 2016, the City had the following investments:

Investment Type	Credit Ratings	Fair Value	Investment Maturities (Years)		
			Less Than 1	1 - 10	More Than 10
Interest-bearing investments:					
Certificate of Deposit		\$ 10	\$ 10	\$	
U.S. Treasury Bonds	N/A	6,258	1,277	1,173	3,808
U.S. Government Backed Securities	Aaa	1,235		293	942
U.S. Government Backed Securities	A1	167		167	
U.S. Government Backed Securities	Aa3	175			175
U.S. Government Backed Securities	Baa2	174			174
U.S. Government Backed Securities	**	12,303	1,046	2,166	9,091
Corporate Bonds	A1	236		236	
Corporate Bonds	A3	418		170	248
Corporate Bonds	Baa1	359			359
Corporate Bonds	Baa2	986		556	430
Corporate Bonds	Baa3	1,218		1,030	188
Corporate Bonds	Ba1	999		999	
Corporate Bonds	Ba2	510		313	197
Corporate Bonds	Ba3	781		781	
Corporate Bonds	B1	218		218	
Corporate Bonds	B2	213		213	
Corporate Bonds	B3	144		144	
Corporate Bonds	**	4,876		2,955	1,921
Total		31,280	\$ 2,333	\$ 11,414	\$ 17,533
Other investments:					
Mutual Funds		132,139			
Total Investments		\$ 163,419			

** unavailable

CITY OF NEW BRITAIN, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

(amounts expressed in thousands)

The City has adopted new accounting guidance, GASB Statement No. 72, *Fair Value Measurement and Application*. The new disclosure is presented below:

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements); followed by quoted prices in inactive markets or for similar assets or with observable inputs (Level 2 measurements); and the lowest priority to unobservable inputs (Level 3 measurements).

The City has the following recurring fair value measurements as of June 30, 2016:

	June 30, 2016	Fair Value Measurements Using	
		Level 1	Level 2
Investments by fair value level:			
U.S. Government Backed Securities	\$ 20,312	\$ 7,325	\$ 12,987
Corporate bonds	10,958		10,958
Mutual Funds	132,139	112,992	19,147
Total investments by fair value level	163,409	\$ 120,317	\$ 43,092
Investments not included above:			
Certificate of deposit	10		
Total Investments	\$ 163,419		

Debt and equity securities classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. Debt securities classified in Level 2 of the fair value hierarchy are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices. The City has no Level 3 investments.

Interest Rate Risk

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

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, 2015, the City had no uninsured and unregistered securities held by the counterparty, or by its trust department or agent that were not in the City's name.

CITY OF NEW BRITAIN, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

(amounts expressed in thousands)

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	\$ 14,272	\$	\$	\$	\$	\$ 14,272
Taxes	13,900					13,900
Water					4,786	4,786
Accounts	1,492	560		6,762		8,814
Intergovernmental			519	1,065		1,584
Housing loans				4,319		4,319
Gross receivables	<u>29,664</u>	<u>560</u>	<u>519</u>	<u>12,146</u>	<u>4,786</u>	<u>47,675</u>
Less allowance for uncollectibles	<u>(4,930)</u>				<u>(441)</u>	<u>(5,371)</u>
Net Total Receivables	<u>\$ 24,734</u>	<u>\$ 560</u>	<u>\$ 519</u>	<u>\$ 12,146</u>	<u>\$ 4,345</u>	<u>\$ 42,304</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	\$ 4,930
Water receivables	<u>441</u>
Total	<u>\$ 5,371</u>

CITY OF NEW BRITAIN, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

(amounts expressed in thousands)

5. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2016 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	47,304	16,780	38,168	25,916
Total capital assets not being depreciated	<u>60,721</u>	<u>16,780</u>	<u>38,168</u>	<u>39,333</u>
Capital assets being depreciated:				
Land improvements	32,486			32,486
Buildings	315,734	32,706		348,440
Machinery and equipment	15,722	6,579	2,413	19,888
Vehicles	20,503	3,807	1,432	22,878
Infrastructure	139,415	3,186		142,601
Total capital assets being depreciated	<u>523,860</u>	<u>46,278</u>	<u>3,845</u>	<u>566,293</u>
Less accumulated depreciation for:				
Land improvements	15,333	1,216		16,549
Buildings	130,563	6,113		136,676
Machinery and equipment	12,739	484	2,402	10,821
Vehicles	17,078	1,321	1,425	16,974
Infrastructure	73,530	1,969		75,499
Total accumulated depreciation	<u>249,243</u>	<u>11,103</u>	<u>3,827</u>	<u>256,519</u>
Total capital assets being depreciated, net	<u>274,617</u>	<u>35,175</u>	<u>18</u>	<u>309,774</u>
Governmental Activities Capital Assets, Net	<u>\$ 335,338</u>	<u>\$ 51,955</u>	<u>\$ 38,186</u>	<u>\$ 349,107</u>

CITY OF NEW BRITAIN, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

(amounts expressed in thousands)

	<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	37		2,862
Filter plant	57,307			57,307
Machinery and equipment	2,258	127	63	2,322
Transmission and distribution	11,342	113	36	11,419
General plant and administrative equipment	311			311
Total capital assets being depreciated	<u>82,829</u>	<u>277</u>	<u>99</u>	<u>83,007</u>
Less accumulated depreciation for:				
Source of supply	2,821	64		2,885
Pumping plant	1,849	42		1,891
Water treatment plant	590	100		690
Filter plant	12,345	1,147		13,492
Machinery and equipment	1,900	126	63	1,963
Transmission and distribution	8,577	168	36	8,709
General plant and administrative	183	6		189
Total accumulated depreciation	<u>28,265</u>	<u>1,653</u>	<u>99</u>	<u>29,819</u>
Total capital assets being depreciated, net	<u>54,564</u>	<u>(1,376)</u>	<u>-</u>	<u>53,188</u>
Business-Type Activities Capital Assets, Net	<u>\$ 56,541</u>	<u>\$ (1,376)</u>	<u>\$ -</u>	<u>\$ 55,165</u>

Depreciation expense was charged to functions/programs as follows:

Governmental activities:	
General government	\$ 1,383
Public safety	1,544
Public works	2,900
Health and social services	7
Parks and recreation	832
Education	<u>4,437</u>
Total depreciation expense - governmental activities	<u>\$ 11,103</u>
Business-type activities:	
Enterprise Fund - water depreciation expense	<u>\$ 1,653</u>

CITY OF NEW BRITAIN, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

(amounts expressed in thousands)

Construction Commitments

The City has active construction projects as of June 30, 2016. The following is a summary of capital projects as of June 30, 2016:

<u>Project</u>	<u>Project Authorization</u>	<u>Cumulative Expenditures</u>	<u>Remaining Commitment</u>
Public buildings	\$ 40,027	\$ 38,540	\$ 1,487
Schools	120,104	64,422	55,682
Infrastructure	84,481	66,405	18,076
Parks and recreation	22,686	15,946	6,740
Other	113,374	63,641	49,733

6. INTERFUND TRANSFERS

All interfund receivables and payables are the result of regularly recurring transactions and represent temporary balances. As of June 30, 2016, the Pension Trust Funds and the Special Reserve Internal Service Fund have a payable to the General Fund for \$2,179 and \$142, respectively.

Interfund transfers:

	<u>General Fund</u>	<u>Capital Projects</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Transfers Out</u>
General Fund	\$	\$ 170	\$ 52	\$ 222
Nonmajor Governmental Funds	958			958
Water Fund	1,250			1,250
Total Transfers In	\$ 2,208	\$ 170	\$ 52	\$ 2,430

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, 2016:

<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>
2015 Bond Anticipation Notes	Capital Projects Fund	2.50%	3/25/2016	\$ 34,000	\$	\$ 34,000	\$ -
2016 Bond Anticipation Notes	Capital Projects Fund	2.00%	3/23/2016		40,465		40,465
				\$ 34,000	\$ 40,465	\$ 34,000	\$ 40,465

CITY OF NEW BRITAIN, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
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(amounts expressed in thousands)

8. LONG-TERM DEBT

A schedule of bond indebtedness as of June 30, 2016 is as follows:

	Interest Rate %	Original Issue	Date of Issue	Date of Maturity	Balance Outstanding
Consolidated School District:					
2006 Series	4.0 - 5.0	\$ 11,000	4/6/2006	4/15/2021	\$ 731
2007 Series	3.8 - 5.0	6,600	4/5/2007	4/15/2022	880
2008 Series A	2.8 - 5.0	1,750	4/1/2008	4/15/2022	697
2009 Series	3.0 - 4.5	3,975	3/25/2009	4/1/2024	1,058
2012 Series	2.0 - 4.0	3,136	3/15/2012	3/15/2027	1,164
2013 Series	2.0 - 4.0	2,800	3/19/2013	3/15/2033	1,686
2014 Series Refunding	4.0 - 5.0	1,964	10/1/2014	3/1/2020	1,964
2015 Series A	3.0 - 5.0	9,935	3/19/2015	3/1/2035	9,935
2016 Series A Refunding	0.82 - 5.0	<u>44,545</u>	1/28/2016	3/1/2025	<u>9,083</u>
Subtotal		<u>85,705</u>			<u>27,198</u>
Public Improvement:					
2005 MERF Pension Bond	4.93	1,450	6/1/2005	6/5/2023	705
2006 Series	4.0 - 5.0	6,460	4/6/2006	4/15/2021	429
2007 Series	3.8 - 5.0	6,975	4/5/2007	4/15/2022	930
2008 Series A	2.8 - 5.0	11,215	4/1/2008	4/1/2028	4,468
2008 Series B (2000B Refund)	2.8 - 5.0	9,070	4/1/2008	4/1/2020	3,630
2008 Series B (2005 Water Refund)	2.8 - 5.0	14,170	4/1/2008	4/1/2035	6,159
2009 Series	3.0 - 4.5	9,410	3/25/2009	4/1/2024	2,542
2010 Series A	2.5 - 5.25	11,715	3/30/2010	3/1/2025	3,900
2010 Series B2	2.8 - 5.8	18,000	10/28/2010	10/1/2030	16,200
2010 Series B3	2.8 - 5.8	9,935	10/28/2010	10/1/2030	9,935
2012 Series	2.0 - 4.0	30,879	3/15/2012	3/15/2027	11,491
2013 Series	2.0 - 4.0	16,425	3/19/2013	3/15/2033	9,859
2014 Series A Refunding	4.0 - 5.0	7,636	10/1/2014	3/1/2020	7,636
2015 Series A	3.0 - 5.0	19,065	3/19/2015	3/1/2035	19,065
2016 Series A Refunding	0.82 - 5.0	<u>44,545</u>	1/28/2016	3/1/2025	<u>35,462</u>
Subtotal		<u>216,950</u>			<u>132,411</u>
General Obligation Pension Bonds:					
1998 Series	5.70 - 6.54	<u>66,000</u>	2/1/1998	2/1/2021	<u>23,685</u>
General Obligation Pension Bonds:					
2015 Series A	1.901 - 4.034	<u>56,000</u>	4/15/2015	2/1/2026	<u>56,000</u>
Total Governmental Activities		<u>\$ 424,655</u>			<u>\$ 239,294</u>

CITY OF NEW BRITAIN, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
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(amounts expressed in thousands)

General 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, 2016 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due One Year</u>
Governmental Activities:					
Bonds payable:					
General obligation bonds	\$ 244,909	\$ 44,545	\$ 50,160	\$ 239,294	\$ 18,455
Bond premiums	6,730	7,086	1,378	12,438	
Total general obligation bonds	<u>251,639</u>	<u>51,631</u>	<u>51,538</u>	<u>251,732</u>	<u>18,455</u>
Notes Payable:					
Clean Water notes	3,425		349	3,076	349
Other liabilities:					
OPEB obligation	1,437	165		1,602	
Compensated absences	7,510	37	792	6,755	1,932
Net pension liability	43,763	25,027		68,790	
MERS prior service costs	55		7	48	
Risk management	<u>8,663</u>	<u>6,620</u>		<u>15,283</u>	
Governmental Activities Long-Term Liabilities	<u>\$ 316,492</u>	<u>\$ 83,480</u>	<u>\$ 52,686</u>	<u>\$ 347,286</u>	<u>\$ 20,736</u>
Business-Type Activities:					
Bonds payable	\$ 2,016	\$	\$	\$ 2,016	\$
Notes payable:					
Clean Water notes	14,069		1,834	12,235	1,834
Compensated absences	<u>220</u>	<u>19</u>		<u>239</u>	<u>101</u>
Business-Type Activities Long-Term Liabilities	<u>\$ 16,305</u>	<u>\$ 19</u>	<u>\$ 1,834</u>	<u>\$ 14,490</u>	<u>\$ 1,935</u>

CITY OF NEW BRITAIN, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

(amounts expressed in thousands)

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	\$ 276,617	\$ 192,580	\$ 84,037
Schools	553,235	52,331	500,904
Sewers	461,029	44,566	416,463
Urban renewal	399,558		399,558
Pension deficit	368,823		368,823

The total overall statutory debt limitation for the City is equal to seven times annual receipts from taxation (\$860,587).

The indebtedness above includes \$55,739 of authorized bonds that were unissued as of June 30, 2016.

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.

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, 2016, \$73,511 has been drawn upon and \$30,588 represents the City's share of the IFO as of that date.

CITY OF NEW BRITAIN, CONNECTICUT
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(amounts expressed in thousands)

The maturities relating to all bonds and serial notes of the governmental activities of the City as of June 30, 2016 are as follows:

Year Ending June 30,	Principal General Obligation	Principal Clean Water Notes	Interest General Obligation	Interest Clean Water Notes	Total
2017	\$ 18,455	\$ 349	\$ 10,744	\$ 58	\$ 29,606
2018	20,410	349	9,799	51	30,609
2019	21,260	349	8,905	44	30,558
2020	22,190	349	7,901	37	30,477
2021	25,225	349	6,817	30	32,421
2022	21,380	349	5,688	24	27,441
2023	19,785	300	4,804	17	24,906
2024	20,225	222	3,953	12	24,412
2025	18,935	98	3,075	8	22,116
2026	13,440	98	2,231	6	15,775
2027	7,020	72	1,663	5	8,760
2028	5,635	35	1,350	4	7,024
2029	4,815	35	1,090	3	5,943
2030	4,865	35	863	2	5,765
2031	4,960	35	632	1	5,628
2032	3,129	35	441	1	3,606
2033	3,090	17	270		3,377
2034	2,200		162		2,362
2035	2,275		83		2,358
Total	\$ <u>239,294</u>	\$ <u>3,076</u>	\$ <u>70,471</u>	\$ <u>303</u>	\$ <u>313,144</u>

CITY OF NEW BRITAIN, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
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(amounts expressed in thousands)

The maturities relating to all bonds and serial notes of the business-type activities of the City as of June 30, 2016 are as follows:

Year Ending June 30,	General Obligation Bonds	Principal Clean Water Notes	Interest General Obligation Bonds	Interest Clean Water Notes	Total
2017	\$	\$ 1,834	\$ 137	\$ 288	\$ 2,259
2017		1,834	137	241	2,212
2018		1,834	137	194	2,165
2019		1,835	137	147	2,119
2020		1,834	137	101	2,072
2021		1,464	128	56	1,648
2022		1,200	120	26	1,346
2023		400	111	2	513
2024			102		102
2025			92		92
2026			83		83
2027			74		74
2028			64		64
2029			55		55
2030			46		46
2031			36		36
2032	421		76		497
2033	535		50		585
2034	530		25		555
2035	530				530
Total	\$ 2,016	\$ 12,235	\$ 1,747	\$ 1,055	\$ 17,053

Refunding Bonds Issue

On January 28, 2016, the City issued \$44,545 of general obligation refunding bonds with interest rates ranging from .86%-5.0%. The bonds were issued to partially refund \$47,550 of outstanding principal amounts of the 2006, 2007, 2008A, 2009, 2010A, 2012 and 2013 general obligation bonds. The net proceeds of \$51,169 (after an original issue premium of \$7,086 and payment of \$462 in underwriter's fees and other issuance costs) were deposited in an irrevocable trust fund under an escrow agreement between the Escrow Agent and the City. The Escrow Agent will use such proceeds to purchase a portfolio of the United States Treasury State and Local Government Securities. All investment income on and the maturing principal of the escrow securities held in the escrow deposit fund will be irrevocably deposited by the City for payment of the refunded bonds. The City refunded the above bonds to reduce total debt service payments over the next ten years by \$3,951 and to obtain an economic gain (difference between the present value of the debt service payments on the old and new debt) of \$358.

As of June 30, 2016, the amount of defeased debt outstanding from the City's refundings was \$42,575 and the escrow balance was \$881. This amount is removed from the governmental activities column of the statement of net position.

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(amounts expressed in thousands)

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, 2015 to June 30, 2016. 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 \$861 is reported in the

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internal service fund at June 30, 2016, 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 \$11.5 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 and there has not been a significant reduction in coverage in the year July 1, 2015 and June 30, 2016.

The changes in the claim reserves for the fiscal years ended June 30, 2016 and 2015, are as follows:

	June 30, 2016			June 30, 2015		
	Medical	Workers' Compensation	General Accident Casualty and Liability	Medical	Workers' Compensation	General Accident Casualty and Liability
Beginning of year claim reserve	\$ 667	\$ 5,008	\$ 2,988	\$ 1,583	\$ 12,880	\$ 2,970
Current year incurred claims and changes in prior year estimate				18,743	10,578	2,069
Claim payments	194	6,444	(18)	(19,659)	(18,450)	(2,051)
End of Year Claim Reserve	\$ <u>861</u>	\$ <u>11,452</u>	\$ <u>2,970</u>	\$ <u>667</u>	\$ <u>5,008</u>	\$ <u>2,988</u>

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10. EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS

A. Pension Trust Funds

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.

Summary of Significant Accounting Policies

Basis of Accounting

Financial statements are prepared using the accrual basis of accounting for the two defined benefit pension plans. Employee and employer contributions are recognized as revenues in the period in which employee services are performed. 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 fair value. Investment income is recognized as earned.

Plan Description and Benefits Provided

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>Police</u>	<u>Fire</u>
Retirees and beneficiaries currently receiving benefits	207	172
Terminated employees entitled to benefits but not yet receiving them	2	
Active plan members	<u>47</u>	<u>49</u>
Total	<u>256</u>	<u>221</u>

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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, 2016, these required contributions were \$1,413 and \$1,459 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, 2016:

<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><u>100.00%</u></u>

Rate of Return

For the year ended June 30, 2016, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense for both Fire and Police, was -.11% and -1.8%, respectively. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

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Net Pension Liability of the City

The components of the net pension liability of the City at June 30, 2016 were as follows:

	<u>Fire</u>	<u>Police</u>
Total pension liability	\$ 99,070	\$ 86,496
Plan fiduciary net position	<u>73,624</u>	<u>62,893</u>
Total Net Pension Liability	<u>\$ 25,446</u>	<u>\$ 23,603</u>
Plan fiduciary net position as a percentage of the total pension liability	74.32%	72.71%

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of July 1, 2014, using the following actuarial assumptions, applied to all periods included in the measurement:

	<u>Police</u>	<u>Fire</u>
Inflation	2.75%	2.75%
Salary increases	3.75%	3.50%
Investment rate of return	7.50%	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, 2014 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, 2016 (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	2.69%
Short-Term Bonds	1.81%
Large Cap U.S. Equities	5.11%
Small Cap U.S. Equities	6.26%
Developed Foreign Equities	6.04%
Commodities	3.27%

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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.

Changes in Pension Liability

Police Pension Plan			
	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a)-(b)
Balances as of June 30, 2015	\$ 86,703	\$ 69,872	\$ 16,831
Changes for the year:			
Service cost	684		684
Interest on total pension liability	6,293		6,293
Employer contributions		1,350	(1,350)
Member contributions		180	(180)
Net investment income (loss)		(1,213)	1,213
Benefit payments, including refund to employee contributions	(7,184)	(7,184)	
Administrative expenses		(112)	112
Net changes	(207)	(6,979)	6,772
Balances as of June 30, 2016	\$ 86,496	\$ 62,893	\$ 23,603
Fire Pension Plan			
	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a)-(b)
Balances as of June 30, 2015	\$ 98,161	\$ 79,808	\$ 18,353
Changes for the year:			
Service cost	715		715
Interest on total pension liability	7,159		7,159
Employer contributions		888	(888)
Member contributions		207	(207)
Net investment income (loss)		(84)	84
Benefit payments, including refund to employee contributions	(6,965)	(6,965)	
Administrative expenses		(230)	230
Net changes	909	(6,184)	7,093
Balances as of June 30, 2016	\$ 99,070	\$ 73,624	\$ 25,446

CITY OF NEW BRITAIN, CONNECTICUT
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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%)
Fire Net Pension Liability	\$ 35,591	\$ 25,446	\$ 16,802
Police Net Pension Liability	32,070	23,603	16,383

Schedules of Plan Net Position

	Police Benefit Fund	Firemen's Pension Fund	Total
Assets			
Investments	\$ <u>64,360</u>	\$ <u>75,249</u>	\$ <u>139,609</u>
Liabilities and Net Pension			
Liabilities:			
Accounts payable	\$ 341	\$ 572	\$ 913
Due to other funds	<u>1,126</u>	<u>1,053</u>	<u>2,179</u>
Total liabilities	<u>1,467</u>	<u>1,625</u>	<u>3,092</u>
Net Position Restricted for Pension Benefits	<u>62,893</u>	<u>73,624</u>	<u>136,517</u>
Total Liabilities and Net Position	\$ <u>64,360</u>	\$ <u>75,249</u>	\$ <u>139,609</u>

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	Police Benefit Fund	Firemen's Pension Fund	Total
Additions:			
Contributions:			
Employer	\$ 1,350	\$ 888	\$ 2,238
Employee	180	207	387
Total contributions	<u>1,530</u>	<u>1,095</u>	<u>2,625</u>
Investment income (loss):			
Net depreciation fair value of investments	(2,286)	(1,580)	(3,866)
Interest and dividends	1,073	1,421	2,494
Miscellaneous		75	75
Total investment loss	<u>(1,213)</u>	<u>(84)</u>	<u>(1,297)</u>
Less investment expense			
Net investment income (loss)	<u>(1,213)</u>	<u>(84)</u>	<u>(1,297)</u>
Total additions	<u>317</u>	<u>1,011</u>	<u>1,328</u>
Deductions:			
Benefits	7,184	6,965	14,149
Administration	112	230	342
Total deductions	<u>7,296</u>	<u>7,195</u>	<u>14,491</u>
Net Decrease	(6,979)	(6,184)	(13,163)
Net Position at Beginning of Year, as Restated	<u>69,872</u>	<u>79,808</u>	<u>149,680</u>
Net Position at End of Year	\$ <u>62,893</u>	\$ <u>73,624</u>	\$ <u>136,517</u>

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended June 30, 2016, the City recognized pension expense of (\$23,265). At June 30, 2016, the City reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	Police Pension Plan Deferred Outflows of Resources	Fire Pension Plan Deferred Outflows of Resources
Net Difference Between Projected and Actual Earning on Pension Plan Investments	\$ <u>7,033</u>	<u>7,065</u>

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Amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year Ending June 30

2017	\$	3,895
2018		3,895
2019		3,894
2020		2,414

B. Municipal Employees' Retirement System

Plan Description

Substantially all City employees except for the certified employees of the Consolidated School District and the regular members of the Police and Fire Departments participate in the Municipal Employees' Retirement System (MERS). MERS is a cost-sharing multiple-employer public employee retirement system established by the State of Connecticut and administered by the State Retirement Commission to provide pension benefits to employees of participating municipalities. Chapters 7-425 to 7-451 of the State of Connecticut General Statutes, which can be amended by legislative action, establishes MERS benefits, member contribution rates and other plan provisions. MERS is considered to be part of the State of Connecticut's financial reporting entity and is included in the State's financial reports as a pension trust fund. Those reports can be obtained at www.ct.gov.

Benefit Provisions

The plan provides retirement, disability and death benefits and annual cost-of-living adjustments to plan members and their beneficiaries. Employees are eligible to retire at age 55 with 5 years of continuous service, or 15 years of active aggregate service or 25 years of aggregate service. In addition, compulsory retirement is at age 65 for police and fire members.

Normal Retirement

For members not covered by social security, retirement benefits are calculated as 2% of the average of the three highest paid years of service times the years of service. For members covered by social security, retirement benefits are calculated as 1½% of the average of the three highest paid years of service not in excess of the year's breakpoint plus 2% of average of the three highest paid years of service in excess of the year's breakpoint, times years of service. The year's breakpoint is defined as \$10,700 increased by 6.0% each year after 1982, rounded to the nearest multiple of \$100. Maximum benefit is 100% of average final compensation and the minimum benefit is \$1,000 annually.

Early Retirement

Members must have 5 years of continuous or 15 years of active aggregate service. Benefits are calculated as a service retirement allowance on the basis of the average of the three highest paid years of service to the date of termination. Benefits are deferred to normal retirement age, or an actuarially reduced allowance may begin at the time of separation.

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Disability Retirement - Service Connected

This applies to employees who are totally and permanently disabled and such disability has arisen out of and in the course of employment with the municipality. Disability due to heart and hypertension in the case of fire and police is presumed to have been suffered in the line of duty. Benefits are calculated as a service retirement allowance based on compensation and service to the date of the disability with a minimum benefit (including worker's compensation benefits) of 50% of compensation at the time of disability.

Disability Retirement - Non-Service Connected

This applies to employees who have 10 years of service and are totally and permanently disabled. Benefits are calculated as a service retirement allowance based on compensation and service to the date of the disability.

Death Benefit

This applies to employees who are eligible for service, disability or early retirement and married for at least 12 months preceding death. Benefits are calculated based on the average of the three highest paid years of service and creditable service at date of death, payable to the spouse. Benefit is equal to 50% of the average of the life annuity allowance and reduced 50% joint and survivor allowance.

Contributions

Member

Contributions for members not covered by social security are 5% of compensation; for members covered by social security, 2¼% of compensation up to the social security taxable wage base plus 5%, if any, in excess of such base.

Employer

Participating employers make annual contributions consisting of a normal cost contribution, a contribution for the amortization of the net unfunded accrued liability and a prior service amortization payment, which covers the liabilities of MERS not met by member contributions.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2016, the City reports a liability of \$19,741 for its proportionate share of the net pension liability. The net pension liability was measured at June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation at that date. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participants, actuarially determined. At June 30, 2016, the City's proportion was 10.24%. The increase or decrease in proportion from June 30, 2015 was 1.54%.

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For the year ended June 30, 2016, the City recognized pension expense of \$(3,193). At June 30, 2016, the City reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

		Deferred Outflows of Resources
City contributions after the measurement date	\$	6,949
City's employer change in proportional share		268
Net difference between projected and actual earnings on pension plan investments		<u>3,335</u>
Total	\$	<u><u>10,552</u></u>

Amounts reported as deferred outflows of resources related to City contributions after the measurement date will be recognized as a reduction of the net pension liability in the subsequent year. Amounts reported as deferred inflows of resources related to pension will be recognized in pension expense as follows:

	<u>Year Ending June 30</u>	
	2017	\$ 292
	2018	292
	2019	292
	2020	2,727

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	3.25%
Salary increase	4.25-11.00%, including inflation
Investment rate of return	8.00%, net of pension plan investment expense, including inflation

Mortality rates were based on the RP-2000 Mortality Table for annuitants and non-annuitants (set forward one year for males and set back one year for females).

The actuarial assumptions used in the June 30, 2014 valuation were based on the results of an actuarial experience study for the period July 1, 2005 - June 30, 2010.

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The long-term expected rate of return on pension plan investments was determined using a log-normal distribution analysis 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. The target asset allocation and best estimates of arithmetic real rates of return for each major class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Large Cap U.S. equities	16.0%	5.8%
Developed non-U.S. equities	14.0%	6.6%
Emerging markets (non-U.S.)	7.0%	8.3%
Core fixed income	8.0%	1.3%
Inflation linked bond fund	5.0%	1.0%
Emerging market bond	8.0%	3.7%
High yield bonds	14.0%	3.9%
Real estate	7.0%	5.1%
Private equity	10.0%	7.6%
Alternative investments	8.0%	4.1%
Liquidity fund	3.0%	.4%
Total	100.0%	

Discount Rate

The discount rate used to measure the total pension liability was 8.00%. 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 employer contributions will be made at the actuarially determined contribution rates in the future years. 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 City's proportionate share of the net pension liability, calculated using the discount rate of 8.00%, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (7.00%) or 1 percentage point higher (9.00%) than the current rate:

	1% Decrease (7.00%)	Current Discount Rate (8.00%)	1% Increase (9.00%)
City's proportionate share of the net pension liability	\$ 52,888	\$ 19,741	\$ (12,541)

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Plan Fiduciary Net Position

For the fiscal year ended June 30, 2015, the fiduciary net position of the MERS plan was restated to change the method of accounting for contributions receivable from a present value method to a gross method. The result of the restatement was to decrease the net pension liability and increase the July 1, 2014 fiduciary net position of the MERS plan by \$139,565,000. The effect on the City of New Britain's financial statements was to decrease the net pension liability and increase the government activities' net position as shown in Note 14.

Payable to MERS

In addition, the Town has also recorded \$48 as a long-term payable to MERS at June 30, 2016. This amount represents prior service costs calculated when the Town entered the plan, as such, the Town has restated beginning net position. The effect of the restatement was to decrease beginning net position and increase accounts payable to MERS as shown in Note 14.

C. Teachers Retirement

Plan Description

Teachers, principals, superintendents or supervisors engaged in service of public schools are provided with pensions through the Connecticut State Teachers' Retirement System, a cost sharing multiple-employer defined benefit pension plan administered by the Teachers Retirement Board. Chapter 167a of the State Statutes grants authority to establish and amend the benefit terms to the Teachers Retirement Board. The Teachers Retirement Board issues a publicly available financial report that can be obtained at www.ct.gov.

Benefit Provisions

The plan provides retirement, disability and death benefits. Employees are eligible to retire at age 60 with 20 years of credited service in Connecticut, or 35 years of credited service including at least 25 years of service in Connecticut.

Normal Retirement

Retirement benefits for employees are calculated as 2% of the average annual salary times the years of credited service (maximum benefit is 75% of average annual salary during the 3 years of highest salary).

Early Retirement

Employees are eligible after 25 years of credited service including 20 years of Connecticut service, or age 55 with 20 years of credited service including 15 years of Connecticut service with reduced benefit amounts.

Disability Retirement

Employees are eligible for service-related disability benefits regardless of length of service. Five years of credited service is required for nonservice-related disability eligibility. Disability benefits are calculated as 2% of average annual salary times credited service to date of disability, but not less than 15% of average annual salary, nor more than 50% of average annual salary.

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(amounts expressed in thousands)

Contributions

Per Connecticut General Statutes Section 10-183z (which reflects Public Act 79-436 as amended), contribution requirements of active employees and the State of Connecticut are approved, amended and certified by the State Teachers Retirement Board and appropriated by the General Assembly.

Employer (School Districts)

School District employers are not required to make contributions to the plan.

The statutes require the State of Connecticut to contribute 100% of each school districts' required contributions, which are actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of the benefits earned by employees during the year, with any additional amount to finance any unfunded accrued liability.

Employees

Effective July 1, 1992, each teacher is required to contribute 6% of salary for the pension benefit.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2016, the City reports no amounts for its proportionate share of the net pension liability, and related deferred outflows and inflows, due to the statutory requirement that the State pay 100% of the required contribution. The amount recognized by the City as its proportionate share of the net pension liability, the related state support, and the total portion of the net pension liability that was associated with the City were as follows:

City's proportionate share of the net pension liability	\$	-
State's proportionate share of the net pension liability associated with the City		<u>191,636</u>
Total	\$	<u><u>191,636</u></u>

The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. At June 30, 2016, the City has no proportionate share of the net pension liability.

For the year ended June 30, 2016, the City recognized pension expense and revenue of \$15,355 in Exhibit II for on-behalf amounts for the benefits provided by the State.

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	3.00%
Salary increase	3.75-7.00%, including inflation
Investment rate of return	8.50%, net of pension plan investment expense, including inflation

CITY OF NEW BRITAIN, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
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(amounts expressed in thousands)

Mortality rates were based on the RP-2000 Combined Mortality Table projected 19 years using scale AA, with a two-year setback for males and females for the period after service retirement and for dependent beneficiaries.

The actuarial assumptions used in the June 30, 2014 valuation were based on the results of an actuarial experience study for the period July 1, 2005 - June 30, 2010.

Future cost-of-living increases for members who retire on or after September 1, 1992 are assumed to be an annual cost-of-living adjustment of 2%.

The long-term expected rate of return on pension plan investments was determined using a log-normal distribution analysis 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. The target asset allocation and best estimates of arithmetic real rates of return for each major class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Large Cap U.S. equities	21.0%	7.3%
Developed non-U.S. equities	18.0%	7.5%
Emerging markets (non-U.S.)	9.0%	8.6%
Core fixed income	7.0%	1.7%
Inflation linked bond fund	3.0%	1.3%
Emerging market bond	5.0%	4.8%
High yield bonds	5.0%	3.7%
Real estate	7.0%	5.9%
Private equity	11.0%	10.9%
Alternative investments	8.0%	0.7%
Liquidity fund	6.0%	0.4%
Total	100.0%	

Discount Rate

The discount rate used to measure the total pension liability was 8.50%. 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 State contributions will be made at the actuarially determined contribution rates in the future years. 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 City's proportionate share of the net pension liability is \$-0- and, therefore, the change in the discount rate would only impact the amount recorded by the State of Connecticut.

**CITY OF NEW BRITAIN, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

(amounts expressed in thousands)

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued financial statements available at www.ct.gov.

Other Information

Additional information is included in the required supplementary information section of the financial statements. A schedule of contributions is not presented as the City has no obligation to contribute to the plan.

D. Single-Employer Defined Benefit Pension Plan

In addition to the above plans, 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 of 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 6 retirees, 5 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 \$105. The "pay-as-you-go" plan does not have a net pension obligation as of June 30, 2016.

Trend Information

<u>Fiscal Year Ended</u>	<u>Annual Pension Cost (APC)</u>	<u>Actual Contribution</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
6/30/2014	\$ 465	\$ 465	100	N/A
6/30/2015	366	366	100	N/A
6/30/2016	105	105	100	N/A

CITY OF NEW BRITAIN, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
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(amounts expressed in thousands)

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.

E. 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, 2014, plan membership consisted of the following:

Retirees and beneficiaries currently receiving benefits	971
Active plan members	<u>1,386</u>
Total	<u><u>2,357</u></u>

CITY OF NEW BRITAIN, CONNECTICUT
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(amounts expressed in thousands)

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>
20+	100%
15-19	80%
10-14	60%
5-9	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.

**CITY OF NEW BRITAIN, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

(amounts expressed in thousands)

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.

CITY OF NEW BRITAIN, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

(amounts expressed in thousands)

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	\$ 6,052
Interest on OPEB obligation	93
Adjustment to annual required contribution	<u>(88)</u>
Annual OPEB cost	6,057
Contributions made	<u>5,892</u>
Change in net OPEB obligation	165
Net OPEB Obligation, July 1, 2015	<u>1,437</u>
Net OPEB Obligation, June 30, 2016	<u>\$ 1,602</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, 2016, 2015 and 2014 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>
6/30/2014	\$ 6,371	\$ 6,291	98.7%	\$ 994
6/30/2015	6,682	6,239	93.4%	1,437
6/30/2016	6,057	5,892	97.3%	1,602

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

CITY OF NEW BRITAIN, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

(amounts expressed in thousands)

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
7/1/2010	\$ 974	\$ 48,213	\$ 47,239	2.0%	N/A	N/A
7/1/2012	1,171	68,033	66,863	2.0	N/A	N/A
7/1/2014	3,223	70,370	67,147	4.6	N/A	N/A

Schedule of Employer Contributions

Fiscal Year Ended	Annual Required Contribution	Percentage Contributed
6/30/14	\$ 6,360	98.74%
6/30/15	6,671	93.52
6/30/16	6,052	97.36

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, 2014 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions include a 6.5% 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 4.0%. The annual healthcare cost trend rate is 9% initially, reduced by decrements to an ultimate rate of 5% after four years.

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.

CITY OF NEW BRITAIN, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

(amounts expressed in thousands)

12. FUND BALANCE

The components of fund balance for the governmental funds at June 30, 2015 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	\$	\$	\$	\$ 134	\$ 134
Trust purposes				2,899	2,899
Restricted for:					
Grants			1,700	5,483	7,183
Capital improvements		8,178			8,178
Committed to:					
General government activities				182	182
Public safety programs				143	143
Sewer maintenance				2,414	2,414
Social service programs				54	54
Recreational programs				455	455
Educational programs				1,466	1,466
Assigned to:					
Debt service	3,165				3,165
Unassigned	<u>25,235</u>	<u>(43,547)</u>		<u>(2,408)</u>	<u>(20,720)</u>
Total Fund Balances	\$ <u>28,400</u>	\$ <u>(35,369)</u>	\$ <u>1,700</u>	\$ <u>10,822</u>	\$ <u>5,553</u>

13. BULK LIEN SALES

During the fiscal year ended June 30, 2016, the City executed a bulk sale of property tax liens and collected proceeds of \$564. 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.

CITY OF NEW BRITAIN, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

(amounts expressed in thousands)

14. PRIOR PERIOD ADJUSTMENTS AND RESTATEMENTS

The following restatements were recorded to the beginning of net position of the governmental activities as a result of implementation of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* - an amendment of GASB Statement No. 27, and GASB Statement No. 71, *Pension Contributions Made Subsequent to the Measurement Date* - an amendment of GASB Statement No. 68:

	<u>Net Position</u>	<u>Net Pension Liability</u>	<u>Payable to MERS</u>
Net position balance at June 30 2015, as previously reported	\$ 47,830	\$ 59,729	\$ -
Adjustments:			
Change in method of accounting for contributions	15,966	(15,966)	
Payable related to prior service costs	<u>(55)</u>	<u></u>	<u>55</u>
Net Position Balance at July 1, 2015, as Restated	\$ <u><u>63,741</u></u>	\$ <u><u>43,763</u></u>	\$ <u><u>55</u></u>

Required Supplementary Information

CITY OF NEW BRITAIN, CONNECTICUT
GENERAL FUND
SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE YEAR ENDED JUNE 30, 2016
(In Thousands)

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Property taxes:				
General property taxes	\$ 119,209	\$ 118,896	\$ 120,964	\$ 2,068
Interest and liens	1,250	1,465	1,723	258
Total property taxes	120,459	120,361	122,687	2,326
Intergovernmental revenues (State):				
State Education for the Blind				-
H.E.W. Private Schools	70	82	82	-
Special School Transportation	194	180	180	-
Elementary & Secondary Transportation	1,223	1,207	1,207	-
Special Education	3,500	4,049	4,049	-
Education Equalization	74,121	72,564	72,564	-
State Infraction Distribution	20	50	50	-
Interest Subsidy	521	484	484	-
DCA Tax Abatements	28			-
Town Aid Road Fund	770	767	767	-
Veterans Exemption Reimbursement	25	30	30	-
Tax Relief for the Elderly	400	413	413	-
State Property Tax Relief	3,939	3,718	3,718	-
Telephone Access Line Tax Relief	125	133	133	-
Municipal Video Competition Grant	10			-
Civil Defense	25	36	36	-
Off Track Betting	150	155	155	-
State Pilot Hospital Colleges	2,866	2,866	2,866	-
State Pilot Model Housing		106	106	-
Manufacturers in Distress	150	244	244	-
Bingo				-
Disability Exemption	9	9	9	-
Legalized Gaming Distribution	2,320	2,324	2,324	-
Telecommunications	160	162	162	-
Dial a Ride	49	49	49	-
Municipal Revenue Sharing Grant	1,384	1,384	1,384	-
Total intergovernmental revenues	92,059	91,012	91,012	-
Licenses and permits:				
Building Structures and Equipment	525	701	965	264
All other license		273	16	(257)
Protection	136	87	104	17
Health	85	109	100	(9)
Disposal				-
Planning and Zoning			8	8
Total licenses and permits	746	1,170	1,193	23

(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, 2016
(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	\$	\$	\$ 35	\$ 35
Town Clerk	1,298	1,256	1,235	(21)
Recreation	890	947	868	(79)
Public Safety	1,464	3,273	3,170	(103)
Parking tickets	1,536	1,352	1,349	(3)
Public Works - Project Management	671	227	226	(1)
Health and Welfare	26	30	28	(2)
Sanitation and Fleet	579	651	511	(140)
Parking tickets	374	386	386	-
Assessor			2	2
Senior Center	12	11	11	-
Water Overhead	263	263	263	-
Legal	54	62		(62)
Other	52	45	176	131
Total charges for services	<u>7,219</u>	<u>8,503</u>	<u>8,260</u>	<u>(243)</u>
Total licenses, permits and charges for services	<u>7,965</u>	<u>9,673</u>	<u>9,453</u>	<u>(220)</u>
Other revenue:				
Investment income	50	83	147	64
Miscellaneous	1,283	2,313	2,440	127
Sale of real estate property	1,000	286	286	-
Board of Education	20			-
BAN/ Bond Premiums	1,384			-
Total other revenue	<u>3,737</u>	<u>2,682</u>	<u>2,873</u>	<u>191</u>
Total revenues	224,220	223,728	226,025	2,297
Other Financing Sources:				
Transfers in	<u>2,208</u>	<u>2,208</u>	<u>2,208</u>	<u>-</u>
Total Budgeted Revenues and Transfers	<u>\$ 226,428</u>	<u>\$ 225,936</u>	228,233	<u>\$ 2,297</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			15,355	
Net effect of revenues for Dog Fund, Board of Education in Residence and YSB Funds not budgeted			463	
Bond and BAN premiums not budgeted			<u>501</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>\$ 244,552</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, 2016
(In Thousands)

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
General Government:				
Legislative	\$ 141	\$ 147	\$ 147	\$ -
Boards and Commissions	3			-
Judicial	113	131	131	-
Elections	370	456	456	-
Mayor's Office	482	529	529	-
Planning and Zoning	211	223	223	-
Finance	3,332	3,133	2,694	439
Recording and Reporting	533	534	534	-
Legal	895	664	554	110
Central Services	24			-
Total	<u>6,104</u>	<u>5,817</u>	<u>5,268</u>	<u>549</u>
Public Safety:				
Police	19,272	20,514	16,656	3,858
Fire	14,714	15,092	12,819	2,273
Lighting	900	913	913	-
Building	594	611	611	-
Civil Preparedness	72	71	71	-
Central Emergency Dispatch	1,971	1,872	1,872	-
Total	<u>37,523</u>	<u>39,073</u>	<u>32,942</u>	<u>6,131</u>
Public Works:				
Administration	405	444	444	-
Street Services	3,523	3,050	3,050	-
Public Buildings	2,625	2,651	2,651	-
Capital Project	651	666	666	-
Signals and Control	195	228	228	-
Waste Disposal	3,767	3,239	3,239	-
Total	<u>11,166</u>	<u>10,278</u>	<u>10,278</u>	<u>-</u>
Parks and Recreation:				
Administration	203	237	237	-
Forestry	143	159	159	-
Horticulture	288	345	345	-
Maintenance	1,949	1,909	1,909	-
Special Projects	4	9	9	-
Recreation Department	1,193	1,166	1,114	52
Willow Brook Sports Complex	206	189	189	-
City Supported Agencies	3,357	3,357	3,357	-
Cultural Organizations	45	45	45	-
Total	<u>7,388</u>	<u>7,416</u>	<u>7,364</u>	<u>52</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, 2016
(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	\$ 74	\$ 70	\$ 70	\$ -
Civil Service Commission	192	220	220	-
Nursing	295	278	278	-
Environmental Control	336	349	349	-
Administration	155	146	146	-
Social Services	6	5	5	-
Senior Center	511	501	501	-
Handicap Services	290	204	93	111
Total	<u>1,859</u>	<u>1,773</u>	<u>1,662</u>	<u>111</u>
General Administration:				
Pension and Benefit Contributions	13,147	11,498	17,898	(6,400)
Contingency	<u>2,635</u>			-
Total	<u>15,782</u>	<u>11,498</u>	<u>17,898</u>	<u>(6,400)</u>
Education	<u>124,206</u>	<u>124,193</u>	<u>124,160</u>	<u>33</u>
Debt Service	<u>22,400</u>	<u>26,400</u>	<u>15,231</u>	<u>11,169</u>
Total Expenditures	<u>226,428</u>	<u>226,448</u>	<u>214,803</u>	<u>11,645</u>
Other Financing Uses:				
Transfers Out:				
Dog Fund			464	(464)
Total	<u>\$ 226,428</u>	<u>\$ 226,448</u>	215,267	<u>\$ 11,181</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			15,355	
Net effect of expenditures for Dog Fund, Board of Education in Residence and YSB Funds not budgeted			<u>473</u>	
Total Expenditures and Other Financing Uses as Reported on the Statement of Revenues, Expenditures Changes in Fund Balances - Governmental Funds - Exhibit IV			<u>\$ 231,095</u>	

CITY OF NEW BRITAIN, CONNECTICUT
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
LAST THREE FISCAL YEARS
POLICE
(In Thousands)

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Total pension liability:			
Service cost	\$ 684	\$ 636	\$ 868
Interest	6,293	6,295	5,996
Differences between expected and actual experience		4,846	
Benefit payments, including refunds of member contributions	<u>(7,184)</u>	<u>(6,945)</u>	<u>(8,010)</u>
Net change in total pension liability	<u>(207)</u>	<u>4,832</u>	<u>(1,146)</u>
Total pension liability - beginning	<u>86,703</u>	<u>81,871</u>	<u>83,017</u>
Total pension liability - ending	<u>86,496</u>	<u>86,703</u>	<u>81,871</u>
Plan fiduciary net position:			
Contributions - employer	1,350	1,059	1,058
Contributions - member	180	208	255
Net investment income (loss)	(1,213)	1,803	10,805
Benefit payments, including refunds of member contributions	(7,184)	(6,945)	(6,666)
Administrative expense	<u>(112)</u>	<u>(34)</u>	<u>(149)</u>
Net change in plan fiduciary net position	<u>(6,979)</u>	<u>(3,909)</u>	<u>5,303</u>
Plan fiduciary net position - beginning	<u>69,872</u>	<u>73,781</u>	<u>68,478</u>
Plan fiduciary net position - ending	<u>62,893</u>	<u>69,872</u>	<u>73,781</u>
Net Pension Liability - Ending	\$ <u>23,603</u>	\$ <u>16,831</u>	\$ <u>8,090</u>
Plan fiduciary net position as a percentage of the total pension liability	72.71%	80.59%	90.12%
Covered-employee payroll	\$ 7,184	\$ 3,891	\$ 4,576
Net pension liability as a percentage of covered-employee payroll	328.55%	432.56%	176.79%

CITY OF NEW BRITAIN, CONNECTICUT
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
LAST THREE FISCAL YEARS
FIRE
(In Thousands)

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Total pension liability:			
Service cost	\$ 715	\$ 665	\$ 759
Interest	7,159	7,086	6,263
Differences between expected and actual experience		11,390	
Benefit payments, including refunds of member contributions	<u>(6,965)</u>	<u>(6,685)</u>	<u>(8,001)</u>
Net change in total pension liability	909	12,456	(979)
Total pension liability - beginning	<u>98,161</u>	<u>85,705</u>	<u>86,684</u>
Total pension liability - ending	<u>99,070</u>	<u>98,161</u>	<u>85,705</u>
Plan fiduciary net position:			
Contributions - employer	888	531	532
Contributions - member	207	244	289
Net investment income (loss)	(84)	1,887	11,809
Benefit payments, including refunds of member contributions	(6,965)	(6,685)	(6,430)
Administrative expense	<u>(230)</u>	<u>(34)</u>	<u>(72)</u>
Net change in plan fiduciary net position	(6,184)	(4,057)	6,128
Plan fiduciary net position - beginning	<u>79,808</u>	<u>83,865</u>	<u>77,737</u>
Plan fiduciary net position - ending	<u>73,624</u>	<u>79,808</u>	<u>83,865</u>
Net Pension Liability - Ending	\$ <u>25,446</u>	\$ <u>18,353</u>	\$ <u>1,840</u>
Plan fiduciary net position as a percentage of the total pension liability	74.32%	81.30%	97.85%
Covered-employee payroll	\$ 6,965	\$ 4,105	\$ 3,662
Net pension liability as a percentage of covered-employee payroll	365.34%	447.09%	50.25%

**CITY OF NEW BRITAIN, CONNECTICUT
SCHEDULE OF EMPLOYER CONTRIBUTIONS
LAST TEN FISCAL YEARS
POLICE
(In Thousands)**

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Actuarially determined contribution	\$ 394	\$ 85	\$ 85	\$ 743	\$ 743	\$ 1,054	\$ 1,054	\$ 1,594	\$ 1,594	\$ 1,413
Contributions in relation to the actuarially determined contribution	419	85	85	85	749	743	1,054	1,059	1,059	1,360
Contribution Deficiency (Excess)	<u>\$ (25)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 658</u>	<u>\$ (6)</u>	<u>\$ 311</u>	<u>\$ -</u>	<u>\$ 535</u>	<u>\$ 535</u>	<u>\$ 53</u>
Covered-employee payroll	\$ N/A	\$ 6,356	\$ N/A	\$ 5,829	\$ N/A	\$ 5,866	\$ N/A	\$ 4,576	\$ 3,891	\$ 7,184
Contributions as a percentage of covered-employee payroll	N/A	1.34%	N/A	1.46%	N/A	12.67%	N/A	23.14%	27.22%	18.93%

Notes to Schedule

Valuation date: 7/1/2014

Measurement date: 6/30/2016

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age Normal
Amortization method	Level percent, closed
Remaining amortization period	21 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 YEARS
FIRE
(In Thousands)

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Actuarially determined contribution	\$ 433	\$ 211	\$ 211	\$ 450	\$ 450	\$ 531	\$ 531	\$ 1,138	\$ 1,138	\$ 1,459
Contributions in relation to the actuarially determined contribution	<u>739</u>	<u>211</u>	<u>215</u>	<u>211</u>	<u>450</u>	<u>450</u>	<u>531</u>	<u>531</u>	<u>531</u>	<u>888</u>
Contribution Deficiency (Excess)	<u>\$ (306)</u>	<u>\$ -</u>	<u>\$ (4)</u>	<u>\$ 239</u>	<u>\$ -</u>	<u>\$ 81</u>	<u>\$ -</u>	<u>\$ 607</u>	<u>\$ 607</u>	<u>\$ 571</u>
Covered-employee payroll	\$ N/A	\$ 5,698	\$ N/A	\$ 4,971	\$ N/A	\$ 4,853	\$ N/A	\$ 3,662	\$ 4,105	\$ 6,965
Contributions as a percentage of covered-employee payroll	N/A	3.70%	N/A	4.24%	N/A	9.27%	N/A	14.50%	12.94%	12.75%

Notes to Schedule

Valuation date: 7/1/2014
Measurement date: 6/30/2015

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 THREE FISCAL YEARS**

	2016	2015	2014
Annual money-weighted rate of return, net of investment expense:			
Police	-1.80%	2.71%	16.16%
Fire	-0.11%	2.55%	15.81%

CITY OF NEW BRITAIN, CONNECTICUT
SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
TEACHERS RETIREMENT PLAN
LAST TWO FISCAL YEARS

	<u>2016</u>	<u>2015</u>
City's proportion of the net pension liability (asset)	0.00%	0.00%
City's proportionate share of the net pension liability (asset)	\$ -	\$ -
State's proportionate share of the net pension liability (asset) associated with the City	<u>191,636</u>	<u>177,129</u>
Total	\$ <u>191,636</u>	\$ <u>177,129</u>
City's covered-employee payroll	\$ 70,143	\$ 68,704
City's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	0.00%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	59.50%	61.51%

**CITY OF NEW BRITAIN, CONNECTICUT
SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
MUNICIPAL EMPLOYEES RETIREMENT SYSTEM
LAST TWO FISCAL YEARS**

	2016	2015 as Restated
City's proportion of the net pension liability	10.24%	8.70%
City's proportionate share of the net pension liability (asset)	\$ 19,741	\$ 8,578
City's covered-employee payroll	\$ 56,306	\$ 50,977
City's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	35.06%	16.83%
Plan fiduciary net position as a percentage of the total pension liability (asset)	92.72%	90.48%

Notes to Schedule

Changes in benefit terms	None
Changes of assumptions	During 2013, rates of mortality, withdrawal, retirement and assumed rates of salary increases were adjusted to reflect actual and anticipated experience. These assumptions were recommended as part of the Experience Study for the System for the five-year period ended June 30, 2012.
Actuarial cost method	Entry age
Amortization method	Level dollar, closed
Remaining amortization period	27 years
Asset valuation method	5-year smoothed market

CITY OF NEW BRITAIN, CONNECTICUT
SCHEDULE OF EMPLOYER CONTRIBUTIONS - MUNICIPAL EMPLOYEES RETIREMENT SYSTEM
LAST TEN FISCAL YEARS

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Actuarially determined contribution	\$ 2,739	\$ 2,953	\$ 3,376	\$ 3,341	\$ 4,344	\$ 4,916	\$ 4,886	\$ 5,113	\$ 5,989	\$ 6,949
Contributions in relation to the actuarially determined contribution	<u>2,739</u>	<u>2,953</u>	<u>3,376</u>	<u>3,341</u>	<u>4,344</u>	<u>4,916</u>	<u>4,886</u>	<u>5,113</u>	<u>5,989</u>	<u>6,949</u>
Contribution Deficiency (Excess)	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>
Covered employee payroll	\$ 43,012	\$ 45,808	\$ 46,446	\$ 46,947	\$ 49,448	\$ 49,978	\$ 48,559	\$ 40,296	\$ 50,977	\$ 56,306
Contributions as a percentage of covered employee payroll	6.37%	6.45%	7.27%	7.12%	8.78%	9.84%	10.06%	12.69%	11.75%	12.34%

Notes to Schedule

Valuation date: June 30, 2014

Measurement date: June 30, 2015

Actuarially determined contribution rates are calculated as of June 30, each biennium for the fiscal years ending two and three years after the valuation date.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age
Amortization method	Level dollar, closed
Single equivalent amortization period	27 years
Asset valuation method	5 years smoothed market (20% write up)
Inflation	3.25%
Salary increases	4.25% - 11%, including inflation
Investment rate of return	8%, net of investment related expense
Changes in assumptions	In 2013, rates of mortality, withdrawal, retirement and assumed rates of salary increases were adjusted to more closely reflect actual and anticipated experience.

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, 2016 AND 2015
(In Thousands)

	<u>2016</u>	<u>2015</u>
ASSETS		
Cash and cash equivalents	\$ 38,651	\$ 29,557
Property taxes receivable, net of allowance for uncollectible accounts (\$3,895 for 2016 and \$3,895 for 2015)	8,968	9,402
Accounts receivable, net of allowance for uncollectible accounts (\$1,035 for 2016 and \$1,035 for 2015)	15,766	10,568
Due from other governments		187
Due from other funds	<u>2,321</u>	<u>544</u>
Total Assets	\$ <u>65,706</u>	\$ <u>50,258</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE		
Liabilities:		
Accounts payable and accrued expenses	\$ 14,156	\$ 16,724
Unearned revenues	<u>820</u>	<u>867</u>
Total liabilities	<u>14,976</u>	<u>17,591</u>
Deferred inflows of resources:		
Unavailable revenue - property taxes	<u>22,330</u>	<u>17,724</u>
Fund balance:		
Assigned	3,165	3,666
Unassigned	<u>25,235</u>	<u>11,277</u>
Total fund balance	<u>28,400</u>	<u>14,943</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balance	\$ <u>65,706</u>	\$ <u>50,258</u>

**CITY OF NEW BRITAIN, CONNECTICUT
GENERAL FUND
SCHEDULE OF TAX COLLECTIONS
FOR THE YEAR ENDED JUNE 30, 2016
(In Thousands)**

Grand List Year	Mill Rate	Uncollected Taxes July 1, 2015	Net Lawful		Adjusted Amount Collectible	Collections			Uncollected Taxes June 30, 2016
			Additions	Deductions		Taxes	Interest and Lien Fees	Total	
2014		\$ 122,144	\$ 61	* \$ 749	\$ 121,456	\$ 117,364	\$ 792	\$ 118,156	\$ 4,092
2013	49.00	4,527	116	31	4,612	2,638	580	3,218	1,974
2012	44.12	1,512	95		1,607	427	163	590	1,180
2011	36.63	838	36		874	97	72	169	777
2010	36.63	709	34		743	75	59	134	668
2009	36.63	596			596	40	48	88	556
2008	34.98	541	(5)		536	14	18	32	522
2007	34.98	537	1		538	10	17	27	528
2006	45.89	639			639	11	23	34	628
2005	45.88	590			590	7	14	21	583
2004	45.89	513	1		514	5	12	17	509
2003	46.90	432	2		434	4	8	12	430
2002	46.93	494	1		495	3	7	10	492
2001	54.76	518			518	3	8	11	515
2000	50.88	448			448	2	7	9	446
1999	49.98	403		403	-			-	-
Total		\$ <u>135,441</u>	\$ <u>342</u>	\$ <u>1,183</u>	\$ <u>134,600</u>	\$ <u>120,700</u>	\$ <u>1,828</u>	122,528	\$ <u>13,900</u>

* Includes motor vehicle supplement

Property taxes receivable considered available:

June 30, 2015

(1,001)

June 30, 2016

912

Total Collections

\$ 122,439

**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
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
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	Local and state grants	To promote health initiatives
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

Fund	Funding Source	Function
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
Fire Grant	Local funding sources	Promoting fire safety
Cold Weather Shelter	State grant	Emergency shelter which runs from 12/15 - 3/15
Busway Bike Trails	State and local funding sources	Activities to promote benefits of biking and safety

CITY OF NEW BRITAIN, CONNECTICUT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2016
(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
ASSETS										
Cash and cash equivalents	\$	\$ 142	\$	\$ 821	\$	\$	\$	\$ 50	\$ 1	\$ 27
Accounts receivable				5,350						
Loans receivable										
Due from other governments							61			
Due from other funds										
Inventory										
Total Assets	\$ -	\$ 142	\$ -	\$ 6,171	\$ -	\$ -	\$ 61	\$ 50	\$ 1	\$ 27
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES										
Liabilities:										
Accounts payable	\$ 140	\$ 7	\$ 24	\$ 207	\$ 5	\$	\$ 26	\$	\$	\$ 11
Due to other funds	979		228		6	7	35			
Total liabilities	1,119	7	252	207	11	7	61	-	-	11
Deferred Inflows of Resources:										
Unavailable revenue - sewer receivable				3,550						
Unavailable revenue - loans receivable										
Total deferred inflows of resources	-	-	-	3,550	-	-	-	-	-	-
Fund Balances:										
Nonspendable										
Restricted										
Committed		135		2,414				50	1	16
Unassigned	(1,119)		(252)		(11)	(7)				
Total fund balances	(1,119)	135	(252)	2,414	(11)	(7)	-	50	1	16
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ -	\$ 142	\$ -	\$ 6,171	\$ -	\$ -	\$ 61	\$ 50	\$ 1	\$ 27

(Continued on next page)

CITY OF NEW BRITAIN, CONNECTICUT
COMBINING BALANCE SHEET (CONTINUED)
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2016
(In Thousands)

	Special Revenue Funds								
	Police Explorers	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	Bioterrorism Grant
ASSETS									
Cash and cash equivalents	\$ 9	\$ 29	\$ 11	\$ 11	\$ 9	\$	\$ 3	\$	\$ 10
Accounts receivable		1							
Loans receivable									
Due from other governments									
Due from other funds									
Inventory									
Total Assets	\$ 9	\$ 30	\$ 11	\$ 11	\$ 9	\$ -	\$ 3	\$ -	\$ 10
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES									
Liabilities:									
Accounts payable	\$ 1	\$ 12	\$	\$ 14	\$ 12	\$ 2	\$ 4	\$	\$
Due to other funds						5		19	
Total liabilities	1	12	-	14	12	7	4	19	-
Deferred Inflows of Resources:									
Unavailable revenue - sewer receivable									
Unavailable revenue - loans receivable									
Total deferred inflows of resources	-	-	-	-	-	-	-	-	-
Fund Balances:									
Nonspendable									
Restricted		18							10
Committed	8		11						
Unassigned				(3)	(3)	(7)	(1)	(19)	
Total fund balances	8	18	11	(3)	(3)	(7)	(1)	(19)	10
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 9	\$ 30	\$ 11	\$ 11	\$ 9	\$ -	\$ 3	\$ -	\$ 10

(Continued on next page)

CITY OF NEW BRITAIN, CONNECTICUT
COMBINING BALANCE SHEET (CONTINUED)
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2016
(In Thousands)

	Special Revenue Funds									
	System of Care Grant	Historical Records Preservation	21st Century Grant	Property Management	Public Safety	Centralized and Distribution Services	Conversation on Race	Victim Services Coordinator Grant	Federal Omnibus Appropriation	CT Health Foundation
ASSETS										
Cash and cash equivalents	\$	\$ 146	\$ 31	\$ 5	\$	\$	\$ 4	\$ 114	\$	\$
Accounts receivable										
Loans receivable										
Due from other governments										
Due from other funds										
Inventory										
Total Assets	\$ -	\$ 146	\$ 31	\$ 5	\$ -	\$ -	\$ 4	\$ 114	\$ -	\$ -
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES										
Liabilities:										
Accounts payable	\$	\$ 14	\$ 13	\$	\$	\$	\$	\$	\$ 3	\$
Due to other funds	28				110	236			17	1
Total liabilities	28	14	13	-	110	236	-	-	20	1
Deferred Inflows of Resources:										
Unavailable revenue - sewer receivable										
Unavailable revenue - loans receivable										
Total deferred inflows of resources	-	-	-	-	-	-	-	-	-	-
Fund Balances:										
Nonspendable										
Restricted			18	5				114		
Committed		132					4			
Unassigned	(28)				(110)	(236)			(20)	(1)
Total fund balances	(28)	132	18	5	(110)	(236)	4	114	(20)	(1)
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ -	\$ 146	\$ 31	\$ 5	\$ -	\$ -	\$ 4	\$ 114	\$ -	\$ -

(Continued on next page)

CITY OF NEW BRITAIN, CONNECTICUT
COMBINING BALANCE SHEET (CONTINUED)
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2016
(In Thousands)

	Special Revenue Funds									
	STD Control Program	Recreation Donation	Recreation Amusement	Health Per Capita	Highway Safety Grant	Drug Investigation	Senior Citizens Center	Mobile Data Communication	Pulmonary Screening	Mayor's Fun Day
ASSETS										
Cash and cash equivalents	\$ 3	\$	\$ 37	\$ 84	\$	\$	\$ 32	\$	\$ 159	\$ 13
Accounts receivable										
Loans receivable										
Due from other governments										
Due from other funds		320				839		1,210		
Inventory										
Total Assets	\$ 3	\$ 320	\$ 37	\$ 84	\$ -	\$ 839	\$ 32	\$ 1,210	\$ 159	\$ 13
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES										
Liabilities:										
Accounts payable	\$	\$ 1	\$ 1	\$ 2	\$ 12	\$ 129	\$	\$	\$	\$
Due to other funds					225					
Total liabilities	-	1	1	2	237	129	-	-	-	-
Deferred Inflows of Resources:										
Unavailable revenue - sewer receivable										
Unavailable revenue - loans receivable										
Total deferred inflows of resources	-	-	-	-	-	-	-	-	-	-
Fund Balances:										
Nonspendable										
Restricted	3			82		710		1,210	159	
Committed		319	36				32			13
Unassigned					(237)					
Total fund balances	3	319	36	82	(237)	710	32	1,210	159	13
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 3	\$ 320	\$ 37	\$ 84	\$ -	\$ 839	\$ 32	\$ 1,210	\$ 159	\$ 13

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CITY OF NEW BRITAIN, CONNECTICUT
COMBINING BALANCE SHEET (CONTINUED)
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2016
(In Thousands)

	Special Revenue Funds								
	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	High School Athletic
ASSETS									
Cash and cash equivalents	\$	\$ 23	\$	\$	\$	11	\$ 1,544	\$ 117	\$ 167
Accounts receivable			248	206				7	
Loans receivable									
Due from other governments							870		
Due from other funds							27		
Inventory							134		
Total Assets	\$ -	\$ 23	\$ 248	\$ 206	\$ -	\$ 11	\$ 2,575	\$ 124	\$ 167
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES									
Liabilities:									
Accounts payable	\$	\$	\$	\$ 53	\$	\$	\$ 528	\$	\$
Due to other funds	56		15	340	38			27	
Total liabilities	56	-	15	393	38	-	528	27	-
Deferred Inflows of Resources:									
Unavailable revenue - sewer receivable									
Unavailable revenue - loans receivable									
Total deferred inflows of resources	-	-	-	-	-	-	-	-	-
Fund Balances:									
Nonspendable							134		
Restricted		23					870		
Committed						11	1,043	97	167
Unassigned	(56)		233	(187)	(38)				
Total fund balances	(56)	23	233	(187)	(38)	11	2,047	97	167
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ -	\$ 23	\$ 248	\$ 206	\$ -	\$ 11	\$ 2,575	\$ 124	\$ 167

(Continued on next page)

CITY OF NEW BRITAIN, CONNECTICUT
COMBINING BALANCE SHEET (CONTINUED)
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2016
(In Thousands)

	Special Revenue Funds									
	Adult Education	Summer School Music	Community and Neighborhood Development	Business Outreach	Emergency Shelter Grant	Community Development Block Grant	HOME Project	Lead Grant	State Home Programs	CHFA Broad Street Demolition
ASSETS										
Cash and cash equivalents	\$ 126	\$ 25	\$ 22	\$ 19	\$	\$ 544	\$ 28	\$ 322	\$ 47	\$ 98
Accounts receivable				12		695	183	3		
Loans receivable						1,192	2,761	366		
Due from other governments										
Due from other funds						252				
Inventory										
Total Assets	\$ 126	\$ 25	\$ 22	\$ 31	\$ -	\$ 2,683	\$ 2,972	\$ 691	\$ 47	\$ 98
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES										
Liabilities:										
Accounts payable	\$	\$	\$ 22	\$ 83	\$ 9	\$ 95	\$ 100	\$	\$	\$
Due to other funds					30					
Total liabilities	-	-	22	83	39	95	100	-	-	-
Deferred Inflows of Resources:										
Unavailable revenue - sewer receivable										
Unavailable revenue - loans receivable						1,192	2,771	358		
Total deferred inflows of resources	-	-	-	-	-	1,192	2,771	358	-	-
Fund Balances:										
Nonspendable										
Restricted										
Committed	126	25				1,396	101	333	47	98
Unassigned				(52)	(39)					
Total fund balances	126	25	-	(52)	(39)	1,396	101	333	47	98
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 126	\$ 25	\$ 22	\$ 31	\$ -	\$ 2,683	\$ 2,972	\$ 691	\$ 47	\$ 98

(Continued on next page)

CITY OF NEW BRITAIN, CONNECTICUT
COMBINING BALANCE SHEET (CONTINUED)
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2016
(In Thousands)

	Special Revenue Funds									
	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	Darius Miller F/B/O Fairview Cemetery
ASSETS										
Cash and cash equivalents	\$ 6	\$	\$ 47	\$	\$	\$ 285	\$ 1,175	\$ 1,424	\$ 13	\$ 235
Accounts receivable		4								
Loans receivable										
Due from other governments										
Due from other funds										
Inventory										
Total Assets	<u>\$ 6</u>	<u>\$ 4</u>	<u>\$ 47</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 285</u>	<u>\$ 1,175</u>	<u>\$ 1,424</u>	<u>\$ 13</u>	<u>\$ 235</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES										
Liabilities:										
Accounts payable	\$ 12	\$	\$	\$	\$ 7	\$	\$	\$	\$	\$
Due to other funds		9		13	46					
Total liabilities	<u>12</u>	<u>9</u>	<u>-</u>	<u>13</u>	<u>53</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Deferred Inflows of Resources:										
Unavailable revenue - sewer receivable										
Unavailable revenue - loans receivable										
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances:										
Nonspendable							1,240	1,424		235
Restricted						285				
Committed			47						13	
Unassigned	(6)	(5)		(13)	(53)		(65)			
Total fund balances	<u>(6)</u>	<u>(5)</u>	<u>47</u>	<u>(13)</u>	<u>(53)</u>	<u>285</u>	<u>1,175</u>	<u>1,424</u>	<u>13</u>	<u>235</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 6</u>	<u>\$ 4</u>	<u>\$ 47</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 285</u>	<u>\$ 1,175</u>	<u>\$ 1,424</u>	<u>\$ 13</u>	<u>\$ 235</u>

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CITY OF NEW BRITAIN, CONNECTICUT
COMBINING BALANCE SHEET (CONTINUED)
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2016
(In Thousands)

	Special Revenue Funds								Total Nonmajor Governmental Funds	
	Arts Fund	Community Gardens	Cops Hiring Grant	Preserve America	Fire Grant	Cold Weather Shelter	Busway Bike Trails	Total	Interfund Eliminations	
ASSETS										
Cash and cash equivalents	\$ 8	\$	\$	\$	\$ 1	\$ 6	\$	8,044	\$	8,044
Accounts receivable								6,709		6,709
Loans receivable								4,319		4,319
Due from other governments			134					1,065		1,065
Due from other funds								2,648	(2,648)	-
Inventory								134		134
Total Assets	\$ 8	\$ -	\$ 134	\$ -	\$ 1	\$ 6	\$ -	\$ 22,919	\$ (2,648)	\$ 20,271
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES										
Liabilities:										
Accounts payable	\$	\$	\$ 29	\$	\$	\$	\$	1,578	\$	1,578
Due to other funds			157				21	2,648	(2,648)	-
Total liabilities	-	-	186	-	-	-	21	4,226	(2,648)	1,578
Deferred Inflows of Resources:										
Unavailable revenue - sewer receivable								3,550		3,550
Unavailable revenue - loans receivable								4,321		4,321
Total deferred inflows of resources	-	-	-	-	-	-	-	7,871	-	7,871
Fund Balances:										
Nonspendable								3,033		3,033
Restricted					1			5,483		5,483
Committed	8					6		4,714		4,714
Unassigned			(52)				(21)	(2,408)		(2,408)
Total fund balances	8	-	(52)	-	1	6	(21)	10,822	-	10,822
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 8	\$ -	\$ 134	\$ -	\$ 1	\$ 6	\$ -	\$ 22,919	\$ (2,648)	\$ 20,271

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, 2016
(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	\$	\$	\$	\$	\$	\$	1,707	\$	\$	150
Investment earnings			(69)							
Licenses, fees and charges for goods and services	1,615	52	332	9,177						
Other revenues										
Total revenues	<u>1,615</u>	<u>52</u>	<u>263</u>	<u>9,177</u>	<u>-</u>	<u>-</u>	<u>1,707</u>	<u>-</u>	<u>-</u>	<u>150</u>
Expenditures:										
General government										
Public safety		35			9					
Public works				7,199			1,707			
Health and welfare			427							
Parks, recreation and libraries	1,782									146
Education										
Debt service				408						
Total expenditures	<u>1,782</u>	<u>35</u>	<u>427</u>	<u>7,607</u>	<u>9</u>	<u>-</u>	<u>1,707</u>	<u>-</u>	<u>-</u>	<u>146</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(167)</u>	<u>17</u>	<u>(164)</u>	<u>1,570</u>	<u>(9)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4</u>
Other Financing Sources (Uses):										
Transfers in										
Transfers out			(12)	(946)						
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(12)</u>	<u>(946)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	(167)	17	(176)	624	(9)	-	-	-	-	4
Fund Balances at Beginning of Year	(952)	118	(76)	1,790	(2)	(7)	-	50	1	12
Fund Balances at End of Year	<u>\$ (1,119)</u>	<u>\$ 135</u>	<u>\$ (252)</u>	<u>\$ 2,414</u>	<u>\$ (11)</u>	<u>\$ (7)</u>	<u>\$ -</u>	<u>\$ 50</u>	<u>\$ 1</u>	<u>\$ 16</u>

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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, 2016
(In Thousands)

	Special Revenue Funds								
	Police Explorers	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	Bioterrorism Grant
Revenues:									
Intergovernmental revenue	\$	\$ 31	\$	\$ 171	\$ 171	\$ 29	\$ 88	\$	\$ 55
Investment earnings									
Licenses, fees and charges for goods and services									
Other revenues	4								
Total revenues	4	31	-	171	171	29	88	-	55
Expenditures:									
General government									
Public safety	6								
Public works									
Health and welfare		27					87		57
Parks, recreation and libraries				175	171	28			
Education									
Debt service									
Total expenditures	6	27	-	175	171	28	87	-	57
Excess (Deficiency) of Revenues over Expenditures	(2)	4	-	(4)	-	1	1	-	(2)
Other Financing Sources (Uses):									
Transfers in									
Transfers out									
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-
Net Change in Fund Balances	(2)	4	-	(4)	-	1	1	-	(2)
Fund Balances at Beginning of Year	10	14	11	1	(3)	(8)	(2)	(19)	12
Fund Balances at End of Year	\$ 8	\$ 18	\$ 11	\$ (3)	\$ (3)	\$ (7)	\$ (1)	\$ (19)	\$ 10

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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, 2016
(In Thousands)

	Special Revenue Funds									
	System of Care Grant	Historical Records Preservation	21st Century Grant	Property Management	Public Safety	Centralized and Distribution Services	Conversation on Race	Victim Services Coordinator Grant	Federal Omnibus Appropriation	CT Health Foundation
Revenues:										
Intergovernmental revenue	\$	\$ 45	\$ 95	\$	\$	\$	\$	\$	56	\$
Investment earnings										
Licenses, fees and charges for goods and services							1			
Other revenues							1			
Total revenues	-	45	95	-	-	-	1	-	56	-
Expenditures:										
General government		26								
Public safety									69	
Public works										
Health and welfare										
Parks, recreation and libraries			93				2			
Education										
Debt service										
Total expenditures	-	26	93	-	-	-	2	-	69	-
Excess (Deficiency) of Revenues over Expenditures	-	19	2	-	-	-	(1)	-	(13)	-
Other Financing Sources (Uses):										
Transfers in										
Transfers out										
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-	-
Net Change in Fund Balances	-	19	2	-	-	-	(1)	-	(13)	-
Fund Balances at Beginning of Year	(28)	113	16	5	(110)	(236)	5	114	(7)	(1)
Fund Balances at End of Year	<u>\$ (28)</u>	<u>\$ 132</u>	<u>\$ 18</u>	<u>\$ 5</u>	<u>\$ (110)</u>	<u>\$ (236)</u>	<u>\$ 4</u>	<u>\$ 114</u>	<u>\$ (20)</u>	<u>\$ (1)</u>

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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, 2016
(In Thousands)

	Special Revenue Funds									
	STD Control Program	Recreation Donation	Recreation Amusement	Health Per Capita	Highway Safety Grant	Drug Investigation	Senior Citizens Center	Mobile Data Communication	Pulmonary Screening	Mayor's Fun Day
Revenues:										
Intergovernmental revenue	\$ 13	\$	\$	115	\$ 212	\$ 183	\$	40	\$ 17	\$
Investment earnings										
Licenses, fees and charges for goods and services							5			
Other revenues		111	16							3
Total revenues	<u>13</u>	<u>111</u>	<u>16</u>	<u>115</u>	<u>212</u>	<u>183</u>	<u>5</u>	<u>40</u>	<u>17</u>	<u>3</u>
Expenditures:										
General government										
Public safety					190	425		87		
Public works										
Health and welfare	13			109					18	
Parks, recreation and libraries		96	12				3			9
Education										
Debt service										
Total expenditures	<u>13</u>	<u>96</u>	<u>12</u>	<u>109</u>	<u>190</u>	<u>425</u>	<u>3</u>	<u>87</u>	<u>18</u>	<u>9</u>
Excess (Deficiency) of Revenues over Expenditures	<u>-</u>	<u>15</u>	<u>4</u>	<u>6</u>	<u>22</u>	<u>(242)</u>	<u>2</u>	<u>(47)</u>	<u>(1)</u>	<u>(6)</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	-	15	4	6	22	(242)	2	(47)	(1)	(6)
Fund Balances at Beginning of Year	<u>3</u>	<u>304</u>	<u>32</u>	<u>76</u>	<u>(259)</u>	<u>952</u>	<u>30</u>	<u>1,257</u>	<u>160</u>	<u>19</u>
Fund Balances at End of Year	<u>\$ 3</u>	<u>\$ 319</u>	<u>\$ 36</u>	<u>\$ 82</u>	<u>\$ (237)</u>	<u>\$ 710</u>	<u>\$ 32</u>	<u>\$ 1,210</u>	<u>\$ 159</u>	<u>\$ 13</u>

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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, 2016
(In Thousands)

	Special Revenue Funds								
	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	High School Athletic
Revenues:									
Intergovernmental revenue	\$	\$	\$ 2,349	\$ 241	\$	\$	\$ 7,185	\$	\$
Investment earnings									
Licenses, fees and charges for goods and services						25	394	90	91
Other revenues						25			
Total revenues	-	-	2,349	241	-	25	7,579	90	91
Expenditures:									
General government									
Public safety									
Public works			1,975	228					
Health and welfare									
Parks, recreation and libraries					76				
Education						8	7,084	8	68
Debt service									
Total expenditures	-	-	1,975	228	76	8	7,084	8	68
Excess (Deficiency) of Revenues over Expenditures	-	-	374	13	(76)	17	495	82	23
Other Financing Sources (Uses):									
Transfers in					52				
Transfers out									
Total other financing sources (uses)	-	-	-	-	52	-	-	-	-
Net Change in Fund Balances	-	-	374	13	(24)	17	495	82	23
Fund Balances at Beginning of Year	(56)	23	(141)	(200)	(14)	(6)	1,552	15	144
Fund Balances at End of Year	\$ (56)	\$ 23	\$ 233	\$ (187)	\$ (38)	\$ 11	\$ 2,047	\$ 97	\$ 167

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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, 2016
(In Thousands)

	Special Revenue Funds									CHFA
	Adult Education	Summer School Music	Community and Neighborhood Development	Business Outreach	Emergency Shelter Grant	Community Development Block Grant	HOME Project	Lead Grant	State Home Programs	Broad Street Demolition
Revenues:										
Intergovernmental revenue	\$	\$	\$	\$	\$ 95	\$ 2,313	\$ 973	\$	\$	\$
Investment earnings										
Licenses, fees and charges for goods and services	14	6				15				
Other revenues										
Total revenues	<u>14</u>	<u>6</u>	<u>-</u>	<u>-</u>	<u>95</u>	<u>2,328</u>	<u>973</u>	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures:										
General government										
Public safety										
Public works										
Health and welfare					103	2,221	941			
Parks, recreation and libraries										
Education	6	2								
Debt service										
Total expenditures	<u>6</u>	<u>2</u>	<u>-</u>	<u>-</u>	<u>103</u>	<u>2,221</u>	<u>941</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues over Expenditures	<u>8</u>	<u>4</u>	<u>-</u>	<u>-</u>	<u>(8)</u>	<u>107</u>	<u>32</u>	<u>-</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>	<u>-</u>
Net Change in Fund Balances	8	4	-	-	(8)	107	32	-	-	-
Fund Balances at Beginning of Year	118	21	-	(52)	(31)	1,289	69	333	47	98
Fund Balances at End of Year	<u>\$ 126</u>	<u>\$ 25</u>	<u>\$ -</u>	<u>\$ (52)</u>	<u>\$ (39)</u>	<u>\$ 1,396</u>	<u>\$ 101</u>	<u>\$ 333</u>	<u>\$ 47</u>	<u>\$ 98</u>

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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, 2016
(In Thousands)

	Special Revenue Funds									
	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	Darius Miller F/B/O Fairview Cemetery
Revenues:										
Intergovernmental revenue	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Investment earnings						(13)	(2)	3		(16)
Licenses, fees and charges for goods and services										
Other revenues										
Total revenues	-	-	-	-	-	(13)	(2)	3	-	(16)
Expenditures:										
General government										
Public safety										
Public works										
Health and welfare										
Parks, recreation and libraries						4	63	84		13
Education										
Debt service										
Total expenditures	-	-	-	-	-	4	63	84	-	13
Excess (Deficiency) of Revenues over Expenditures	-	-	-	-	-	(17)	(65)	(81)	-	(29)
Other Financing Sources (Uses):										
Transfers in										
Transfers out										
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-	-
Net Change in Fund Balances	-	-	-	-	-	(17)	(65)	(81)	-	(29)
Fund Balances at Beginning of Year	(6)	(5)	47	(13)	(53)	302	1,240	1,505	13	264
Fund Balances at End of Year	<u>\$ (6)</u>	<u>\$ (5)</u>	<u>\$ 47</u>	<u>\$ (13)</u>	<u>\$ (53)</u>	<u>\$ 285</u>	<u>\$ 1,175</u>	<u>\$ 1,424</u>	<u>\$ 13</u>	<u>\$ 235</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, 2016
(In Thousands)

	Special Revenue Funds							Interfund Eliminations	Total Nonmajor Governmental Funds
	Arts Fund	Community Gardens Fund	Cops Hiring Grant	Preserve America Fund	Fire Grant	Cold Weather Shelter	Busway Bike Trails		
Revenues:									
Intergovernmental revenue	\$	\$	\$ 599	\$ 71	\$	\$	\$	\$ 17,004	\$ 17,004
Investment earnings								(97)	(97)
Licenses, fees and charges for goods and services								11,791	11,791
Other revenues					1	90		251	251
Total revenues	-	-	599	71	1	90	-	28,949	28,949
Expenditures:									
General government								26	26
Public safety			599					1,420	1,420
Public works								11,109	11,109
Health and welfare				71		84		4,158	4,158
Parks, recreation and libraries							11	2,768	2,768
Education								7,176	7,176
Debt service								408	408
Total expenditures	-	-	599	71	-	84	11	27,065	27,065
Excess (Deficiency) of Revenues over Expenditures	-	-	-	-	1	6	(11)	1,884	1,884
Other Financing Sources (Uses):									
Transfers in								52	52
Transfers out								(958)	(958)
Total other financing sources (uses)	-	-	-	-	-	-	-	(906)	(906)
Net Change in Fund Balances	-	-	-	-	1	6	(11)	978	978
Fund Balances at Beginning of Year	8	-	(52)	-	-	-	(10)	9,844	9,844
Fund Balances at End of Year	\$ 8	\$ -	\$ (52)	\$ -	\$ 1	\$ 6	\$ (21)	\$ 10,822	\$ 10,822

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

FOR THE YEAR ENDED JUNE 30, 2016

(In Thousands)

Project Description	Amended Budget	Current Year Expenditures and Transfers	Cumulative Expenditures	Available Budget
Capital Equipment Reserve #004	\$ 26,620	\$ 2,990	\$ 21,254	\$ 5,366
Capital and Nonrecurring #003	17,245	67	17,071	174
Subway #005		16	1,330	(1,330)
New Britain High School	16,595		16,515	80
Diloretto School Renovation	10,000	91	9,609	391
Gaffney School Renovation	30,000	3,898	28,536	1,464
Various BOE Projects	9,935	26	9,237	698
School Security Upgrade	573	87	527	46
Smalley Academy Renovations	53,000			53,000
Badolato & Szczesny Garage Repairs	6,775	50	5,583	1,192
Technology Bond	3,180	55	1,707	1,473
Police Headquarters Renovation				-
Storm Water System Improvements	4,750	34	3,953	797
Environmental Remediation	8,150	28	8,163	(13)
Street Infrastructure	30,058	2,416	27,115	2,943
Transfer Station Rehab	2,378	8	1,715	663
Broad Street Reconstruction	13,300	3	12,390	910
Fafnir Smart Park Expansion	3,250		2,864	386
Willow Street Project			5,478	(5,478)
Bridge Program	2,425	11	1,059	1,366
Pinnacle Heights	7,946	3	7,853	93
Sewer I&I Improvements	17,775	(38)	14,921	2,854
Beaver St Reconstruction	1,000	10	765	235
New Police Station	38,850	48	38,056	794
2011 Revaluation	500		457	43
Fairview Cemetery Fence	275	(1)	228	47
AW Stanley Pool	5,300	78	463	4,837
Stanley Golf Course Irrigation	2,000	293	1,985	15
Telecommunications	5,750	164	5,793	(43)
City Wide Facilities PW	1,177	253	483	694
Willow Brook Park Improvements	3,329	174	3,192	137
City Wide Park ADA Improvements	875	56	58	817
City Wide Park Improvements	990	405	863	127
Beehive Stadium Improvements	1,495	446	1,337	158
Chesley Park Improvements	2,075	1,239	1,712	363
Chesley Pool	102	3	92	10
Washington Park Pool	100	3	92	8
Telecommunications	1,400		280	1,120
Streetscape Improvements	9,623	3,538	4,827	4,796
Arch Street Improvements	1,200		2	1,198
Broad Street Reconstruction Phase 2	4,350	1,221	1,372	2,978
Elam Street Water Tank	5,395	2,438	2,964	2,431
NB Stadium Renovations	795	445	445	350
TOTAL	\$ 350,536	\$ 20,558	\$ 262,346	\$ 88,190

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 revenues and expenditures related to the BOE's portion of the City's Medical Self-Insurance Plan

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, 2016
(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	\$ 1,006	\$	\$	\$ 760	\$	\$ 1,766
Investments			14,595	2,310		16,905
Due from other funds	7,273				(7,273)	-
Accounts receivable		40	13			53
Total Assets	<u>\$ 8,279</u>	<u>\$ 40</u>	<u>\$ 14,608</u>	<u>\$ 3,070</u>	<u>\$ (7,273)</u>	<u>\$ 18,724</u>
LIABILITIES AND NET POSITION						
Liabilities:						
Accounts payable and accrued expenses	\$ 1,230	\$ 126	\$ 14	\$	\$	\$ 1,370
Due to other funds	142	6,135	1,138		(7,273)	142
Claim reserves		861	11,452	2,970		15,283
Total liabilities	1,372	7,122	12,604	2,970	(7,273)	16,795
Net Position	<u>6,907</u>	<u>(7,082)</u>	<u>2,004</u>	<u>100</u>		<u>1,929</u>
Total Liabilities and Net Position	<u>\$ 8,279</u>	<u>\$ 40</u>	<u>\$ 14,608</u>	<u>\$ 3,070</u>	<u>\$ (7,273)</u>	<u>\$ 18,724</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, 2016
(In Thousands)

	Special Reserve Fund	Health Insurance Fund	Workers' Compensation	General Accident Casualty and Liability	Total
Operating Revenues:					
Charges to other funds	\$ 21,447	\$ 7,623	\$ 40	\$	\$ 29,110
Other revenues		1,900		178	2,078
Total operating revenues	<u>21,447</u>	<u>9,523</u>	<u>40</u>	<u>178</u>	<u>31,188</u>
Operating Expenses:					
Claims incurred	17,174	14,435	9,846	151	41,606
Administrative costs	299	517	176	6	998
Total operating expenses	<u>17,473</u>	<u>14,952</u>	<u>10,022</u>	<u>157</u>	<u>42,604</u>
Operating Income (Loss)	<u>3,974</u>	<u>(5,429)</u>	<u>(9,982)</u>	<u>21</u>	<u>(11,416)</u>
Nonoperating Revenues (Expenses):					
Interest and dividends			226	35	261
Income (Loss) Before Transfers	<u>3,974</u>	<u>(5,429)</u>	<u>(9,756)</u>	<u>56</u>	<u>(11,155)</u>
Change in Net Position	3,974	(5,429)	(9,756)	56	(11,155)
Net Position at Beginning of Year	<u>2,933</u>	<u>(1,653)</u>	<u>11,760</u>	<u>44</u>	<u>13,084</u>
Net Position at End of Year	<u>\$ 6,907</u>	<u>\$ (7,082)</u>	<u>\$ 2,004</u>	<u>\$ 100</u>	<u>\$ 1,929</u>

CITY OF NEW BRITAIN, CONNECTICUT
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2016
(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	\$ 21,672	\$ 7,623	\$ 31	\$	\$ 29,326
Cash received from other operating activities		1,907		185	2,092
Cash paid for premiums and other operating expenses	(299)	(517)	(176)	(6)	(998)
Cash payments for claims made	(16,863)	(14,435)	(9,846)	(151)	(41,295)
Net cash provided by (used in) operating activities	<u>4,510</u>	<u>(5,422)</u>	<u>(9,991)</u>	<u>28</u>	<u>(10,875)</u>
Cash Flows from Noncapital Financing Activities:					
Cash received from other funds		6,135	2,045		8,180
Cash paid to other funds	(7,273)	(907)			(8,180)
Net cash provided by (used in) noncapital financing activities	<u>(7,273)</u>	<u>5,228</u>	<u>2,045</u>	<u>-</u>	<u>-</u>
Cash Flows from Investing Activities:					
Interest income			226	35	261
Actuarial claims reserve		194	6,444	(18)	6,620
Purchase of investments			(169)	(26)	(195)
Net cash provided by (used in) investing activities	<u>-</u>	<u>194</u>	<u>6,501</u>	<u>(9)</u>	<u>6,686</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(2,763)	-	(1,445)	19	(4,189)
Cash and Cash Equivalents at Beginning of Year	<u>3,769</u>	<u>-</u>	<u>1,445</u>	<u>741</u>	<u>5,955</u>
Cash and Cash Equivalents at End of Year	<u>\$ 1,006</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 760</u>	<u>\$ 1,766</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used In) Operating Activities:					
Operating income (loss)	\$ 3,974	\$ (5,429)	\$ (9,982)	\$ 21	\$ (11,416)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
(Increase) decrease in accounts receivable	225	7	(9)	7	230
Increase (decrease) in due to other funds	142				142
Increase (decrease) in accounts payable and accrued expenses	169				169
Total adjustments	<u>536</u>	<u>7</u>	<u>(9)</u>	<u>7</u>	<u>541</u>
Net Cash Provided by (Used In) Operating Activities	<u>\$ 4,510</u>	<u>\$ (5,422)</u>	<u>\$ (9,991)</u>	<u>\$ 28</u>	<u>\$ (10,875)</u>
Noncash Investment Activities:					
Net Increase in the Fair Value of Investments	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 169</u>	<u>\$ 26</u>	<u>\$ 195</u>

Fiduciary Funds

TRUST FUNDS

Pension Trust Funds

to account for the City's single employer defined benefit pension plans that provide pension benefits for police and fire employees.

Other Post Employment Benefit Trust Fund

to account for the accumulation of resources for other post employment benefit payments to qualified employees for both the City and the consolidated school district.

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
PENSION AND OTHER EMPLOYEE BENEFIT TRUST FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2016
(In Thousands)

	Firemen's Pension Fund	Police Benefit Fund	OPEB Trust Fund	Total
ASSETS				
Cash and cash equivalents	\$	\$	\$ 1,698	\$ 1,698
Investments	<u>75,249</u>	<u>64,360</u>	<u>2,638</u>	<u>142,247</u>
Total Assets	<u>\$ 75,249</u>	<u>\$ 64,360</u>	<u>\$ 4,336</u>	<u>\$ 143,945</u>
LIABILITIES AND NET POSITION				
Liabilities:				
Accounts payable	\$ 572	\$ 341	\$	\$ 913
Due to other funds	<u>1,053</u>	<u>1,126</u>		<u>2,179</u>
Total liabilities	<u>1,625</u>	<u>1,467</u>	<u>-</u>	<u>3,092</u>
Net Position Held in Trust for Pension Benefits	<u>73,624</u>	<u>62,893</u>	<u>4,336</u>	<u>140,853</u>
Total Liabilities and Net Position	<u>\$ 75,249</u>	<u>\$ 64,360</u>	<u>\$ 4,336</u>	<u>\$ 143,945</u>

CITY OF NEW BRITAIN, CONNECTICUT
PENSION AND OTHER EMPLOYEE BENEFIT TRUST FUNDS
COMBINING STATEMENT OF CHANGES IN PLAN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2016
(In Thousands)

	Firemen's Pension Fund	Police Benefit Fund	OPEB Trust Fund	Total
Additions:				
Contributions:				
Employer	\$ 888	\$ 1,350	\$ 5,892	\$ 8,130
Employee	207	180		387
Total contributions	<u>1,095</u>	<u>1,530</u>	<u>5,892</u>	<u>8,517</u>
Investment income:				
Net change in fair value of investments	(1,580)	(2,288)	61	(3,807)
Interest and dividends	1,421	1,075		2,496
Miscellaneous	75			75
Total investment income	<u>(84)</u>	<u>(1,213)</u>	<u>61</u>	<u>(1,236)</u>
Total additions	<u>1,011</u>	<u>317</u>	<u>5,953</u>	<u>7,281</u>
Deductions:				
Benefits	6,965	7,184	5,392	19,541
Administration	230	112	3	345
Total deductions	<u>7,195</u>	<u>7,296</u>	<u>5,395</u>	<u>19,886</u>
Change in Net Position	(6,184)	(6,979)	558	(12,605)
Net Position at Beginning of Year	<u>79,808</u>	<u>69,872</u>	<u>3,778</u>	<u>153,458</u>
Net Position at End of Year	<u>\$ 73,624</u>	<u>\$ 62,893</u>	<u>\$ 4,336</u>	<u>\$ 140,853</u>

CITY OF NEW BRITAIN, CONNECTICUT
AGENCY FUNDS
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE YEAR ENDED JUNE 30, 2016

	<u>Balance</u> <u>July 1, 2015</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2016</u>
Contractor's Bond Fund				
Assets:				
Cash and cash equivalents	\$ <u>339</u>	\$ <u>7</u>	\$ <u></u>	\$ <u>346</u>
Liabilities:				
Due to beneficiaries	\$ <u>339</u>	\$ <u>7</u>	\$ <u></u>	\$ <u>346</u>
Student Activity Funds				
Assets:				
Cash and cash equivalents	\$ <u>380</u>	\$ <u>729</u>	\$ <u>693</u>	\$ <u>416</u>
Liabilities:				
Due to beneficiaries	\$ <u>380</u>	\$ <u>729</u>	\$ <u>693</u>	\$ <u>416</u>
Downtown District				
Assets:				
Cash and cash equivalents	\$ <u>11</u>	\$ <u>208</u>	\$ <u>210</u>	\$ <u>9</u>
Liabilities:				
Due to beneficiaries and others	\$ <u>11</u>	\$ <u>208</u>	\$ <u>210</u>	\$ <u>9</u>
Total All Funds				
Assets:				
Cash and cash equivalents	\$ <u>730</u>	\$ <u>944</u>	\$ <u>903</u>	\$ <u>771</u>
Liabilities:				
Due to beneficiaries	\$ <u>730</u>	\$ <u>944</u>	\$ <u>903</u>	\$ <u>771</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.

TABLE 1

CITY OF NEW BRITAIN, CONNECTICUT
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(In Thousands)

	FISCAL YEAR									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Governmental activities:										
Net investment in capital assets	\$ 138,395	\$ 138,868	\$ 125,383	\$ 151,122	\$ 147,800	\$ 137,210	\$ 153,258	\$ 152,453	\$ 147,314	\$ 121,481
Restricted	3,814	3,311	2,855	8,281	8,109	2,883	2,483	2,381	2,714	2,734
Unrestricted	(62,371)	(94,349)	(25,437)	(42,371)	(47,512)	(27,443)	(50,521)	(54,702)	(43,784)	(32,020)
Total governmental activities net assets	79,838	47,830	102,801	117,032	108,397	112,650	105,220	100,132	106,244	92,195
Business-type activities:										
Net investment in capital assets	41,799	41,387	41,058	39,737	39,381	27,883	27,181	26,456	25,400	25,320
Unrestricted	8,710	7,901	6,415	11,171	11,550	20,425	24,519	23,623	20,523	17,705
Total business-type activities net assets	50,509	49,288	47,473	50,908	50,931	48,308	51,700	50,079	45,923	43,025
Primary government:										
Net investment in capital assets	180,194	180,255	166,441	190,859	187,181	165,093	180,439	178,909	172,714	146,801
Restricted	3,814	3,311	2,855	8,281	8,109	2,883	2,483	2,381	2,714	2,734
Unrestricted	(53,661)	(86,448)	(19,022)	(31,200)	(35,962)	(7,018)	(26,002)	(31,079)	(23,261)	(14,315)
Total Primary Government Net Assets	\$ 130,347	\$ 97,118	\$ 150,274	\$ 167,940	\$ 159,328	\$ 160,958	\$ 156,920	\$ 150,211	\$ 152,167	\$ 135,220

Notes:

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

TABLE 2

CITY OF NEW BRITAIN, CONNECTICUT
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(In Thousands)

	FISCAL YEAR									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Expenses:										
Governmental activities:										
General government	\$ 12,907	\$ 3,687	\$ 15,087	\$ 11,539	\$ 12,124	\$ 12,083	\$ 8,596	\$ 13,414	\$ 12,547	\$ 12,165
Public safety	57,112	56,019	50,893	42,461	45,290	41,086	40,102	36,142	33,466	33,434
Public works	20,661	28,358	31,236	26,025	20,309	23,171	25,668	26,500	10,436	22,746
Health and welfare	6,746	6,605	6,633	6,188	6,574	8,225	8,643	8,763	8,707	6,786
Parks, recreation and libraries	13,857	15,804	13,304	10,647	13,077	11,462	11,348	12,249	9,275	10,097
Education	194,594	182,914	185,208	168,740	164,084	173,807	163,027	159,235	204,322	146,783
Interest on long-term debt	14,585	26,172	11,386	11,553	14,052	10,907	10,036	10,813	10,032	11,876
Total governmental activities expenses	<u>320,462</u>	<u>319,559</u>	<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>
Business-type activities:										
Water	9,446	8,922	5,176	11,242	10,236	10,432	10,560	9,034	11,048	11,034
Total Primary Government Expenses	<u>\$ 329,908</u>	<u>\$ 328,481</u>	<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>
Program Revenues:										
Governmental activities:										
Charges for services:										
General government	\$ 1,966	\$ 1,594	\$ 1,586	\$ 788	\$ 1,632	\$ 969	\$ 1,209	\$ 1,376	\$ 1,488	\$ 2,057
Public safety	4,027	3,185	4,207	4,202	3,810	2,140	2,593	2,743	3,125	2,916
Public works	12,534	12,943	13,385	12,697	11,820	12,818	12,387	10,240	12,111	8,011
Health and welfare	484	712	684	837	877	96	450	1,921	684	179
Parks, recreation and libraries	2,507	2,820	2,553	2,655	3,057	2,667	3,085	2,872	3,043	2,718
Education	594	943	744	596	507	777	1,586	5,835	1,791	2,546
Nondepartmental fixed charges										
Interest on long-term debt										
Operating grants and contributions	147,578	139,486	139,955	131,215	122,717	135,289	129,213	119,868	164,686	113,388
Capital grants and contributions	23,232	7,737	5,619	1,984	2,632	2,080	1,248	25	30	2,193
Total governmental activities program revenues	<u>192,922</u>	<u>169,420</u>	<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>
Business-type activities:										
Charges for services	11,912	11,734	10,498	12,472	12,840	12,012	12,394	13,055	13,946	11,616
Capital grants and contributions										
Total business-type activities revenues	<u>11,912</u>	<u>11,734</u>	<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>
Total Primary Government Program Revenues	<u>\$ 204,834</u>	<u>\$ 181,154</u>	<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>
Net (Expense) Revenue:										
Governmental activities	\$ (127,540)	\$ (150,139)	\$ (145,014)	\$ (122,179)	\$ (128,458)	\$ (123,905)	\$ (115,649)	\$ (122,236)	\$ (101,827)	\$ (109,879)
Business-type activities	2,466	2,812	5,322	1,230	2,604	1,580	1,834	4,021	2,898	582
Total Primary Government Net Expense	<u>\$ (125,074)</u>	<u>\$ (147,327)</u>	<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>

(Continued on next page)

TABLE 2

CITY OF NEW BRITAIN, CONNECTICUT
CHANGES IN NET POSITION (CONTINUED)
LAST TEN FISCAL YEARS
(In Thousands)

	FISCAL YEAR									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
General revenues and other changes in net assets:										
Governmental activities:										
Property taxes	\$ 127,292	\$ 121,333	\$ 108,112	\$ 112,865	\$ 106,069	\$ 108,741	\$ 104,280	\$ 105,220	\$ 96,133	\$ 97,941
Grants and contributions not restricted to specific purposes	11,528	10,974	11,105	10,184	11,024	10,557	11,177	10,889	14,897	17,292
Unrestricted investment earnings	466	1,016	3,562	2,092	870	6,070	4,249	(600)	1,150	6,289
Transfer				1,263		5,000	263		3,000	
Miscellaneous	3,101	1,947	1,341	4,410	3,654	967	768	615	696	1,166
Total governmental activities	<u>142,387</u>	<u>135,270</u>	<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>
Business-type activities:										
Unrestricted investment earnings	5	3	9	10	19	28	50	135		675
Transfer				(1,263)		(5,000)	(263)			
Total business-type activities	<u>5</u>	<u>3</u>	<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>
Total Primary Government	<u>\$ 142,392</u>	<u>\$ 135,273</u>	<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>
Changes in Net Position:										
Governmental activities	\$ 16,097	\$ (13,869)	\$ (14,231)	\$ 8,635	\$ (6,841)	\$ 7,430	\$ 5,088	\$ (6,112)	\$ 14,049	\$ 12,809
Business-type activities	<u>1,221</u>	<u>1,815</u>	<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>
Total Primary Government	<u>\$ 17,318</u>	<u>\$ (12,054)</u>	<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>

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.

TABLE 3

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

	FISCAL YEAR									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
General Fund:										
Reserved	\$	\$	\$	\$	\$	\$	\$ 1,372	\$ 2,803	\$ 3,661	\$ 1,861
Unreserved							7,655	7,212	9,479	8,996
Committed						5				
Assigned	3,165				41	379				
Unassigned	<u>25,235</u>	<u>11,277</u>	<u>4,965</u>	<u>12,595</u>	<u>12,159</u>	<u>11,663</u>				
Total General Fund	<u>\$ 28,400</u>	<u>\$ 11,277</u>	<u>\$ 4,965</u>	<u>\$ 12,595</u>	<u>\$ 12,200</u>	<u>\$ 12,047</u>	<u>\$ 9,027</u>	<u>\$ 10,015</u>	<u>\$ 13,140</u>	<u>\$ 10,857</u>
All other governmental funds:										
Reserved	\$	\$	\$	\$	\$	\$	\$ 2,489	\$ 15,123	\$ 16,586	\$ 17,964
Unreserved, reported in:										
Special revenue funds							6,333	7,335	11,640	14,288
Capital projects funds							(31,257)	(42,841)	(36,667)	(31,895)
Nonspendable	3,033	3,212	3,095	2,038	2,890	2,883				
Restricted	15,361	14,969	10,102	6,573	5,464	5,697				
Committed	4,714	2,827	1,796	1,138	898	2,331				
Assigned					41					
Unassigned	<u>(45,955)</u>	<u>(40,755)</u>	<u>(36,955)</u>	<u>(2,092)</u>	<u>(6,293)</u>	<u>(14,758)</u>				
Total All Other Governmental Funds	<u>\$ (22,847)</u>	<u>\$ (19,747)</u>	<u>\$ (21,962)</u>	<u>\$ 7,657</u>	<u>\$ 3,000</u>	<u>\$ (3,847)</u>	<u>\$ (22,435)</u>	<u>\$ (20,383)</u>	<u>\$ (8,441)</u>	<u>\$ 357</u>

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

TABLE 4

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

	FISCAL YEAR									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Revenues:										
Property taxes	\$ 122,687	119,390	108,353	\$ 114,381	\$ 110,013	\$ 106,904	\$ 103,052	\$ 104,141	\$ 95,447	\$ 96,757
Intergovernmental	182,139	154,502	157,325	148,476	137,303	150,216	141,888	134,838	179,853	136,003
Licenses, fees and charges for goods and services	21,909	20,312	23,803	21,494	21,632	19,529	21,010	18,861	20,641	18,155
Income on investments	205	192	774	618	308	3,504	2,843	263	778	4,180
Miscellaneous	3,055	5,793	1,904	4,410	3,654	1,123	3,135	3,263	8,029	3,343
Total revenues	<u>329,995</u>	<u>300,189</u>	<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>
Expenditures:										
General government	5,294	5,792	5,574	10,057	11,027	7,012	6,559	5,603	5,128	4,935
Public safety	34,532	33,478	32,834	41,442	43,589	40,696	39,852	34,405	34,448	33,183
Public works	21,386	18,587	21,794	19,237	23,536	21,998	33,515	36,106	18,294	19,324
Social services	6,014	5,709	4,524	6,181	6,584	8,187	8,666	9,262	8,655	6,966
Education	186,620	180,080	177,987	164,743	160,477	168,532	161,745	159,487	198,898	145,231
Parks and recreation	10,132	10,135	8,822	10,064	12,569	10,918	10,852	10,988	10,291	10,397
Other						1,194				
Capital outlay	19,159	39,041	25,558	24,125	30,378	16,971	581	1,127	23,585	23,549
Debt service interest	18,356	16,885	29,803	11,680	9,433	10,083	10,631	11,510	11,014	10,721
Debt service principal	16,580	16,580	16,580	17,925	22,384	15,024	15,507	14,836	14,360	14,764
Total expenditures	<u>318,073</u>	<u>326,287</u>	<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>
Excess of Revenue Under Expenditures	<u>11,922</u>	<u>(26,098)</u>	<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>
Other Financing Sources (Uses):										
Transfers in	2,430	2,053	11,750	6,407	11,765	6,954	29,785	27,185	31,959	31,409
Transfers out	(1,180)	(1,053)	(5,087)	(5,144)	(1,269)	(1,954)	(29,522)	(34,216)	(33,412)	(37,604)
Premiums	7,587	4,794		244		1,011	963			
Proceeds from the issuance of bonds and notes	44,545	79,300		19,225	34,441	36,840	11,715	13,922	14,863	14,527
Payment to refund bond escrow agent	(51,169)	(50,581)				(1,904)				
Total other financing sources (uses)	<u>2,213</u>	<u>34,513</u>	<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>
Net Change in Fund Balances	<u>\$ 14,135</u>	<u>8,415</u>	<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>
Debt Service as a Percentage of Noncapital Expenditures	13.5%	12.7%	15.5%	11.8%	12.3%	9.8%	9.5%	10.3%	8.7%	10.4%

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

TABLE 5

**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									
2016	\$ 1,444,269,350	\$ 1,590,717,930	\$ 103,204,000	\$ 254,227,753	\$ 274,233,911	\$ 1,095,274,570	\$ 2,571,378,374	\$ 3,370,319	\$ 2,568,008,855	49.00	\$ 3,668,582,936	70 %
2015	1,454,112,610	1,554,791,310	94,988,420	233,843,033	269,962,738	1,057,820,460	2,549,887,651	429,399	2,549,458,252	49.00	3,642,083,217	70
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

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

The City of New Britain has no overlapping property tax rates

TABLE 6

**CITY OF NEW BRITAIN, CONNECTICUT
PRINCIPAL PROPERTY TAXPAYERS
2014 AND 2005**

October 1, 2014				October 1, 2005			
TAXPAYER	TAXABLE ASSESSED VALUE	RANK	PERCENTAGE OF TOTAL CITY TAXABLE ASSESSED VALUE	TAXPAYER	TAXABLE ASSESSED VALUE	RANK	PERCENTAGE OF TOTAL CITY TAXABLE ASSESSED VALUE
CT Light & Power	\$ 63,667,025	1	2.50%	Stanley Works	\$ 37,523,041	1	1.72%
Pebblebrook Apartments LLC	19,675,530	2	0.77%	CT Light & Power	26,768,171	2	1.29%
Stanley Black & Decker Inc	15,678,901	3	0.61%	Brittany Farms Assoc.	17,910,690	3	0.86%
Conn Natural Gas Corp	13,057,656	4	0.51%	Creed Monarch	13,737,392	4	0.66%
Investment Associates LTP	11,588,520	5	0.45%	Inland Southeast New Britain LLC	11,824,680	5	0.57%
Corbin-Pinnacle LLC	10,920,205	6	0.43%	CT Natural Gas Corp	11,647,305	6	0.56%
Inland Southeast NB LLC	9,852,570	7	0.39%	NB-BTMC LLC	11,459,070	7	0.55%
NB-BTMC, LLC (Target)	9,800,000	8	0.38%	Investment Associates	8,778,000	8	0.42%
NETZ BHNV- New Britain LLC	9,376,918	9	0.37%	Webster Bank	8,540,063	9	0.41%
Paramount Plaza at New Brite LLC	9,239,650	10	0.36%	HSC Community Services	8,333,850	10	0.40%
TOTAL	\$ <u>172,856,975</u>		<u>6.78%</u>		\$ <u>156,522,262</u>		<u>7.44%</u>

Source: City of New Britain, Office of Tax Assessor

TABLE 7

**CITY OF NEW BRITAIN, CONNECTICUT
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS
(In Thousands)**

Fiscal Year Ended June 30,	Tax Rate In Mills	Taxes Levied for the Fiscal Year	Collected Within the Fiscal Year of the Levy		Collection in Subsequent Years	Total Collections to Date	
			Amount	Percentage of Levy		Amount	Percentage of Levy
2016	49.00	\$ 122,144	\$ 117,364	96.60 %	\$ N/A	\$ 117,364	96.60 %
2015	49.00	120,101	115,575	96.23	2,638	118,213	96.23
2014	44.12	106,331	103,465	97.30	1,785	104,819	96.58
2013	36.63	106,630	104,180	97.70	1,716	105,798	99.22
2012	36.63	107,582	103,302	96.02	3,646	106,875	99.34
2011	36.63	107,141	102,722	95.88	3,862	106,544	99.44
2010	34.98	102,274	98,267	96.08	3,482	101,734	99.47
2009	34.98	103,153	98,983	95.72	3,642	102,616	99.48
2008	45.40	95,749	91,654	95.72	3,424	95,066	99.29
2007	45.88	95,916	92,550	96.49	2,756	95,300	99.36

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

TABLE 8

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	Percentage of Personal Income	Debt Per Capita	Population	Debt Per Water Customer	Customers
	General Obligation Bonds	Capital Leases	Water								
2016	\$ 251,732	\$ -	\$ 14,251	\$	265,983	6.61 %	8.18 %	\$ 3,316	73,095	\$ 788	18,095
2015	251,639	-	16,085		267,724	6.82	8.51	3,396	73,122	890	18,068
2014	209,802	-	17,919		227,721	5.80	7.23	2,882	73,055	995	18,018
2013	227,415	-	19,754		247,169	5.40	7.32	3,059	74,348	1,102	17,932
2012	220,634	-	26,366		247,000	5.15	6.91	2,891	74,348	1,795	17,877
2011	198,147	-	34,336		232,483	4.76	7.50	2,823	70,185	1,926	17,832
2010	178,571	-	36,573		215,144	4.28	5.98	2,556	69,860	2,058	17,772
2009	181,951	-	38,822		220,773	4.33	6.12	2,593	70,181	2,188	17,743
2008	183,802	-	41,076		224,878	6.16	0.06	2,539	72,395	2,325	17,667
2007	182,985	-	42,743		225,728	6.17	6.16	2,528	72,395	2,433	17,566

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, 2016
(In Thousands)

Total tax collections (including interest and lien fees) received by Treasurer for year ended June 30, 2016	\$ 122,528 *
Reimbursement for revenue loss (year ended June 30, 2016): Freeze program	<u>413</u>
BASE for Debt Limitation Computation	<u>\$ 122,941</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	\$ 276,617	\$	\$	\$	\$
4-1/2 times base		553,235			
3-3/4 times base			461,029		
3-1/4 times base				399,558	
3 times base					368,823
Total debt limitation	<u>276,617</u>	<u>553,235</u>	<u>461,029</u>	<u>399,558</u>	<u>368,823</u>
Indebtedness:					
Bonds and notes payable	212,096	27,198	3,076		
Bond anticipation notes	31,357	9,108			
Overlapping debt			30,588		
Bonds authorized - unissued	<u>28,812</u>	<u>16,025</u>	<u>10,902</u>		
Total indebtedness	<u>272,265</u>	<u>52,331</u>	<u>44,566</u>	<u>-</u>	<u>-</u>
Less self-liquidating indebtedness:					
Statutory exclusion-pension obligation bond	<u>79,685</u>				
Total self-liquidating indebtedness	<u>79,685</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total indebtedness less self-liquidating indebtedness	<u>192,580</u>	<u>52,331</u>	<u>44,566</u>	<u>-</u>	<u>-</u>
Debt Limitation in Excess of Outstanding and Authorized Debt	<u>\$ 84,037</u>	<u>\$ 500,904</u>	<u>\$ 416,463</u>	<u>\$ 399,558</u>	<u>\$ 368,823</u>

Note: In no case shall total indebtedness exceed seven times annual receipts from taxation - \$860,587

*Budgetary basis

TABLE 10

CITY OF NEW BRITAIN, CONNECTICUT
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS
(In Thousands)

	FISCAL YEAR									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Debt limitation	\$ 860,587	\$ 839,153	\$ 763,280	\$ 796,372	\$ 764,726	\$ 761,802	\$ 722,176	\$ 740,202	\$ 681,645	\$ 688,226
Total net debt applicable to limit	289,479	299,222	331,956	316,193	339,738	297,519	289,278	269,466	256,823	193,391
Legal debt margin	\$ <u>571,108</u>	\$ <u>539,931</u>	\$ <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>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	<u>33.64%</u>	<u>35.66%</u>	<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>

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 (1)	Per Capita Income (1)	Median Age (1)	School Enrollment (2)	Unemployment Rate (3)
2016	73,095	\$ 2,961,443,925	\$ 40,515	33.0	9,874	8.20 %
2015	73,122	2,917,421,556	39,898	33.0	10,017	7.70
2014	73,055	2,910,365,090	20,655	33.0	10,053	8.90
2013	74,348	3,108,564,228	20,601	42.0	10,324	11.30
2012	74,348	3,108,564,228	20,601	42.0	9,977	11.80
2011	70,185	2,640,991,365	23,557	35.0	10,400	13.20
2010	69,860	2,987,143,740	23,557	35.0	10,405	12.40
2009	70,181	2,975,042,771	20,907	35.0	10,203	11.50
2008	72,395	2,972,249,120	20,907	35.0	10,344	8.10
2007	72,395	2,972,249,120	20,907	35.0	10,654	7.50

(1) Connecticut Economic Research Center, Inc. CERC Town Profile 2014

(2) Source: Consolidated School District of New Britain

(3) Source: CT Dept. of Labor

TABLE 12

**CITY OF NEW BRITAIN, CONNECTICUT
PRINCIPAL EMPLOYERS
2016 AND 2007**

2016					2007				
EMPLOYER	NATURE OF BUSINESS	EMPLOYEES	RANK	PERCENTAGE OF TOTAL CITY EMPLOYMENT	EMPLOYER	NATURE OF BUSINESS	EMPLOYEES	RANK	PERCENTAGE OF TOTAL CITY EMPLOYMENT
City of New Britain	Municipality	1,827	1	5.39%	City of New Britain	Municipality	2,670	1	8.42%
Hospital of Central CT	Hospital	1,657	2	4.89%	Hospital of Central CT	Hospital	2,300	2	7.25%
Hospital for Special Care	Hospital	1,136	3	3.35%	Central CT State University	University	1,635	3	5.15%
State of CT	Government	1,095	4	3.23%	Hospital for Special Care	Hospital	1,300	4	4.10%
Stanley-Black & Decker	Manufacturing	800	5	2.36%	Tilcon CT	Construction	928	5	2.93%
Tilcon CT	Construction	553	6	1.63%	State of CT	Government	900	6	2.84%
Webster Bank	Banking	545	7	1.61%	Stanley Works	Manufacturing	850	7	2.68%
Dattco	Transportation	527	8	1.55%	Grove Hill Medical Center	Medical Services	440	8	1.39%
Creed Monarch	Manufacturing	312	9	0.92%	Webster Bank	Banking	400	9	1.26%
Starling	Health Care	200	10	0.59%	Dattco	Transportation	395	10	1.25%
Celebration Foods	Food								
Guida's Dairy	Dairy								
Parker Hannifan	Manufacturing								
Creed Monarch	Manufacturing								
Moore Medical	Medical Supplies								
American Savings Bank	Banking								

TABLE 13

**CITY OF NEW BRITAIN, CONNECTICUT
FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS**

Function/Program	FISCAL YEAR									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Administration, financial and other	112	112	112	98	119	123	124	132	132	100
Police	182	182	182	157	162	151	165	172	173	173
Fire	132	132	132	137	152	153	154	158	156	145
Health and welfare	10	10	10	22	18	18	18	20	21	20
Parks and recreation	38	38	38	42	53	54	53	57	60	60
Public works, engineering, garage	43	43	43	50	62	63	63	74	70	71
Water	40	40	40	38	52	52	52	53	53	56
Education	<u>1,257</u>	<u>1,257</u>	<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>
Total	<u>1,814</u>	<u>1,814</u>	<u>1,781</u>	<u>1,838</u>	<u>1,950</u>	<u>1,947</u>	<u>1,993</u>	<u>2,000</u>	<u>2,051</u>	<u>1,978</u>

TABLE 14

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

Function/Program	FISCAL YEAR									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
General government:										
Building permits issued	1,157	1,073	992	628	852	518	2,296	1,985	2,219	2,366
Building inspections conducted	918	857	1,026	1,131	1,804	1,101	4,631	4,210	4,373	3,865
Police:										
Calls for service	92,161	83,389	74,295	32,701	43,233	45,494	46,776	51,989	54,432	56,885
Physical arrests	5,117	5,542	4,341	4,230	5,307	6,188	7,021	6,803	6,868	6,161
Parking violations	8,437	12,626	12,915	16,963	13,197	15,049	14,498	18,436	20,621	22,059
Traffic violations	9,459	5,532	4,243	2,103	3,054	4,410	3,315	4,322	4,685	5,422
Fire:										
Emergency responses	5,874	6,350	6,047	6,542	6,286	6,604	6,624	6,871	6,832	6,929
Fires extinguished	129	463	404	241	280	284	297	291	522	565
Inspections	767	292	207	226	295	305	302	288	537	351
Refuse collection:										
Refuse collected (tons per day)	83	122	157	161	165	168	177	178	170	186
Recyclables collected (tons per day)	16	16	16	16	17	14	9	10	13	12
Other public works:										
Street resurfacing (miles)	6	10	10	9	8	5	7	12	19	15
Potholes repaired	N/A	N/A	N/A	N/A	N/A	N/A	N/A	1,406	N/A	N/A
Parks and recreation:										
Athletic field permits issued	3,305	3,123	2,820	3,110	3,176	3,373	3,300	3,763	2,918	4,958
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	249,104	242,255	234,883	230,497	225,581	213,907	220,384	220,974	223,056	231,214
Total volumes borrowed	334,763	261,727	361,682	405,206	408,167	394,456	415,416	394,883	399,119	373,557
Water:										
New connections	12	6	-	11	4	5	405	151	196	60
Water main breaks	26	35	13	20	9	21	18	31	25	28
Average daily consumption (thousands of gallons)	9,706	9,301	9,056	8,830	8,887	9,140	8,755	9,050	10,103	10,100
Peak daily consumption (thousands of gallons)	12,329	11,817	12,659	11,640	12,722	13,424	16,660	11,800	17,900	14,410
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

TABLE 15

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

Function/Program	FISCAL YEAR									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Zone offices	2	2	2	2	2	2	2	2	2	3
Patrol units	45	37	38	30	32	32	30	30	30	30
Fire stations	6	6	6	6	6	6	6	6	6	6
Refuse collection:										
Collection trucks	11	11	11	10	10	10	10	9	7	17
Other public works:										
Streets (miles)	185	185	185	185	163	163	163	163	163	163
Highways (miles)	15	15	15	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	69	71	71	71	71	71	71	71	71	71
Parks and recreation:										
Acreage	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200
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	10	9	9	9	9	9	9	9	9	9
Water:										
Water mains (miles)	274	248	248	248	247	247	269	269	269	269
Fire hydrants	2,096	1,864	1,863	1,863	1,851	1,887	1,852	1,992	1,988	1,977
Storage capacity (thousands of gallons)	2,857,800	2,857,800	2,857,800	2,857,800	2,857,800	2,857,800	2,857,800	2,742,921	2,857,800	2,858,700
Wastewater:										
Sanitary sewers (miles)	179	179	179	179	179	179	179	179	187	180
Storm sewers (miles)	154	154	154	154	153	153	153	153	171	152

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**APPENDIX B-1 – FORM OF LEGAL OPINION OF BOND COUNSEL AND TAX EXEMPTION
- SERIES A BONDS**

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APPENDIX B-1 - FORM OF LEGAL OPINION OF BOND COUNSEL AND TAX EXEMPTION - SERIES A BONDS

The legal opinion of the firm of Shipman & Goodwin LLP of Hartford, Connecticut, Bond Counsel, will be furnished to the Underwriter when the Series A Bonds are delivered, and a copy of the legal opinion will be included in the record of proceedings of the City authorizing the Series A Bonds. The opinion will be dated and given on and will speak only as of the date of original delivery of the Series A Bonds to the Underwriter.

The opinion of Shipman & Goodwin LLP will be substantially in the following form:

City of New Britain
27 West Main Street
New Britain, Connecticut 06051

Ladies and Gentlemen:

We have acted as bond counsel in connection with the issuance by the City of New Britain, Connecticut (the "City") of its \$8,570,000 Tax-Exempt General Obligation Refunding Bonds, 2017 Series A, dated March 1, 2017, maturing March 1, 2019 - 2022 (the "Series A Bonds").

In connection with our representation of the City as bond counsel with respect to the Series A Bonds, we have examined the executed Tax Certificate and Tax Compliance Agreement of the City, each dated as of March 1, 2017, the executed Series A Bonds, and certified records of proceedings of the City authorizing the Series A Bonds. In addition, we have examined and relied on originals or copies, identified to us as genuine, of such other documents, instruments or records, and have made such investigations of law as we considered necessary or appropriate for the purposes of this opinion. In making the statements contained in this opinion, we have assumed, without independently verifying, the genuineness of all signatures, the authenticity of all documents submitted to us as originals, the conformity to original documents of documents submitted to us as certified or photostatic copies, and the legal capacity and authority of all persons executing such documents.

On the basis of our review noted above and subject to the qualifications set forth herein:

1. We are of the opinion that the proceedings and above-referenced evidence show lawful authority for the issuance and sale of the Series A Bonds under authority of the constitution and statutes of the State of Connecticut, and that the Series A Bonds are valid and binding general obligations of the City payable, with respect to both principal and interest, unless paid from other sources, from *ad valorem* taxes which may be levied on all property subject to taxation by the City without limitation as to rate or amount except as to classified property. Classified property includes certified forest land which is taxable at a limited rate. Classified property also includes dwelling houses of qualified elderly persons of low income which are taxable at limited amounts.

2. We are of the opinion that the Tax Compliance Agreement is a valid and binding agreement of the City and that the Tax Certificate and Tax Compliance Agreement were duly authorized by the City.

3. The Internal Revenue Code of 1986, as amended (the "Code"), establishes certain requirements that must be met subsequent to the issuance and delivery of the Series A Bonds if interest on the Series A Bonds is to be excludable from gross income under Section 103 of the Code. The City has covenanted in the Tax Compliance Agreement that it will at all times perform all acts and things necessary or appropriate under any valid provision of law to ensure that interest paid on the Series A Bonds will not be includable in the gross income of the owners thereof for federal income tax purposes under the Code. In our opinion, under existing law:

(i) interest on the Series A Bonds is excludable from gross income of the owners thereof for federal income tax purposes pursuant to Section 103 of the Code; and

(ii) such interest is not treated as an item of tax preference for purposes of calculating the federal alternative minimum tax for individuals or corporations; however, such interest is taken into account in determining adjusted current earnings for the purpose of computing the federal alternative minimum tax imposed on certain corporations.

We express no opinion regarding other federal income tax consequences caused by ownership of, or receipt of interest on, the Series A Bonds. In rendering the foregoing opinions regarding the federal income tax treatment of interest on the Series A Bonds, we have relied upon and assumed (i) the material accuracy of the representations, statements of intention and reasonable expectations, and certifications of fact contained in the Tax Certificate and the Tax Compliance Agreement, and (ii) full compliance by the City with the covenants set forth in the Tax Compliance Agreement. The inaccuracy of the representations, statements of intention and reasonable expectations, and certifications of fact, contained in the Tax Certificate or the Tax Compliance Agreement, or the failure of the City to fully comply with the covenants set forth therein, may cause interest on the Series A Bonds to be included in gross income for federal income tax purposes retroactively to the date of issuance of the Series A Bonds.

4. We are of the opinion that, under existing statutes, interest on the Series A Bonds is excluded from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates and is excluded from amounts on which the net Connecticut minimum tax is based in the case of individuals, trusts and estates required to pay the federal alternative minimum tax.

The rights of the holders of the Series A Bonds and the enforceability of the Series A Bonds and the enforceability of the Tax Compliance Agreement are limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights generally, and by equitable principles, whether considered at law or in equity.

We express no opinion herein as to the accuracy, adequacy or completeness of the Official Statement relating to the Series A Bonds.

This opinion is given as of the date hereof and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

Very truly yours,

Shipman & Goodwin LLP

CERTAIN ADDITIONAL FEDERAL TAX CONSEQUENCES.

The following is a brief discussion of certain federal income tax matters with respect to the Series A Bonds under existing statutes. It does not purport to deal with all aspects of federal taxation that may be relevant to a particular owner of a bond. Prospective owners of the Series A Bonds, particularly those that may be subject to special rules, are advised to consult their own tax advisors regarding the federal tax consequences of owning and disposing of the Series A Bonds.

Alternative Minimum Tax. The Code imposes an alternative minimum tax on individuals and corporations. The alternative minimum tax is imposed on alternative minimum taxable income, which includes items of tax preference. The interest on certain tax-exempt "private activity bonds" is treated as an item of tax preference. The City's Tax Compliance Agreement will contain certain representations and covenants to ensure that the Series A Bonds are not "private activity bonds" so that interest on the Series A Bonds will not be treated as an item of tax preference for individuals or corporations in calculating alternative minimum taxable income.

The Code provides, however, that for most corporations, 75% of the excess of adjusted current earnings (which includes tax-exempt interest) over other alternative minimum taxable income will be included in alternative minimum taxable income for purposes of calculating the corporation's alternative minimum tax.

Financial Institutions. The Code provides that commercial banks, thrift institutions and certain other financial institutions may not deduct the portion of their interest expense allocable to tax-exempt obligations acquired after August 7, 1986, other than "qualified tax-exempt obligations". The Series A Bonds shall not be designated by the City as "qualified tax-exempt obligations" for purposes of the deduction for federal income tax purposes by financial institutions of a portion of interest expense allocable to tax-exempt obligations.

Changes in Federal Tax Law. Legislation affecting municipal bonds is regularly under consideration by the United States Congress. There can be no assurance that legislation enacted or proposed after the date of issuance of the Series A Bonds will not have an adverse effect on the tax-exempt status or market price of the Series A Bonds.

Other. As noted above, interest on the Series A Bonds may be taken into account in computing the tax liability of corporations subject to the federal alternative minimum tax. Interest on the Series A Bonds may also be taken into account in determining the tax liability of foreign corporations subject to the branch profits tax imposed by Section 884 of the Code.

Ownership of the Series A Bonds may result in collateral federal income tax consequences to various categories of persons, such as corporations (including S corporations and foreign corporations), financial institutions, property and casualty and life insurance companies, individual recipients of Social Security and railroad retirement benefits, and individuals otherwise eligible for the earned income credit, and to taxpayers deemed to have incurred or continued indebtedness to purchase or carry obligations the interest on which is not included in gross income for federal income tax purposes.

STATE OF CONNECTICUT TAX ON INTEREST.

The opinion of Bond Counsel will state in substance that, based on the record of proceedings authorizing the Series A Bonds, under existing statutes, interest on the Series A Bonds is excluded from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates and is excluded from amounts on which the net Connecticut minimum tax is based in the case of individuals, trusts and estates required to pay the federal alternative minimum tax.

Interest on the Series A Bonds is included in gross income for purposes of the Connecticut corporation business tax.

Owners of the Series A Bonds should consult their tax advisors with respect to other applicable state and local tax consequences of ownership of the Series A Bonds and the disposition thereof, including the extent to which gains and losses from the sale or exchange of Series A Bonds held as capital assets reduce and increase, respectively, amounts taken into account in computing the Connecticut income tax on individuals, trusts and estates and may affect the net Connecticut minimum tax on such taxpayers who are also required to pay the federal alternative minimum tax.

ORIGINAL ISSUE DISCOUNT.

The initial public offering prices of certain maturities of the Series A Bonds (the "OID Bonds") may be less than their stated principal amounts. Under existing law, the difference between the stated principal amount and the initial offering price of each maturity of the OID Bonds to the public (excluding bond houses and brokers) at which a substantial amount of such maturity of the OID Bonds is sold will constitute original issue discount ("OID"). The offering prices relating to the yields set forth in this Official Statement for the OID Bonds are expected to be the initial offering prices to the public at which a substantial amount of each maturity of the OID Bonds are sold. Under existing law OID on the Series A Bonds accrued and properly allocable to the owners thereof under the Code is not included in gross income for federal income tax purposes if interest on the Series A Bonds is not included in gross income for federal income tax purposes.

Under the Code, for purposes of determining an owner's adjusted basis in an OID Bond, OID treated as having accrued while the owner holds the OID Bond will be added to the owner's basis. OID will accrue on a constant-yield-to-maturity method based on regular compounding. The owner's adjusted basis will be used to determine taxable gain or loss upon the sale or other disposition (including redemption or payment at maturity) of an OID Bond. For certain corporations (as defined for federal income tax purposes) a portion of the OID that accrues in each year to such an owner of an OID Bond will be included in the calculation of the corporation's federal alternative minimum tax liability. As a result, ownership of an OID Bond by such a corporation may result in an alternative minimum tax liability even though such owner has not received a corresponding cash payment.

Prospective purchasers of OID Bonds should consult their own tax advisors as to the calculation of accrued OID, the accrual of OID in the cases of owners of the OID Bonds purchasing such Series A Bonds after the initial offering and sale, and the state and local tax consequences of owning or disposing of such OID Bonds.

ORIGINAL ISSUE PREMIUM.

The initial public offering prices of certain maturities of the Series A Bonds (the “OIP Bonds”) may be more than their stated principal amounts. An owner who purchases a Series A Bond at a premium to its principal amount must amortize bond premium as provided in applicable Treasury Regulations, and amortized premium reduces the owner’s basis in the Series A Bond for federal income tax purposes. Prospective purchasers of OIP Bonds should consult their tax advisors regarding the amortization of premium and the effect upon basis.

* * * * *

Bond Counsel has not undertaken to advise in the future whether any events after the date of issuance of the Series A Bonds may affect the tax status of interest on the Series A Bonds. No assurance can be given that future federal legislation enacted or proposed after the date of issuance of the Series A Bonds will not have an adverse effect on the tax-exempt status or market price of the Series A Bonds or will not change the effect of other federal tax law consequences discussed above of owning and disposing of the Series A Bonds. No assurance can be given that future legislation, or amendments to the Connecticut income tax law, if enacted into law, will not contain provisions which could, directly or indirectly, reduce the benefit of the exclusion of the interest on the Series A Bonds or any gain made on the sale or exchange thereof from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates.

The information above does not purport to deal with all aspects of federal or state taxation that may be relevant to particular investors. Prospective investors, particularly those that may be subject to special rules, are advised to consult their own tax advisors regarding the federal and state tax consequences of owning and disposing of the Series A Bonds, including any tax consequences arising under the laws of any state or other taxing jurisdiction.

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**APPENDIX B-2 – FORM OF LEGAL OPINION OF BOND COUNSEL AND TAX STATUS -
SERIES B BONDS**

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**APPENDIX B-2 – FORM OF LEGAL OPINION OF BOND COUNSEL AND TAX
STATUS - SERIES B BONDS**

The legal opinion of the firm of Shipman & Goodwin LLP of Hartford, Connecticut, Bond Counsel, will be furnished to the Underwriter when the Series B Bonds are delivered, and a copy of the legal opinion will be included in the record of proceedings of the City authorizing the Series B Bonds. The opinion will be dated and given on and will speak only as of the date of original delivery of the Series B Bonds to the Underwriter.

The opinion of Shipman & Goodwin LLP will be substantially in the following form:

City of New Britain
27 West Main Street
New Britain, Connecticut 06051

Ladies and Gentlemen:

We have acted as bond counsel in connection with the issuance by the City of New Britain, Connecticut (the “City”) of its \$13,005,000 Taxable General Obligation Refunding Bonds, 2017 Series B, dated March 1, 2017, maturing March 1, 2019 - 2025 (the “Series B Bonds”).

In connection with our representation of the City as bond counsel with respect to the Series B Bonds, we have examined the executed Series B Bonds and certified records of proceedings of the City authorizing the Series B Bonds. In addition, we have examined and relied on originals or copies, identified to us as genuine, of such other documents, instruments or records, and have made such investigations of law as we considered necessary or appropriate for the purposes of this opinion. In making the statements contained in this opinion, we have assumed, without independently verifying, the genuineness of all signatures, the authenticity of all documents submitted to us as originals, the conformity to original documents of documents submitted to us as certified or photostatic copies, and the legal capacity and authority of all persons executing such documents.

On the basis of our review noted above and subject to the qualifications set forth herein:

1. We are of the opinion that the proceedings and above-referenced evidence show lawful authority for the issuance and sale of the Series B Bonds under authority of the constitution and statutes of the State of Connecticut, and that the Series B Bonds are valid and binding general obligations of the City payable, with respect to both principal and interest, unless paid from other sources, from ad valorem taxes which may be levied on all property subject to taxation by the City without limitation as to rate or amount except as to classified property. Classified property includes certified forest land which is taxable at a limited rate. Classified property also includes dwelling houses of qualified elderly persons of low income which are taxable at limited amounts.

2. We are of the opinion that, under existing law, interest on the Series B Bonds is included in gross income of the owners thereof for federal income tax purposes pursuant to the Internal Revenue Code of 1986, as amended.

3. We are of the opinion that, under existing statutes, interest on the Series B Bonds is excluded from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates and is excluded from amounts on which the net Connecticut minimum tax is based in the case of individuals, trusts and estates required to pay the federal alternative minimum tax.

The rights of the holders of the Series B Bonds and the enforceability of the Series B Bonds are limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights generally, and by equitable principles, whether considered at law or in equity.

We express no opinion herein as to the accuracy, adequacy or completeness of the Official Statement relating to the Series B Bonds.

This opinion is given as of the date hereof and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

Very truly yours,

Shipman & Goodwin LLP

**APPENDIX B-3– FORM OF LEGAL OPINION OF BOND COUNSEL AND TAX EXEMPTION -
SERIES C BONDS**

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APPENDIX B-3 - FORM OF LEGAL OPINION OF BOND COUNSEL AND TAX EXEMPTION - SERIES C BONDS

The legal opinion of the firm of Shipman & Goodwin LLP of Hartford, Connecticut, Bond Counsel, will be furnished to the Underwriter when the Series C Bonds are delivered, and a copy of the legal opinion will be included in the record of proceedings of the City authorizing the Series C Bonds. The opinion will be dated and given on and will speak only as of the date of original delivery of the Series C Bonds to the Underwriter.

The opinion of Shipman & Goodwin LLP will be substantially in the following form:

City of New Britain
27 West Main Street
New Britain, Connecticut 06051

Ladies and Gentlemen:

We have acted as bond counsel in connection with the issuance by the City of New Britain, Connecticut (the "City") of its \$53,145,000 Tax-Exempt General Obligation Bonds, 2017 Series C, dated March 15, 2017, maturing March 1, 2023 - 2037 (the "Series C Bonds").

In connection with our representation of the City as bond counsel with respect to the Series C Bonds, we have examined the executed Tax Certificate and Tax Compliance Agreement of the City, each dated as of March 15, 2017, the executed Series C Bonds, and certified records of proceedings of the City authorizing the Series C Bonds. In addition, we have examined and relied on originals or copies, identified to us as genuine, of such other documents, instruments or records, and have made such investigations of law as we considered necessary or appropriate for the purposes of this opinion. In making the statements contained in this opinion, we have assumed, without independently verifying, the genuineness of all signatures, the authenticity of all documents submitted to us as originals, the conformity to original documents of documents submitted to us as certified or photostatic copies, and the legal capacity and authority of all persons executing such documents.

On the basis of our review noted above and subject to the qualifications set forth herein:

1. We are of the opinion that the proceedings and above-referenced evidence show lawful authority for the issuance and sale of the Series C Bonds under authority of the constitution and statutes of the State of Connecticut, and that the Series C Bonds are valid and binding general obligations of the City payable, with respect to both principal and interest, unless paid from other sources, from *ad valorem* taxes which may be levied on all property subject to taxation by the City without limitation as to rate or amount except as to classified property. Classified property includes certified forest land which is taxable at a limited rate. Classified property also includes dwelling houses of qualified elderly persons of low income which are taxable at limited amounts.

2. We are of the opinion that the Tax Compliance Agreement is a valid and binding agreement of the City and that the Tax Certificate and Tax Compliance Agreement were duly authorized by the City.

3. The Internal Revenue Code of 1986, as amended (the "Code"), establishes certain requirements that must be met subsequent to the issuance and delivery of the Series C

Bonds if interest on the Series C Bonds is to be excludable from gross income under Section 103 of the Code. The City has covenanted in the Tax Compliance Agreement that it will at all times perform all acts and things necessary or appropriate under any valid provision of law to ensure that interest paid on the Series C Bonds will not be includable in the gross income of the owners thereof for federal income tax purposes under the Code. In our opinion, under existing law:

(i) interest on the Series C Bonds is excludable from gross income of the owners thereof for federal income tax purposes pursuant to Section 103 of the Code; and

(ii) such interest is not treated as an item of tax preference for purposes of calculating the federal alternative minimum tax for individuals or corporations; however, such interest is taken into account in determining adjusted current earnings for the purpose of computing the federal alternative minimum tax imposed on certain corporations.

We express no opinion regarding other federal income tax consequences caused by ownership of, or receipt of interest on, the Series C Bonds. In rendering the foregoing opinions regarding the federal income tax treatment of interest on the Series C Bonds, we have relied upon and assumed (i) the material accuracy of the representations, statements of intention and reasonable expectations, and certifications of fact contained in the Tax Certificate and the Tax Compliance Agreement, and (ii) full compliance by the City with the covenants set forth in the Tax Compliance Agreement. The inaccuracy of the representations, statements of intention and reasonable expectations, and certifications of fact, contained in the Tax Certificate or the Tax Compliance Agreement, or the failure of the City to fully comply with the covenants set forth therein, may cause interest on the Series C Bonds to be included in gross income for federal income tax purposes retroactively to the date of issuance of the Series C Bonds.

4. We are of the opinion that, under existing statutes, interest on the Series C Bonds is excluded from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates and is excluded from amounts on which the net Connecticut minimum tax is based in the case of individuals, trusts and estates required to pay the federal alternative minimum tax.

The rights of the holders of the Series C Bonds and the enforceability of the Series C Bonds and the enforceability of the Tax Compliance Agreement are limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights generally, and by equitable principles, whether considered at law or in equity.

We express no opinion herein as to the accuracy, adequacy or completeness of the Official Statement relating to the Series C Bonds.

This opinion is given as of the date hereof and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

Very truly yours,

Shipman & Goodwin LLP

CERTAIN ADDITIONAL FEDERAL TAX CONSEQUENCES.

The following is a brief discussion of certain federal income tax matters with respect to the Series C Bonds under existing statutes. It does not purport to deal with all aspects of federal taxation that may be relevant to a particular owner of a bond. Prospective owners of the Series C Bonds, particularly those that may be subject to special rules, are advised to consult their own tax advisors regarding the federal tax consequences of owning and disposing of the Series C Bonds.

Alternative Minimum Tax. The Code imposes an alternative minimum tax on individuals and corporations. The alternative minimum tax is imposed on alternative minimum taxable income, which includes items of tax preference. The interest on certain tax-exempt "private activity bonds" is treated as an item of tax preference. The City's Tax Compliance Agreement will contain certain representations and covenants to ensure that the Series C Bonds are not "private activity bonds" so that interest on the Series C Bonds will not be treated as an item of tax preference for individuals or corporations in calculating alternative minimum taxable income.

The Code provides, however, that for most corporations, 75% of the excess of adjusted current earnings (which includes tax-exempt interest) over other alternative minimum taxable income will be included in alternative minimum taxable income for purposes of calculating the corporation's alternative minimum tax.

Financial Institutions. The Code provides that commercial banks, thrift institutions and certain other financial institutions may not deduct the portion of their interest expense allocable to tax-exempt obligations acquired after August 7, 1986, other than "qualified tax-exempt obligations". The Series C Bonds shall not be designated by the City as "qualified tax-exempt obligations" for purposes of the deduction for federal income tax purposes by financial institutions of a portion of interest expense allocable to tax-exempt obligations.

Changes in Federal Tax Law. Legislation affecting municipal bonds is regularly under consideration by the United States Congress. There can be no assurance that legislation enacted or proposed after the date of issuance of the Series C Bonds will not have an adverse effect on the tax-exempt status or market price of the Series C Bonds.

Other. As noted above, interest on the Series C Bonds may be taken into account in computing the tax liability of corporations subject to the federal alternative minimum tax. Interest on the Series C Bonds may also be taken into account in determining the tax liability of foreign corporations subject to the branch profits tax imposed by Section 884 of the Code.

Ownership of the Series C Bonds may result in collateral federal income tax consequences to various categories of persons, such as corporations (including S corporations and foreign corporations), financial institutions, property and casualty and life insurance companies, individual recipients of Social Security and railroad retirement benefits, and individuals otherwise eligible for the earned income credit, and to taxpayers deemed to have incurred or continued indebtedness to purchase or carry obligations the interest on which is not included in gross income for federal income tax purposes.

STATE OF CONNECTICUT TAX ON INTEREST.

The opinion of Bond Counsel will state in substance that, based on the record of proceedings authorizing the Series C Bonds, under existing statutes, interest on the Series C Bonds is excluded from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates and is excluded from amounts on which the net Connecticut minimum tax is based in the case of individuals, trusts and estates required to pay the federal alternative minimum tax.

Interest on the Series C Bonds is included in gross income for purposes of the Connecticut corporation business tax.

Owners of the Series C Bonds should consult their tax advisors with respect to other applicable state and local tax consequences of ownership of the Series C Bonds and the disposition thereof, including the extent to which gains and losses from the sale or exchange of Series C Bonds held as capital assets reduce and increase, respectively, amounts taken into account in computing the Connecticut income tax on individuals, trusts and estates and may affect the net Connecticut minimum tax on such taxpayers who are also required to pay the federal alternative minimum tax.

ORIGINAL ISSUE DISCOUNT.

The initial public offering prices of certain maturities of the Series C Bonds (the "OID Bonds") may be less than their stated principal amounts. Under existing law, the difference between the stated principal amount and the initial offering price of each maturity of the OID Bonds to the public (excluding bond houses and brokers) at which a substantial amount of such maturity of the OID Bonds is sold will constitute original issue discount ("OID"). The offering prices relating to the yields set forth in this Official Statement for the OID Bonds are expected to be the initial offering prices to the public at which a substantial amount of each maturity of the OID Bonds are sold. Under existing law OID on the Series C Bonds accrued and properly allocable to the owners thereof under the Code is not included in gross income for federal income tax purposes if interest on the Series C Bonds is not included in gross income for federal income tax purposes.

Under the Code, for purposes of determining an owner's adjusted basis in an OID Bond, OID treated as having accrued while the owner holds the OID Bond will be added to the owner's basis. OID will accrue on a constant-yield-to-maturity method based on regular compounding. The owner's adjusted basis will be used to determine taxable gain or loss upon the sale or other disposition (including redemption or payment at maturity) of an OID Bond. For certain corporations (as defined for federal income tax purposes) a portion of the OID that accrues in each year to such an owner of an OID Bond will be included in the calculation of the corporation's federal alternative minimum tax liability. As a result, ownership of an OID Bond by such a corporation may result in an alternative minimum tax liability even though such owner has not received a corresponding cash payment.

Prospective purchasers of OID Bonds should consult their own tax advisors as to the calculation of accrued OID, the accrual of OID in the cases of owners of the OID Bonds purchasing such Series C Bonds after the initial offering and sale, and the state and local tax consequences of owning or disposing of such OID Bonds.

ORIGINAL ISSUE PREMIUM.

The initial public offering prices of certain maturities of the Series C Bonds (the “OIP Bonds”) may be more than their stated principal amounts. An owner who purchases a Series C Bond at a premium to its principal amount must amortize bond premium as provided in applicable Treasury Regulations, and amortized premium reduces the owner’s basis in the Series C Bond for federal income tax purposes. Prospective purchasers of OIP Bonds should consult their tax advisors regarding the amortization of premium and the effect upon basis.

* * * * *

Bond Counsel has not undertaken to advise in the future whether any events after the date of issuance of the Series C Bonds may affect the tax status of interest on the Series C Bonds. No assurance can be given that future federal legislation enacted or proposed after the date of issuance of the Series C Bonds will not have an adverse effect on the tax-exempt status or market price of the Series C Bonds or will not change the effect of other federal tax law consequences discussed above of owning and disposing of the Series C Bonds. No assurance can be given that future legislation, or amendments to the Connecticut income tax law, if enacted into law, will not contain provisions which could, directly or indirectly, reduce the benefit of the exclusion of the interest on the Series C Bonds or any gain made on the sale or exchange thereof from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates.

The information above does not purport to deal with all aspects of federal or state taxation that may be relevant to particular investors. Prospective investors, particularly those that may be subject to special rules, are advised to consult their own tax advisors regarding the federal and state tax consequences of owning and disposing of the Series C Bonds, including any tax consequences arising under the laws of any state or other taxing jurisdiction.

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**APPENDIX C-1 – FORM OF CONTINUING DISCLOSURE AGREEMENT
- SERIES A BONDS**

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APPENDIX C-1 - FORM OF CONTINUING DISCLOSURE AGREEMENT - SERIES A BONDS

In accordance with the requirements of Rule 15c2-12 promulgated by the Securities and Exchange Commission, the City will agree to provide, or cause to be provided, (i) certain annual financial information and operating data, (ii) timely, but not in excess of ten (10) business days after the occurrence of the event, notice of the occurrence of certain events with respect to the Series A Bonds, and (iii) timely notice of a failure by the City to provide the required annual financial information on or before a specified date, all pursuant to a Continuing Disclosure Agreement for the Series A Bonds substantially in the following form:

CONTINUING DISCLOSURE AGREEMENT

This Continuing Disclosure Agreement (the "Agreement") is made as of the 1st day of March, 2017 by the City of New Britain, Connecticut (the "City") acting by its undersigned officers, duly authorized, in connection with the issuance of the City's \$8,570,000 Tax-Exempt General Obligation Refunding Bonds, 2017 Series A, dated March 1, 2017 (the "Series A Bonds"), for the benefit of the beneficial owners from time to time of the Series A Bonds.

Section 1. Definitions. For purposes of this Agreement, the following capitalized terms shall have the following meanings:

"MSRB" means the Municipal Securities Rulemaking Board established under the Securities Exchange Act of 1934, as amended, or any successor thereto. As of the date of this Agreement, the MSRB has designated its Electronic Municipal Market Access System ("EMMA") (<http://emma.msrb.org>) to receive submissions of continuing disclosure documents that are described in the Rule.

"Rule" means Rule 15c2-12 under the Securities Exchange Act of 1934, as of the date of this Agreement.

"SEC" means the Securities and Exchange Commission of the United States, or any successor thereto.

Section 2. Annual Financial Information.

(a) The City agrees to provide, or cause to be provided, to the MSRB in an electronic format as prescribed by the MSRB, in accordance with the provisions of the Rule and this Agreement, annual financial information and operating data (commencing with information and data for the fiscal year ending June 30, 2017), as follows:

(i) the audited general purpose financial statements of the City, which financial statements include the City's general fund, any special revenue funds, enterprise and internal service (proprietary) funds, agency and trust (fiduciary) funds and the general fixed assets and general long-term debt account groups, for the prior fiscal year, which statements shall be prepared in accordance with generally accepted accounting principles or mandated state statutory principles as in effect from time to time. As of the date of this Agreement, the City prepares its financial statements in accordance with generally accepted accounting principles.

(ii) the following financial information and operating data to the extent not included in the financial statements described in (i) above:

- A. amounts of the gross and the net taxable grand list applicable to the fiscal year,
- B. listing of the ten largest taxpayers on the applicable grand list, together with each such taxpayer's taxable valuation thereon,
- C. percentage of the annual property tax levy uncollected as of the close of the preceding fiscal year,
- D. schedule of annual debt service on outstanding long-term bonded indebtedness as of the close of the fiscal year,
- E. calculation of total direct debt and total direct net debt as of the close of the fiscal year,
- F. total direct debt and total direct net debt of the City per capita,
- G. ratios of the total direct debt and total direct net debt of the City to the City's net taxable grand list,
- H. statement of statutory debt limitation as of the close of the fiscal year, and
- I. funding status of the City's pension benefit obligation.

(b) The financial information and operating data described above shall be provided not later than eight months after the close of the fiscal year for which such information is being provided, commencing with information for the fiscal year ending June 30, 2017. The City agrees that if audited information is not available eight months after the close of the fiscal year, it shall submit unaudited information by such time and will submit audited information when available.

(c) Annual financial information and operating data may be provided in whole or in part by reference to other documents available to the public on the MSRB's internet website or filed with the SEC. All or a portion of the financial information and operating data may be provided in the form of a comprehensive annual financial report.

(d) The City reserves the right (i) to provide financial statements which are not audited if no longer required by law, (ii) to modify from time to time the format for the presentation of such information or data, and (iii) to modify the accounting principles it follows to the extent required or permitted by law, by changes in generally accepted accounting principles, or by changes in accounting principles adopted by the City; provided that the City agrees that any such modification will be done in a manner consistent with the Rule.

(e) The City may file information with the MSRB, from time to time, in addition to that specifically required by this Agreement (a "Voluntary Filing"). If the City chooses to make a Voluntary Filing, the City shall have no obligation under this Agreement to update information contained in such Voluntary Filing or include such information in any future filing. Notwithstanding the foregoing provisions of this Section 2(e), the City is under no obligation to provide any Voluntary Filing.

Section 3. Events.

The City agrees to provide, or cause to be provided, in a timely manner, not in excess of ten (10) business days after the occurrence of the event, to the MSRB in an electronic format as prescribed by the MSRB, notice of the occurrence of any of the following events with respect to the Series A Bonds:

- (a) principal and interest payment delinquencies;
- (b) non-payment related defaults, if material;
- (c) unscheduled draws on debt service reserves reflecting financial difficulties;
- (d) unscheduled draws on credit enhancements reflecting financial difficulties;
- (e) substitution of credit or liquidity providers, or their failure to perform;
- (f) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the Series A Bonds;
- (g) modifications to rights of holders of the Series A Bonds, if material;
- (h) Series A Bond calls, if material, and tender offers;
- (i) Series A Bond defeasances;
- (j) release, substitution, or sale of property securing repayment of the Series A Bonds, if material;
- (k) rating changes;
- (l) bankruptcy, insolvency, receivership or similar event of the City;
- (m) the consummation of a merger, consolidation, or acquisition involving the City or the sale of all or substantially all of the assets of the City, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and
- (n) appointment of a successor or additional trustee or the change of name of a trustee, if material.

Section 4. Notice of Failure to Provide Annual Financial Information.

The City agrees to provide, or cause to be provided, in a timely manner, to the MSRB in an electronic format as prescribed by the MSRB, notice of any failure by the City to provide annual financial information as set forth in Section 2(a) hereof on or before the date set forth in Section 2(b) hereof.

Section 5. Use of Agents.

Annual financial information and operating data and notices to be provided pursuant to this Agreement may be provided by the City or by any agents which may be employed by the City for such purpose from time to time.

Section 6. Termination.

The obligations of the City under this Agreement shall terminate upon the earlier of (i) payment or legal defeasance, at maturity or otherwise, of all of the Series A Bonds, or (ii) such time as the City ceases to be an obligated person with respect to the Series A Bonds within the meaning of the Rule.

Section 7. Identifying Information.

All documents provided to the MSRB shall be accompanied by identifying information as prescribed by the MSRB.

Section 8. Enforcement.

The City acknowledges that the undertakings set forth in this Agreement are intended to be for the benefit of, and enforceable by, the beneficial owners from time to time of the Series A Bonds. In the event the City shall fail to perform its duties hereunder, the City shall have the option to cure such failure within a reasonable time (but not exceeding thirty (30) days with respect to the undertakings set forth in Section 2 hereof or five (5) business days with respect to undertakings set forth in Sections 3 and 4 hereof) from the time the Mayor receives written notice from any beneficial owner of the Series A Bonds of such failure. The present address of the Mayor is City of New Britain, 27 West Main Street, New Britain, Connecticut 06051. In the event the City does not cure such failure within the time specified above, the beneficial owner of any Series A Bonds shall be entitled only to the remedy of specific performance. The City expressly acknowledges and the beneficial owners are hereby deemed to expressly agree that no monetary damages shall arise or be payable hereunder nor shall any failure to comply with this Agreement constitute an event of default with respect to the Series A Bonds.

Section 9. Miscellaneous.

(a) The City shall have no obligation to provide any information, data or notices other than as set forth in this Agreement; provided, however, nothing in this Agreement shall be construed as prohibiting the City from providing such additional information, data or notices from time to time as it deems appropriate in connection with the Series A Bonds. If the City elects to provide any such additional information, data or notices, the City shall have no obligation under this Agreement to update or continue to provide further additional information, data or notices of the type so provided.

(b) This Agreement shall be governed by the laws of the State of Connecticut.

(c) Notwithstanding any other provision of this Agreement, the City may amend this Agreement, and any provision of this Agreement may be waived, if (i) such amendment or waiver is

made in connection with a change of circumstances that arises from a change in legal requirements, a change in law, or a change in the identity, nature or status of the City, (ii) the Agreement as so amended or waived would have complied with the requirements of the Rule as of the date of the Agreement, taking into account any amendments or interpretations of the Rule, as well as any changes in circumstances, and (iii) such amendment or waiver is supported by an opinion of counsel expert in federal securities laws to the effect that such amendment or waiver would not materially adversely affect the beneficial owner of the Series A Bonds. A copy of any such amendment or waiver will be filed in a timely manner with the MSRB. The annual financial information provided on the first date following the adoption of any such amendment or waiver will explain, in narrative form, the reasons for the amendment or waiver and the impact of the change in the type of operating data or financial information being provided.

CITY OF NEW BRITAIN, CONNECTICUT

By _____
Erin E. Stewart
Mayor

By _____
Mark DeGrandis
Treasurer

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**APPENDIX C-2 – FORM OF CONTINUING DISCLOSURE AGREEMENT
- SERIES B BONDS**

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APPENDIX C-2 - FORM OF CONTINUING DISCLOSURE AGREEMENT - SERIES B BONDS

In accordance with the requirements of Rule 15c2-12 promulgated by the Securities and Exchange Commission, the City will agree to provide, or cause to be provided, (i) certain annual financial information and operating data, (ii) timely, but not in excess of ten (10) business days after the occurrence of the event, notice of the occurrence of certain events with respect to the Series B Bonds, and (iii) timely notice of a failure by the City to provide the required annual financial information on or before a specified date, all pursuant to a Continuing Disclosure Agreement for the Series B Bonds substantially in the following form:

CONTINUING DISCLOSURE AGREEMENT

This Continuing Disclosure Agreement (the “Agreement”) is made as of the 1st day of March, 2017 by the City of New Britain, Connecticut (the “City”) acting by its undersigned officers, duly authorized, in connection with the issuance of the City’s \$13,005,000 Taxable General Obligation Refunding Bonds, 2017 Series B, dated March 1, 2017 (the “Series B Bonds”), for the benefit of the beneficial owners from time to time of the Series B Bonds.

Section 1. Definitions. For purposes of this Agreement, the following capitalized terms shall have the following meanings:

“MSRB” means the Municipal Securities Rulemaking Board established under the Securities Exchange Act of 1934, as amended, or any successor thereto. As of the date of this Agreement the MSRB has designated its Electronic Municipal Market Access System (“EMMA”) (<http://emma.msrb.org>) to receive submissions of continuing disclosure documents that are described in the Rule.

“Rule” means Rule 15c2-12 under the Securities Exchange Act of 1934, as of the date of this Agreement.

“SEC” means the Securities and Exchange Commission of the United States, or any successor thereto.

Section 2. Annual Financial Information.

(a) The City agrees to provide, or cause to be provided, to the MSRB in an electronic format as prescribed by the MSRB, in accordance with the provisions of the Rule and this Agreement, annual financial information and operating data (commencing with information and data for the fiscal year ending June 30, 2017), as follows:

(i) the audited general purpose financial statements of the City, which financial statements include the City’s general fund, any special revenue funds, enterprise and internal service (proprietary) funds, agency and trust (fiduciary) funds and the general fixed assets and general long-term debt account groups, for the prior fiscal year, which statements shall be prepared in accordance with generally accepted accounting principles or mandated state statutory principles as in effect from time to time. As of the date of this Agreement, the City prepares its financial statements in accordance with generally accepted accounting principles.

(ii) the following financial information and operating data to the extent not included in the financial statements described in (i) above:

- A. amounts of the gross and the net taxable grand list applicable to the fiscal year,
- B. listing of the ten largest taxpayers on the applicable grand list, together with each such taxpayer's taxable valuation thereon,
- C. percentage of the annual property tax levy uncollected as of the close of the preceding fiscal year,
- D. schedule of annual debt service on outstanding long-term bonded indebtedness as of the close of the fiscal year,
- E. calculation of total direct debt and total direct net debt as of the close of the fiscal year,
- F. total direct debt and total direct net debt of the City per capita,
- G. ratios of the total direct debt and total direct net debt of the City to the City's net taxable grand list,
- H. statement of statutory debt limitation as of the close of the fiscal year, and
- I. funding status of the City's pension benefit obligation.

(b) The financial information and operating data described above shall be provided not later than eight months after the close of the fiscal year for which such information is being provided, commencing with information for the fiscal year ending June 30, 2017. The City agrees that if audited information is not available eight months after the close of the fiscal year, it shall submit unaudited information by such time and will submit audited information when available.

(c) Annual financial information and operating data may be provided in whole or in part by reference to other documents available to the public on the MSRB's internet website or filed with the SEC. All or a portion of the financial information and operating data may be provided in the form of a comprehensive annual financial report.

(d) The City reserves the right (i) to provide financial statements which are not audited if no longer required by law, (ii) to modify from time to time the format for the presentation of such information or data, and (iii) to modify the accounting principles it follows to the extent required or permitted by law, by changes in generally accepted accounting principles, or by changes in accounting principles adopted by the City; provided that the City agrees that any such modification will be done in a manner consistent with the Rule.

(e) The City may file information with the MSRB, from time to time, in addition to that specifically required by this Agreement (a "Voluntary Filing"). If the City chooses to make a Voluntary Filing, the City shall have no obligation under this Agreement to update information contained in such Voluntary Filing or include such information in any future filing. Notwithstanding

the foregoing provisions of this Section 2(e), the City is under no obligation to provide any Voluntary Filing.

Section 3. Events.

The City agrees to provide, or cause to be provided, in a timely manner, not in excess of ten (10) business days after the occurrence of the event, to the MSRB in an electronic format as prescribed by the MSRB, notice of the occurrence of any of the following events with respect to the Series B Bonds:

- (a) principal and interest payment delinquencies;
- (b) non-payment related defaults, if material;
- (c) unscheduled draws on debt service reserves reflecting financial difficulties;
- (d) unscheduled draws on credit enhancements reflecting financial difficulties;
- (e) substitution of credit or liquidity providers, or their failure to perform;
- (f) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the Series B Bonds;
- (g) modifications to rights of holders of the Series B Bonds, if material;
- (h) Series B Bond calls, if material and tender offers;
- (i) Series B Bond defeasances;
- (j) release, substitution, or sale of property securing repayment of the Series B Bonds, if material;
- (k) rating changes;
- (l) bankruptcy, insolvency, receivership or similar event of the City;
- (m) the consummation of a merger, consolidation, or acquisition involving the City or the sale of all or substantially all of the assets of the City, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and
- (n) appointment of a successor or additional trustee or the change of name of a trustee, if material.

Section 4. Notice of Failure to Provide Annual Financial Information.

The City agrees to provide, or cause to be provided, in a timely manner, to the MSRB in an electronic format as prescribed by the MSRB, notice of any failure by the City to provide annual financial information as set forth in Section 2(a) hereof on or before the date set forth in Section 2(b) hereof.

Section 5. Use of Agents.

Annual financial information and operating data and notices to be provided pursuant to this Agreement may be provided by the City or by any agents which may be employed by the City for such purpose from time to time.

Section 6. Termination.

The obligations of the City under this Agreement shall terminate upon the earlier of (i) payment or legal defeasance, at maturity or otherwise, of all of the Series B Bonds, or (ii) such time as the City ceases to be an obligated person with respect to the Series B Bonds within the meaning of the Rule.

Section 7. Identifying Information.

All documents provided to the MSRB shall be accompanied by identifying information as prescribed by the MSRB.

Section 8. Enforcement.

The City acknowledges that the undertakings set forth in this Agreement are intended to be for the benefit of, and enforceable by, the beneficial owners from time to time of the Series B Bonds. In the event the City shall fail to perform its duties hereunder, the City shall have the option to cure such failure within a reasonable time (but not exceeding thirty (30) days with respect to the undertakings set forth in Section 2 hereof or five (5) business days with respect to undertakings set forth in Sections 3 and 4 hereof) from the time the City's Mayor receives written notice from any beneficial owner of the Series B Bonds of such failure. The present address of the City's Mayor is City of New Britain, 27 West Main Street, New Britain, Connecticut 06051. In the event the City does not cure such failure within the time specified above, the beneficial owner of any Series B Bonds shall be entitled only to the remedy of specific performance. The City expressly acknowledges and the beneficial owners are hereby deemed to expressly agree that no monetary damages shall arise or be payable hereunder nor shall any failure to comply with this Agreement constitute an event of default with respect to the Series B Bonds.

Section 9. Miscellaneous.

(a) The City shall have no obligation to provide any information, data or notices other than as set forth in this Agreement; provided, however, nothing in this Agreement shall be construed as prohibiting the City from providing such additional information, data or notices from time to time as it deems appropriate in connection with the Series B Bonds. If the City elects to provide any such additional information, data or notices, the City shall have no obligation under this Agreement to update or continue to provide further additional information, data or notices of the type so provided.

(b) This Agreement shall be governed by the laws of the State of Connecticut.

(c) Notwithstanding any other provision of this Agreement, the City may amend this Agreement, and any provision of this Agreement may be waived, if (i) such amendment or waiver is made in connection with a change of circumstances that arises from a change in legal requirements, a change in law, or a change in the identity, nature or status of the City, (ii) the Agreement as so amended or waived would have complied with the requirements of the Rule as of the date of the Agreement, taking into account any amendments or interpretations of the Rule, as well as any changes in circumstances, and (iii) such amendment or waiver is supported by an opinion of counsel expert in federal securities laws to the effect that such amendment or waiver would not materially adversely affect the beneficial owner of the Series B Bonds. A copy of any such amendment or waiver will be filed in a timely manner with the MSRB. The annual financial information provided on the first date following the adoption of any such amendment or waiver will explain, in narrative form, the reasons for the amendment or waiver and the impact of the change in the type of operating data or financial information being provided.

CITY OF NEW BRITAIN, CONNECTICUT

By _____
Erin E. Stewart
Mayor

By _____
Mark DeGrandis
Treasurer

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**APPENDIX C-3 – FORM OF CONTINUING DISCLOSURE AGREEMENT
- SERIES C BONDS**

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APPENDIX C-3 - FORM OF CONTINUING DISCLOSURE AGREEMENT - SERIES C BONDS

In accordance with the requirements of Rule 15c2-12 promulgated by the Securities and Exchange Commission, the City will agree to provide, or cause to be provided, (i) certain annual financial information and operating data, (ii) timely, but not in excess of ten (10) business days after the occurrence of the event, notice of the occurrence of certain events with respect to the Series C Bonds, and (iii) timely notice of a failure by the City to provide the required annual financial information on or before a specified date, all pursuant to a Continuing Disclosure Agreement for the Series C Bonds substantially in the following form:

CONTINUING DISCLOSURE AGREEMENT

This Continuing Disclosure Agreement (the "Agreement") is made as of the 15th day of March, 2017 by the City of New Britain, Connecticut (the "City") acting by its undersigned officers, duly authorized, in connection with the issuance of the City's \$53,145,000 Tax-Exempt General Obligation Bonds, 2017 Series C, dated March 15, 2017 (the "Series C Bonds"), for the benefit of the beneficial owners from time to time of the Series C Bonds.

Section 1. Definitions. For purposes of this Agreement, the following capitalized terms shall have the following meanings:

"MSRB" means the Municipal Securities Rulemaking Board established under the Securities Exchange Act of 1934, as amended, or any successor thereto. As of the date of this Agreement, the MSRB has designated its Electronic Municipal Market Access System ("EMMA") (<http://emma.msrb.org>) to receive submissions of continuing disclosure documents that are described in the Rule.

"Rule" means Rule 15c2-12 under the Securities Exchange Act of 1934, as of the date of this Agreement.

"SEC" means the Securities and Exchange Commission of the United States, or any successor thereto.

Section 2. Annual Financial Information.

(a) The City agrees to provide, or cause to be provided, to the MSRB in an electronic format as prescribed by the MSRB, in accordance with the provisions of the Rule and this Agreement, annual financial information and operating data (commencing with information and data for the fiscal year ending June 30, 2017), as follows:

(i) the audited general purpose financial statements of the City, which financial statements include the City's general fund, any special revenue funds, enterprise and internal service (proprietary) funds, agency and trust (fiduciary) funds and the general fixed assets and general long-term debt account groups, for the prior fiscal year, which statements shall be prepared in accordance with generally accepted accounting principles or mandated state statutory principles as in effect from time to time. As of the date of this Agreement, the City prepares its financial statements in accordance with generally accepted accounting principles.

(ii) the following financial information and operating data to the extent not included in the financial statements described in (i) above:

- A. amounts of the gross and the net taxable grand list applicable to the fiscal year,
- B. listing of the ten largest taxpayers on the applicable grand list, together with each such taxpayer's taxable valuation thereon,
- C. percentage of the annual property tax levy uncollected as of the close of the preceding fiscal year,
- D. schedule of annual debt service on outstanding long-term bonded indebtedness as of the close of the fiscal year,
- E. calculation of total direct debt and total direct net debt as of the close of the fiscal year,
- F. total direct debt and total direct net debt of the City per capita,
- G. ratios of the total direct debt and total direct net debt of the City to the City's net taxable grand list,
- H. statement of statutory debt limitation as of the close of the fiscal year, and
- I. funding status of the City's pension benefit obligation.

(b) The financial information and operating data described above shall be provided not later than eight months after the close of the fiscal year for which such information is being provided, commencing with information for the fiscal year ending June 30, 2017. The City agrees that if audited information is not available eight months after the close of the fiscal year, it shall submit unaudited information by such time and will submit audited information when available.

(c) Annual financial information and operating data may be provided in whole or in part by reference to other documents available to the public on the MSRB's internet website or filed with the SEC. All or a portion of the financial information and operating data may be provided in the form of a comprehensive annual financial report.

(d) The City reserves the right (i) to provide financial statements which are not audited if no longer required by law, (ii) to modify from time to time the format for the presentation of such information or data, and (iii) to modify the accounting principles it follows to the extent required or permitted by law, by changes in generally accepted accounting principles, or by changes in accounting principles adopted by the City; provided that the City agrees that any such modification will be done in a manner consistent with the Rule.

(e) The City may file information with the MSRB, from time to time, in addition to that specifically required by this Agreement (a "Voluntary Filing"). If the City chooses to make a Voluntary Filing, the City shall have no obligation under this Agreement to update information contained in such Voluntary Filing or include such information in any future filing. Notwithstanding the foregoing provisions of this Section 2(e), the City is under no obligation to provide any Voluntary Filing.

Section 3. Events.

The City agrees to provide, or cause to be provided, in a timely manner, not in excess of ten (10) business days after the occurrence of the event, to the MSRB in an electronic format as prescribed by the MSRB, notice of the occurrence of any of the following events with respect to the Series C Bonds:

- (a) principal and interest payment delinquencies;
- (b) non-payment related defaults, if material;
- (c) unscheduled draws on debt service reserves reflecting financial difficulties;
- (d) unscheduled draws on credit enhancements reflecting financial difficulties;
- (e) substitution of credit or liquidity providers, or their failure to perform;
- (f) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the Series C Bonds;
- (g) modifications to rights of holders of the Series C Bonds, if material;
- (h) Series C Bond calls, if material, and tender offers;
- (i) Series C Bond defeasances;
- (j) release, substitution, or sale of property securing repayment of the Series C Bonds, if material;
- (k) rating changes;
- (l) bankruptcy, insolvency, receivership or similar event of the City;
- (m) the consummation of a merger, consolidation, or acquisition involving the City or the sale of all or substantially all of the assets of the City, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and
- (n) appointment of a successor or additional trustee or the change of name of a trustee, if material.

Section 4. Notice of Failure to Provide Annual Financial Information.

The City agrees to provide, or cause to be provided, in a timely manner, to the MSRB in an electronic format as prescribed by the MSRB, notice of any failure by the City to provide annual financial information as set forth in Section 2(a) hereof on or before the date set forth in Section 2(b) hereof.

Section 5. Use of Agents.

Annual financial information and operating data and notices to be provided pursuant to this Agreement may be provided by the City or by any agents which may be employed by the City for such purpose from time to time.

Section 6. Termination.

The obligations of the City under this Agreement shall terminate upon the earlier of (i) payment or legal defeasance, at maturity or otherwise, of all of the Series C Bonds, or (ii) such time as the City ceases to be an obligated person with respect to the Series C Bonds within the meaning of the Rule.

Section 7. Identifying Information.

All documents provided to the MSRB shall be accompanied by identifying information as prescribed by the MSRB.

Section 8. Enforcement.

The City acknowledges that the undertakings set forth in this Agreement are intended to be for the benefit of, and enforceable by, the beneficial owners from time to time of the Series C Bonds. In the event the City shall fail to perform its duties hereunder, the City shall have the option to cure such failure within a reasonable time (but not exceeding thirty (30) days with respect to the undertakings set forth in Section 2 hereof or five (5) business days with respect to undertakings set forth in Sections 3 and 4 hereof) from the time the Mayor receives written notice from any beneficial owner of the Series C Bonds of such failure. The present address of the Mayor is City of New Britain, 27 West Main Street, New Britain, Connecticut 06051. In the event the City does not cure such failure within the time specified above, the beneficial owner of any Series C Bonds shall be entitled only to the remedy of specific performance. The City expressly acknowledges and the beneficial owners are hereby deemed to expressly agree that no monetary damages shall arise or be payable hereunder nor shall any failure to comply with this Agreement constitute an event of default with respect to the Series C Bonds.

Section 9. Miscellaneous.

(a) The City shall have no obligation to provide any information, data or notices other than as set forth in this Agreement; provided, however, nothing in this Agreement shall be construed as prohibiting the City from providing such additional information, data or notices from time to time as it deems appropriate in connection with the Series C Bonds. If the City elects to provide any such additional information, data or notices, the City shall have no obligation under this Agreement to update or continue to provide further additional information, data or notices of the type so provided.

(b) This Agreement shall be governed by the laws of the State of Connecticut.

(c) Notwithstanding any other provision of this Agreement, the City may amend this Agreement, and any provision of this Agreement may be waived, if (i) such amendment or waiver is made in connection with a change of circumstances that arises from a change in legal requirements, a change in law, or a change in the identity, nature or status of the City, (ii) the Agreement as so amended or waived would have complied with the requirements of the Rule as of the date of the Agreement, taking into account any amendments or interpretations of the Rule, as well as any changes in circumstances, and (iii) such amendment or waiver is supported by an opinion of counsel expert in federal securities laws to the effect that such amendment or waiver would not materially adversely

affect the beneficial owner of the Series C Bonds. A copy of any such amendment or waiver will be filed in a timely manner with the MSRB. The annual financial information provided on the first date following the adoption of any such amendment or waiver will explain, in narrative form, the reasons for the amendment or waiver and the impact of the change in the type of operating data or financial information being provided.

CITY OF NEW BRITAIN, CONNECTICUT

By _____
Erin E. Stewart
Mayor

By _____
Mark DeGrandis
Treasurer

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APPENDIX D – SPECIMEN MUNICIPAL BOND INSURANCE POLICY

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MUNICIPAL BOND INSURANCE POLICY

ISSUER:

BONDS: \$ in aggregate principal amount of

Policy No: -N

Effective Date:

Premium: \$

ASSURED GUARANTY MUNICIPAL CORP. ("AGM"), for consideration received, hereby UNCONDITIONALLY AND IRREVOCABLY agrees to pay to the trustee (the "Trustee") or paying agent (the "Paying Agent") (as set forth in the documentation providing for the issuance of and securing the Bonds) for the Bonds, for the benefit of the Owners or, at the election of AGM, directly to each Owner, subject only to the terms of this Policy (which includes each endorsement hereto), that portion of the principal of and interest on the Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer.

On the later of the day on which such principal and interest becomes Due for Payment or the Business Day next following the Business Day on which AGM shall have received Notice of Nonpayment, AGM will disburse to or for the benefit of each Owner of a Bond the face amount of principal of and interest on the Bond that is then Due for Payment but is then unpaid by reason of Nonpayment by the Issuer, but only upon receipt by AGM, in a form reasonably satisfactory to it, of (a) evidence of the Owner's right to receive payment of the principal or interest then Due for Payment and (b) evidence, including any appropriate instruments of assignment, that all of the Owner's rights with respect to payment of such principal or interest that is Due for Payment shall thereupon vest in AGM. A Notice of Nonpayment will be deemed received on a given Business Day if it is received prior to 1:00 p.m. (New York time) on such Business Day; otherwise, it will be deemed received on the next Business Day. If any Notice of Nonpayment received by AGM is incomplete, it shall be deemed not to have been received by AGM for purposes of the preceding sentence and AGM shall promptly so advise the Trustee, Paying Agent or Owner, as appropriate, who may submit an amended Notice of Nonpayment. Upon disbursement in respect of a Bond, AGM shall become the owner of the Bond, any appurtenant coupon to the Bond or right to receipt of payment of principal of or interest on the Bond and shall be fully subrogated to the rights of the Owner, including the Owner's right to receive payments under the Bond, to the extent of any payment by AGM hereunder. Payment by AGM to the Trustee or Paying Agent for the benefit of the Owners shall, to the extent thereof, discharge the obligation of AGM under this Policy.

Except to the extent expressly modified by an endorsement hereto, the following terms shall have the meanings specified for all purposes of this Policy. "Business Day" means any day other than (a) a Saturday or Sunday or (b) a day on which banking institutions in the State of New York or the Insurer's Fiscal Agent are authorized or required by law or executive order to remain closed. "Due for Payment" means (a) when referring to the principal of a Bond, payable on the stated maturity date thereof or the date on which the same shall have been duly called for mandatory sinking fund redemption and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by mandatory sinking fund redemption), acceleration or other advancement of maturity unless AGM shall elect, in its sole discretion, to pay such principal due upon such acceleration together with any accrued interest to the date of acceleration and (b) when referring to interest on a Bond, payable on the stated date for payment of interest. "Nonpayment" means, in respect of a Bond, the failure of the Issuer to have provided sufficient funds to the Trustee or, if there is no Trustee, to the Paying Agent for payment in full of all principal and interest that is Due for Payment on such Bond. "Nonpayment" shall also include, in respect of a Bond, any payment of principal or interest that is Due for Payment made to an Owner by or on behalf of the Issuer which has been recovered from such Owner pursuant to the

United States Bankruptcy Code by a trustee in bankruptcy in accordance with a final, nonappealable order of a court having competent jurisdiction. "Notice" means telephonic or telecopied notice, subsequently confirmed in a signed writing, or written notice by registered or certified mail, from an Owner, the Trustee or the Paying Agent to AGM which notice shall specify (a) the person or entity making the claim, (b) the Policy Number, (c) the claimed amount and (d) the date such claimed amount became Due for Payment. "Owner" means, in respect of a Bond, the person or entity who, at the time of Nonpayment, is entitled under the terms of such Bond to payment thereof, except that "Owner" shall not include the Issuer or any person or entity whose direct or indirect obligation constitutes the underlying security for the Bonds.

AGM may appoint a fiscal agent (the "Insurer's Fiscal Agent") for purposes of this Policy by giving written notice to the Trustee and the Paying Agent specifying the name and notice address of the Insurer's Fiscal Agent. From and after the date of receipt of such notice by the Trustee and the Paying Agent, (a) copies of all notices required to be delivered to AGM pursuant to this Policy shall be simultaneously delivered to the Insurer's Fiscal Agent and to AGM and shall not be deemed received until received by both and (b) all payments required to be made by AGM under this Policy may be made directly by AGM or by the Insurer's Fiscal Agent on behalf of AGM. The Insurer's Fiscal Agent is the agent of AGM only and the Insurer's Fiscal Agent shall in no event be liable to any Owner for any act of the Insurer's Fiscal Agent or any failure of AGM to deposit or cause to be deposited sufficient funds to make payments due under this Policy.

To the fullest extent permitted by applicable law, AGM agrees not to assert, and hereby waives, only for the benefit of each Owner, all rights (whether by counterclaim, setoff or otherwise) and defenses (including, without limitation, the defense of fraud), whether acquired by subrogation, assignment or otherwise, to the extent that such rights and defenses may be available to AGM to avoid payment of its obligations under this Policy in accordance with the express provisions of this Policy.

This Policy sets forth in full the undertaking of AGM, and shall not be modified, altered or affected by any other agreement or instrument, including any modification or amendment thereto. Except to the extent expressly modified by an endorsement hereto, (a) any premium paid in respect of this Policy is nonrefundable for any reason whatsoever, including payment, or provision being made for payment, of the Bonds prior to maturity and (b) this Policy may not be canceled or revoked. THIS POLICY IS NOT COVERED BY THE PROPERTY/CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 76 OF THE NEW YORK INSURANCE LAW.

In witness whereof, ASSURED GUARANTY MUNICIPAL CORP. has caused this Policy to be executed on its behalf by its Authorized Officer.

ASSURED GUARANTY MUNICIPAL CORP.

By _____
Authorized Officer

A subsidiary of Assured Guaranty Municipal Holdings Inc.
1633 Broadway, New York, N.Y. 10019
(212) 974-0100

Form 500NY (5/90)

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