

## Final Official Statement Dated March 15, 2012

**New Issue – Book-Entry Only**

**Ratings: Moody's Investors Service: Aa3\* / MIG 1  
\*Assured Guaranty Municipal Corp. Insured**

In the opinion of Bond Counsel, based on existing statutes and court decisions and rendered in reliance upon and assuming the material accuracy of representations and continuing compliance by the City of New Britain with certain covenants and procedures relating to requirements of the Internal Revenue Code of 1986, as amended (the "Code"), interest on the Bonds and the Notes is excludable from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations however, with respect to certain corporations, such interest on the Bonds and the Notes is taken into account in the calculation of adjusted current earnings for the purpose of the federal alternative minimum tax. In the opinion of Bond Counsel, based on existing statutes, interest on the Bonds and the Notes is excludable from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates, and is excludable 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. See "Tax Exemption" herein.



### City of New Britain, Connecticut

**\$34,015,000**

#### General Obligation Bonds, Issue of 2012

**Dated: Date of Delivery**

**Due: Serially, March 15, 2013 – 2027  
As detailed below:**

Interest on the Bonds will be payable on September 15, 2012 and semiannually thereafter on March 15 and September 15 in each year until maturity. The Bonds will be issued in book-entry-only form whereby the beneficial owners of the Bonds will not receive physical delivery of bond certificates. Principal of, and interest payments on, the Bonds will be made by the City of New Britain, Connecticut (the "City") to The Depository Trust Company, New York, New York ("DTC"), or its nominee as registered owner of the Bonds. DTC will credit its participants in accordance with their respective holdings shown in the records of DTC. It is anticipated that the beneficial owners of the Bonds will receive payment or credit from DTC participants and other nominees of the beneficial owners. Ownership of the Bonds may be in principal amounts of \$5,000 or integral multiples thereof. (See "Book-Entry-Only Transfer System" herein.)

The Bonds are subject to redemption prior to maturity as more fully described under "Redemption Provisions" herein.

Year	Principal Amount	Coupon Rate	Yield	CUSIP	Year	Principal Amount	Coupon Rate	Yield	CUSIP
2013	\$ 2,670,000	2.000%	0.480%	6427133N9	2021	\$ 2,670,000	3.000%	3.000%	6427133W9
2014	2,670,000	3.000%	0.740%	6427133P4	2022	2,660,000	3.000%	3.100%	6427133X7
2015	2,670,000	4.000%	1.040%	6427133Q2	2023	1,465,000	3.000%	3.250%	6427133Y5
2016	2,670,000	3.000%	1.500%	6427133R0	2024	1,465,000	3.125%	3.350%	6427133Z2
2017	2,670,000	3.000%	1.750%	6427133S8	2025	1,465,000	3.250%	3.450%	6427134A6
2018	2,670,000	3.000%	2.100%	6427133T6	2026	1,465,000	3.375%	3.550%	6427134B4
2019	2,670,000	3.000%	2.400%	6427133U3	2027	1,465,000	3.500%	3.600%	6427134C2
2020	2,670,000	3.000%	2.750%	6427133V1					

## Citigroup

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.



**\$33,135,000**

#### General Obligation Bond Anticipation Notes

**Dated: March 28, 2012**  
**Due: March 27, 2013**  
**CUSIP: 6427133M1**

**Rate: 1.25%**  
**Yield: 0.25%**  
**Undwriter: Oppenheimer & Co., Inc.**

The Notes will be issued in book-entry-only form and will be registered in the name of Cede & Co., as note owner and nominee for DTC, New York, New York. (See "Book-Entry-Only Transfer System" herein.) The Notes are not subject to redemption prior to maturity.

The Bonds and Notes will be general obligations of the City and the City will pledge its full faith and credit to pay the principal of and the interest on the Bonds and Notes when due. (See "Security and Remedies" herein.)

The Registrar, Transfer Agent, Paying Agent, and Certifying Agent will be U.S. Bank National Association, Goodwin Square, 225 Asylum Street, 23<sup>rd</sup> Floor, Hartford, Connecticut 06103.

The Bonds and Notes are offered for delivery when, as and if issued, subject to the approving opinion of Pullman & Comley, LLC, Bond Counsel, of Bridgeport and Hartford, Connecticut and certain other conditions. It is expected that delivery of the Bonds and Notes in book-entry-only form will be made to DTC on or about March 28, 2012.

No dealer, broker, salesman or other person has been authorized by the City to give any information or to make any representations not contained in this Official Statement or any supplement, which may be issued hereto, and if given or made, such other information or representations must not be relied upon as having been authorized. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor any sale of the Bonds or the Notes by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale.

This Official Statement has been prepared only in connection with the initial offering and sale of the Bonds and the Notes and may not be reproduced or used in whole or in part for any other purpose. The information, estimates and expressions of opinion in this Official Statement are subject to change without notice. Neither the delivery of this Official Statement nor any sale of the Bonds and the Notes shall, under any circumstances, create any implication that there has been no material change in the affairs of the City since the date of this Official Statement.

The independent auditors for the City are not passing upon and do not assume responsibility for the accuracy or completeness of the financial information presented in this Official Statement (other than matters expressly set forth in their opinion in Appendix A), and they make no representation that they have independently verified the same.

Other than as to matters expressly set forth herein as the opinion of Bond Counsel, Bond Counsel is not passing on and does not assume any responsibility for the accuracy or adequacy of the statements made in this Official Statement and makes no representation that it has independently verified the same.

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 "Appendix H – Bond Insurance and Specimen Municipal Bond Insurance Policy".

## **TABLE OF CONTENTS**

<b>Bond Issue Summary .....</b>	<b>1</b>	Property Tax Levies and Collections.....	33
<b>Note Issue Summary .....</b>	<b>2</b>	Property Taxes Receivable .....	33
<b>I. Bond &amp; Note Information.....</b>	<b>3</b>	<b>V. Debt Summary.....</b>	<b>34</b>
Introduction .....	3	General Fund Long-Term Bonded Debt.....	34
Financial Advisor .....	3	Self-Liquidating Long-Term Bonded Debt .....	35
The Bonds .....	4	Short-Term Debt .....	35
Description of the Bonds.....	4	General Fund Annual Bonded Debt Maturity Schedule .....	36
Redemption Provisions .....	4	Self-Liquidating Annual Bonded Debt Maturity Schedule.....	36
The Notes .....	4	Interest Rate Swap Agreements.....	37
Description of the Notes .....	4	Overlapping/Underlying Debt .....	38
Authorization and Purpose.....	5	Underlying Debt: .....	38
Use of Proceeds .....	5	Overlapping Debt:.....	38
School Projects:.....	5	Debt Statement .....	38
Capital Equipment:.....	6	Current Debt Ratios .....	39
Public Improvement:.....	7	Limitation of Indebtedness .....	39
DTC Practices .....	10	Statement of Statutory Debt Limitation.....	40
Replacement Bonds.....	11	Authorized but Unissued Debt.....	41
Security and Remedies .....	11	Ratio of Net Long-Term Debt to Valuation, Population.....	41
Qualification for Financial Institutions .....	11	and Income.....	41
Availability of Continuing Disclosure .....	12	Ratio of Annual Debt Service Expenditures for Total Long-Term	
Ratings.....	12	Debt.....	42
Tax Exemption .....	12	To General Fund Expenditures .....	42
Legal Opinion.....	14	Principal Amount of Outstanding Debt .....	42
Registrar, Transfer Agent, Paying Agent and Certifying Agent ....	14	Capital Improvement Program Summary.....	42
Bond Insurance.....	14	Capital Improvement Program.....	43
<b>II. The Issuer.....</b>	<b>15</b>	<b>VI. Financial Administration.....</b>	<b>44</b>
Description of the Issuer .....	15	Audit.....	44
Form of Government .....	16	Fiscal Year .....	44
Principal Municipal Officials.....	17	Budget Adoption .....	44
Employee Relations .....	18	Significant Financial Policies .....	44
Municipal Services .....	19	Investment Policy.....	45
Educational System .....	24	Pension Programs and Other Post Employment Benefits .....	46
School Facilities.....	25	Funding Policy .....	46
School Enrollment and Projections.....	25	Employee Retirement System.....	47
<b>III. Economic and Demographic Information .....</b>	<b>26</b>	Other Post-Employment Benefits .....	48
Population and Density .....	26	General Fund Revenues and Expenditures .....	49
Population by Age.....	26	Last Four Fiscal Years and Current Budget .....	49
Income Distribution .....	27	<b>VII. Legal and Other Information .....</b>	<b>50</b>
Income Levels .....	27	Legal Matters .....	50
Major Employers .....	27	Litigation .....	50
Employment Data.....	28	Transcript and Closing Documents .....	50
Employment by Industry.....	28	Other Information .....	51
Educational Attainment.....	29	Concluding Statement.....	51
Building Permits.....	29	Appendix A – 2011 General Purpose Financial Statements	
Land Use Summary .....	30	Appendix B - Form of Legal Opinion of Bond Counsel - The Bonds	
<b>IV. Tax Base Data .....</b>	<b>31</b>	Appendix C - Form of Legal Opinion of Bond Counsel - The Notes	
Property Tax Assessments .....	31	Appendix D - Form of Continuing Disclosure Agreement - The Bonds	
Levy.....	31	Appendix E - Form of Continuing Disclosure Agreement - The Notes	
Net Taxable Grand List.....	32	Appendix F - Notice of Sale - The Bonds	
Tax Exempt Property .....	32	Appendix G - Notice of Sale - The Notes	
Ten Largest Taxpayers.....	32	Appendix H – Bond Insurance and Specimen Municipal Bond Insurance Policy	

## **Bond Issue Summary**

*The information in this Bond Issue Summary and the front cover page is qualified in its entirety by the detailed information and financial statements appearing elsewhere in this Official Statement. This Official Statement speaks only as of its date and the information herein is subject to change.*

<b>Date of Sale:</b>	Thursday, March 15, 2012 at 11:30 A.M. (E.S.T.).
<b>Location of Sale:</b>	City of New Britain, City Hall, Office of the Mayor, 27 West Main Street, New Britain, Connecticut, 06051
<b>Issuer:</b>	City of New Britain, Connecticut (the "City").
<b>Issue:</b>	\$34,015,000 General Obligation Bonds, Issue of 2012 (the "Bonds").
<b>Dated Date:</b>	Date of Delivery
<b>Principal and Interest Due:</b>	Principal due serially March 15, 2013 through March 15, 2027. Interest due March 15 and September 15 in each year until maturity, commencing September 15, 2012.
<b>Purpose:</b>	The Bond proceeds will be used to finance and refinance general purpose and school projects.
<b>Redemption:</b>	The Bonds are subject to redemption prior to maturity, as more fully described herein.
<b>Security:</b>	The 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 Bonds when due.
<b>Credit Rating:</b>	Moody's Investors Service has assigned a rating of "Aa3" (on review for possible downgrade) to the Bonds with the understanding that a municipal bond insurance policy will be issued by Assured Guaranty Municipal Corporation concurrently with the delivery of the Bonds. The City's underlying rating is "A1" from Moody's Investors Service. The City also has outstanding ratings of "A" from Standard & Poor's Corporation and "AA-" from Fitch Ratings.
<b>Bond Insurance:</b>	Assured Guaranty Municipal Corp. has made a commitment to issue an insurance policy concurrently with the delivery of the Bonds. (See Appendix H – "Bond Insurance and Specimen Municipal Bond Insurance Policy").
<b>Basis of Award:</b>	Lowest True Interest Cost (TIC).
<b>Tax Exemption:</b>	See "Tax Exemption" herein.
<b>Bank Qualification:</b>	The 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 of interest expense allocable to the Bonds.
<b>Continuing Disclosure:</b>	In accordance with the requirements of Rule 15c2-12(b)(5) promulgated by the Securities and Exchange Commission, the City will agree to provide, or cause to be provided, and notices of material events with respect to the Bonds pursuant to a Continuing Disclosure Agreement to be executed by the City substantially in the form attached as Appendix D to this Official Statement.
<b>Registrar, Transfer Agent, Certifying Agent, and Paying Agent:</b>	U.S. Bank National Association, 225 Asylum Street, Hartford, Connecticut 06103.
<b>Financial Advisor:</b>	Phoenix Advisors, LLC of Milford, Connecticut will act as Financial Advisor. Phone: (203) 878-4945.
<b>Legal Opinion:</b>	Pullman & Comley, LLC, of Hartford and Bridgeport, Connecticut will act as Bond Counsel.
<b>Delivery and Payment:</b>	It is expected that delivery of the Bonds in book-entry-only form will be made on or about March 28, 2012 against payment in Federal Funds.
<b>Issuer Official:</b>	Questions concerning the Official Statement should be addressed to Mr. Bob Curry, Director of Finance, City Hall, 27 West Main Street, New Britain, Connecticut, 06051. Telephone (860) 826-3440.

## **Note Issue Summary**

*The information in this Summary Statement, the front cover page and inside cover page 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 decision. The Official Statement speaks only as of its date and the information herein is subject to change.*

<b>Date of Sale:</b>	Thursday, March 15, 2012 from 11:00 A.M. (E.S.T.).
<b>Location of Sale:</b>	City of New Britain, City Hall, Office of the Mayor, 27 West Main Street, New Britain, Connecticut, 06051
<b>Issuer:</b>	City of New Britain, Connecticut (the "City").
<b>Issue:</b>	\$33,135,000 Bond Anticipation Notes, Issue of 2012 (the "Notes").
<b>Dated Date:</b>	March 28, 2012
<b>Principal and Interest Due:</b>	At maturity: March 27, 2013
<b>Purpose:</b>	The Notes proceeds will be used to finance and refinance general purpose and school projects.
<b>Redemption:</b>	The Notes are NOT subject to redemption prior to maturity.
<b>Security:</b>	The Notes 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 Notes when due.
<b>Credit Rating:</b>	The Notes have been rated 'MIG 1' by Moody's Investors Service.
<b>Bond Insurance:</b>	The City has not purchased a credit enhancement facility for the Notes.
<b>Basis of Award:</b>	Lowest Net Interest Cost (NIC).
<b>Tax Exemption:</b>	See "Tax Exemption" herein.
<b>Bank Qualification:</b>	The Notes 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 of interest expense allocable to the Notes.
<b>Continuing Disclosure:</b>	In accordance with the requirements of Rule 15c2-12(b)(5) promulgated by the Securities and Exchange Commission, the City will agree to provide, or cause to be provided, and notices of material events with respect to the Bonds pursuant to a Continuing Disclosure Agreement to be executed by the City substantially in the form attached as Appendix D to this Official Statement.
<b>Registrar, Transfer Agent, Certifying Agent, and Paying Agent:</b>	U.S. Bank National Association, 225 Asylum Street, Hartford, Connecticut 06103.
<b>Financial Advisor:</b>	Phoenix Advisors, LLC of Milford, Connecticut will act as Financial Advisor. Phone: (203) 878-4945.
<b>Legal Opinion:</b>	Pullman & Comley, LLC, of Hartford and Bridgeport, Connecticut will act as Bond Counsel.
<b>Delivery and Payment:</b>	It is expected that delivery of the Bonds in book-entry-only form will be made on or about March 28, 2012 against payment in Federal Funds.
<b>Issuer Official:</b>	Questions concerning the Official Statement should be addressed to Mr. Bob Curry, Director of Finance, City Hall, 27 West Main Street, New Britain, Connecticut, 06051. Telephone (860) 826-3440.

## ***I. Bond & Note 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 issuance and sale of \$34,015,000 General Obligation Bonds, Issue of 2012 (the "Bonds") and \$33,135,000 General Obligation Bond Anticipation Notes (the "Notes") of the City.

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 and the Notes. Any statement 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. No representation is made that past experience, as might be shown by financial or other information herein, will necessarily continue or be repeated in the future. 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 documents; and all references to the Bonds and the Notes and the proceedings of the City relating thereto are qualified in their entirety by reference to the definitive forms of the Bonds and the Notes and such proceedings.

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

The Bonds and the Notes are being offered for sale at public bidding. Notices of Sale for the Bonds and the Notes dated March 8, 2012 have been furnished to prospective bidders. Reference is made to the respective Notices of Sale for the terms and conditions of the bidding.

In accordance with the requirements of Rule 15c2-12(b)(1) promulgated by the Securities and Exchange Commission, the City will agree to provide, or cause to be provided, notices of material events with respect to the Bonds and the Notes pursuant to Continuing Disclosure Agreements to be executed substantially in the forms of Appendices D and E to this Official Statement. The successful bidder's obligation to purchase the Bonds and the Notes shall be conditioned upon its receiving, at or prior to the delivery of the Bonds and the Notes, an executed copy of the Continuing Disclosure Statement.

U.S. Bank National Association will certify and act as the Registrar, Transfer Agent, Paying Agent and Certifying Agent for the Bonds and the Notes.

### ***Financial Advisor***

Phoenix Advisors, LLC, of Milford, Connecticut has served as Financial Advisor to the City with respect to the issuance of the Bonds and the Notes (the "Financial Advisor"). The information in this Official Statement has been prepared by the City with the help of the Financial Advisor. The Financial Advisor is not obligated to undertake, and has not undertaken, either to make an independent verification of or to assume responsibility for the accuracy, completeness, or fairness of the information contained in the Official Statement and the appendices hereto.

The Financial Advisor is an independent firm and is not engaged in the business of underwriting, trading or distributing municipal securities or other public securities.

## ***The Bonds***

### ***Description of the Bonds***

The Bonds will be dated the date of delivery and will bear interest at the rates per annum specified on the front cover page, payable semiannually on March 15 and September 15 in each year until maturity, commencing March 15, 2013. Interest will be calculated on the basis of a 360-day year, consisting of twelve 30-day months. Interest is payable to the registered owner as of the close of business on the last business day of February and August in each year, by check mailed to the registered owner; or so long as the Bonds are registered in the name of Cede & Co., as nominee of DTC, by such other means as DTC, the Paying Agent and the City shall agree. Principal will be payable at the principal office of U.S. Bank National Association. The Bonds will be issued as fully registered in denominations of \$5,000 or any integral multiple thereof.

### ***Redemption Provisions***

The Bonds maturing on or before March 15, 2020 are not subject to redemption prior to maturity. The Bonds maturing on March 15, 2021 and thereafter are subject to redemption prior to maturity, at the election of the City, on or after March 15, 2020, at any time, either 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 the Bonds to be redeemed), set forth in the following table, plus interest accrued and unpaid to the redemption date:

<b><i>Redemption Dates</i></b>	<b><i>Redemption Prices</i></b>
March 15, 2020 and thereafter.....	100.0%

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 as the same shall last appear on the registration books for the Bonds. 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 Bonds. Upon the giving of such notice, if sufficient funds available solely for redemption are on deposit with the Paying Agent, the Bonds or portions thereof so called for redemption will cease to bear interest after the specified redemption date.

If less than all of the Bonds of any one maturity shall be called for redemption, the particular Bonds or portions of the 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 Bonds to be redeemed shall be in the principal amount of \$5,000 or a multiple thereof and that, in selecting Bonds for redemption, each Bond shall be considered as representing that number of 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 Bonds, will send any notice of redemption only to DTC (or 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 Bonds called for redemption. Redemption of portions of the 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 interest held by DTC Participants in the Bonds to be redeemed, the interest to be reduced by such redemptions in accordance with its own rules or other agreements with DTC Participants. The DTC Participants and Indirect Participants may allocate reductions of the interests in the Bonds to be redeemed held by the Beneficial Owners. Any such allocation of reductions of interests in the Bonds to be redeemed will not be governed by the determination of the City authorizing the issuance of the Bonds and will not be conducted by the City, the Registrar or Paying Agent.

## ***The Notes***

### ***Description of the Notes***

The Notes will be dated March 28, 2012, and will be due and payable as to both principal and interest at maturity, March 27, 2013. The Notes will bear interest calculated on the basis of twelve 30-day months and a 360-day year at such rate or rates per annum as are specified by the successful bidder or bidders. A book-entry system will be employed evidencing ownership of the Notes in principal amounts of \$1,000 or any multiple thereof, with transfers of ownership effected on the records of DTC, and its participants pursuant to rules and procedures established by DTC and its participants. See "Book-Entry Transfer System". The Notes are not subject to redemption prior to maturity.

The Certifying Agent, Paying Agent, Registrar and Transfer Agent for the Notes will be U.S. Bank National Association, 225 Asylum Street, Hartford, Connecticut 06103.

### Authorization and Purpose

The Bonds and Notes are issued pursuant to Title 7, Chapter 109, Sections 7-369 et seq. of the Connecticut General Statutes (“CGS”), as amended, and appropriation and issuance of the Bonds and the Notes were authorized at various meetings of the City’s Board of Selectmen, Board of Finance and Representative City Meeting (the “RCM”).

### Use of Proceeds

The Bonds and Notes are being issued to provide financing for the following projects:

Amount Authorized to Bond	Bonding Committee Approval	Common Council Approval	Project Name (Original Resolution #)	Notes Maturing March 28, 2012	(Paydown / Reduction) New Money	Bonds this Issue	Notes this Issue
<b>School Projects</b>							
\$ 16,595,000	02/21/07	02/28/07	New Britain High School (284721).....	\$ 1,610,000	\$ 37,000	\$ 1,647,000	\$ -
8,225,000	07/11/07	08/22/07	Refoof Five Schools (29023-1).....	610,000	415,000	612,000	413,000
3,000,000	11/12/08	11/12/08	NBHS Code Compliance (302051).....	2,310,000	(1,265,000)	-	1,045,000
500,000	11/12/08	11/12/08	Smalley Academy Chiller (30207-1).....	480,000	10,000	490,000	-
10,000,000	04/07/10	04/14/10	Diloretto School (30944).....	535,000	1,965,000	-	2,500,000
1,700,000	07/02/08	07/09/08	Entrance/Security (302061).....	375,000	12,000	387,000	-
40,020,000			<b>Subtotal School.....</b>	<b>5,920,000</b>	<b>1,174,000</b>	<b>3,136,000</b>	<b>3,958,000</b>
<b>Capital Equipment</b>							
4,503,500	06/13/07	06/13/07	2005 Capital Equipment (28576-1).....	1,745,000	335,000	1,745,000	335,000
8,450,000	06/23/10	06/23/10	2007 Capital Equipment (29502).....	4,970,000	500,000	4,970,000	500,000
7,524,186	09/08/10	09/10/10	2010 Capital Equipment (31127-3).....	-	4,500,000	-	4,500,000
20,477,686			<b>Subtotal Capital Equipment.....</b>	<b>6,715,000</b>	<b>5,335,000</b>	<b>6,715,000</b>	<b>5,335,000</b>
<b>Public Improvement Projects</b>							
6,775,000	03/12/08	03/12/08	Badolato/Szczesny Garages (30026-1).....	1,285,000	4,370,000	1,004,000	4,651,000
8,550,000	11/12/08	11/12/08	Fafnir Booth Industrial Park (23307-1).....	660,000	-	660,000	-
5,350,000	01/28/09	01/28/09	Willow Street (24238-1).....	4,650,000	450,000	4,650,000	450,000
3,250,000	07/09/08	07/09/08	Fafnir Smart Park (26325-1).....	645,000	30,000	675,000	-
6,750,000	06/23/10	06/23/10	Environmental Remediation (27491-1).....	1,200,000	275,000	700,000	775,000
13,300,000	05/29/07	06/13/07	Broad/Washington Reconstron (26188).....	-	850,000	-	850,000
4,750,000	07/09/08	07/09/08	Storm Water System Imp (27488-1).....	2,725,000	135,000	2,100,000	760,000
7,946,000	06/20/06	06/28/06	Pinnacle Heights (29188-1) 2.....	3,300,000	1,995,000	3,300,000	1,995,000
22,058,000	01/28/09	01/28/09	Street Infrastructure (29503-1).....	5,625,000	2,942,000	5,012,000	3,555,000
2,000,000	09/17/07	09/26/07	Information Technology (29823-1).....	950,000	25,000	950,000	25,000
6,868,000	02/21/07	02/28/07	Transfer Station Rehab (29504-1).....	2,000,000	(170,000)	1,000,000	830,000
38,850,000	02/24/10	02/24/10	New Police Station (30892).....	-	3,845,000	-	3,845,000
5,750,000	02/08/12	02/08/12	Telecommunications .....	-	5,000,000	-	5,000,000
7,300,000	06/10/09	06/10/09	Beaver Street (30581-1).....	1,000,000	(440,000)	560,000	-
5,775,000	09/08/06	09/13/06	Bridge Program (29022-1).....	1,500,000	(425,000)	1,075,000	-
2,750,000	02/08/12	02/08/12	Forward Interest Rate Swap Termination.....	-	2,418,000	2,418,000	-
1,360,000	03/02/11	03/09/11	2011 Revaluation (28575).....	-	1,106,000	-	1,106,000
3,000,000	08/05/05	08/05/05	EMS Facility and Vehicles (27719-1/28697-1).....	60,000	-	60,000	-
152,382,000			<b>Subtotal Public Improvement.....</b>	<b>25,600,000</b>	<b>22,406,000</b>	<b>24,164,000</b>	<b>23,842,000</b>
\$ 212,879,686			<b>TOTAL ISSUE.....</b>	<b>\$ 38,235,000</b>	<b>\$ 28,915,000</b>	<b>\$ 34,015,000</b>	<b>\$ 33,135,000</b>

### School Projects:

**NEW BRITAIN HIGH SCHOOL:** \$16,595,000 was appropriated, and the issuance of bonds and notes was authorized, for the following projects:

\$3,245,000 was appropriated for the construction of an Alternative Behavioral Center in a pre-engineered building comprised of approximately 10,000 sq. ft. of space, including land acquisition costs, site improvements and construction of an access road to South Main Street.

\$46,000 was appropriated for eight modular classrooms comprised of approximately 10,000 sq. ft. of space, site improvements and construction of an access road to South Main Street and upgrading of the life skills classrooms (including computer equipment).

\$13,174,000 was appropriated for a freshman academy (addition) comprised of approximately nineteen classrooms, a lecture hall, special education space, site improvements, construction of an access road to South Main Street and upgrading of the life skills classrooms (including computer equipment).

\$130,000 was appropriated for reconstruction of the existing pedestrian bridge over Willow Brook between New Britain High School and Beehive Stadium, including removal of the existing bridge, demolition of the bridge foundation and channel improvements.

The appropriation and authorization was most recently acted on by the Standing Bonding Subcommittee of the City at a meeting held on February 21, 2007 and was amended by the Common Council at a meeting held on February 28, 2007. The State of Connecticut Department of Education reimburses the City approximately seventy-eight percent (78%) of the eligible costs for this project, through school construction grants.

**SMALLEY ACADEMY CHILLER:** \$500,000 was appropriated, and the issuance of bond and notes was authorized, for the Smalley Academy. The State of Connecticut Department of Education reimburses the City approximately seventy-eight percent (78%) the eligible costs for this project through school construction grants. The appropriation and authorization was most recently acted on by the Standing Bonding Subcommittee at a meeting held on November 12, 2008 and was amended by the Common Council at a meeting held on November 12, 2008.

**SCHOOL REROOFING PROJECT:** \$8,225,000 was appropriated, and the issuance of bond and notes was authorized, for the re-roofing of five schools within the City. The State of Connecticut Department of Education reimburses the City approximately seventy-eight percent (78%) the eligible costs for this project through school construction grants. The appropriation and authorization was most recently acted on by the Standing Bonding Subcommittee at a meeting held on July 11, 2007 and was amended by the Common Council at a meeting held on August 22, 2007.

**NEW BRITAIN HIGH SCHOOL CODE COMPLIANCE:** \$3,000,000 was appropriated, and the issuance of bond and notes was authorized, for improvements to New Britain High School for compliance with the Americans with Disabilities Act. The appropriation and authorization was most recently acted on by the Standing Bonding Subcommittee at a meeting held on November 12, 2008 and was amended by the Common Council at a meeting held on November 12, 2008.

**DILORETO SCHOOL:** \$10,000,000 was appropriated, and the issuance of bond 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 April 7, 2010 and was amended by the Common Council at a meeting held on April 14, 2010.

**ENTRANCE MODIFICATIONS/SECURITY SYSTEMS UPGRADES:** \$1,700,000 was appropriated, and the issuance of bonds and notes authorized, for the planning, design, construction and equipping of building entrance modifications (including construction of main entrance vestibules) and security system upgrades (including access control, surveillance, monitoring and recording equipment) at all City schools. Resolutions were adopted by the Standing Bonding Subcommittee at a meeting held on July 2, 2008 and by the Common Council at a meeting held on July 9, 2008.

### ***Capital Equipment:***

**2005 CAPITAL EQUIPMENT:** \$4,503,500 was appropriated, and the issuance of bond 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 May 29, 2007 and was amended by the Common Council at a meeting held on June 13, 2007.

**2007 CAPITAL EQUIPMENT:** \$8,450,000 was appropriated, and the issuance of bond 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 June 23, 2010 and was amended by the Common Council at a meeting held on June 23, 2010.

**2010 CAPITAL EQUIPMENT:** \$7,524,186 was appropriated, and the issuance of bond 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 8, 2010 and was amended by the Common Council at a meeting held on September 10, 2010.

***Public Improvement:***

**BADOLATO & SZCZESNY GARAGE REPAIRS:** An amendment to increase the original \$5,075,000 to 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.

**FAFNIR BOOTH STREET INDUSTRIAL PARK:** \$8,550,000 was appropriated, and the issuance of bonds and notes was authorized for the Fafnir Booth Street Industrial Park Project, including planning, property management, administrative and legal expenses, demolition of existing buildings, other development contributions, the acquisition costs and expenses incurred in acquiring property not owned by the City, demolition of buildings, site preparation and grading, preparation of site plan and preparation of marketing plan. The appropriation and authorization was most recently acted on by the Standing Bonding Subcommittee at a meeting held on November 12, 2008 and was amended by the Common Council at a meeting held on November 12, 2008.

**EMERGENCY MEDICAL SERVICE FACILITY AND VEHICLES:** \$3,000,000 was appropriated, and the issuance of bond and notes was authorized, for the following two projects:

\$2,400,000 was appropriated for the costs of the acquisition of a site for a new facility for sale or lease to New Britain Emergency Medical Services Foundation, Inc. ("EMS"), the costs of environmental testing and remediation thereof, all construction, equipment, improvements, engineering and architectural costs and fees incurred in connection therewith, and the costs of purchasing one ambulance and two non-transport vehicles for sale or lease to EMS. The required annual debt service payments for this appropriation will be budgeted annually by EMS, generated from user service fees and paid to the City. There is no City contribution in support of this project. By agreement with EMS, assets have been pledged as assurance to the City that payment of annual debt service shall be made by EMS. The appropriation and authorization was most recently acted on by the Standing Bonding Subcommittee at a meeting held on April 4, 2007 and was amended by the Common Council at a meeting held on April 11, 2007.

\$600,000 was appropriated for the purchase of new ambulances for sale or lease to EMS, and for temporary and permanent financing costs and other costs related to the project. The required annual debt service payments for this appropriation will be budgeted annually by EMS, generated from user service fees and paid to the City. There is no City contribution in support of this project. By agreement with EMS, assets have been pledged as assurance to the City that payment of annual debt service shall be made by EMS. The appropriation and authorization was acted on by the Standing Bonding Subcommittee at a meeting held on August 8, 2005 and approved by the Common Council at a meeting held on August 8, 2005.

**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 City has applied for funding from the State of Connecticut Office of Policy and Management Urban Action Grant program which, if approved, will be used as a Grant-In-Aid to defray project costs. 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.

**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) known 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.

**STREET INFRASTRUCTURE:** \$22,058,000 was appropriated, and the issuance of bonds and notes was authorized, for street infrastructure improvements, including a comprehensive program for maintenance and rehabilitation, mapping, design

and reconstruction of streets where rehabilitation is not sufficient. The appropriation and authorization was most recently acted on by the Standing Bonding Subcommittee at a meeting held on January 28, 2009 and was amended by the Common Council at a meeting held on January 28, 2009.

**WILLOW STREET PARK:** \$5,350,000 was appropriated, and the issuance of bonds and notes was authorized for the Willow Street Park Project to provide improvements and upgrades to pedestrian access, parking and other park infrastructure. The appropriation and authorization was most recently acted on by the Standing Bonding Subcommittee at a meeting held on January 28, 2009 and was amended by the Common Council at a meeting held on January 28, 2009.

**INFORMATION TECHNOLOGY BOND:** \$2,000,000 was appropriated, and the issuance of bonds and notes was authorized for the Information Technology Bond to provide studies, planning, equipment, software and programming. The appropriation and authorization was acted on by the Standing Bonding Subcommittee at a meeting held on September 17, 2007 and was approved by the Common Council at a meeting held on September 26, 2007.

**TRANSFER STATION REHABILITATION:** \$6,868,000 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 February 21, 2007 and by the Common Council at a meeting held on February 28, 2007.

**BRIDGE PROGRAM:** \$5,775,000 was appropriated, and the issuance of bonds and notes was authorized, for the construction, reconstruction, repair and improvement of six (6) street bridges across Willow Brook located in the City (Ten Acre Road Bridge, Brookside Road Bridge, the Elbridge Road Bridges over Willow Brook and Shultz Pond Brook and the A.W. Stanley Park Bridge), and adjacent roadways, 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 September 8, 2006 and was amended by the Common Council at a meeting held on September 13, 2006.

**FAFNIR SMART PARK:** \$3,250,000 was appropriated, and the issuance of bonds and notes was authorized, for the Smart Park I Expansion Project, including planning, property management, administrative and legal expenses, relocation expenses and payments, other development contributions, the acquisition costs and expenses incurred in acquiring property not owned by the City, demolition of buildings, site preparation and grading, preparation of site plan and preparation of marketing plan. 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.

**ENVIRONMENTAL REMEDIATION:** \$6,750,000 was appropriated, and the issuance of bonds and notes was authorized, for the costs of environmental remediation of various City facilities, including those necessary due to State and Federal mandates, other remediation and improvements at the landfill, solid waste transfer station, parks, Fairview Cemetery and Stanley Golf Course, including consulting fees, testing fees, soil removal, the cost of fill, the cost of grading, construction, equipment, alterations, repairs and improvements to the City solid waste transfer station and the City recyclable material depot. Resolutions were adopted by the Standing Bonding Subcommittee at a meeting held on June 23, 2010 and by the Common Council at a meeting held on June 23, 2010. The City has applied for funding from the State of Connecticut Office of Policy and Management Urban Action Grant program which, if approved, will be used as a Grant-In-Aid to defray project costs.

**BEAVER STREET RECONSTRUCTION:** \$7,300,000 was appropriated, and the issuance of bonds and notes was authorized, for costs of the Beaver Street Reconstruction Project, comprised of reconstructing Beaver Street, the realignment of the intersection of Washington Street, Beaver Street and Farmington Avenue, traffic signal improvements, streetscape type enhancements, drainage and utility improvements, and other related work. Resolutions were adopted by the Standing Bonding Subcommittee at a meeting held on June 10, 2009 and by the Common Council at a meeting held on June 10, 2009.

**BROAD AND WASHINGTON STREETS RECONSTRUCTION:** \$13,300,000 was appropriated, and the issuance of bonds and notes was authorized, for costs of improvements to Broad Street and Washington Street including all construction, equipment and land rights acquisition costs and all alterations, repairs and improvements in connection therewith. Improvements to sanitary sewers, storm drainage, roadway improvements, curbing, sidewalk replacement, signalization, access and parking improvements, site preparation, mobilization, maintenance, protections of traffic, dust and erosion control, restoration, contribution to a gas main relocation, advertising, printing, signage, engineering, design, the purchase and installation of parking control measuring devices for off-street parking lots and the creation of permanent parking lots and other ancillary expenses are also included in the project budget. The appropriation and authorization was most recently

acted on by the standing bonding subcommittee at a meeting held on May 29, 2007, and amended by the common council at a meeting held on June 13, 2007.

**POLICE RENOVATION AND TELECOMMUNICATIONS UPGRADE:** An amendment to increase the \$35,000,000 appropriation and bond authorization for the construction of a new police headquarters to \$38,850,000 was adopted by the Common Council on the recommendations of the Standing Bonding Subcommittee of the Committee on Administration, Finance and Law adopted at its meetings held on February 8, 2012 for the construction of a new police headquarters. The project includes planning, design, architectural and engineering services, construction costs, materials, equipment, furniture and fixtures, temporary and permanent financing costs and other costs related to the project.

**CITYWIDE RADIO TELECOMMUNICATIONS SYSTEM:** \$5,750,000 was appropriated, and the issuance of bond and notes was authorized, for costs associated with the replacement of the citywide radio telecommunications system. The appropriation and authorization was most recently acted on by the Standing Bonding Subcommittee at a meeting held on February 8, 2012 and by the Common Council at a meeting held on February 8, 2012.

**2011 REVALUATION:** \$1,360,000 was appropriated, and the issuance of bonds and notes was authorized, for costs related to revaluation with full physical inspection of interiors of properties. The appropriation and authorization was acted on by the Standing Bonding Subcommittee at a meeting held on March 2, 2011 and approved by the Common Council at a meeting held on March 9, 2011.

**TERMINATION OF A FORWARD INTEREST RATE SWAP AGREEMENT:** \$2,750,000 was appropriated, and the issuance of bond and notes was authorized, for costs associated with the termination of a forward interest rate swap agreement. the appropriation and authorization was acted on by the Standing Bonding Subcommittee at a meeting held on February 8, 2012 and by the Common Council at a meeting held on February 8, 2012.

### ***Book-Entry-Only Transfer System***

The Depository Trust Company (“DTC”), New York, NY, will act as securities depository for the securities (the “Securities”). The Securities will be issued as fully-registered securities 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. For the Bonds, one fully-registered Security certificate will be issued for each maturity of the Securities in the aggregate principal amount of such maturity and will be deposited with DTC. For the Notes, one fully-registered Security certificate will be issued for each interest rate of the Security.

DTC, the world’s largest securities 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](http://www.dtcc.com).

Purchases of Securities under the DTC system must be made by or through Direct Participants, which will receive a credit for the Securities on DTC’s records. The ownership interest of each actual purchaser of each Security (“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 confirmations 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 Securities 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 Securities, except in the event that use of the book-entry system for the Securities is discontinued.

To facilitate subsequent transfers, all Securities 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 Securities with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Securities; DTC's records reflect only the identity of the Direct Participants to whose accounts such Securities 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.

Redemption notices shall be sent to DTC. If less than all of the Securities within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Securities unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to Issuer 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 Securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and dividend payments on the Securities 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 Issuer or Agent, on 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, Agent, or Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of Issuer or 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 Securities at any time by giving reasonable notice to Issuer or Agent. Under such circumstances, in the event that a successor depository is not obtained, Security certificates are required to be printed and delivered.

Issuer may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Security 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 Issuer believes to be reliable, but Issuer 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 or Notes 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.

## ***Replacement Bonds***

In the event that: (a) DTC determines not to continue to act as securities depository for the Bonds or the Notes, and the City fails to identify another qualified securities depository for the Bonds or the Notes to replace DTC; or (b) the City determines to discontinue the book-entry system of evidence and transfer of ownership of the Bonds or the Notes, the City will issue fully registered Bond or Note certificates directly to the Beneficial Owner. A Beneficial Owner of the Bonds or the Notes, upon registration of certificates held in such Beneficial Owner's name, will become the registered owner of the Bonds or Notes.

## ***Security and Remedies***

The Bonds and the Notes 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 and the Notes when due.

Unless paid from other sources, the Bonds and the Notes are payable from general property tax revenues of the City. The City has the power under Connecticut statutes to levy ad valorem taxes on all property subject to taxation by 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 and of qualified disabled persons taxable at limited amounts. There was, however, no such certified forest land on the last completed grand list of the City and under existing statutes, the State of Connecticut is obligated to pay the City the amount of tax revenue which the City would have received except for the limitation on its power to tax such dwelling houses.

Payment of the Bonds and the Notes is not limited to property tax revenues 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 and the Notes.

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 and the Notes, or judgments thereon, in priority to other claims.

The City is subject to suit on its general obligation debt and a court of competent jurisdiction has power in appropriate proceedings to render a judgment against the City. A Court of competent jurisdiction also has the power in appropriate proceedings to order a payment of a judgment on such Bonds and Notes 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 could 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 the Bonds and the Notes would also be subject to the applicable provisions of Federal bankruptcy laws as well as other bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors rights heretofore or, hereafter enacted by the 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.

Section 7-566 of the Connecticut General Statutes, as amended, provides that no Connecticut municipality shall file a petition in bankruptcy under Chapter 9 of Title 11 of the United States Code without the express prior written consent of the Governor. This prohibition applies to any City, city, borough, metropolitan district and any other political subdivision of the State of Connecticut having the power to levy taxes and issue bonds or other obligations.

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

## ***Qualification for Financial Institutions***

The Bonds and the Notes 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 certain interest expense allocable to the Notes.

### ***Availability of Continuing Disclosure***

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 of its audited financial statements, in the form of the Comprehensive Annual Financial Report ("CAFR"). The City also provides to all rating agencies, its CAFR recommended and adopted budgets, and other materials relating to its management and financial condition, as may be necessary or requested. The City will enter into a Continuing Disclosure Agreement with respect to the Notes, substantially in the form attached as Appendix B to this Official Statement (the "Continuing Disclosure Agreement"), to provide or cause to be provided, in accordance with the requirements of SEC Rule 15c2-12(b)(5) timely notice of the occurrence of certain events with respect to the Notes. The Underwriter's obligation to purchase the Notes shall be conditioned upon its receiving, at or prior to the delivery of the Notes, an executed copy of the Continuing Disclosure Agreement.

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). To date the City has not failed to meet any of its undertakings under such agreements, except as follows: On March 9, 2011, the City learned that certain financial information for the fiscal years ending June 30, 2006 and June 30, 2007 that it had timely provided to the Nationally Recognized Municipal Securities Information Repositories (the "NRMSIRs") had not been shown by all of the NRMSIRs as having been received. On March 10, 2011, the City filed with the Municipal Securities Rulemaking Board's Electronic Municipal Market Access system ("EMMA") such annual financial information and a material event notice with respect thereto. The City has implemented procedures to ensure timely receipt and posting of future financial information with respect to its continuing disclosure undertakings.

### ***Ratings***

The City furnished to Moody's Investors Service ("Moody's") certain information and materials, some of which may not have been included in this Official Statement. Ratings obtained reflect only the view of each rating agency and will be subject to revision or withdrawal, which could affect the market price of the City's obligations, including the Notes.

Moody's is expected to assign a rating of "Aa3" (on review for possible downgrade) on the Bonds with the understanding that a Municipal Bond Insurance Policy will be issued by Assured Guaranty Municipal Corp. concurrently with the Bonds. The City received an underlying rating of "A1" from Moody's on the Bonds.

The City also has an outstanding rating of "A" from Standard & Poor's Corporation and "AA-" from Fitch Ratings.

The Notes were rated "MIG 1" by Moody's.

Generally, a rating agency bases its rating upon such information and materials and upon investigations, studies and assumptions by the rating agency. 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 Notes. The rating agencies should be contacted directly for its ratings on the Notes and the explanation of such ratings.

### ***Tax Exemption of the Bonds and the Notes***

**Federal Taxes.** In the opinion of Pullman & Comley, LLC, Bond Counsel, under existing law, interest on the Bonds and the Notes (a) is excludable from gross income for federal income tax purposes and (b) is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; however, such interest is taken into account in determining adjusted current earnings for purposes of computing the federal alternative minimum tax imposed on certain corporations.

Bond Counsel's opinion with respect to the Bonds and the Notes will be rendered in reliance upon and assuming the accuracy of and continuing compliance by the City with its representations and covenants relating to certain requirements of the Internal Revenue Code of 1986, as amended (the "Code"). The Code and regulations promulgated thereunder establish certain requirements which must be satisfied at and subsequent to the issuance of the Bonds and the Notes in order that

interest on the Bonds and the Notes be and remain excludable from gross income for federal income tax purposes. Failure to comply with such requirements may cause interest on the Bonds and the Notes to be included in gross income for federal income tax purposes retroactively to the date of issuance of the Bonds and the Notes irrespective of the date on which such noncompliance occurs. In the Tax Compliance Agreement, which will be delivered concurrently with the issuance of the Bonds and the Notes, the City will covenant to comply with certain provisions of the Code and will make certain representations designed to assure compliance with such requirements of the Code including, but not limited to, investment restrictions, periodic payments of arbitrage profits to the United States, requirements regarding the proper use of Bond proceeds and certain other matters. The opinion of Bond Counsel delivered on the date of issuance of the Bonds and the Notes is conditioned upon compliance by the City with such requirements.

No other opinion is expressed by Bond Counsel regarding the federal tax consequences of the ownership of, or the receipt or accrual of interest on, the Bonds and the Notes.

**Original Issue Discount.** The initial public offering prices of the Bonds and the Notes of certain maturities may be less than the stated principal amount. Under existing law, the difference between the stated principal amount and the initial offering price of each maturity of the Bonds and the Notes to the public (excluding bond houses and brokers) at which a substantial amount of such maturity is sold will constitute original issue discount. The offering prices relating to the yields set forth on the cover page of this Official Statement for such Bonds and the Notes is expected to be the initial offering prices to the public at which a substantial amount of the Bonds and the Notes are sold. Under existing law, original issue discount on the Bonds and the Notes accrued and properly allocable to the owners thereof under the Code is excludable from gross income for federal income tax purposes if interest on the Bonds and the Notes is excludable from gross income for federal income tax purposes.

Under the Code, for purposes of determining an owner's adjusted basis in a Bond purchased at an original issue discount, original issue discount is treated as having accrued while the owner holds such Bond and will be added to the owner's basis. Original issue discount 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 such a Bond. For certain corporations (as defined for federal income tax purposes), a portion of the original issue discount that accrues in each year to such Bond will not be included in the calculation of the corporation's federal alternative minimum tax liability.

Prospective purchasers of Bonds and the Notes at an original issue discount should consult their own tax advisors as to the calculation of accrued original issue discount, the accrual of original issue discount in the case of Bondowners purchasing such Bonds and the Notes after the initial offering and sale, and the state and local tax consequences of owning or disposing of such Bonds and the Notes.

**Original Issue Premium.** The initial public offering prices of certain maturities of the Bonds and the Notes may be more than their stated principal amounts. An owner who purchases a Bond at a premium to its principal amount must amortize the original issue premium as provided in the applicable Treasury Regulations, and amortized premium reduces the owner's basis in the Bond for federal income tax purposes. Prospective purchasers of the Bonds and the Notes should consult their tax advisors regarding the amortization of premium and the effect upon basis.

**Other Federal Tax Matters.** Prospective purchasers of the Bonds and the Notes should be aware that ownership of the Bonds and the Notes may result in collateral federal income tax consequences to certain taxpayers, including, without limitation, financial institutions, certain insurance companies, recipients of Social Security or Railroad Retirement benefits, certain S corporations, foreign corporations subject to the branch profits tax, taxpayers eligible for the earned income credit, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations. Bond Counsel does not express any opinion regarding such collateral tax consequences. Prospective purchasers of the Bonds and the Notes should consult their tax advisors regarding collateral federal income tax consequences.

**State Taxes.** In the opinion of Bond Counsel, under existing statutes, interest on the Bonds and the Notes is excludable from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates and is excludable 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 Bonds and the Notes is included in gross income for purposes of the Connecticut corporation business tax.

Accrued original issue discount on a Bond is also 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.

Owners of the Bonds and the Notes should consult their own tax advisors with respect to the determination for state and local income tax purposes of original issue discount or original issue premium accrued upon sale or redemption thereof, and with respect to the state and local tax consequences of owning or disposing of such Bonds and the Notes.

Owners of the Bonds and the Notes should consult their tax advisors with respect to other applicable state and local tax consequences of ownership of the Bonds and the Notes and the disposition thereof.

**Miscellaneous.** Tax legislation, administrative actions taken by tax authorities and court decisions, whether at the federal or state level, may adversely affect the tax-exempt status of interest on the Bonds and the Notes under federal or state law and could affect the benefit of the exclusion from gross income of interest on the Bonds and the Notes, the market price for, or the marketability of, the Bonds and the Notes. Prospective purchasers of the Bonds and the Notes should consult their own tax advisers regarding the foregoing matters.

**General.** The opinion of Bond Counsel is rendered as of its date, and Bond Counsel assumes no obligation to update or supplement their opinions to reflect any facts or circumstances that may come to their attention or any changes in law that may occur after the date of their opinion. Bond Counsel's opinions are based on existing law, which is subject to change. Such opinions are further based on factual representations made to Bond Counsel as of the date of issuance. Moreover, Bond Counsel's opinions are not a guarantee of a particular result, and are not binding on the Internal Revenue Service or the courts; rather, such opinions represent Bond Counsel's professional judgment based on its review of existing law, and in reliance on the representations and covenants that it deems relevant to such opinions.

The discussion above does not purport to deal with all aspects of federal or state or local taxation that may be relevant to a particular owner of the Bonds and the Notes. Prospective owners of the Bonds and the Notes, particularly those who may be subject to special rules, are advised to consult their own tax advisors regarding the federal, state and local tax consequences of owning and disposing of the Bonds and the Notes.

### ***Legal Opinion***

The legal opinion for the Bonds and the Notes will be rendered by Pullman & Comley, LLC in substantially the form set forth in Appendices B and C to this Official Statement.

### ***Registrar, Transfer Agent, Paying Agent and Certifying Agent***

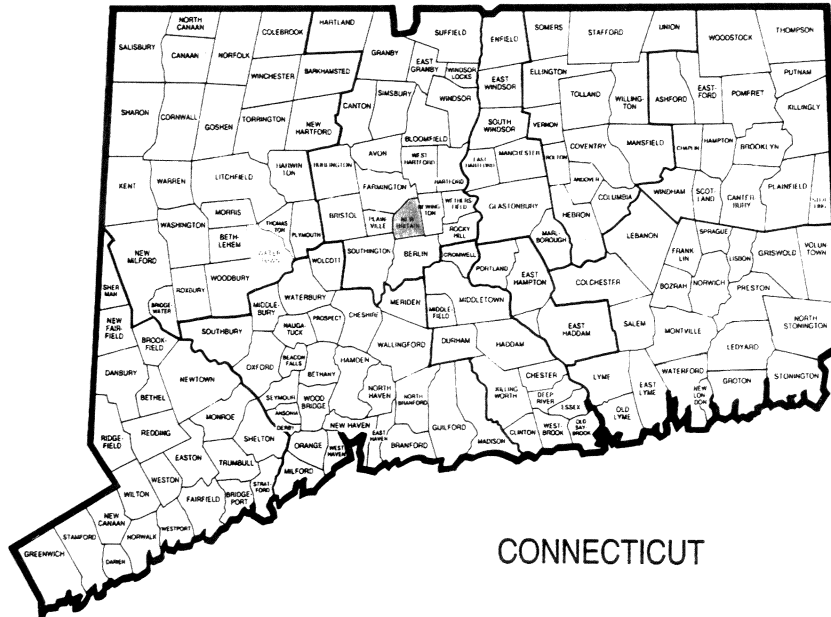
The Registrar, Transfer Agent, Paying Agent and Certifying Agent for the Bonds and the Notes will be U.S. Bank National Association, Goodwin Square, 23rd Floor, 225 Asylum Street, Hartford, Connecticut 06103.

### ***Bond Insurance***

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.



## II. The Issuer



### **Description of the Issuer**

The City of New Britain covers 13.3 square miles and was first settled as part of the City of Berlin in 1680. It was incorporated as a separate City in 1850 and chartered as a City in 1871.

At the approximate geographic center of Connecticut, New Britain is just a two hour drive from either New York or Boston. Route 9 expansion with its intersection with Route 72 in the center of downCity provides direct access to Interstates 91 and 84, putting New Britain on the beltway between the state's major north/south and east/west interstates. 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 downCity core completed in 1983, enables property owners to pool their money toward special downCity projects. Called the New Britain DownCity District, it continues a multi-faceted program of streetscape improvements, coordinated management (maintenance and security) and marketing.

New Britain is the home of the Museum of American Art, a Connecticut impressionist art trail museum. It houses the oldest museum collection devoted exclusively to American Art. An expansion to the Museum was completed in 2006. The expansion includes a room for a café, a multipurpose room that seats 200, studios for art classes and an expanded shop, in addition to much needed basics such as new galleries, a loading dock, increased parking and improved environmental controls and storage. The new building was designed by Ann Beha Architects of Boston.

New Britain offers a variety of housing and is committed to neighborhood preservation. Over the past decade, older homes in the community have been renovated by their owners using a variety of specialty loan and grant programs. New Britain, through its Housing Authority, offers more than eight hundred housing units to its senior citizens. 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.

New Britain has nine major parks: A.W. Stanley, Stanley Quarter, Washington, Chesley, Osgood, Martha Hart, Hungerford, Walnut Hill and Willow Brook. The City owns and operates the A.W. Stanley Golf Course, a 27 hole municipal facility. Stanley Quarter Park is New England's largest public skate park with multiple levels, two quarter pipes, stairs and grinding rails and pyramids. Some of the amenities offered by these parks include: aqua cycles, fun-yaks, a children's fishing pond, soccer fields, playgrounds, jogging tracks, and outdoor ice skating.

Stanley Black & Decker, Inc., a Fortune 500 company, maintains its world headquarters facility at a site along Interstate 84. The City has also benefited from the recent growth of many small businesses representing a variety of sectors. TD Bank, a national leader in the financial sector, has located operations in downCity New Britain. The 130,000 square foot courthouse attracts activity to downCity.

Continued growth of New Britain's corporations, such as Okay Industries, Inc., Acme-Monaco Corporation, Siracusa Moving and Storage, Guidas and Dattco, and Papa's Dodge major expansion, could increase both employment and tax revenue.

The City's 15-acre site Smart Park is home to Tenergy-Christ Inc., a worldwide leader in water purification systems. Additionally, New Britain's Smart Park II, a 26 acre tract of property in the southeast section of the City, has recently been purchased and will benefit the City of New Britain's economic and business growth.

Since 1983 New Britain has been home to the New Britain Rock Cats, a Double-A baseball team. The team plays in New Britain's Willowbrook Park Sports Complex, which is just one parcel of the City's 1,200 acres of parkland.

Residents 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 in the state), the 200 bed Hospital for Special Care (formerly New Britain Memorial Hospital) for rehabilitation and elderly care, and numerous modern clinics providing out-patient services. The Hospital for Special Care has recently completed a \$36 million expansion of its facility, including a state-of-the-art aquatic center. The Hospital of Central Connecticut has recently completed a \$55.8 million expansion of its facility.

Central Connecticut State University (CCSU) has been located in New Britain since 1849. It offers Schools of Technology, Arts and Sciences, Education and Graduate Studies. CCSU's School of Business is the largest in Connecticut. CCSU is a metropolitan university, serving students as well as local businesses with unique cooperative resources. The University's Institute for Industrial and Engineering Technology (IIET), housed in downtown New Britain, was created in 1991 and offers local businesses an array of resources to help them stay on the leading edge of technological advances and opportunities.

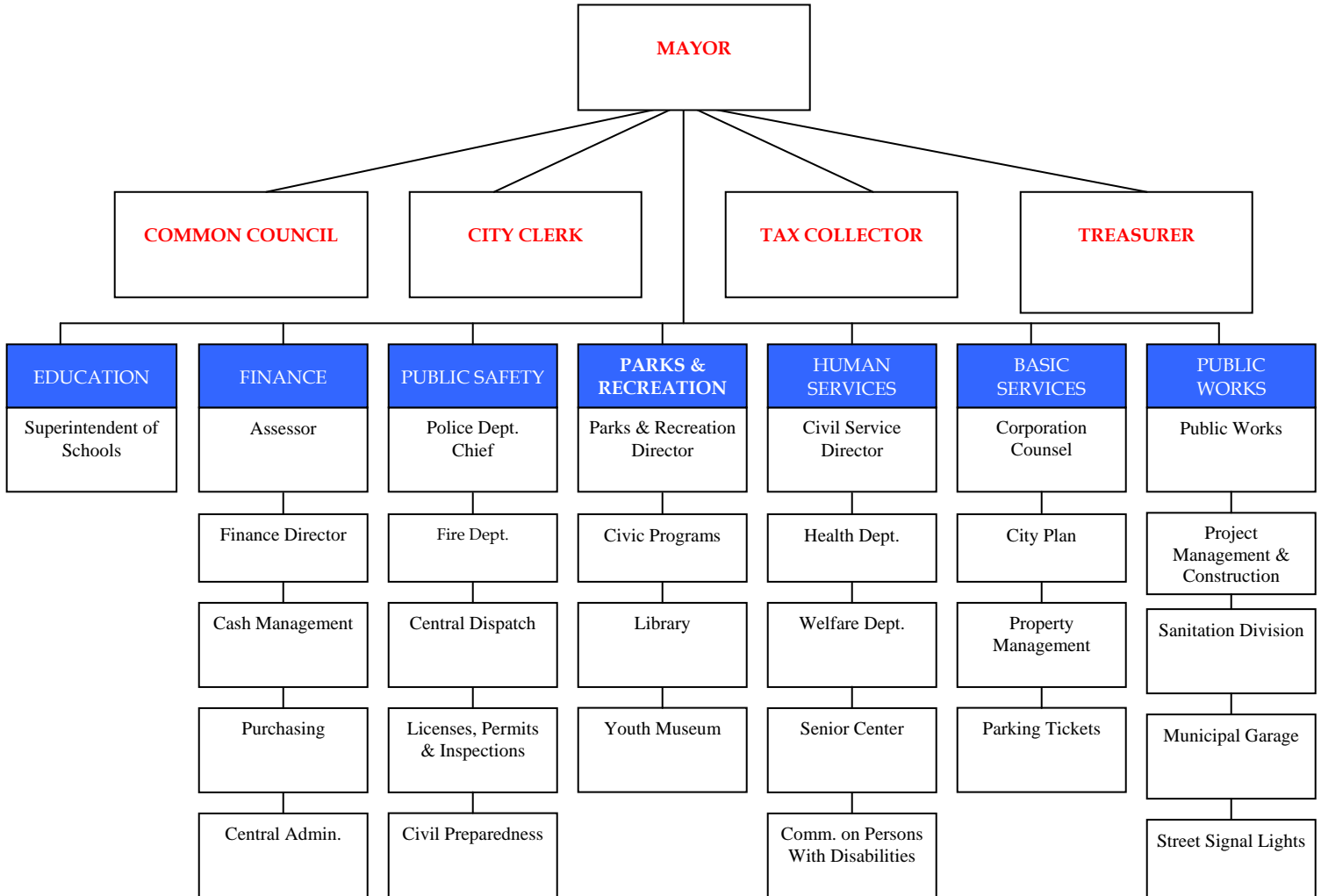
### ***Form of Government***

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 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 (2 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  
City of New Britain - Voters Elect**



**Principal Municipal Officials**

<b>Office</b>	<b>Name</b>	<b>Term</b>	<b>Commencement Date of Term</b>	<b>New Britain Years of Service In Current Position</b>	<b>Total Years of Municipal Service</b>
Mayor	Timothy E. O'Brien Jr.	2 Years	11/15/2011	0.5 years	0.5 years
Treasurer	Teresa Sapieha-Yanchak	2 Years	11/15/2011	7 years	7 years
Town & City Clerk	Peter J. Denuzze	4 Years	11/11/2009	19 years	28 years
Tax Collector	Cheryl Blogoslawski	2 Years	11/15/2011	4 years	5 years
Finance Director	Robert Curry	Appointment	11/1/2006	5 years	35 years
Assessor	Michael Konik	Appointment	12/8/2004	7 years	23 years
Superintendent of Schools	Ron Jakubowski	Appointment	7/1/2011	0.5 years	20 years

## Employee Relations

The City of New Britain currently employs 1,927 full-time personnel for general government and the Board of Education as shown by the table below:

### **Full-Time Municipal Employees Last Five Fiscal Years**

	<b>12/31/2011</b>	<b>12/31/2010</b>	<b>12/31/2009</b>	<b>12/31/2008</b>	<b>12/31/2007</b>
General Government <sup>1</sup> .....	595	1,333	1,364	1,334	1,353
Board of Education .....	1,332	637	637	627	653
<b>Total</b> .....	<b>1,927</b>	<b>1,970</b>	<b>2,001</b>	<b>1,961</b>	<b>2,006</b>

<sup>1</sup> Represents full time employees.

Source: Superintendent's Office, Director of Finance, City of New Britain.

### **General Government Employees by Department**

<b>Genral Government Department</b>	<b>Full-time Employees As of 12/31/11</b>
Police (including mgmt, civilians and dispatch) .....	154
Fire (including management) .....	138
Administrative, Financial, and All Other .....	149
Health & Welfare .....	11
Recreation & Parks; Stanley Golf .....	43
Public Works; Engineering; Sanitation; Garage .....	54
Water .....	46
<b>Total</b> .....	<b>595</b>

Source: City of New Britain - Finance Department

## ***Municipal Employee Bargaining Groups<sup>1</sup> As of March 2012***

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

		<b><i>12/31/11 Employees Represented</i></b>	<b><i>Current Contract Expiration Date</i></b>
<b><i>Board of Education Groups</i></b>			
Education Employees.....	American Federation of State, County & Municipal Employees – General Government Local 1186	177	6/30/2012
Teachers Aides.....	New Britain Federation of Para- Professionals - Teachers Aides 2407	261	6/30/2012
Teachers.....	New Britain Federation of Teachers - Teachers 871	780	6/30/2015
School Administrators.....	American Federation of School Administrators – Administration 51	27	6/30/2013
Supervisory Employees.....	American Federation of State, County Principal Employees - Local 818	11	6/30/2012
Support Services Administrators.....	American Federation of School Administrators – Administration 51	10	6/30/2012
<b><i>General Government Groups</i></b>			
City Hall Supervisors.....	American Federation of State, County & Municipal Employees - Supervisors - Local 818	37	12/31/2013
Firefighters.....	Hardware City Firefighters - Fire 992	138	6/30/2014
Police Officers.....	American Federation of State, County & Municipal Employees - Local 1165	138	6/30/2014
City Hall Employees.....	American Federation of State, County & Municipal Employees - Local 1186	194	6/30/2012
Managers & Professional Employees....	Non-Affiliated Association (MPA)	0	N/A
Professional Union.....	American Federation of State, County & Municipal Employees - Local 1303-332	37	6/30/2011 <sup>2</sup>
Non-Affiliated Employees.....	Management (Mgmt)	5	N/A
Emergency Dispatch Employees.....	Connecticut Independent Labor Union (CILU)	16	6/30/2010 <sup>2</sup>
Elected & Appointed.....	Non-affiliated	25	N/A
Grant Positions.....	Non-affiliated	5	N/A

<sup>1</sup> Undefined / Indefinite by ordinance

<sup>2</sup> In negotiations

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.

## ***Municipal Services***

### ***Fire***

The New Britain Fire Department is comprised of nine 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), two ladder companies (carrying ladders and specialized salvage and overhaul equipment) and a rescue/tactical

company (which carries 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.

<b><i>Location of Firehouses</i></b>	<b><i>Apparatus Located</i></b>	<b><i>Personnel</i></b>
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	13
Station #5 - 915 Stanley Street.....	Engine-5	16
Station #7 - 60 Hartford Road.....	Engine-7	14
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.....	n/a	2
Emergency Planning.....	n/a	1
Administration.....	n/a	2
<b><i>TOTAL.....</i></b>		<b>140</b>

## ***Police***

The New Britain Police Department has a total of 152 sworn officers and 12 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. 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% - City of Berlin; and 10% - City 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 2010-2011, as set by the Board of Public Works, is \$2.69 per one hundred cubic feet. Charges for the past four years were:

<i><b>Fiscal Year</b></i>	<i><b>Per one hundred cubic feet</b></i>
2011-2012	\$2.84
2010-2011	2.69
2009-2010	2.49
2008-2009	1.76

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 City of New Britain's 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.

The total water supply is adequate with a reserve capacity in excess of 20% above its maximum anticipated demand. 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**

<b>FY 2011-12</b>				
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-City retail rates for the City of Bristol, the City 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. A portion of the project cost is expected to be paid prior to the end of the current fiscal year.

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 and notes are treated as a self-supporting debt and are excluded from the City's debt limitation. See "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.



## ***Special Assessment Fund***

### ***Subways***

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 (formally 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 Statement” herein.

### ***Solid Waste***

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

#### ***Tunxis Recycling Operating Committee***

The City is a participant with 13 other cities and Cities in a joint venture, the Tunxis Recycling Operating Committee (TROC). The TROC is responsible for the development, operations and management of a solid waste recycling program for all participating communities. The governing board consists of municipal officials appointed by each of the participating municipalities and assumes all management decisions. The City has an obligation to appropriate funds in amounts necessary to fulfill its obligations created pursuant to the intercommunity agreement among the TROC participating communities dated as of June 21, 1990. Expenditures of \$107 were incurred year ending June 30, 2011 related to the City’s participation in TROC.

Unreserved, undesignated fund balance for the fiscal year ended June 30, 2011 as reflected in the TROC’s financial statements is \$1,320. A complete set of financial statements for TROC can be obtained from the TROC’s administrative office at 43 Enterprise Drive, Bristol, Connecticut.

#### ***Bristol Resource Recovery Facility Operating Committee***

The City is a participant with 14 other cities and Cities 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. The City has an obligation to appropriate funds in amounts necessary to fulfill its obligations created under the intercommunity agreement. These obligations arise from guarantees to meet certain tonnage requirements. The City’s expenditures to the BRRFOC amounted to \$2,824 for fiscal year ended June 30, 2011.

BRRFOC’s general fund balance for the fiscal year ended June 30, 2011 as reflected in BRRFOC’s financial statements is \$10,815 million. A complete set of financial statements for BRRFOC can be obtained from the BRRFOC administrative office at 43 Enterprise Drive, Bristol, Connecticut. On May 15, 1995, the BRRFOC issued \$41,920,000 in Solid Waste Revenue Refunding Bonds with interest rates varying from 5.2% to 6.5% to current refund \$46,670,000 of outstanding special obligation bonds of the Connecticut Development Authority. The proceeds from the original bonds were loaned by the Authority to Ogden Martin Systems of Bristol, Inc., predecessor to Covanta Bristol, Inc., the current owner and operator of the facility. Under the intercommunity agreement, each of the contracting municipalities is obligated to pay a service fee, the payment of which is secured by its full faith and credit. Should any contracting municipality default in its obligation to pay the service fee, the other contracting municipalities have an obligation to continue to pay the aggregate service fee. If BRRFOC does not perform its obligations under the intercommunity agreement, and Covanta Bristol’s parent corporation, Covanta Energy Corporation, fails to perform such obligations pursuant to its guarantee of Covanta Bristol’s

performance, the contracting municipalities have certain rights to terminate the intercommunity agreement and, upon termination, would no longer be obligated to pay the service fee. The current principal balance of the BRRFOC bonds outstanding is \$20,955.

The City also operates a bulky waste landfill located on Deming Road in Berlin, Connecticut. The site occupies approximately 15 acres with a future utility until December 31, 2013 based upon a 1992 vertical expansion permit request approved by the City of Berlin.

#### ***Solid Waste Disposal Operating Budget***

	<b><i>2011 Expended</i></b>	<b><i>2010 Expended</i></b>	<b><i>2009 Expended</i></b>	<b><i>2008 Expended</i></b>
Personnel Costs .....	388,802	383,665	319,093	342,644
Operating Expenses .....	137,607	110,683	132,743	143,048
Disposal Tip Fees .....	2,962,875	3,132,709	3,159,779	3,039,087
Curb-Side Collection Contract ...	1,715,259	1,697,951	1,729,440	1,669,675
<b><i>Total Expended</i></b> .....	<b>5,204,543</b>	<b>5,325,008</b>	<b>5,341,055</b>	<b>5,194,454</b>
	<b><i>2011 Revenue</i></b>	<b><i>2010 Revenue</i></b>	<b><i>2009 Revenue</i></b>	<b><i>2008 Revenue</i></b>
Transfer Station .....	1,313,232	1,373,884	1,409,660	1,440,477
Landfill .....	582,447	748,449	1,038,929	9,709
Other Income .....	491,681	399,682	338,083	284,295
<b><i>Total Revenue</i></b> .....	<b>2,387,360</b>	<b>2,522,015</b>	<b>2,786,672</b>	<b>1,734,481</b>
<b><i>NET COST TO CITY</i></b> .....	<b>2,817,183</b>	<b>2,802,993</b>	<b>2,554,383</b>	<b>3,459,973</b>
<u>Net Taxable Grand List .....</u>	<u>2,949,080,086</u>	<u>2,919,676,735</u>	<u>2,943,290,463</u>	<u>2,089,360,606</u>
<b>Mill Rate Impact</b> .....	<b>0.96</b>	<b>0.96</b>	<b>0.87</b>	<b>1.66</b>

#### ***Educational System***

The Board of Education, consisting of nine elected members, is responsible for the operation of the City of New Britain School District (the "District").

#### ***Board of Education***

The District consists of 11 schools for students in grades Kindergarten through 5; three middle schools for students in grades 6 through 8; and two high schools for students in grades 9 through 12. The School District also operates a pre-school program at McKinley Elementary School; an Early Childhood Center for pre-school children with special needs; a Program for Alternative Learning and COOP Program for high school students; and a Continuing Education Program for adults.

## School Facilities

<b>School</b>	<b>Grade</b>	<b>Date Occupied</b>	<b>Additions &amp; Renovations</b>	<b>Enrollment 10/1/2011 <sup>1</sup></b>	<b>City Rated Capacity</b>
Chamberlain .....	K-5	1952	1982, 1989, 1993	528	757
DiLoreto .....	K-5	1951	1982, 1991	923	822
Gaffney .....	K-5	1959	1982, 1990	564	639
Holmes .....	K-5	1955	1978, 1991, 1997	411	697
Jefferson .....	K-5	1956	1982, 1991, 1997	473	567
Lincoln .....	K-5	1925	1976, 1982, 1994	649	610
Northend .....	K-5	1932	1982, 2005	357	330
Smalley .....	K-5	1971	1982, 1997	571	816
Smith .....	K-5	1952	1982, 1993	660	767
Vance .....	K-5	1926	1988, 1994, 2005	577	592
Pulaski Middle <sup>2</sup> .....	6 thru 8	1961	1982, 1992, 1994	562	1,350
Roosevelt .....	6 thru 8	1993	1993	442	792
Slade .....	6 thru 8	1960	1982, 1992, 1994	699	1,190
New Britain High School .....	9 thru 12	1972	1982, 1989, 1998	2,556	2,094
Outside Placement .....				-	
HALS <sup>3</sup> .....				165	
<b>City Total</b> .....				<b>10,137</b>	

<sup>1</sup> Includes Special Education.

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

<sup>3</sup> Rental Facility

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

## School Enrollment and Projections

\*\*Enrollment of Special Education students incorporated into school population by level of enrollment

<b>School Year</b>	<b>Elementary</b>			<b>Total Enrollment</b>
	<b>Pre K-5 &amp; ECC</b>	<b>Middle School</b>	<b>High School</b>	
		<b><u>Historical</u></b>		
2002-2003	4,276	2,044	2,160	8,480
2003-2004	4,402	2,046	2,275	8,723
2004-2005	4,474	2,023	2,401	8,898
2005-2006	4,677	2,092	2,438	9,207
2006-2007	4,798	2,088	2,538	9,424
2007-2008	4,877	2,221	2,611	9,709
2008-2009	4,993	2,285	2,643	9,921
2009-2010	4,870	2,411	2,751	10,032
2010-2011	5,396	2,129	2,522	10,047
2010-2011	5,447	2,134	2,556	10,137
		<b><u>Projected</u></b>		
2011-2012	5,586	2,114	2,591	10,291
2012-2013	5,724	2,056	2,536	10,316
2013-2014	5,803	2,055	2504	10,362

Source: City of New Britain, Board of Education.

### III. Economic and Demographic Information

#### Population and Density

<b>Year</b>	<b>Population</b>	<b>% Increase (Decrease)</b>	<b>Density<sup>1</sup></b>
1960	82,201	11.5%	6,181
1970	83,441	1.5%	6,274
1980	73,840	-11.5%	5,552
1990	75,491	2.2%	5,676
2000	71,538	-5.2%	5,363
2010	73,206	2.3%	5,358

<sup>1</sup> Per square mile: 13.34 square miles.

Sources: 1960 – 2010, U.S. Department of Commerce, Bureau of Census; 2010, State of Connecticut, Department of Public Health

#### Population by Age

	<b>City of New Britain</b>		<b>State of Connecticut</b>	
	<b>Number</b>	<b>Percent</b>	<b>Number</b>	<b>Percent</b>
Under 5 years.....	5,043	6.9	202,106	5.7
5 - 9 years.....	4,589	6.3	222,571	6.2
10 - 14 years.....	4,581	6.3	240,265	6.7
15 - 19 years.....	6,026	8.2	250,834	7.0
20 - 24 years.....	7,320	10.0	227,898	6.4
25 - 34 years.....	11,449	15.6	420,377	11.8
35 - 44 years.....	8,717	11.9	484,438	13.6
45 - 54 years.....	9,309	12.6	575,597	16.1
55 - 59 years.....	4,180	5.7	240,157	6.7
60 - 64 years.....	3,260	4.5	203,295	5.7
65 - 74 years.....	3,797	5.2	254,944	7.1
75 - 84 years.....	3,046	4.2	166,717	4.7
85 years and over.....	1,889	2.6	84,898	2.4
<b>Total.....</b>	<b>73,206</b>	<b>100.0</b>	<b>3,574,097</b>	<b>100.0</b>
Median Age (Years)....	32.6		40.0	

Sources: U.S. Census Bureau, Census 2010, State of Connecticut

### Income Distribution

<b>Income</b>	<b>City of New Britain</b>		<b>State of Connecticut</b>	
	<b>Families</b>	<b>Percent</b>	<b>Families</b>	<b>Percent</b>
Less than \$10,000.....	3,494	12.4	79,205	5.8
\$10,000 to \$14,999.....	1,783	6.3	59,768	4.4
\$15,000 to \$24,999.....	4,407	15.6	122,071	9.0
\$25,000 to \$34,999.....	3,944	14.0	111,137	8.2
\$35,000 to \$49,999.....	3,690	13.1	167,997	12.4
\$50,000 to \$74,999.....	5,892	20.8	230,952	17.0
\$75,000 to \$99,999.....	2,757	9.8	180,261	13.3
\$100,000 to \$149,999..	1,566	5.5	212,185	15.6
\$150,000 to \$199,999..	590	2.1	91,520	6.7
\$200,000 or more.....	108	0.4	103,713	7.6
<b>Total.....</b>	<b>28,231</b>	<b>100.0</b>	<b>1,358,809</b>	<b>100.0</b>

Source: U.S. Department of Commerce, Bureau of Census, 2010

### Income Levels

	<b>City of New Britain</b>	<b>State of Connecticut</b>
Per Capita Income, 2010 .....	\$18,660	\$35,078
Per Capita Income, 2000 .....	\$18,404	\$28,766
Median Family Income, 2010 .....	\$41,091	\$81,246
Percent Below Poverty, 2010 .....	16.40%	7.20%

Source: U.S. Department of Commerce, Bureau of Census, 2010

### Major Employers

<b>Employer</b>	<b>Business</b>	<b>Approximate Number Employed</b>
The Hospital of Central Connecticut .....	Hospital	3,100
City of New Britain .....	Municipality	1,924
Central CT State University.....	University	1,637
The Hospital for Special Care.....	Hospital	1,554
State of CT.....	Government	1,095
Stanley-Black & Decker.....	Manufacturing	933
Tilcon CT.....	Construction	735
Grove Hill Medical Center.....	Health Care	484
Dattco.....	Transportation	425
Webster Bank.....	Banking	375
<b>Total .....</b>		<b>12,262</b>

Source: City of New Britain, Office of Community and Economic Development.

### Employment Data

<i>Period</i>	<i>City of New Britain</i>		<i>Percentage Unemployed</i>		
	<i>Employed</i>	<i>Unemployed</i>	<i>City of New Britain</i>	<i>Hartford Labor Market</i>	<i>State of Connecticut</i>
December 2011	31,621	3,719	10.5	7.6	7.6
<b><i>Annual Average</i></b>					
2011	31,209	4,475	12.5	8.9	8.8
2010	31,299	4,608	12.8	9.1	9.0
2009	31,542	4,262	11.9	8.3	8.2
2008	32,102	2,979	8.5	5.8	5.7
2007	32,200	2,420	7.0	5.1	4.6
2006	32,104	2,195	6.4	4.4	4.3
2005	31,719	2,571	7.5	5.1	4.9
2004	31,445	2,618	7.7	5.5	4.9
2003	31,972	2,460	7.1	9.4	4.5

Source: Department of Labor, State of Connecticut.

### Employment by Industry

<i>Sector</i>	<i>City of New Britain</i>		<i>State of Connecticut</i>	
	<i>Number</i>	<i>Percent</i>	<i>Number</i>	<i>Percent</i>
Agriculture, forestry, fishing/hunting, & mining .....	354	1.0	6,592	0.4
Construction .....	1,845	5.4	112,301	6.4
Manufacturing .....	5,430	16.0	207,476	11.7
Wholesale trade .....	646	1.9	47,436	2.7
Retail trade .....	4,414	13.0	195,667	11.1
Transportation and warehousing, and utilities .....	1,108	3.3	67,556	3.8
Information .....	365	1.1	46,077	2.6
Finance, insurance, real estate, rental & leasing .....	2,672	7.9	167,484	9.5
Professional, scientific, management, administrative, and waste mgmt services .....	2,957	8.7	189,671	10.7
Education, health and social services .....	7,921	23.3	438,801	24.8
Arts, entertainment, recreation, accommodation	4,197	12.3		
Other services (except public administration) .....	587	1.7	78,859	4.5
Public Administration .....	1,512	4.4	67,078	3.8
<b><i>Total Labor Force, Employed</i></b> .....	<b>34,008</b>	<b>100.0</b>	<b>1,765,549</b>	<b>100.0</b>

Source: U.S. Department of Commerce, Bureau of Census, 2010.

### Educational Attainment

	City of New Britain		State of Connecticut	
	Number <sup>1</sup>	Percent	Number <sup>1</sup>	Percent
Less than 9th grade.....	4,387	9.6	111,914	4.6
9th to 12th grade, no diploma.....	7,227	15.9	165,094	6.8
High School graduate (includes equivalency).....	16,126	35.5	687,618	28.3
Some college, no degree.....	7,090	15.6	431,411	17.7
Associate degree.....	2,691	5.9	173,047	7.1
Bachelor's degree.....	4,849	10.7	491,990	20.2
Graduate or professional degree.....	3,111	6.8	373,309	15.3
<b>Total.....</b>	<b>45,481</b>	<b>100.0</b>	<b>2,434,383</b>	<b>100.0</b>
Total high school graduate or higher (%).....	74.5%		88.6%	
Total bachelor's degree or higher (%).....	17.5%		35.5%	

<sup>1</sup> Population 25 years and over.

Source: U.S. Department of Commerce, Bureau of Census, 2010.

### Age Distribution of Housing

Year Built	City of New Britain		State of Connecticut	
	Units	Percent	Units	Percent
2000 or later	408	1.4	111,139	7.5
1990 to 1999 .....	233	0.8	106,593	7.2
1980 to 1989 .....	1,767	5.9	190,703	12.7
1960 to 1979 .....	7,673	25.7	402,575	27.1
1940 to 1959 .....	9,572	32.0	326,813	22.0
1939 or earlier .....	10,247	34.2	350,392	23.5
<b>Total Housing Units, 2010 .....</b>	<b>29,900</b>	<b>100.0</b>	<b>1,488,215</b>	<b>100.0</b>
Percent Owner Occupied, 2010 .....	42.6		71.4	

Source: U.S. Department of Commerce, Bureau of Census, 2010

### Building Permits

Fiscal Year Ending	Residential		Commercial/Industrial		Total	
	No.	Value	No.	Value	No.	Value
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
2006	890	14,264,354	142	21,633,579	1,032	35,897,933
2005	749	8,548,608	139	8,934,874	888	17,483,482

Source: City of New Britain, Department of Licenses, Permits & Inspections.

### Land Use Summary

	As of December 31, 2011		As of December 31, 2010	
	Acres	Percent	Acres	Percent
<b>Residential:</b>				
Single Family .....	2,156.82	24.53	2,156.46	24.52
Two Family .....	485.55	5.52	484.72	5.51
Three Family .....	265.67	3.02	265.67	3.02
Multi-Family .....	293.41	3.34	293.41	3.34
Rooming House .....	1.81	0.02	1.81	0.02
Sub-Total .....	3,203.26	36.43	3,202.07	36.41
<b>Mixed Use:</b>				
Single Family & Business .....	14.61	0.17	14.61	0.17
Two Family & Business .....	18.91	0.22	18.91	0.22
Three Family & Business .....	9.01	0.1	9.01	0.1
Multi-Family & Business .....	42.99	0.49	42.99	0.49
Rooming House & Business .....	1.06	0.01	1.06	0.01
Sub-Total .....	86.58	0.99	86.58	0.99
Commercial .....	339.4	3.86	339.4	3.86
<b>Industrial:</b>				
Light Industry .....	177.36	2.02	177.36	2.02
Heavy Industry .....	311.98	3.55	311.98	3.55
Sub-Total .....	489.34	5.57	489.34	5.57
<b>Public:</b>				
Public .....	75.05	0.85	75.05	0.85
Parks - Open Space – Water .....	882.4	10.04	882.4	10.04
Schools .....	215.81	2.45	215.81	2.45
Sub-Total .....	1,173.26	13.34	1,173.26	13.34
<b>Semi-Public:</b>				
Churches .....	69.46	0.79	69.46	0.79
Cemeteries .....	179.04	2.04	179.04	2.04
Societies & Club .....	15.88	0.18	15.88	0.18
Institutions .....	343.37	3.91	343.37	3.91
Water Shed Land .....	51.18	0.58	51.18	0.58
Public Utilities .....	18.45	0.21	18.45	0.21
Sub-Total .....	677.38	7.71	677.38	7.71
<b>Circulation System (Streets –</b>				
Highway - Railroad) .....	1,573.19	17.89	1,573.19	17.89
Vacant .....	1,249.92	14.21	1,251.11	14.23
<b>Total .....</b>	<b>8,792.33</b>	<b>100.00</b>	<b>8,792.33</b>	<b>100.00</b>

Source: City of New Britain - City Plan Commission



## **IV. Tax Base Data**

### **Property Tax Assessments**

The maintenance of an equitable tax base and the location and appraisal of all real and personal property within the City for inclusion onto the Grand List are the responsibilities of the Assessor. The Grand List represents the total assessed value for all taxable real and personal property and motor vehicles located within the City as of October 1. Each year the Board of Assessment Appeals determines whether adjustments to the Assessor's list on assessments under appeal are warranted. Assessments for real property are computed at seventy percent (70%) of the market value at the time of the last general revaluation while assessments for motor vehicles and personal property are computed at seventy percent (70%) of their present market values. In accordance with Connecticut General Statutes, the City conducted a general revaluation of real property effective as of October 1, 2007 and will be conducting a general revaluation of real property by physical inspection to be effective October 1, 2012. Section 12-62 of the Connecticut General Statutes establishes the revaluation cycle for Connecticut municipalities. Generally, Section 12-62, as amended, requires a revaluation every five years and requires the Assessor to fully inspect each parcel, including measuring or verifying the exterior dimensions of a building and entering and examining the interior of the building, once every ten assessment 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, but such phase-in must be implemented in less than five years.

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

Motor vehicle lists are furnished to the City by the State of Connecticut, Department of Motor Vehicles, and appraisals of motor vehicles are accomplished in accordance with an automobile price schedule recommended by the State Office of Policy and Management. Section 12-71b of the Connecticut General Statutes, as amended, provides that motor vehicles which are registered with the Commissioner of Motor Vehicles after the October 1 assessment date but before the next August 1 are subject to a property tax as if the motor vehicle had been included on the October 1 Grand List. The tax is prorated, and the pro-ratio is based on the number of months of ownership between October 1 and the following July 31. Motor vehicles purchased in August and September are not taxed until the next October 1 Grand List. If the motor vehicle replaces a motor vehicle that was taxed on the October 1 Grand List, the taxpayer is entitled to certain credits.

All personal property (furniture, fixtures, equipment, machinery and leased equipment) is assessed annually. An Assessor's check and audit is completed periodically.

### **Levy**

Property taxes are levied on all taxable assessed property on the Grand List of October 1 prior to the beginning of the fiscal year. Tax bills are payable in two installments - July 1 and January 1. Payments not received by August 1 and February 1, respectively, become delinquent. 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. A modest 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 lien-ed each year prior to June 30 with legal demands and alias tax warrants used in the collection of personal property and motor vehicle tax accounts. Tax accounts are transferred to suspense 15 years after the due date in accordance with State Statutes.

### Net Taxable Grand List

<b>Grand List of 10/1</b>	<b>Residential Real Property (%)</b>	<b>Commercial &amp; Industrial Real Property (%)</b>	<b>Unimproved Land (%)</b>	<b>Personal Property (%)</b>	<b>Motor Vehicle (%)</b>	<b>Gross Taxable Grand List</b>	<b>Less Exemptions</b>	<b>Net Taxable Grand List</b>	<b>% Growth</b>
2011	61.2	22.3	0.5	8.7	7.4	\$ 3,059,121,528	\$ 110,041,442	\$ 2,949,080,086	0.90%
2010	61.7	22.3	0.5	8.4	7.1	3,030,977,819	108,253,648	2,922,724,171	0.32%
2009	61.7	22.4	0.5	8.3	7.0	3,017,475,451	104,086,991	2,913,388,460	-0.30%
2008	61.7	22.7	0.5	8.1	7.0	3,017,815,363	95,695,577	2,922,119,786	-1.38%
2007 <sup>1</sup>	61.1	23.3	0.8	8.3	6.5	3,037,922,933	75,037,608	2,962,885,325	41.79%
2006	56.9	22.2	0.5	11.3	9.1	2,158,279,371	68,671,284	2,089,608,087	0.55%
2005	57.2	22.3	0.5	11.2	8.8	2,132,991,691	54,831,677	2,078,160,014	1.24%
2004	57.6	22.9	0.4	10.6	8.5	2,114,337,560	61,539,190	2,052,798,370	--

<sup>1</sup> Revaluation.

Source: City of New Britain, Assessor's Office.

### Tax Exempt Property

	<b>Assessed Value 10/1/2011</b>
<b>Publicly Owned</b>	
City of New Britain .....	\$ 304,251,360
State of Connecticut .....	78,556,590
Federal .....	3,315,130
City of Hartford .....	376,670
New Britain Housing Authority .....	17,377,220
<b>Total Publicly Owned .....</b>	<b>\$ 403,876,970</b>
<b>Privately Owned</b>	
Total Privately Owned <sup>1</sup> .....	\$ 629,393,535
<b>Total Tax Exempt .....</b>	<b>\$ 1,033,270,505</b>
Percent as compared to Net Taxable Grand List <sup>2</sup> ....	35.04%

<sup>1</sup> Includes two regional non-profit hospitals, state university, religious institutions, libraries, museums and all others.

<sup>2</sup> Based on a 10/1/2011 Net Taxable Grand List of \$2,949,080,086.

Source: City of New Britain, Assessor's Office.

### Ten Largest Taxpayers

<b>Name</b>	<b>Nature of Business</b>	<b>Taxable Valuation</b>	<b>Percent of Net Taxable Grand List <sup>1</sup></b>
Connecticut Light & Power .....	Utility	\$ 42,750,278	1.45%
Pebblebrook Apartments LLC.....	Apartments	21,865,000	0.74%
Stanley Black & Decker Inc.....	Manufacturing	20,228,600	0.69%
Connecticut Natural Gas Corp.....	Utility	12,859,566	0.44%
Inland Southeast New Britain LLC.....	Utility	12,800,780	0.43%
Webster Bank.....	Banks/Offices	11,706,462	0.40%
NB-BTMC LLC.....	Retail	11,200,000	0.38%
Farmington Hills 06 LLC.....	Apartments	10,659,013	0.36%
Investment Associates LTP.....	Medical Offices	10,620,890	0.36%
HSC Community Services Inc.....	Nursing Care	9,088,170	0.31%
<b>Total .....</b>		<b>\$ 163,778,759</b>	<b>5.55%</b>

<sup>1</sup> Based on a 10/1/2011 Net Taxable Grand List of \$2,949,080,086.

Source: City of New Britain, Assessor's Office.

### **Property Tax Levies and Collections**

<b>Grand List of 10/1</b>	<b>Fiscal Year Ending</b>	<b>Net Taxable Grand List</b>	<b>Mill Rate</b>	<b>Tax Levy</b>	<b>Percent of Annual Levy Collected at End of Fiscal Year</b>	<b>Uncollected</b>	
						<b>Percent of Annual Levy Uncollected at End of Fiscal Year</b>	<b>Percent of Annual Levy Uncollected as of 6/30/11</b>
2010	2012 <sup>1</sup>	\$2,922,724,171	36.63	\$103,222,926	IN COLLECTION		n/a
2009	2011	2,913,388,460	36.63	103,479,111	95.88%	4.12%	4.12%
2008	2010	2,919,676,735	34.98	101,941,766	95.94%	4.06%	2.03%
2007	2009	2,962,955,325	34.98	103,424,611	95.72%	4.28%	1.15%
2006	2008	2,089,608,087	45.40	94,066,512	95.70%	4.30%	1.01%
2005 <sup>2</sup>	2007	2,078,160,014	45.88	95,916,505	96.55%	3.45%	0.81%
2004	2006	2,055,598,712	45.89	93,494,265	96.85%	3.15%	0.63%

<sup>1</sup> Unaudited estimate.

<sup>2</sup> Revaluation.

Source: City of New Britain, Tax Collector's Office.

### **Property Taxes Receivable**

<b>Fiscal Year Ending 6/30</b>	<b>Total Uncollected Taxes</b>	<b>Uncollected in Fiscal Year of Levy</b>
2011	\$12,815,000	\$4,419,000
2010	11,846,000	4,009,000
2009	12,755,068	4,140,144
2008	10,758,271	4,094,560
2007	9,418,000	3,366,000
2006	9,063,000	2,978,000
2005	9,143,000	3,070,000

Source: City of New Britain, Tax Collector's Office.

**V. Debt Summary**  
**General Fund Long-Term Bonded Debt**  
**As of March 28, 2012 (Pro-Forma)**

<b>Dated</b>	<b>Purpose</b>	<b>Original Issue Coupon Rate %</b>	<b>Original Issue Amount</b>	<b>Date of Fiscal Year Maturity</b>	<b>Balance Outstanding</b>
<b>Consolidated School District:</b>					
02/01/93	1993 Series A	3.8-6.0	\$13,300,000	2012	\$735,000
02/01/94	1994 Series	4.0-5.0	17,700,000	2014	1,770,000
04/15/97	1997 Series	4.4-5.1	13,115,000	2013	970,000
11/04/02	2002 Refunding Series	2.0-5.0	1,829,872	2014	575,488
04/06/06	2006 Series	4.0-5.0	11,000,000	2021	7,330,190
04/05/07	2007 Series	3.8-5.0	6,600,000	2022	4,840,121
04/03/08	2008 Series A	2.8-5.0	1,750,000	2022	1,487,025
04/01/08	2008 Series B (Refunding of Series 1999 & 2000B)	2.8-5.0	12,425,000	2020	2,710,000
03/31/09	2009 Series	3.0-5.0	3,975,000	2024	3,460,000
11/09/10	2010 Series C	3.0-5.0	1,840,000	2015	1,465,000
<b>Sub-Total</b>			<b>\$83,534,872</b>		<b>\$25,342,824</b>
<b>Public Improvement:</b>					
11/04/02	2002 Refunding Series	2.0-5.0	2,240,128	2014	704,512
06/01/05	2005 MERF Pension Bond	4.93	1,450,000	2023	1,085,000
04/06/06	2006 Series	4.0-5.0	3,670,000	2021	3,645,105
04/05/07	2007 Series	3.8-5.0	6,975,000	2022	5,114,879
04/01/08	2008 Series A	2.8-5.0	11,215,000	2028	9,527,975
04/01/08	2008 Series B (Refunding of Series 1999 & 2000B)	2.8-5.0	12,080,000	2020	7,235,000
03/31/09	2009 Series	3.0-5.0	8,370,000	2024	8,165,000
03/30/10	2010A Series	2.5-5.25	11,715,000	2025	10,145,000
11/09/10	2010 Subseries B-1	3.0-4.0	7,065,000	2014	5,315,000
11/09/10	2010 Subseries B-2	2.89-5.53	18,000,000	2024	18,000,000
11/09/10	2010 Subseries B-3	5.69-5.82	9,935,000	2030	9,935,000
<b>Sub-Total</b>			<b>\$92,715,128</b>		<b>\$78,872,471</b>
<b>General Obligation Pension Bonds (Taxable):</b>					
02/01/98	1998 Series	5.70-6.54	66,000,000	2021	39,550,000
05/30/08	2008 Series C <sup>1</sup>	6.371	40,700,000	2026	40,000,000
<b>Sub-Total</b>			<b>\$106,700,000</b>		<b>\$79,550,000</b>
<b>Water Bonds:</b>					
04/01/08	2008 Series B (Refunding of Series 2005 Revenue Bonds)	2.8-5.0	14,170,000	2035	12,930,000
<b>Sub-Total</b>			<b>\$14,170,000</b>		<b>\$12,930,000</b>
<b>Total General Fund Debt</b>			<b>\$297,120,000</b>		<b>\$196,695,295</b>
<b>This Issue</b>					
03/15/12	General Purposes .....	2.0-4.0	\$ 30,879,000	2027	\$ 30,879,000
03/15/12	Schools .....	2.0-4.0	3,136,000	2027	3,136,000
<b>Total Bonds This Issue</b> .....			<b>\$ 34,015,000</b>		<b>\$ 34,015,000</b>
<b>Grand Total</b> .....			<b>\$ 331,135,000</b>		<b>\$ 230,710,295</b>

<sup>1</sup> Issued as variable rate bonds, but were swapped from a variable interest rate to a fixed interest rate pursuant to a swap agreement.  
See "Interest Rate Swap Agreements and Option" herein.

**Self-Liquidating Long-Term Bonded Debt**  
**As of March 28, 2012 (Pro-Forma)**

<b>Dated</b>	<b>Purpose</b>	<b>Original Issue Coupon Rate %</b>	<b>Principal Amount Outstanding (Pro Forma)</b>	<b>Date of Fiscal Year Maturity</b>	<b>Balance Outstanding</b>
<b>Sewer <sup>1</sup></b>					
01/31/04	2003 Series (Sewer Inflow & Infiltration – CWF 400-DC – Contract #1)	2.0	2,317,896	2023	1,265,193
05/30/05	2005 Series (Sewer Inflow & Infiltration – CWF 488-C – Contract #2 & #3)	2.0	2,695,515	2024	1,651,012
01/31/27	2008 Series (Sewer Inflow & Infiltration – CWF 583-DC – Contract #4)	2.0	1,173,344	2027	875,122
<b>Sub-Total</b>			<u>\$6,186,755</u>		<u>\$3,791,327</u>
<b>Stanley Golf Course:</b>					
04/06/06	2006 Series	4.0-5.0	990,000	2021	659,717
<b>Sub-Total</b>			<u>\$990,000</u>		<u>\$659,717</u>
<b>Water:</b>					
11/30/01	2001 Series - Drinking Water State Revolving Fund (DWSRF)	2.77	12,682,987	2021	6,182,999
10/01/04	2001 Series - Drinking Water State Revolving Fund (DWSRF)	2.43	24,000,000	2023	14,000,080
<b>Sub-Total</b>			<u>\$36,682,987</u>		<u>\$20,183,079</u>
<b>Total General Fund Debt</b>			<u><u>\$43,859,742</u></u>		<u><u>\$24,634,122</u></u>

<sup>1</sup> The City is a participant in the State of Connecticut's Clean Water Fund Program (General Statutes Sections 22a-475 et. seq. as amended) which provides financing assistance 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).

**Short –Term Debt**

The City currently has outstanding \$33,135,000 General Obligation Bond Anticipation Notes dated March 28, 2012 (the “2012 Notes”). The 2012 Notes will mature on March 27, 2013.

**Other Commitments**

None

**General Fund Annual Bonded Debt Maturity Schedule  
As of March 28, 2012 (Pro-Forma)**

<b>Fiscal Year Ended 6/30</b>	<b>Principal Payments</b>	<b>Interest Payments</b>	<b>Total Payments</b>	<b>This Issue: General Purpose</b>	<b>This Issue: Schools</b>	<b>Total This issue</b>	<b>Cumulative % of Principal Retired</b>
2012	\$ 7,563,944	\$ 2,786,178	\$ 10,350,122	\$ -	\$ -	\$ -	3.28%
2013	14,873,944	10,141,326	25,015,270	2,424,000	246,000	2,670,000	10.88%
2014	12,883,944	9,464,095	22,348,039	2,424,000	246,000	2,670,000	17.62%
2015	11,973,944	8,819,693	20,793,637	2,424,000	246,000	2,670,000	23.97%
2016	11,928,944	8,236,117	20,165,061	2,424,000	246,000	2,670,000	30.30%
2017	12,268,944	7,641,841	19,910,785	2,424,000	246,000	2,670,000	36.77%
2018	12,618,944	7,012,828	19,631,772	2,424,000	246,000	2,670,000	43.40%
2019	12,999,229	6,340,888	19,340,117	2,424,000	246,000	2,670,000	50.19%
2020	13,409,229	5,629,849	19,039,078	2,424,000	246,000	2,670,000	57.16%
2021	12,809,229	4,886,356	17,695,585	2,424,000	246,000	2,670,000	63.87%
2022	12,220,000	4,173,031	16,393,031	2,413,000	247,000	2,660,000	70.32%
2023	11,740,000	3,482,744	15,222,744	1,330,000	135,000	1,465,000	76.05%
2024	12,080,000	2,797,562	14,877,562	1,330,000	135,000	1,465,000	81.92%
2025	11,660,000	2,096,616	13,756,616	1,330,000	135,000	1,465,000	87.61%
2026	11,400,000	1,406,009	12,806,009	1,330,000	135,000	1,465,000	93.18%
2027	2,990,000	711,227	3,701,227	1,330,000	135,000	1,465,000	95.11%
2028	2,985,000	551,076	3,536,076	-	-	-	96.41%
2029	2,080,000	397,706	2,477,706	-	-	-	97.31%
2030	2,040,000	283,471	2,323,471	-	-	-	98.19%
2031	2,040,000	170,491	2,210,491	-	-	-	99.08%
2032	535,000	101,176	636,176	-	-	-	99.31%
2033	535,000	75,762	610,762	-	-	-	99.54%
2034	530,000	50,350	580,350	-	-	-	99.77%
2035	530,000	25,176	555,176	-	-	-	100.00%
<b>Total.....</b>	<b>\$ 196,695,295</b>	<b>\$ 87,281,567</b>	<b>\$ 283,976,862</b>	<b>\$ 30,879,000</b>	<b>\$ 3,136,000</b>	<b>\$ 34,015,000</b>	

**Self-Liquidating Annual Bonded Debt Maturity Schedule  
As of March 28, 2012 (Pro-Forma)**

<b>Fiscal Year Ended 6/30</b>	<b>Principal Payments</b>	<b>Interest Payments</b>	<b>Total Payments</b>	<b>Cumulative % of Principal Retired</b>
2012	\$ 780,695	\$ 215,474	\$ 996,169	3.17%
2013	2,209,544	573,849	2,783,393	12.14%
2014	2,209,544	518,315	2,727,858	21.11%
2015	2,209,544	462,079	2,671,622	30.08%
2016	2,209,544	405,863	2,615,407	39.05%
2017	2,209,544	350,426	2,559,969	48.02%
2018	2,209,544	294,030	2,503,574	56.99%
2019	2,209,260	238,195	2,447,455	65.95%
2020	2,209,260	181,593	2,390,854	74.92%
2021	2,209,260	125,392	2,334,652	83.89%
2022	1,773,567	71,752	1,845,319	91.09%
2023	1,461,048	34,737	1,495,785	97.02%
2024	582,212	6,927	589,139	99.38%
2025	58,667	2,493	61,161	99.62%
2026	58,667	1,320	59,987	99.86%
2027	34,223	228	34,451	100.00%
<b>Total.....</b>	<b>\$ 24,634,122</b>	<b>\$ 3,482,673</b>	<b>\$ 28,116,795</b>	

## ***Interest Rate Swap Agreements***

The City has an Interest Rate Risk Management Policy dated April 7, 2005. This policy contains the purpose of interest rate exchange contracts, potential risks regarding interest rate exchange contracts and policies regarding interest rate exchange contracts. A copy of the policy is available from the City's finance office. Standard & Poor's has assigned the City a Debt Derivative Profile overall score of "1" on a scale of "1" to "5", with a "1" representing the lowest risk and "5" the highest risk.

The City entered into the swap agreements described below as a means of (1) lowering its borrowing costs when compared to fixed-rate bonds at the time of issuance and (2) limiting interest rate risk inherent in variable rate debt. Notwithstanding such swap agreements, the City remains liable to pay interest on such bonds. The swaps may expose the City to certain market and credit risks. The City may terminate each swap agreement at any time at market value, or upon the occurrence of certain events. In addition, the City or the swap provider may terminate each swap agreement if the other party fails to perform under the terms of the agreement. If any of the swap agreements are terminated, the related bonds would bear interest at a variable rate, and the City could be liable for a termination payment if the swap agreement has a negative market value or could receive a termination payment from the swap provider if the swap agreement has a positive market value.

The City entered into an interest rate swap agreement with Deutsche Bank dated September 14, 2006, revised as of October 2, 2006, and amended as of April 13, 2007 and October 8, 2010 with respect to its 1998 Bonds. On May 30, 2008, the 1998 Bonds were refunded by the Series 2008C Bonds and the swap agreement with Deutsche Bank remains in full force and effect with regards to the Series 2008C Bonds. The original notional amount was \$40,000,000. Under the terms of this agreement, the City received an upfront payment of \$1,843,240 of which \$1,500,000 was deposited in its general fund for future appropriations for capital expenditures. Pursuant to the interest rate swap agreement, the City makes payments due the swap provider at a variable rate of interest equal to 100% of the 1-month LIBOR Index and the swap provider makes payments to the City at a variable rate of interest equal to 78% of the 10-year LIBOR Index with respect to such bonds per annum beginning February 1, 2017 until the termination date of the swap, which is February 1, 2026, unless terminated earlier.

In addition the City entered into an interest rate swap agreement with Deutsche Bank on April 29, 2008 relating to the 1998 Bonds, which as of May 30, 2008, applied to the Series 2008C Bonds. Pursuant to the swap agreement, the City makes payments due to the swap provider at a fixed interest of 6.371% and the swap provider makes payments to the City at a variable rate of interest as such variable rate may change from time to time, resulting in the City's net interest cost with respect to the 2008C Bonds, effectively constituting a fixed rate of 6.371% per annum until the termination date of the swap, which is February 1, 2026, unless terminated earlier.

In addition to the foregoing agreements, the City entered into a forward interest rate swap agreement in the notional amount of \$14,000,000 with Deutsche Bank on January 16, 2008 with respect to variable rate general obligation bonds the City anticipated to issue in April, 2011. Pursuant to such agreement, the City would make payments due the swap provider at a fixed rate of interest of 3.807% and the swap provider would make payments to the City at a variable rate of interest equal to the weekly SIFMA Municipal Swap Index, generally similar to the rate of interest on such bonds, as such variable rate may change from time to time, until the termination date of the swap, which is April 1, 2026, unless terminated earlier. The City intends to terminate this swap on the date of delivery of the Bonds. To do so, the City has authorized \$2,750,000 which will be used as to fund the termination payment to the swap provider.

## **Overlapping/Underlying Debt**

### **Underlying Debt:**

The City does not have any underlying debt.

### **Overlapping Debt:**

The City, along with the Cities 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 May, 1963.

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.

There is no debt outstanding to the District as of March 28, 2012.

### **Debt Statement** **As of March 28, 2012 (Pro-Forma)**

#### **Long-Term Debt Outstanding: <sup>1</sup>**

General Purpose (Includes \$78,872,471 outstanding and \$30,879,000 of this issue) .....	\$	109,751,471
Schools (Includes \$25,342,824 outstanding and \$3,136,000 of this issue) .....		28,478,824
Sewer I & I - State Clean Water Fund.....		3,791,327
Water .....		12,930,000
Pension Obligation Bonds.....		79,550,000
Stanley Golf Course.....		659,717
Drinking Water Interim Funding Obligation .....		20,183,079
<b>Total Long-Term Debt</b> .....		<u>255,344,417</u>

#### **Short-Term Debt:**

Bond Anticipation Notes (this issue) .....		33,135,000
<b>Total Short-Term Debt</b> .....		<u>33,135,000</u>

<b>Total Direct Debt</b> .....		<u>288,479,417</u>
--------------------------------	--	--------------------

Less: State of Connecticut School Grants Receivable (6/30/11) <sup>2</sup> .....	(5,575,000)	
Sewer I & I - State Clean Water Fund .....	(3,791,327)	
Stanley Golf Course .....	(659,717)	
Drinking Water Interim Funding Obligation .....	(20,183,079)	(30,209,122)
<b>Total Overall Net Debt</b> .....		<u>\$ 258,270,295</u>

<sup>1</sup> Excludes capital leases.

<sup>2</sup> For school building projects approved prior to July 1, 1996, the State of Connecticut will reimburse the City for eligible principal and interest costs over the life of outstanding bonds. Amount shown is for principal only. See "School Projects" herein.



**Current Debt Ratios**  
**As of March 28, 2012 (Pro-Forma)**

Population <sup>1</sup> .....	73,206
Net Taxable Grand List (10/1/2011) .....	\$ 2,949,080,086
Estimated Full Value (Net Taxable Grand List/70%) .....	\$ 4,212,971,551
Equalized Net Taxable Grand List (2009) <sup>2</sup> .....	\$ 4,012,522,055
Income per Capita (2000) <sup>3</sup> .....	\$18,404
Income per Capita (2010) <sup>1</sup> .....	\$18,660

	<b>Total Direct Debt \$288,479,417</b>	<b>Total Overall Net Debt \$258,270,295</b>
Debt Per Capita .....	\$ 3,940.65	\$ 3,527.99
Ratio to Net Taxable Grand List .....	9.78%	8.76%
Ratio to Estimated Full Value (Net Taxable Grand List/70%) .....	6.85%	6.13%
Ratio to Equalized Net Taxable Grand List .....	7.19%	6.44%
Debt per Capita to Income per Capita (2000) .....	21.41%	19.17%
Debt per Capita to Income per Capita (2010) .....	21.12%	18.91%

<sup>1</sup> Department of Commerce, U.S. Bureau of the Census, 2010.

<sup>2</sup> State of Connecticut, Office of Policy and Management.

<sup>3</sup> Department of Commerce, U.S. Bureau of the Census, 2000.

**Limitation of Indebtedness**

Municipalities shall not incur indebtedness through the issuance of bonds that will cause aggregate indebtedness by class to exceed the following:

General Purpose: 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 Purpose: 3.25 times annual receipts from taxation  
Pension: 3.00 times annual receipts from taxation

In no case however, shall total indebtedness exceed seven times the annual receipts from taxation.

"Annual receipts from taxation" is defined as total tax collections, interest, penalties, late payment of taxes, and state payments for revenue loss under CGS Section 12-129d (tax relief for the elderly) and state payments to municipalities under CGS Section 7-528 (local property tax relief trust fund).

The statutes also provide for certain exclusions of debt (i) issued in anticipation of taxes; (ii) issued for the supply of water, gas and electricity, for electric demand response, for conservation and load management, for distributed generation, for renewable energy projects, 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 of 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, allocation by the State Bond Commission, or contract 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 the proceeds of refunding bonds, notes or other obligations to provide for the payment of bonds, notes or other obligations.

**Statement of Statutory Debt Limitation**  
**As of March 28, 2012 (Pro-Forma)**

**Total tax collections (including interest and lien fees) received by**

□ <b>Treasurer for year ended June 30, 2011</b> .....	106,904,000
Reimbursement for revenue loss on:	
Tax Relief for Elderly .....	453,000
Disability Exemption .....	14,000
Veterans' Exemption .....	28,000
Manufacturing Equipment Exemption .....	1,182,000
Boat Registration Reimbursement .....	11,000
<b>Base</b> .....	108,592,000

	<b>General Purposes</b>	<b>Schools</b>	<b>Sewers</b>	<b>Urban Renewal</b>	<b>Unfunded Past Pension</b>
<b>Debt Limitation:</b>					
2 1/4 times base .....	\$ 244,332,000	\$ -	\$ -	\$ -	\$ -
4 1/2 times base .....	-	488,664,000	-	-	-
3 3/4 times base .....	-	-	407,220,000	-	-
3 1/4 times base .....	-	-	-	352,924,000	-
3 times base .....	-	-	-	-	325,776,000
<b>Total Debt Limitation</b> .....	244,332,000	488,664,000	407,220,000	352,924,000	325,776,000

**Indebtedness :**

Outstanding Debt:

Bonds Payable <sup>1,2</sup> .....	111,985,550	25,342,824	3,791,327	-	-
Pension Obligation Bonds .....	79,550,000	-	-	-	-
Bonds (This Issue) .....	30,879,000	3,136,000	-	-	-
Notes (This Issue) .....	29,177,000	3,958,000	-	-	-
Authorized But Unissued Debt <sup>3</sup> .....	42,785,051	4,347,386	-	-	-
Overlapping Debt .....	-	-	-	-	-
<b>Total Outstanding Debt</b> .....	294,376,601	36,784,210	3,791,327	-	-

Less:

School Grants Receivable <sup>4</sup> .....	-	(5,575,000)	-	-	-
Self-Liquidating Debt .....	(20,183,079)	-	(3,791,327)	-	-
Statutory Exclusion – Pension Bonds .....	(79,550,000)	-	-	-	-
<b>Total Outstanding Net Debt</b> .....	194,643,522	31,209,210	-	-	-

**DEBT LIMITATION IN EXCESS**

<b>OF INDEBTEDNESS</b> .....	\$ 49,688,478	\$ 457,454,790	\$ 407,220,000	\$ 352,924,000	\$ 325,776,000
------------------------------	---------------	----------------	----------------	----------------	----------------

<sup>1</sup> Includes \$10,504,000 of Water Debt which is funded by a the General Fund and \$2,426,000 funded by the water department. Also includes \$20,183,079 of self supporting water debt.

<sup>2</sup> Excludes \$659,717 of self-supporting Golf Bonds.

<sup>3</sup> Please see Authorized But Unissued chart on the following page.

<sup>4</sup> The State of Connecticut provides proportional progress payments for eligible school construction expenses on projects approved after July 1, 1996. Debt service reimbursement will continue under the prior program for all projects approved prior to July 1, 1996. Under the prior program, the State of Connecticut will reimburse the City for a percentage of principal and interest costs for eligible school construction projects over the life of outstanding school bonds and the subsequent bond issues necessary to completely fund school projects.

**Authorized but Unissued Debt  
As of March 28, 2012 (Pro-Forma)**

Project	Original	Total Amount Authorized	Bonds Issued	Previously	Grants Receivable	Notes Outstanding	This Issue:		Authorized but Unissued Debt
	Authorization Date			Bonded Paydowns			The Bonds	Notes Due 3/27/2013	
<b>Education:</b>									
Lincoln/Northend/Vance.....	13-Jun-01	\$ 43,800,000	\$ 17,600,000	\$ 150,000	\$24,463,528	\$ -	\$ -	\$ -	\$ 1,586,472
New Britain High School.....	13-Apr-05	16,595,000	3,975,000	25,000	10,549,941	1,610,000	1,647,000	-	398,059
Reroof Five Schools.....	22-Mar-06	8,225,000	1,750,000	2,000	4,956,696	610,000	612,000	413,000	491,304
NBHS Code Compliance.....	9-Jul-08	3,000,000	-	-	1,406,449	2,310,000	-	1,045,000	548,551
Smalley Academy Chiller.....	9-Jul-08	500,000	-	-	-	480,000	490,000	-	10,000
DiLoreto Magnet School Addition.....	14-Apr-10	10,000,000	-	-	7,500,000	535,000	-	2,500,000	-
Entrance Security.....	9-Jul-08	1,700,000	-	-	-	375,000	387,000	-	1,313,000
<b>Capital Equipment:</b>									
2005 Capital Equipment.....	11-May-05	\$ 4,503,500	\$ 2,200,000	\$ -	\$ -	\$ 1,745,000	\$ 1,745,000	\$ 335,000	\$ 223,500
2007 Capital Equipment.....	28-Feb-07	8,450,000	800,000	-	-	4,970,000	4,970,000	500,000	2,180,000
2010 Capital Equipment.....	13-Oct-10	7,524,186	-	-	-	-	-	4,500,000	3,024,186
<b>Public Improvement:</b>									
Badolato and Szczesny Repairs.....	11-Apr-07	6,775,000	-	-	-	1,285,000	1,004,000	4,651,000	1,120,000
Fafnir Booth Street Industrial.....	26-Mar-97	8,550,000	2,755,000	70,000	4,861,117	660,000	660,000	-	203,883
Willow Street Project.....	13-Jun-07	5,350,000	250,000	-	-	4,650,000	4,650,000	450,000	-
Fafnir Smart Park.....	14-Mar-01	3,250,000	1,500,000	-	620,233	645,000	675,000	-	454,767
Environmental Remediation.....	14-May-03	6,750,000	4,750,000	50,000	-	1,200,000	700,000	775,000	475,000
Broad/Washington Reconstruction.....	13-Dec-00	13,300,000	4,225,000	1,845,000	2,541,477	-	-	850,000	3,838,523
Storm Water System Improvements.....	14-May-03	4,750,000	605,000	20,000	-	2,725,000	2,100,000	760,000	1,265,000
Pinnacle Heights.....	28-Jun-06	7,946,000	1,200,000	100,000	1,000,000	3,300,000	3,300,000	1,995,000	351,000
Street Infrastructure.....	28-Feb-07	22,058,000	9,345,000	-	-	5,625,000	5,012,000	3,555,000	4,146,000
Information Technology.....	26-Sep-07	2,000,000	554,000	-	-	950,000	950,000	25,000	471,000
Transfer Station Rehabilitation.....	28-Feb-07	6,868,000	-	-	-	2,000,000	1,000,000	830,000	5,038,000
New Police Station.....	24-Feb-10	38,850,000	35,000,000	-	-	-	-	3,845,000	5,000
Telecommunications.....	8-Feb-12	5,750,000	-	-	-	-	-	5,000,000	750,000
Beaver Street Reconstruction.....	10-Jun-09	7,300,000	-	-	-	1,000,000	560,000	-	6,740,000
Bridge Program.....	22-Mar-06	5,775,000	-	-	-	1,500,000	1,075,000	-	4,700,000
Forward Interest Rate Swap Termination...	8-Feb-12	2,750,000	-	-	-	-	2,418,000	-	332,000
2011 Revaluation.....	9-Mar-11	1,360,000	-	-	-	-	-	1,106,000	254,000
EMS.....	10-Aug-05	3,000,000	2,840,000	40,000	-	60,000	60,000	-	60,000
New Britain Machine Industrial.....	14-Feb-01	3,600,000	1,567,500	767,500	1,125,969	-	-	-	139,031
Broad, Beaver, Main, North.....	26-Feb-97	6,600,000	2,625,000	125,000	-	-	-	-	3,850,000
Police Headquarters.....	14-May-03	3,500,000	2,850,000	-	-	-	-	-	650,000
Hart Street Extension.....	24-May-00	9,500,000	3,878,500	1,034,750	2,772,589	-	-	-	1,814,161
2007 Revaluation.....	11-May-05	1,200,000	500,000	-	-	-	-	-	700,000
<b>Total</b> .....		\$ 281,079,686	\$ 100,770,000	\$ 4,229,250	\$61,797,999	\$ 38,235,000	\$ 34,015,000	\$ 33,135,000	\$ 47,132,437

**Ratio of Net Long-Term Debt to Valuation, Population and Income  
Last Five Fiscal Years**

Fiscal Year	Net Assessed Value	Estimated Full Value	Net Long- Term Debt <sup>1</sup>	Ratio of Net Long-Term Debt to Net Assessed Value		Population <sup>2</sup>	Net Long- Term Debt Per Capita	Ratio of Net Long-Term Debt Per Capita to Income <sup>3</sup>
				Ratio of Net Long-Term Debt to Net Assessed Value	Ratio of Net Long-Term Debt to Estimated Full Value			
2011	\$ 2,913,388,460	\$ 4,161,983,514	\$ 192,571,000	6.61%	4.63%	73,206	2,631	14.10%
2010	2,922,119,786	4,174,456,837	169,601,000	5.80%	4.06%	73,206	2,317	12.42%
2009	2,962,885,325	4,232,693,321	171,064,000	5.77%	4.04%	73,206	2,337	12.52%
2008	2,089,608,087	2,985,154,410	169,788,263	8.13%	5.69%	73,206	2,319	12.43%
2007	2,078,160,014	2,968,800,020	167,985,000	8.08%	5.66%	73,206	2,295	12.30%

<sup>1</sup> Amounts rounded. Includes Clean Water Fund Project Loan Obligations paid out of the general fund, but excludes capital leases. Long-term debt is net of estimated school building grants receivable at the end of every fiscal year for school building projects approved prior to July 1, 1996. See "School Projects" herein.

<sup>2</sup> Department of Commerce, U.S. Bureau of the Census, 2010.

<sup>3</sup> U.S. Department of Commerce, Bureau of the Census, 2010: Income per Capita of \$18,660.

**Ratio of Annual Debt Service Expenditures for Total Long-Term Debt  
To General Fund Expenditures**

<b>Fiscal Year Ended 6/30</b>	<b>Principal</b>	<b>Interest</b>	<b>Total General Fund Debt Service</b>	<b>Total General Fund Expenditures</b>	<b>Ratio of General Fund Debt Service To Total General Fund Expenditures</b>
2011	\$ 15,031,731	\$ 10,253,185	\$ 25,284,916	\$ 216,088,000	11.70%
2010	15,507,000	10,631,000	26,138,000	213,740,000	12.23%
2009	14,836,000	11,510,000	26,346,000	223,883,000	11.77%
2008	14,360,000	11,014,000	25,374,000	221,139,000	11.47%
2007	14,764,000	10,721,000	25,485,000	205,349,000	12.41%
2006	13,965,700	10,622,927	24,588,627	204,756,542	12.01%

**Principal Amount of Outstanding Debt**

	<b>2011</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>
<b>Long-Term Debt</b>					
General Obligation Bonds Payable from:					
General Fund..... <sup>1</sup>	\$198,146,000	\$177,837,000	\$181,939,000	\$183,700,000	\$182,985,000
Self-Liquidating Fund..... <sup>2</sup>	\$34,336,000	\$36,573,000	\$26,447,000	\$41,168,000	\$42,923,000
<b>Short-Term Debt</b>					
Bond Anticipation Notes .....	38,235,000	32,450,000	27,455,000	19,255,000	18,685,000
<b>Totals</b> .....	\$270,717,000	\$246,860,000	\$235,841,000	\$244,123,000	\$244,593,000

<sup>1</sup> Includes Clean Water Fund Project Loan Obligations paid out of the general fund.

<sup>2</sup> Includes Clean Water Fund Project Loan Obligations that are self supporting, classified as "Business Activities".

**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 designee and the Board of Finance and Taxation. The Mayor and the Board of Finance and Taxation shall prepare an annual six (6) 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 six 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:

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;

Informs private businesses and citizens about proposed public improvements so that they may make sounder judgments concerning their own construction programs;

Enables the City to take better advantage of federal and state grant-in-aid programs; and Leads to balanced development throughout the City.

The 2013-2017 Capital Improvement Program budget is expected to be adopted in June 2012 and is outlined below.

### **Capital Improvement Program <sup>1</sup>**

<b>Department</b>	<b>2012-2013</b>	<b>2013-2014</b>	<b>2014-2015</b>	<b>2015-2016</b>	<b>2016-2017</b>	<b>Total</b>
Fire.....	\$ 846,000	\$ -	\$ -	\$ -	\$ -	\$ 846,000
Health.....	90,000	-	-	-	-	90,000
Parks and Recreation.....	3,640,000	2,455,000	7,025,000	1,050,000	1,635,000	15,805,000
Property Management.....	250,000	-	-	-	-	250,000
Public Works.....	900,000	-	-	-	-	900,000
Senior Center.....	50,000	-	-	-	-	50,000
Stanley Golf Course.....	3,650,000	50,000	-	-	-	3,700,000
Water Department.....	2,141,500	724,093	258,445	307,251	298,928	3,730,217
<b>Total</b> .....	<b>\$ 11,567,500</b>	<b>\$ 3,229,093</b>	<b>\$ 7,283,445</b>	<b>\$ 1,357,251</b>	<b>\$ 1,933,928</b>	<b>\$ 25,371,217</b>

<sup>1</sup> 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:

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

## **VI. Financial Administration**

### **Audit**

The City of New Britain, pursuant to local ordinance and provisions of Chapter 111 of the Connecticut General Statutes, is required to undergo an annual audit by an independent certified public accountant. The auditor appointed by the Common Council is required to conduct the audit under the guidelines outlined by the State of Connecticut, Office of Policy and Management, which also receives a copy of the audit report. For the fiscal year ended June 30, 2011, the financial statements of the various funds of the City were audited by Blum, Shapiro & Company, 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.

### **Fiscal Year**

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

### **Budget Adoption**

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.

On February 16, 2012, in order to address a potential deficit in the fiscal year 2011-12 General Fund Budget which had been verified by an outside audit firm, the New Britain Common Council passed a resolution which provided for various budget transfers to restore the budget to balance. The largest proposed transfer was approximately \$10 million from the Water Department to the general fund as a prepayment of existing general obligation debt which proceeds had been spent on capital projects for the water system. Various other transfers between line items were also made because of changes in revenue estimates and early retirements. It is anticipated that after these adjustments are made, the General Fund budget will end the year in balance.

### **Significant Financial Policies**

Financial Reporting: On a monthly basis, financial operating statements are prepared and distributed to the Mayor, 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.

### ***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.

### ***Trust, Agency, and Internal Service Fund Accounts***

The City invests Trust, Agency and Internal Service Fund accounts in accordance with Connecticut General Statutes. Please refer to “APPENDIX A – “AUDITOR’S REPORT” under “Notes to the General Purpose Financial Statements”, Note 3.

### ***State of Connecticut Short-Term Investment Fund***

The City’s investments of operating funds include investments in STIF. Connecticut General Statutes Section 3-27d details eligible investments for STIF as those investments approved for savings banks, or U.S. government obligations, U.S. agency obligations, U.S. postal service obligations, certificates of deposit, commercial paper, corporate bonds, savings accounts and bank acceptances, and repurchase agreements relating to the above securities. Connecticut General Statutes Section 3-27f authorizes all agencies, instrumentalities, and political subdivisions of the State of Connecticut to invest in STIF.

### ***Bond Authorization***

The City of New Britain 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 valid, 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 Common Council schedules principal reductions by the end of the third and for each subsequent year during which such temporary notes remain outstanding in an amount equal to a minimum of 1/20th (1/30th for water, sewer and certain school 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 must be permanently funded no later than ten years from the initial borrowing date except for sewer notes issued in anticipation of State and/or Federal grants. If a written commitment exists, the municipality may renew the sewer notes from time to time in 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 sewerage system (CGS Sec. 7-264a). In the first year following the completion of the project(s), or in the sixth year following the original date of issue (whichever is sooner), and in each year thereafter, the notes must be reduced by 1/15 of the total amounts 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).

## ***Pension Programs and Other Post Employment Benefits***

### ***Municipal Employees' Retirement Fund Overview***

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. These are "closed plans". See explanation in "Plan Description" under "EMPLOYEE RETIREMENT SYSTEM." 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 (MERF)***

MERF is the administrator of a cost sharing multiple employer public employee retirement system ("PERS") established by the State of Connecticut and administered by the State Retirement Commission to provide pension benefits for the employees of participating municipalities. MERF is considered to be a part of the State of Connecticut financial reporting entity and is included in the State's financial reports as a pension trust fund. Those reports may be obtained by writing to the State of Connecticut, Office of the State Comptroller, 55 Elm Street, Hartford, Connecticut 06106 or by calling (860) 702-3480.

Any local government authority in the State of Connecticut, including cities, boroughs, regional school districts, housing authorities, or other special districts, may elect to participate; only teachers who are covered under the Connecticut State Teachers' Retirement System are ineligible.

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: 1-1/2% of the final average pay up to a break point which is provided for in the State retirement systems Tier II and IIa plans plus 2% of the final average pay in excess of such breakpoint multiplied by years and completed months of service.

### ***Funding Policy***

Covered employees are required by State statute to contribute 2-1/4% of earnings upon which Social Security tax is paid or 5% of earnings on which no Social Security tax is paid. Each participating municipality is required to contribute the amounts necessary to finance the remaining costs of the Plan. The contribution requirements of the City are established and may be amended by the State Retirement System. The current rate is 7.50% of covered payroll. The City continues to satisfy its obligations under the Plan. The City's contributions to MERF for the years ended June 30, 2009, 2010 and 2011 are as follows:

<b><i>Fiscal Year Ended</i></b>	<b><i>Annual OPEB Cost (AOC)</i></b>	<b><i>Actual Contribution</i></b>	<b><i>Percentage of AOC Contributed</i></b>	<b><i>Net OPEB Obligation (Asset)</i></b>
6/30/2009	\$ 3,937	\$ 4,421	112.29%	\$ (389)
6/30/2010	3,977	3,438	86.45%	150
6/30/2011	4,194	3,744	89.27%	600



## **Employee Retirement System**

### **Plan Description**

The City is the administrator of a single-employer public employee retirement system ("PERS") established and administered by the City to provide pension benefits for its Police and Fire Department employees. Benefits and contributions under this retirement system are established by the City and may be amended only by the 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 ended June 30, 2011, the City's contributions were \$450,000 and \$749,000 for the fire and police plans, respectively. 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.

Please see Note 11 in APPENDIX A – "AUDITOR'S REPORT", under "Notes to the General Purpose Financial Statements" for more information concerning the City's pension plans.

The pre-1973 pension funds are not advance funded but are paid on the "pay-as-you-go" method. Under this method, which is not an actuarial cost method, pension costs are not recognized prior to retirement of employees.

### **Schedule of Funding Progress (\$ in Thousands)**

#### **Fire Plan:**

<b>Actual Valuation Date</b>	<b>Actuarial Value of Assets (a)</b>	<b>Actuarial Accrued Liability (b)</b>	<b>Unfunded Actuarial Accrued Liability (UAAL)(c)</b>	<b>Covered Payroll (d)</b>	<b>UAAL as % of Covered Payroll (c/d)</b>
1/1/2007	\$ 83,474	\$ 74,781	\$ (8,693)	\$ 5,698	-152.6%
1/1/2009	82,462	78,501	(3,961)	4,971	-79.7%
1/1/2011	79,711	79,785	74	4,853	1.5%

#### **Police Plan:**

<b>Actual Valuation Date</b>	<b>Actuarial Value of Assets (a)</b>	<b>Actuarial Accrued Liability (b)</b>	<b>Unfunded Actuarial Accrued Liability (UAAL)(c)</b>	<b>Covered Payroll (d)</b>	<b>UAAL as % of Covered Payroll (c/d)</b>
1/1/2007	\$ 83,762	\$ 74,590	\$ (9,172)	\$ 6,356	-144.3%
1/1/2009	79,361	80,340	979	5,829	16.8%
1/1/2011	73,662	80,338	6,676	5,866	113.8%

### **Other Post-Employment Benefits**

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 has received from its actuarial firm, Milliman, an actuarial valuation report dated May 7, 2010 with respect to the plan. The City has an actuarial valuation liability of \$42,853,000 with respect to the plan and \$0 plan assets and unfunded actuarial liability of \$42,853,000. The actuarial assumption includes an 8.0% rate of return and annual health care cost trend at 9.0% initially and reduced by decrements to an ultimate rate of 5.0% after four years. In fiscal year 2009, the City made plan contributions of \$4,421,000, in fiscal year 2010, the City made plan contributions of \$3,438,000, and in fiscal year 2011, the City made plan contributions of \$3,744,000.

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)**

<b><i>Fiscal Year Ended</i></b>	<b><i>Annual OPEB Cost (AOC)</i></b>	<b><i>Actual Contribution</i></b>	<b><i>Percentage of AOC Contributed</i></b>	<b><i>Net OPEB Obligation (Asset)</i></b>
6/30/2009	\$ 3,937	\$ 4,421	112.29%	\$ (389)
6/30/2010	3,977	3,438	86.45%	150
6/30/2011	4,194	3,744	89.27%	600

**General Fund Revenues and Expenditures  
Last Four Fiscal Years and Current Budget**

	<b>Budget 2012 <sup>1</sup></b>	<b>Actual 2011</b>	<b>Actual 2010</b>	<b>Actual 2009</b>	<b>Actual 2008</b>
<b>Revenues:</b>					
Property Taxes .....	\$ 108,382	\$ 106,904	\$ 103,052	\$ 104,141	\$ 95,447
Intergovernmental Revenue .....	91,256	92,313	94,014	106,705	138,925
Charges for Services .....	11,592	9,029	9,844	7,280	9,728
Investment Earnings.....	840	2,720	1,523	758	677
Miscellaneous.....	-	449	373	1,025	5,079
Transfers from Other Funds.....	12,380	6,737	4,278	849	5,370
<b>Total Revenues</b> .....	<b>224,450</b>	<b>218,152</b>	<b>213,084</b>	<b>220,758</b>	<b>255,226</b>
<b>Expenditures:</b>					
General Government .....	7,277	6,891	6,406	5,429	5,009
Public Safety .....	42,135	39,668	38,781	33,361	33,660
Public Works .....	14,572	13,457	12,908	12,725	12,346
Health & Welfare .....	2,665	2,569	2,324	2,021	1,859
Education .....	119,393	118,812	120,254	129,357	160,854
Parks and Recreation .....	9,111	8,173	7,892	7,623	7,411
Other Expenditures .....	-	-	-	-	-
Debt and Sundry .....	29,297	26,301	-	-	-
Transfers to Other Funds.....	-	217	25,507	33,367	31,804
<b>Total Expenditures and Transfers</b> .....	<b>224,450</b>	<b>216,088</b>	<b>214,072</b>	<b>223,883</b>	<b>252,943</b>
<b>Results of Operations</b> .....	<b>-</b>	<b>2,064</b>	<b>(988)</b>	<b>(3,125)</b>	<b>2,283</b>
<b>Other Financing Sources (Uses):</b>					
Premium on bond anticipation note issued .....	n/a	492	-	-	-
Premium on general obligation bonds .....	n/a	418	-	-	-
Proceeds from the sale of refunding bonds .....	n/a	1,840	-	-	-
Premium on refunding bonds .....	n/a	101	-	-	-
Payment to refund bond escrow agent .....	n/a	(1,904)	-	-	-
<b>Total Other Financing Sources (Uses):</b> .....	<b>-</b>	<b>947</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net Change in Fund Balances</b> .....	<b>-</b>	<b>3,011</b>	<b>(988)</b>	<b>(3,125)</b>	<b>2,283</b>
<b>Fund Balance (beginning)</b> .....	<b>12,047</b>	<b>9,036 <sup>2</sup></b>	<b>10,015</b>	<b>13,140</b>	<b>10,857</b>
<b>Fund Balance (ending)</b> .....	<b>n/a</b>	<b>12,047</b>	<b>9,027</b>	<b>10,015</b>	<b>13,140</b>

<sup>1</sup> Subject to audit.

<sup>2</sup> As restated following implementation of GASB #54 which changed fund balance designations.

**Analysis of General Fund Balance**

	<b>Budget 2012</b>	<b>Actual 2011</b>	<b>Actual 2010</b>	<b>Actual 2009</b>	<b>Actual 2008</b>
Assigned .....	N/A	\$ 379	\$ 1,372	\$ 2,803	\$ 3,661
Committed .....	N/A	5	-	-	-
Unassigned .....	N/A	11,663	7,655	7,212	9,479
<b>Total Fund Equity</b> .....	<b>N/A</b>	<b>\$ 12,047</b>	<b>\$ 9,027</b>	<b>\$ 10,015</b>	<b>\$ 13,140</b>

## ***VII. Legal and Other Information***

### ***Legal Matters***

Pullman & Comley, LLC is serving as Bond Counsel with respect to the authorization and issuance of the Bonds and the Notes and will render its opinions in substantially the forms attached hereto as Appendices B and C.

### ***Litigation***

There is no action, suit or proceeding known to be pending or threatened, restraining or enjoining the issuance of the Notes, or in any way contesting or affecting the validity of any of the foregoing or any proceedings of the City taken with respect to any of the foregoing.

The City, its officers, employees, boards and commissions are defendants in various lawsuits incident to their operations. In the opinion of the City's Corporation Counsel and other senior officials of the City, such pending litigation will not be finally determined so as to result individually or in the aggregate in final judgments against the City, which would materially adversely affect its financial position.

### ***Transcript and Closing Documents***

Upon delivery of the Bonds and the Notes, the winning purchasers will be furnished with the following documents:

1. A 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 Notes or the levy or collection of taxes to pay them.
2. A Certificate on behalf of the City, signed by the Mayor and the Treasurer of the City which will be dated the date of delivery and attached to a signed copy of the Official Statement, and which will certify, to the best of said officials' knowledge and belief, that at the time bids were accepted on the Bonds and the Notes, 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. A receipt for the purchase price of the Bonds and the Notes.
4. Executed continuing disclosure agreements for the Bonds and the Notes substantially in the forms attached hereto as Appendices D and E, respectively.
5. The approving opinions of Pullman & Comley, LLC, Bond Counsel, of Bridgeport and Hartford, Connecticut.
6. The City of New Britain has prepared an Official Statement for the Bonds and the Notes which is dated March 14, 2012. The City deems such Official Statement final as of its date for purposes of SEC Rule 15c2-12(b)(1), but is subject to revision or amendment. The City will make available to the winning purchaser of the Bonds one hundred (100) copies and to each winning purchaser of the Notes ten (10) copies of the final Official Statement at the City's expense. The copies of the Official Statement will be made available to the winning purchasers within seven business days of the bid opening. If the City's Financial Advisor is provided with the necessary information from the winning purchasers by noon of the day following the day bids on the Bonds and the Notes are received, the copies of the Official Statement will include an additional cover page and other pages indicating the interest rates, ratings, yields or re-offering prices, the name of the managing underwriter, and the name of the insurer, if any, on the Bonds and the Notes. The winning purchasers shall arrange with the Financial Advisor the method of delivery of the copies of the Official Statement. Additional copies of the Official Statement may be obtained by the winning purchasers at their own expense by arrangement with the printer.

A transcript of the proceedings taken by the City in authorizing the Bonds will be kept on file at the offices of U.S. Bank, National Association, 225 Asylum Street, Hartford, Connecticut 06103 and may be examined upon reasonable request.

### ***Other Information***

Information herein has been derived by the City from official and other sources and is believed by the City to be reliable, but such information other than that obtained from official records of the City has not been independently confirmed or verified by the City and its accuracy is not guaranteed.

### ***Concluding Statement***

The foregoing and subsequent summaries or descriptions of provisions of the Bonds and the Notes and all references to other materials not purporting to be quoted in full, are only brief outlines of some of the provisions thereof. Reference is made to said documents for full and complete statements of the provisions of such documents. The appendices attached hereto are a part of this Official Statement.

Any statements made in this Official Statement involving matters of opinion or estimates, whether or not so expressly stated, are set forth as such and not as representations of fact, and no representation is made that any of the estimates will be realized.

The execution and delivery of this Official Statement has been approved by the City. This Official Statement is not to be construed as a contract or agreement between the City and the purchasers or owners of any of the Bonds and Notes.

### **CITY OF NEW BRITAIN, CONNECTICUT**

By: /s/ Timothy E. O'Brien Jr.  
TIMOTHY E. O'BRIEN JR., MAYOR

/s/ Teresa Sapieha-Yanchak  
TERESA SAPIEHA-YANCHAK, TREASURER

**March 15, 2012**

*(This page intentionally left blank)*

## ***Appendix A***

### ***2011 General Purpose Financial Statements***

The following includes excerpts from the Comprehensive Annual Financial Report of the City of New Britain, Connecticut for the fiscal year ended June 30, 2011. The supplemental data which was a part of that report has not been reproduced herein. A copy of the complete report is available upon request from Matthew A. Spoerndle, Managing Director, Phoenix Advisors, LLC, 53 River Street, Milford, Connecticut 06460. Telephone (203) 878-4945.

*(This page intentionally left blank)*





Accounting | Tax | Business Consulting

## Independent Auditors' Report

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of New Britain, Connecticut, as of and for the year ended June 30, 2011, which collectively comprise the City of New Britain, Connecticut's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of New Britain, Connecticut, as of June 30, 2011 and the respective changes in financial position and cash flows, where applicable, thereof, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Management's discussion and analysis on pages A-3 through A-11 and the budgetary comparison information on pages A-60 through A-63 are not required parts of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

*Blum, Shapiro & Company, P.C.*

December 27, 2011

**CITY OF NEW BRITAIN, CONNECTICUT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2011**

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, 2011. Please read this MD&A in conjunction with the transmittal letter and the City's financial statements, Exhibits I to IX.

**Financial Highlights**

- The City's net assets increased as a result of this year's operations. While net assets of our business-type activities decreased by \$3.4 million, or nearly 6.7%, net assets of our governmental activities increased by \$7.4 million, or 7.0%.
- In its governmental activities, the City had revenues of \$288 million and expenses of \$281 million, thus increasing the net assets of governmental activities by \$7.4 million.
- In the City's business-type activities, revenues were \$12 million while expenses were \$15.4 million, thus decreasing the net assets of the business-type funds by \$3.4 million.
- The General Fund reported a fund balance this year of \$12.0 million.
- The tax collection rate of the current levy was 95.88%.

**Overview of the Financial Statements**

This annual report consists of a series of financial statements. The statement of net assets and the statement of activities (Exhibits I and II, respectively) provide information about the activities of the City as a whole and present a longer-term view of the City's finances. Fund financial statements are presented in Exhibit III to IX. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the City's operations in more detail than the government-wide statements by providing information about the City's most significant funds. The remaining statements provide financial information about activities for which the City acts solely as a trustee or agent for the benefit of those outside of the government.

**Government-Wide Financial Statements**

The analysis of the City as a whole begins on Exhibits I and II. The statement of net assets and the statement of activities report information about the City as a whole and about its activities for the current period. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the City's net assets and changes in them. The City's net assets, the difference between assets and liabilities, is one way to measure the City's financial health, or financial position. Over time, increases or decreases in the City's net assets are one indicator of whether its financial health is improving or deteriorating. The reader needs to consider other nonfinancial factors, however, such as changes in the City's property tax base and the condition of the City's capital assets, to assess the overall health of the City.

In the statement of net assets and the statement of activities, we divide the City into two types of activities:

- *Governmental activities* - Most of the City's basic services are reported here, including education, public safety, public works, health and welfare, parks, recreation and libraries, and general administration. Property taxes, charges for services, and state and federal grants finance most of these activities.
- *Business-type activities* - The City charges a fee to customers to help it cover all or most of the cost of certain services it provides. The City's Water Department is reported here.

## **Fund Financial Statements**

The fund financial statements begin with Exhibit III and provide detailed information about the most significant funds - not the City as a whole. Some funds are required to be established by Charter. However, the City Council establishes many other funds to help control and manage financial activities for particular purposes (such as the Sewer Fund) or to show that it is meeting legal responsibilities for using grants and other money (such as grants received from the State and Federal Governments for education). The City's funds are divided into three categories: governmental, proprietary and fiduciary.

- *Governmental funds (Exhibits III and IV)* - Most of the City's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. The relationship (or differences) between governmental activities (reported in the statement of net assets and the statement of activities) and governmental funds is described in a reconciliation included with the fund financial statements.
- *Proprietary funds (Exhibits V, VI and VII)* - When the City charges customers for the services it provides, whether to outside customers or to other units of the City, these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the statement of net assets and the statement of activities. In fact, the City's enterprise funds (a component of proprietary funds) are the same as the business-type activities reported in the government-wide statements, but provide more detail and additional information, such as cash flows, for proprietary funds. Internal service funds (the other component of proprietary funds) are used to report activities that provide supplies and services for the City's other programs and activities - such as the City's Self-Insurance Internal Service Fund.
- *Fiduciary funds (Exhibits VIII and IX)* - The City is the trustee, or fiduciary, for its employees' pension plans. It is also responsible for other assets that, because of a trust arrangement, can be used only for the trust beneficiaries. All of the City's fiduciary activities are reported in separate statements of fiduciary net assets and changes in fiduciary net assets. These activities are excluded from the City's other financial statements because the City cannot use these assets to finance its operations. The City is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

## **Government-Wide Financial Analysis**

The City's combined net assets are higher than they were one year ago, increasing from \$156.9 million to \$161 million. The analysis below focuses on the net assets (Table 1) and changes in net assets (Table 2) of the City's governmental and business-type activities.

**TABLE 1**  
**NET ASSETS**  
**(In Thousands)**

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total Primary Government</b>	
	<b>2011</b>	<b>2010</b>	<b>2011</b>	<b>2010</b>	<b>2011</b>	<b>2010</b>
Current assets	\$ 123,431	\$ 92,198	\$ 21,196	\$ 25,399	\$ 144,627	\$ 117,597
Noncurrent assets	15,795	15,422			15,795	15,422
Capital assets:						
Capital assets not being depreciated	146,732	135,313	1,977	3,602	148,709	138,915
Capital assets being depreciated, net	138,015	139,944	60,242	60,154	198,257	200,098
Total assets	<u>423,973</u>	<u>382,877</u>	<u>83,415</u>	<u>89,155</u>	<u>507,388</u>	<u>472,032</u>
Long-term debt outstanding	243,519	224,521	34,559	36,933	278,078	261,454
Other liabilities	67,804	53,136	548	522	68,352	53,658
Total liabilities	<u>311,323</u>	<u>277,657</u>	<u>35,107</u>	<u>37,455</u>	<u>346,430</u>	<u>315,112</u>
Net Assets:						
Invested in capital assets, net of debt	137,210	153,258	27,883	27,181	165,093	180,439
Restricted	2,883	2,483			2,883	2,483
Unrestricted (deficit)	<u>(27,443)</u>	<u>(50,521)</u>	<u>20,425</u>	<u>24,519</u>	<u>(7,018)</u>	<u>(26,002)</u>
Total Net Assets	\$ <u>112,650</u>	\$ <u>105,220</u>	\$ <u>48,308</u>	\$ <u>51,700</u>	\$ <u>160,958</u>	\$ <u>156,920</u>

Net assets of the City's governmental activities increased by 7% (\$112.6 million compared to \$105.2 million). Unrestricted net assets - the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements - totaled \$(7.0) million at June 30, 2011.

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

- Transfer of \$5 million from the Water Fund.
- Swap proceeds and premiums from BAN and bond sale came to a total of \$3.427 million in revenue in FY 11.
- The Mayor and Common Council adopted a budget that called for an expense reduction of over \$1.7 million.
- The City hiring freeze resulted in expense savings of over \$1.987 million, which was primarily due to renegotiating the firefighters contract to reduce the number of firefighters in a company from four to three. Total savings was approximately \$1,136,000.
- The City's employer contributions on behalf of employee benefits were just over \$475,000 less than budgeted, which was primarily due to the City's hiring freeze.

- Not using contingency resulted in over \$340,000 remaining at June 30, 2011.
- The Energy Auction resulted in lower supplier and distribution costs for the City from FY 10 on. Street Lighting alone decreased over \$46,000 from the base year of FY 09.

The net assets of business-type activities decreased by 6.6% (\$48.3 million compared to \$51.7 million) in 2011.

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

- Transfer to General Fund of \$5 million;
- Conservative spending;
- Energy Auction resulted in lower supplier and distribution costs for the Water department in FY 11 on.

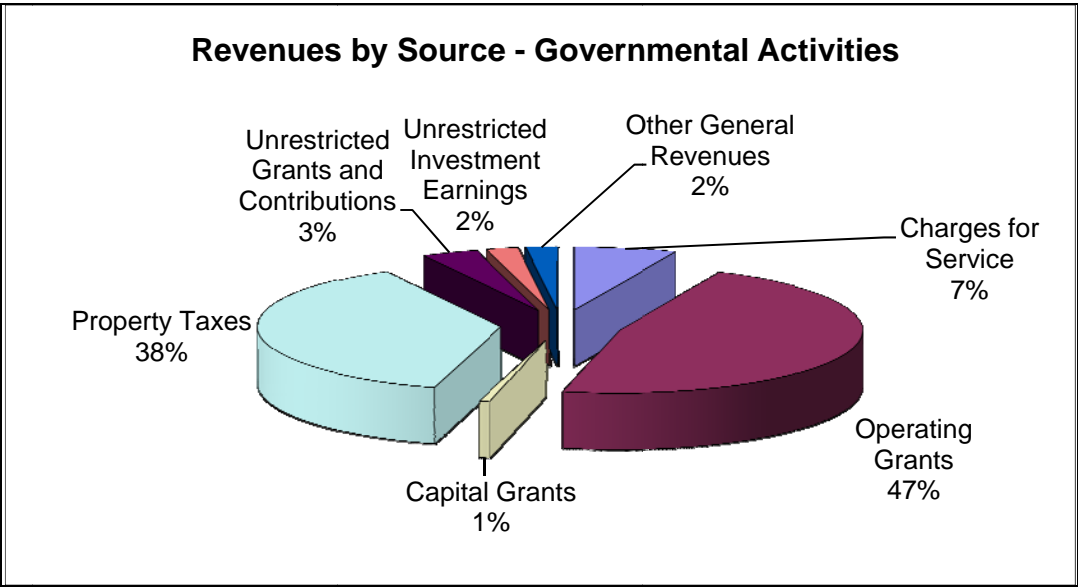
**TABLE 2**  
**CHANGES IN NET ASSETS**  
**(In Thousands)**

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total Primary Government</b>	
	<b>2011</b>	<b>2010</b>	<b>2011</b>	<b>2010</b>	<b>2011</b>	<b>2010</b>
Revenues:						
Program revenues:						
Charges for services	\$ 19,467	\$ 21,310	\$ 12,012	\$ 12,394	\$ 31,479	\$ 33,704
Operating grants and contributions	135,289	129,213			135,289	129,213
Capital grants and contributions	2,080	1,248			2,080	1,248
General revenues:						
Property taxes	108,741	104,280			108,741	104,280
Grants and contributions not restricted to specific programs	10,557	11,177			10,557	11,177
Unrestricted investment earnings	6,070	4,249	28	50	6,098	4,299
Other general revenues	967	768			967	768
Total revenues	<u>283,171</u>	<u>272,245</u>	<u>12,040</u>	<u>12,444</u>	<u>295,211</u>	<u>284,689</u>
Program expenses:						
General government	12,083	8,596			12,083	8,596
Public safety	41,086	40,102			41,086	40,102
Public works	23,171	25,668			23,171	25,668
Health and welfare	8,225	8,643			8,225	8,643
Parks, recreation and libraries	11,462	11,348			11,462	11,348
Education	173,807	163,027			173,807	163,027
Interest on long-term debt	10,907	10,036			10,907	10,036
Water			10,432	10,560	10,432	10,560
Total program expenses	<u>280,741</u>	<u>267,420</u>	<u>10,432</u>	<u>10,560</u>	<u>291,173</u>	<u>277,980</u>
Increase in net assets before transfers	2,430	4,825	1,608	1,884	4,038	6,709
Transfers	<u>5,000</u>	<u>263</u>	<u>(5,000)</u>	<u>(263)</u>	<u>-</u>	<u>-</u>
Increase (Decrease) in Net Assets	<u>\$ 7,430</u>	<u>\$ 5,088</u>	<u>\$ (3,392)</u>	<u>\$ 1,621</u>	<u>\$ 4,038</u>	<u>\$ 6,709</u>

The City’s total revenues were \$295.2 million. The total cost of all programs and services was \$291.1 million. In FY 11, the City of New Britain’s BOE received approximately \$4.3 million from the Federal EduJobs Bill. This is the primary increase in both operating grants and contributions as well as education expenses in FY 11. Our analysis below separately considers the operations of governmental and business-type activities.

**Governmental Activities**

Revenues for governmental activities totaled \$283 million; property taxes (38.4%), operating grants (47.8%) and charges for services (6.9%) are the major revenue sources - contributing approximately 93.1% of the City’s revenues.



Expenses for governmental activities were \$281 million, of which 55% were supported by program revenues and 45% were supported from general revenues. Expenses by function include education (61.9%), public safety (14.6%), public works (8.2%), and parks and recreation (4%), which made up 89% of the total governmental expenses.

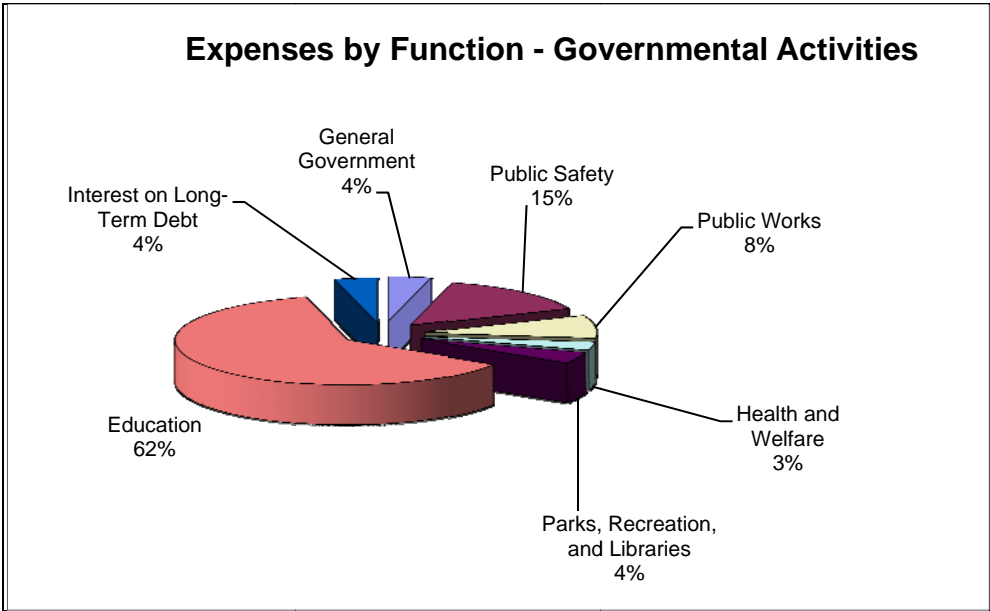
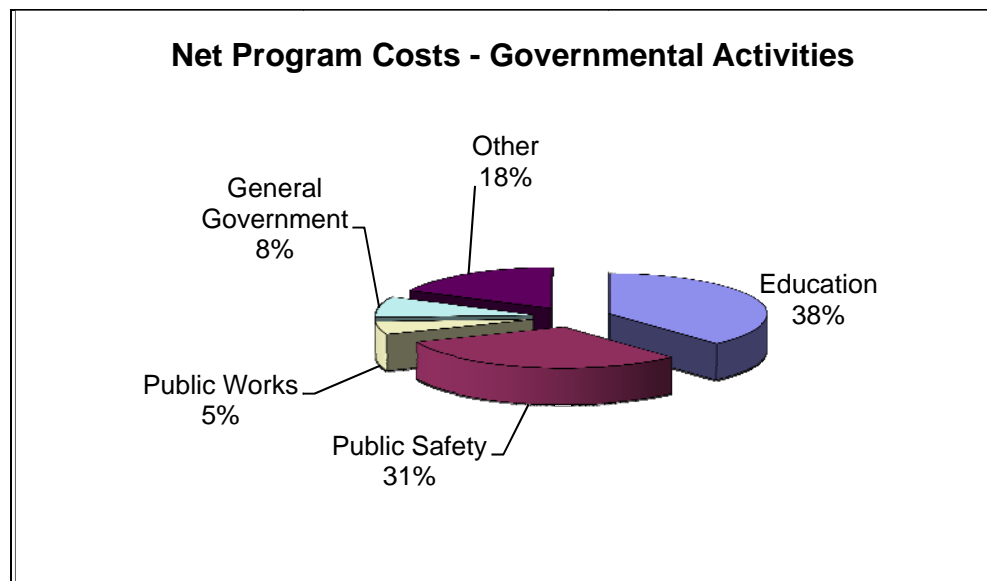


Table 3 presents the cost of each of the City's four largest programs - education, public safety, public works, and general government - as well as each program's net cost (total cost less revenues generated by the activities). The net cost shows the financial burden that was placed on the City's taxpayers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

**TABLE 3**  
**GOVERNMENTAL ACTIVITIES**  
(In Thousands)

	<b>Total Cost of Services</b>		<b>Net Cost of Services</b>	
	<b>2011</b>	<b>2010</b>	<b>2011</b>	<b>2010</b>
Education	\$ 173,807	\$ 163,027	\$ 47,023	\$ 41,142
Public safety	41,086	40,102	37,846	37,039
Public works	23,171	25,668	6,412	10,635
General government	12,083	8,596	11,070	7,327
All others	30,594	30,027	21,554	19,506
Totals	<u>\$ 280,741</u>	<u>\$ 267,420</u>	<u>\$ 123,905</u>	<u>\$ 115,649</u>



### **Business-Type Activities**

Revenues and expenses of the City's business-type activities amounted to \$12 million and \$15.4 million, respectively. Net assets decreased by 6.6% (from \$51.7 million to \$48.3 million). A major factor for this decrease was a transfer to the General Fund of \$5 million. Other than that, an energy auction was done in the prior year to lock in lower supplier and distribution costs, which are big expenses for the Water Department. Low electricity rates and conservative spending helped to minimize the \$5 million transfer to the General Fund.



## **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 \$8 million, which is an increase from last year's total of negative \$13.4 million. Included in this year's total change in fund balance is an increase of \$3.0 million in the General Fund, which is a result of a \$5 million transfer from the Water Department as well as swap proceeds and premiums from BAN and bond sales that totaled \$3.427 million. The increase in the capital projects fund balance can be attributed to the fact that the City issued \$35 million more in bonds, received \$2 million in intergovernmental revenue and had project expenditures of \$19.4 million.

### **Proprietary Funds**

The City's proprietary fund provides the same type of information found in the government-wide financial statements, but in more detail. Unrestricted net assets of the Water Enterprise Fund amounted to \$20.4 million and those for the internal service funds amounted to negative \$3.7 million. The decrease in unrestricted net assets for the Water Enterprise Fund of \$4.1 million was mainly a result of a \$5 million transfer to the General Fund. The decrease in net assets for the internal service funds was \$1.6 million. This is the result of incurred claims exceeding contributions and other revenues. Other factors concerning the finances of these two funds have already been addressed in the discussion of the City of New Britain's business-type activities.

### **General Fund Budgetary Highlights**

- Transfer of \$5 million from the Water Fund.
- Swap proceeds and premiums from BAN and bond sale came to a total of \$3.427 million in revenue in FY 11.
- The Mayor and Common Council adopted a budget that called for an expense reduction of over \$1.7 million.
- The City hiring freeze resulted in an expenditure savings of over \$1.987 million, which was primarily due to renegotiating the firefighters' contract to reduce the number of firefighters in a company from four to three. Total savings was approximately \$1,136,000.

The City's General Fund balance of \$12 million reported on Exhibit III differs from the General Fund's budgetary fund balance of nearly \$11.6 million. This is principally because budgetary fund balance includes \$379 thousand in outstanding encumbrances at year end, which are reported as expenditures for budgetary purposes.

### **Capital Asset and Debt Administration**

#### **Capital Assets**

At June 30, 2011, the City had \$347 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 \$8 million, or 2.35% over last year.

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

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total</b>	
	<b>2011</b>	<b>2010</b>	<b>2011</b>	<b>2010</b>	<b>2011</b>	<b>2010</b>
Land	\$ 13,395	\$ 13,395	\$ 1,977	\$ 1,977	\$ 15,372	\$ 15,372
Construction in progress	133,337	121,918		1,625	133,337	123,543
Buildings and improvements	84,324	87,913			84,324	87,913
Equipment	2,338	2,604			2,338	2,604
Vehicles	4,893	5,495			4,893	5,495
Infrastructure	46,460	43,932			46,460	43,932
Water filtration assets			60,242	60,154	60,242	60,154
Totals	<u>\$ 284,747</u>	<u>\$ 275,257</u>	<u>\$ 62,219</u>	<u>\$ 63,756</u>	<u>\$ 346,966</u>	<u>\$ 339,013</u>

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

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

**Long-Term Debt**

At June 30, 2011, the City had \$206,069 in bonds and notes outstanding versus \$185,810 last year - an increase of 10.9% - as shown in Table 5.

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

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total</b>	
	<b>2011</b>	<b>2010</b>	<b>2011</b>	<b>2010</b>	<b>2011</b>	<b>2010</b>
General obligation bonds (backed by the City)	\$ 194,150	\$ 173,532	\$ 12,930	\$ 13,335	\$ 207,080	\$ 186,867
Less deferred amount: For issuance discounts on refunding	<u>(1,011)</u>	<u>(1,057)</u>			<u>(1,011)</u>	<u>(1,057)</u>
Total	<u>\$ 193,139</u>	<u>\$ 172,475</u>	<u>\$ 12,930</u>	<u>\$ 13,335</u>	<u>\$ 206,069</u>	<u>\$ 185,810</u>

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

City of New Britain, CT, General Obligation Bonds, Series 2010B, dated and issued November 9, 2010 consisting of \$7,065,000 Subseries B-1 Tax Exempt Bonds, \$18,000,000 Subseries B2 Federally Taxable Build America Bonds, and \$9,935,000 Subseries B3 Federally Taxable Recovery Zone Economic Development Bonds. In addition, the City issued \$1,840,000 Series 2010C General Obligation Refunding Bonds.

The City's general obligation bond rating from Standard & Poor's and Fitch, both national rating agencies, is A and AA-, respectively. The City's other debt, principally self-liquidating bonds and notes, carry the highest rating. The State limits the amount of general obligation debt that cities can issue based on formula determined under State Statutes based on type of debt and tax base. The City's outstanding general obligation debt is significantly below this \$753 million state-imposed limit.

Other obligations include accrued vacation pay and sick leave. More detailed information about the City's long-term liabilities is presented in Note 8 to the financial statements.

### **Economic Factors and Next Year's Budgets and Rates**

The City's elected and appointed officials considered many factors when setting the fiscal year 2011 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 13.2% versus 12.4% a year ago. This compares with the State's unemployment rate of 9.1% and the national rate of 9.5%.

These indicators were taken into account when adopting the General Fund budget for 2011-12. Amounts available for appropriation in the General Fund budget are \$217 million, an increase of 3.2% over the final 2011 budget of \$210 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.

**CITY OF NEW BRITAIN, CONNECTICUT**  
**STATEMENT OF NET ASSETS**  
**JUNE 30, 2011**  
**(In Thousands)**

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Assets:			
Cash and cash equivalents	\$ 55,611	\$ 14,498	\$ 70,109
Investments	23,616	94	23,710
Receivables, net	43,525	5,814	49,339
Internal balances	473	(473)	
Due from Fiduciary Fund	22		22
Other deferred asset		1,118	1,118
Inventory	184	145	329
Net pension assets	1,333		1,333
Deferred cash outflows under interest rate swaps	14,462		14,462
Capital assets:			
Capital assets not being depreciated	146,732	1,977	148,709
Capital assets being depreciated, net	138,015	60,242	198,257
Total assets	<u>423,973</u>	<u>83,415</u>	<u>507,388</u>
Liabilities:			
Accounts and other payables	26,890	548	27,438
Bond anticipation notes	38,235		38,235
Unearned revenue	2,679		2,679
Noncurrent liabilities:			
Due within one year	18,558	2,334	20,892
Due in more than one year	224,961	32,225	257,186
Total liabilities	<u>311,323</u>	<u>35,107</u>	<u>346,430</u>
Net Assets:			
Invested in capital assets, net of related debt	137,210	27,883	165,093
Restricted for:			
Trust purposes:			
Expendable	2,883		2,883
Unrestricted	(27,443)	20,425	(7,018)
Total Net Assets	<u>\$ 112,650</u>	<u>\$ 48,308</u>	<u>\$ 160,958</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, 2011  
(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	\$ 12,083	\$ 969	\$ 44	\$	\$ (11,070)	\$	\$ (11,070)
Public safety	41,086	2,140	1,100		(37,846)		(37,846)
Public works	23,171	12,818	3,026	915	(6,412)		(6,412)
Health and welfare	8,225	96	5,568		(2,561)		(2,561)
Parks, recreation and libraries	11,462	2,667	402		(8,393)		(8,393)
Education	173,807	777	124,842	1,165	(47,023)		(47,023)
Interest on long-term debt	10,907		307		(10,600)		(10,600)
Total governmental activities	280,741	19,467	135,289	2,080	(123,905)	-	(123,905)
Business-type activities:							
Water	10,432	12,012				1,580	1,580
Total	\$ 291,173	\$ 31,479	\$ 135,289	\$ 2,080	(123,905)	1,580	(122,325)
General revenues:							
Property taxes					108,741		108,741
Grants and contributions not restricted to specific programs					10,557		10,557
Unrestricted investment income					6,070	28	6,098
Miscellaneous					967		967
Total general revenues					126,335	28	126,363
Transfers					5,000	(5,000)	-
Change in net assets					7,430	(3,392)	4,038
Net Assets at Beginning of Year					105,220	51,700	156,920
Net Assets at End of Year					\$ 112,650	\$ 48,308	\$ 160,958

The accompanying notes are an integral part of the financial statements

**CITY OF NEW BRITAIN, CONNECTICUT**  
**BALANCE SHEET - GOVERNMENTAL FUNDS**  
**JUNE 30, 2011**  
**(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>
<b>ASSETS</b>					
Cash and cash equivalents	\$ 9,428	\$ 26,820	\$ 11,385	\$ 7,241	\$ 54,874
Investments				3,000	3,000
Accounts receivables, net	18,135		904	14,462	33,501
Due from other funds	11,990			473	12,463
Inventories				184	184
Total Assets	<u>\$ 39,553</u>	<u>\$ 26,820</u>	<u>\$ 12,289</u>	<u>\$ 25,360</u>	<u>\$ 104,022</u>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
Accounts payable	\$ 10,655	\$ 1,677	\$ 9,641	\$ 1,616	\$ 23,589
Due to other funds				7,791	7,791
Deferred revenue	16,851		2,462	6,894	26,207
Bond anticipation notes payable and other interim financing		38,235			38,235
Total liabilities	<u>27,506</u>	<u>39,912</u>	<u>12,103</u>	<u>16,301</u>	<u>95,822</u>
Fund balances:					
Nonspendable				2,883	2,883
Restricted			186	5,511	5,697
Committed	5			2,331	2,336
Assigned	379				379
Unassigned	11,663	(13,092)		(1,666)	(3,095)
Total fund balances	<u>12,047</u>	<u>(13,092)</u>	<u>186</u>	<u>9,059</u>	<u>8,200</u>
Total Liabilities and Fund Balances	<u>\$ 39,553</u>	<u>\$ 26,820</u>	<u>\$ 12,289</u>	<u>\$ 25,360</u>	<u>\$ 104,022</u>

(Continued on next page)

**CITY OF NEW BRITAIN, CONNECTICUT**  
**BALANCE SHEET - GOVERNMENTAL FUNDS (CONTINUED)**  
**JUNE 30, 2011**  
**(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)	\$	8,200
--	----	-------

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

Governmental capital assets	\$ 488,823	
Less accumulated depreciation	<u>(204,076)</u>	
Net capital assets		284,747

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

Net pension asset	1,333
Property tax receivables greater than 60 days	11,276
Interest receivable on property taxes	10,205
Housing loans receivable	6,421
Interest on housing loans	17
Receivable from the state for school construction projects	5,575
Deferred cash outflows under interest rate swaps	14,462

Internal service funds are used by management to charge the costs of risk management to individual funds. The assets and liabilities of the internal service funds are reported with governmental activities in the statement of net assets.	(3,772)
---	---------

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	(194,150)
Clean water notes payable	(3,996)
Interest payable on bonds and notes	(3,099)
Compensated absences	(6,706)
Net pension obligation	(205)
Net OPEB obligation	(600)
Deferred charges on refunding	1,011
Unamortized bond premium	(3,607)
Deferred cash inflows under interest rate swaps	<u>(14,462)</u>

Net Assets of Governmental Activities (Exhibit I)	\$	<u><u>112,650</u></u>
---	----	-----------------------

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, 2011**  
**(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	\$ 106,904	\$	\$	\$	\$ 106,904
Intergovernmental	92,313	2,080	41,383	14,440	150,216
Licenses, fees and charges for goods and services	9,029	314		10,186	19,529
Investment earnings	2,720			784	3,504
Miscellaneous	449	56		618	1,123
Total revenues	<u>211,415</u>	<u>2,450</u>	<u>41,383</u>	<u>26,028</u>	<u>281,276</u>
Expenditures:					
Current:					
General government	6,891			121	7,012
Public safety	39,668			1,028	40,696
Public works	13,457			8,541	21,998
Health and welfare	2,569			5,618	8,187
Education	118,812	2,380	41,455	5,885	168,532
Parks and recreation	8,173			2,745	10,918
Capital outlay		16,971			16,971
Debt and sundry	26,301				26,301
Total expenditures	<u>215,871</u>	<u>19,351</u>	<u>41,455</u>	<u>23,938</u>	<u>300,615</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(4,456)</u>	<u>(16,901)</u>	<u>(72.0)</u>	<u>2,090</u>	<u>(19,339)</u>
Other Financing Sources (Uses):					
Transfers in	6,737	66		151	6,954
Transfers out	(217)			(1,737)	(1,954)
Issuance of bonds		35,000			35,000
Premium on bond anticipation note issued	492				492
Premium on general obligation bonds	418				418
Proceeds from the sale of refunding bonds	1,840				1,840
Premium on refunding bonds	101				101
Payment to refund bond escrow agent	(1,904)				(1,904)
Total other financing sources (uses)	<u>7,467</u>	<u>35,066</u>		<u>(1,586)</u>	<u>40,947</u>
Net Change in Fund Balances	3,011	18,165	(72)	504	21,608
Fund Balances at Beginning of Year, as Restated	<u>9,036</u>	<u>(31,257)</u>	<u>258</u>	<u>8,555</u>	<u>(13,408)</u>
Fund Balances at End of Year	<u>\$ 12,047</u>	<u>\$ (13,092)</u>	<u>186</u>	<u>\$ 9,059</u>	<u>\$ 8,200</u>

(Continued on next page)



**CITY OF NEW BRITAIN, CONNECTICUT**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2011**  
**(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)	\$	21,608
---	----	--------

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	17,198
Depreciation expense	(7,708)

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

School building grant receipts	(2,661)
Property tax receivable - accrual basis change	1,089
Property tax interest and lien revenue - accrual basis change	748
Housing loans receivable	(339)
Housing loans interest	2

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

Proceeds from general obligation bonds	(35,000)
Proceeds from bond refunding	(1,840)
Payment to bond escrow	1,904
Bond principal payments	14,372
Payments on clean water fund notes	309
Bond premium	(519)

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	892
Accrued interest	(632)
Amortization of deferred charge on refunding	(100)
Amortization of bond premium	251
Net OPEB expense	(450)
Net pension expense	(1)

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.

(1,693)

Change in Net Assets of Governmental Activities (Exhibit II)	\$	<u><u>7,430</u></u>
--	----	---------------------

The accompanying notes are an integral part of the financial statements

**CITY OF NEW BRITAIN, CONNECTICUT**  
**STATEMENT OF NET ASSETS - PROPRIETARY FUNDS**  
**JUNE 30, 2011**  
**(In Thousands)**

	<u><b>Business-Type Activities Water Enterprise Fund</b></u>	<u><b>Governmental Activities Internal Service Fund</b></u>
<b>Assets:</b>		
Current assets:		
Cash and cash equivalents	\$ 14,498	\$ 737
Investments	94	20,616
Other deferred asset	1,118	
Receivables:		
Other, net of allowance for uncollectible	5,814	58
Inventory	145	
Due from other funds		
Total current assets	<u>21,669</u>	<u>21,411</u>
Noncurrent assets:		
Capital assets, net	62,219	
Total assets	<u>83,888</u>	<u>21,411</u>
<b>Liabilities:</b>		
Current liabilities:		
Accounts payable and accrued expenses	548	202
Compensated absences	90	
Due to other funds	473	4,177
Current portion of bonds and notes payable	2,244	
Total current liabilities	<u>3,355</u>	<u>4,379</u>
Noncurrent liabilities:		
Bonds and notes payable	32,092	
Compensated absences	133	
Claim reserves		20,804
Total liabilities	<u>35,580</u>	<u>25,183</u>
<b>Net Assets:</b>		
Invested in capital assets, net of related debt	27,883	
Unrestricted	<u>20,425</u>	<u>(3,772)</u>
<b>Total Net Assets</b>	<u>\$ 48,308</u>	<u>\$ (3,772)</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 ASSETS**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2011**  
**(In Thousands)**

	<u>Business-Type Activities Water Enterprise Fund</u>	<u>Governmental Activities Internal Service Fund</u>
Operating Revenues:		
Charges for services and goods	\$ 12,012	\$
Charges to other funds		17,578
Other		6,250
Total operating revenues	<u>12,012</u>	<u>23,828</u>
Operating Expenses:		
Cost of sales, services and administration	7,465	
Administration and general expense		705
Depreciation expense	1,773	
Claims incurred		27,158
Total operating expenses	<u>9,238</u>	<u>27,863</u>
Operating Income (Loss)	<u>2,774</u>	<u>(4,035)</u>
Nonoperating Revenue (Expenses):		
Income on investments	28	2,564
Decrease in actuarial claims reserve		(222)
Interest expense	(1,194)	
Net nonoperating revenues (expenses)	<u>(1,166)</u>	<u>2,342</u>
Change in Net Assets Before Transfers	1,608	(1,693)
Transfers:		
Transfers out	<u>5,000</u>	
Change in Net Assets	(3,392)	(1,693)
Total Net Assets at Beginning of Year	<u>51,700</u>	<u>(2,079)</u>
Total Net Assets at End of Year	<u>\$ 48,308</u>	<u>\$ (3,772)</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, 2011**  
(In Thousands)

	<u>Business-Type Activities</u>	<u>Governmental Activities</u>
	<u>Water</u>	<u>Internal</u>
	<u>Enterprise Fund</u>	<u>Service Fund</u>
Cash Flows from Operating Activities:		
Cash received from charges to other funds	\$	\$ 19,086
Cash received from customers	12,446	
Cash received from other operating activities		6,278
Cash paid for premiums and other operating expenses	(7,569)	(865)
Cash payments for claims made		(23,885)
Net cash provided by operating activities	<u>4,877</u>	<u>614</u>
Cash Flows from Noncapital Financing Activities:		
Transfers to other funds	(5,000)	
Net cash used in noncapital financing activities	<u>(5,000)</u>	
Cash Flows from Capital Financing Activities:		
Acquisition of capital assets	(236)	
Payment of loan obligation	(2,239)	
Interest paid on capital debt	(1,194)	
Net cash used in capital financing activities	<u>(3,669)</u>	
Cash Flows from Investing Activities:		
Income on investments	28	2,564
Actuarial claim reserve		(222)
Purchase of investments	(94)	
Sale of investments		(2,849)
Net cash used in investing activities	<u>(66)</u>	<u>(507)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(3,858)	107
Cash and Cash Equivalents at Beginning of Year	<u>18,356</u>	<u>630</u>
Cash and Cash Equivalents at End of Year	<u>\$ 14,498</u>	<u>\$ 737</u>
Reconciliation of Operating Income to Net Cash Provided by		
Operating Activities:		
Operating income (loss)	\$ 2,774	\$ (2,842)
Adjustments to reconcile operating income to net		
cash provided by operating activities:		
Depreciation	1,773	
Change in assets and liabilities:		
(Increase) decrease in accounts receivable	388	28
(Increase) decrease in due from other funds		1,508
(Increase) decrease in other deferred asset	46	
(Increase) decrease in inventory	(93)	
Increase (decrease) in accounts payable and accrued expenses	(109)	(160)
Increase (decrease) in due to other funds	98	2,080
Total adjustments	<u>2,103</u>	<u>3,456</u>
Net Cash Provided by Operating Activities	<u>\$ 4,877</u>	<u>\$ 614</u>
Noncash Investment Activities:		
Net increase in fair value of investments	<u>\$ 28</u>	<u>\$ 2,564</u>

The accompanying notes are an integral part of the financial statements

**CITY OF NEW BRITAIN, CONNECTICUT**  
**STATEMENT OF FIDUCIARY NET ASSETS - FIDUCIARY FUNDS**  
**JUNE 30, 2011**  
**(In Thousands)**

	<b>Pension Trust Funds</b>	<b>OPEB Trust Fund</b>	<b>Agency Funds</b>
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Assets:			
Cash and cash equivalents	\$ 11,122	\$ 3	\$ 363
Investments:			
Investments, at fair value:			
Equities			
Fixed income	101		331
Mutual funds	84,898		
U.S. securities	12,068		
Federal agency bonds	4,025	1,129	
Corporate bonds/securities	33,612		
Foreign bonds	1,033		
Common stock	6,752		
Accounts receivable	418		
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total Assets	<u>154,029</u>	<u>1,132</u>	<u>\$ 694</u>
Liabilities:			
Accounts payable	\$ 3,509		\$
Due to other funds	22		
Due to beneficiaries			694
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total Liabilities	<u>\$ 3,531</u>	<u>                    </u>	<u>\$ 694</u>
Net Assets:			
Held in Trust for Pension and			
Other Post Retirement Benefits	<u>\$ 150,498</u>	<u>\$ 1,132</u>	

The accompanying notes are an integral part of the financial statements

**CITY OF NEW BRITAIN, CONNECTICUT**  
**STATEMENT OF CHANGES IN PLAN NET ASSETS**  
**FIDUCIARY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2011**  
**(In Thousands)**

	<b>Pension Trust Funds</b>	<b>OPEB Trust Fund</b>
Additions:		
Contributions:		
Employer	\$ 1,199	\$ 3,744
Employee	638	
Total contributions	<u>1,837</u>	<u>3,744</u>
Investment income:		
Net appreciation in fair value of investments	21,453	139
Interest and dividends	3,998	27
Miscellaneous	33	
Total investment income	<u>25,484</u>	<u>166</u>
Less investment expense	<u>(325)</u>	
Net investment income	<u>25,159</u>	<u>166</u>
Net additions	<u>26,996</u>	<u>3,910</u>
Deductions:		
Benefits	10,704	3,744
Administration	132	8
Total deductions	<u>10,836</u>	<u>3,752</u>
Net Increase	16,160	158
Net Assets at Beginning of Year	<u>134,338</u>	<u>974</u>
Net Assets at End of Year	<u>\$ 150,498</u>	<u>\$ 1,132</u>

The accompany notes are an integral part of the financial statements

# THE CITY OF NEW BRITAIN, CONNECTICUT

## NOTES TO FINANCIAL STATEMENTS

---

(amounts expressed in thousands)

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

#### **A. Reporting Entity**

##### **Primary Government**

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

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

All department heads report directly to the Mayor.

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

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

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

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

##### **Joint Ventures**

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

##### **Tunxis Recycling Operating Committee**

The City is a participant with twelve other cities and towns in a joint venture, the Tunxis Recycling Operating Committee (TROC). TROC is responsible for the development, operations and management of a solid waste recycling program for all participating communities. The governing board consists of City officials appointed by each of the participating municipalities, and assumes all the management decisions. The City has an obligation to appropriate funds in amounts necessary to fulfill its obligations created pursuant to the

intercommunity agreement dated as of August 31, 1990. Expenditures of \$107 were incurred in 2009-10 related to the City's participation in TROC.

Fund balance of the General Fund for fiscal year ended June 30, 2011 as reflected in the Committee's financial statements is \$1,320. A complete set of financial statements for TROC can be obtained from the TROC's administrative office at 43 Enterprise Drive, Bristol, Connecticut 06010.

### **Bristol Resource Recovery Facility Operating Committee**

The City is a participant with thirteen other cities and towns in a joint venture, the Bristol Resource Recovery Facility (BRRFOC). BRRFOC was created pursuant to an Inter-Community Agreement to exercise certain rights on behalf of the Contracting Municipalities in dealing with the trash-to-energy plant built by Ogden Martin Systems of Bristol, Inc., now known as Covanta Bristol, Inc. (Covanta). The governing board consists of City officials appointed by each of the participating municipalities, and assumes all the management decisions. The City has an obligation to appropriate funds in amounts necessary to fulfill its obligations created pursuant to the Intercommunity Agreement dated as of August 15, 1985. These obligations deal with guarantees to meet certain tonnage requirements. The City expenditures to BRRFOC amounted to \$2,824 this year.

Fund balance of the General Fund for fiscal year ended June 30, 2011 as reflected in BRRFOC's financial statements is \$10,815. A complete set of financial statements for BRRFOC can be obtained from the administrative office at 43 Enterprise Drive, Bristol, Connecticut 06010.

On April 2005, the Committee issued \$41,920 in Solid Waste Revenue Refunding Bonds (Covanta Bristol, Inc. Project - 2005 series) with interest rates varying from 3.00% to 5.00%. The proceeds of the bonds, in addition to other funds made available as part of the transaction and the allowed investment earnings thereon, were used to current refund \$46,670 of outstanding revenue bonds of the Committee. The proceeds from the original bonds were loaned by the Authority to Ogden Martin Systems of Bristol, Inc. now known as Covanta Bristol, Inc. Under the Service Agreement, the service fee is an obligation of the Contracting Municipalities to which each has pledged its full faith and credit. Should any Contracting Municipality default in its obligation to pay the service fee, the other Contracting Municipalities shall have an obligation to continue to pay the aggregate service fee. If the Company does not perform its obligations under the service agreement, and Covanta fails to perform such obligations pursuant to its guarantee, the Contracting Municipalities have certain rights to terminate the service agreement and, upon termination, would no longer be obligated to pay the service fee. The current balance of the bonds outstanding is \$20,955.

### **Jointly Governed Organizations**

#### **The Mattabassett District**

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

### **B. Government-Wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the City. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.



The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

### **C. Measurement Focus, Basis of Accounting and Financial Statement Presentation**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements, except for agency funds which have no measurement focus. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

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

The City reports the following major governmental funds:

The General Fund is the City's primary operating fund. It accounts for all financial resources of the City, except those required to be accounted for in another fund. The major sources of revenue for this fund are property taxes and governmental grants.

The Capital Projects Fund is used to account for the financial resources for the acquisition or construction of major capital facilities, other than those financed by proprietary funds. The major sources of revenue for this fund are bond proceeds and governmental grants.

The BOE State and Federal Grants Fund accounts for educational grant programs funded by the federal and state government and other local agencies. The major source of revenue for this fund is governmental grants.

The City reports the following major proprietary funds:

The Water Enterprise Fund accounts for all activities related to the transmission and distribution of drinking water.

Additionally, the City reports the following fund types:

The Internal Service Funds account for the risk management activities for the City.

The Pension Trust Fund accounts for the activities of the New Britain police and fire retirement system, which accumulates resources for pension benefit payments to qualified City employees.

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

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

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989 generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The City has elected not to follow subsequent private-sector guidance.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments in lieu of taxes and other charges between certain City's functions because the elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

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

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

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

#### **D. Deposits and Investments**

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

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

Investments for the City are reported at fair value.

## **E. Receivables and Payables**

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either “due to/from other funds” (i.e., the current portion of interfund loans) or “advances to/from other funds” (i.e., the noncurrent portion of interfund loans). All other outstanding balances between funds are reported as “due to/from other funds.” Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances.” All trade and property tax receivables are shown net of an allowance for uncollectibles.

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

The City has established a reserve in the amount of \$750 for property taxes receivable that are deemed to be uncollectible.

## **F. Inventories and Prepaid Items**

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

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

## **G. Capital Assets**

Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, bridges, sidewalks and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets, other than infrastructure assets, are defined by the government as assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of 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. 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 \$6,706. The City and Board of Education compensated absences is generally liquidated by the General Fund.

## **I. Long-Term Obligations**

In the government-wide financial statements and proprietary fund types, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of any significant applicable bond premium or discount. Significant bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

## **J. Interest Rate Swap Agreements and Options**

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

## **K. Fund Equity**

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

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

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

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

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

**Nonspendable Fund Balance** - This represents amounts that cannot be spent due to form (e.g., inventories and prepaid amounts).

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

**Committed Fund Balance** - This represents amounts constrained for a specific purpose by a government using its highest level of decision-making authority (City of New Britain Common Council).

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

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

## **2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

### **A. Budgetary Information**

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

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

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

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

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

An additional \$36 was appropriated from unanticipated revenues during the fiscal year.

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

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

Also, in accordance with the provision of Governmental Accounting Standards Board Statement No. 24, the City has reported "on-behalf" payments made by the State of Connecticut into the teachers' retirement system in the governmental funds.

Encumbrance accounting is employed in governmental funds. Encumbrances (e.g., purchase orders, contracts) outstanding at year end are reported are included in either restricted, committed or assigned fund balance depending on their level of restriction and do not constitute expenditures or liabilities because the commitments will be reappropriated and honored during the subsequent year.

## **B. Deficit Fund Equity**

The following funds have a deficit fund balance/net assets at (in thousands) June 30, 2011:

### Nonmajor:

#### Special Revenue Funds:

Stanley Quarter Park	\$	347
Police & Youth Grants		6
New Britain Marketing Collaborative		6
Local Capital Improvement		5
American Savings Grant		18
FEMA Grant		3
Police Explorers		3
Exercise the Right Choice II		10
Immunization Action Plan		2
Public Safety		183
Centralized and Distribution Services		235
Federal Omnibus Grant		29
Juvenile Justice Center		1
Highway Safety Grant		31
Housing Inspectors DMD		1
Assistance to CCSU Police Department		42
Public Works Grant		1
School Rental Account		95
Business Outreach Center		52
Emergency Shelter Grant		15
Redevelopment Commission		6
EFSP Program		3
Neighborhood Stabilization Program		39
Capital Projects Fund		13,092

#### Internal Service Funds:

Special Reserve Fund		277
Health Insurance Fund		4,225

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

### C. Overexpended Appropriations

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

<u>Department</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
General Government:			
Recording and Reporting	\$ 657	\$ 668	\$ (11)
Legal	1,367	1,454	(87)
Public Safety:			
Police Department	19,214	20,101	(887)
Lighting	789	809	(20)
Civil Preparedness	171	172	(1)
Public Works:			
Administration	475	477	(2)
Parks and Recreation			
Administration	433	447	(14)
Forestry	256	263	(7)
Horticulture	351	359	(8)
Maintenance	2,585	2,623	(38)
Recreation Department	948	964	(16)
Other financing uses:			
Other	97	170	(73)

### 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 Town does not have a deposit policy for custodial credit risk. The deposit of public funds is controlled by the Connecticut General Statutes. Deposits may be placed with any qualified public depository that has its main place of business in the State of Connecticut. Connecticut General Statutes require that each depository maintain segregated collateral (not required to be based on a security agreement between the depository and the municipality and, therefore, not perfected in accordance with federal law) in an amount equal to a defined percentage of its public deposits based upon the depository's risk-based capital ratio.

Based on the criteria described in GASB Statement No. 40, *Deposits and Investment Risk Disclosures*, \$51,441 of the City's bank balance of \$53,013 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$	46,147
Uninsured and collateral held by the pledging bank's trust department, not in the City's name		<u>5,294</u>
Total Amount Subject to Custodial Credit Risk	\$	<u><u>51,441</u></u>

## Cash Equivalents

At June 30, 2011, the City's cash equivalents amounted to \$25,499. The following table provides a summary of the City's cash equivalents (excluding U.S. government guaranteed obligations) as rated by nationally recognized statistical rating organizations. The pools all have maturities of less than one year.

	<u>Standard &amp; Poor's</u>
StateTax Exempt Proceeds Fund*	
Wells Fargo Money Market*	
Bank of America Money Market*	
State Short-Term Investment Fund (STIF)	AAAm
Financial Investors Trust Portfolio Money Market Fund	AAAm
Cutwater - Cooperative Liquid Assets Securities System (CLASS)	AAAm

\*Not rated



## Investments

As of June 30, 2011, the City had the following investments:

Investment Type	Credit Rating	Fair Value	Investment Maturities (Years)		
			Less Than 1	1 - 10	More Than 10
Interest-bearing investments:					
U.S. Treasury Tips	N/A	\$ 1,508	\$	\$ 458	\$ 1,050
U.S. Treasury bonds/notes	N/A	12,424	4,212	8,004	208
Federal agency bond funds	**	2,410		2,410	
Federal agency bond funds	AAA to A	1,615		1,615	
Foreign bond funds	AAA to A+	1,033		1,033	
Corporate bonds/securities	A- to A+	12,361	16	3,145	9,200
Corporate bonds/securities	BBB- to BBB+	5,432		3,368	2,064
Corporate bonds/securities	BB- to BB+	2,802		2,494	308
Corporate bonds/securities	B- to B+	1,436		1,436	
Corporate bonds/securities	**	21,970		1,849	20,121
Certificates of deposit	N/A	250		250	
Fixed income	**	<u>1,318</u>	<u>1,217</u>	<u>101</u>	
Total		64,559	\$ <u>5,445</u>	\$ <u>26,163</u>	\$ <u>32,951</u>
Other investments:					
Common stock		16,740			
Mutual funds		<u>86,360</u>			
Total Investments		\$ <u>167,659</u>			

N/A Not applicable

\*\* Not available

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

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

**Concentration of Credit Risk** - The City has no policy limiting an investment in any one issuer that is in excess of 5% of the City's total investments.

**Custodial Credit Risk** - Custodial credit risk for an investment is the risk that, in the event of the failure of the counterparty (the institution that pledges collateral or repurchase agreement securities to the City or that sells investments to or buys them for the City), the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City does not have a policy for custodial credit risk. At June 30, 2011, the City had \$16,740 in uninsured and unregistered securities held by the counterparty, or by its trust department or agent that were not in the City's name.

#### 4. RECEIVABLES

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

	<u>General</u>	<u>BOE State and Federal Grants</u>	<u>Nonmajor and Other Funds</u>	<u>Business Activities Water Enterprise</u>	<u>Total</u>
Receivables:					
Interest	\$ 10,205	*\$	\$ 17	* \$ 52	\$ 10,274
Taxes	12,815				12,815
Water				3,268	3,268
Sewer			4,180		4,180
Accounts	495		1,715	2,811	5,021
Intergovernmental	5,575	904	2,366		8,845
Housing loans			6,677		6,677
Gross receivables	<u>29,090</u>	<u>904</u>	<u>14,955</u>	<u>6,131</u>	<u>51,080</u>
Less allowance for uncollectibles	<u>(750)</u>		<u>(256)</u>	** <u>(317)</u>	<u>(1,323)</u>
Net Total Receivables	<u>\$ 28,340</u>	<u>\$ 904</u>	<u>\$ 14,699</u>	<u>\$ 5,814</u>	<u>\$ 49,757</u>

\* Accrued interest on property taxes and long-term housing loans in the amount of \$10,205 and \$17 are not included in the fund financial statements.

\*\* Allowance for uncollectible amounts related to loan receivables of \$256 is not included in the fund financial statements.

Revenues are reported net of uncollectible amounts. Total uncollectible amounts related to revenues of the current period are as follows:

Uncollectibles related to:	
Property taxes	\$ 750
Water receivables	317
Loan receivables	<u>256</u>
Total	<u>\$ 1,323</u>

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

	<u>Unavailable</u>	<u>Unearned</u>
Delinquent property taxes receivable	\$ 11,276	\$
Housing loans	6,677	
School building grants	5,575	
Grant drawdowns prior to meeting all eligibility requirements		<u>2,679</u>
Total Deferred/Unearned Revenue for Governmental Funds	<u>\$ 23,528</u>	<u>\$ 2,679</u>

## 5. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2011 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	\$ 13,395	\$	\$	\$ 13,395
Construction in progress	121,918	13,834	(2,415)	133,337
Total capital assets not being depreciated	<u>135,313</u>	<u>13,834</u>	<u>(2,415)</u>	<u>146,732</u>
Capital assets being depreciated:				
Land improvements	14,053			14,053
Buildings	183,194			183,194
Machinery and equipment	13,468	108		13,576
Vehicles	18,341	691	(24)	19,008
Infrastructure	107,280	4,980		112,260
Total capital assets being depreciated	<u>336,336</u>	<u>5,779</u>	<u>(24)</u>	<u>342,091</u>
Less accumulated depreciation for:				
Land improvements	10,645	437		11,082
Buildings	98,689	3,152		101,841
Machinery and equipment	10,864	398	(24)	11,238
Vehicles	12,846	1,269		14,115
Infrastructure	63,348	2,452		65,800
Total accumulated depreciation	<u>196,392</u>	<u>7,708</u>	<u>(24)</u>	<u>204,076</u>
Total capital assets being depreciated, net	<u>139,944</u>	<u>(1,929)</u>	<u>-</u>	<u>138,015</u>
Governmental Activities Capital Assets, Net	<u>\$ 275,257</u>	<u>\$ 11,905</u>	<u>\$ (2,415)</u>	<u>\$ 284,747</u>
Business-Type Activities:				
Capital assets not being depreciated:				
Land	\$ 1,977	\$	\$	\$ 1,977
Construction in progress	1,625		(1,625)	-
Total capital assets not being depreciated	<u>3,602</u>	<u>-</u>	<u>(1,625)</u>	<u>1,977</u>
Capital assets being depreciated:				
Source of supply	7,221			7,221
Pumping plant	2,838			2,838
Water treatment plant	2,341	138	(55)	2,424
Filter plant	55,695	1,594		57,289
Machinery and equipment	549			549
Transmission and distribution	11,080	130	(43)	11,167
General plant and administrative equipment	5			5
Total capital assets being depreciated	<u>79,729</u>	<u>1,862</u>	<u>(98)</u>	<u>81,493</u>
Less accumulated depreciation for:				
Source of supply	2,447	53		2,500
Pumping plant	1,599	54		1,653
Water treatment plant	1,502	318	(55)	1,765
Filter plant	6,645	1,113		7,758
Machinery and equipment	63	12		75
Transmission and distribution	7,319	219	(43)	7,495
General plant and administrative	-	5		5
Total accumulated depreciation	<u>19,575</u>	<u>1,774</u>	<u>(98)</u>	<u>21,251</u>
Total capital assets being depreciated, net	<u>60,154</u>	<u>88</u>	<u>-</u>	<u>60,242</u>
Business-Type Activities Capital Assets, Net	<u>\$ 63,756</u>	<u>\$ 88</u>	<u>\$ (1,625)</u>	<u>\$ 62,219</u>

Depreciation expense was charged to functions/programs as follows:

Governmental activities:	
General government	\$ 1,249
Public safety	562
Public works	3,016
Health and social services	9
Parks and recreation	676
Education	<u>2,196</u>
Total Depreciation Expense - Governmental Activities	\$ <u><u>7,708</u></u>
Business-type activities:	
Enterprise Fund - water depreciation expense	
business-type activities	\$ <u><u>1,774</u></u>

### Construction Commitments

The City has active construction projects as of June 30, 2011. The following is a summary of capital projects as of June 30, 2011:

<u>Project</u>	<u>Project Authorization</u>	<u>Cumulative Expenditures</u>
Public buildings	\$ 38,500	\$ 10,466
Schools	83,820	72,616
Infrastructure	89,258	57,688
Parks and recreation	5,350	5,348
Miscellaneous	<u>55,879</u>	<u>36,097</u>
Total	\$ <u><u>272,807</u></u>	\$ <u><u>182,215</u></u>

## 6. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

During the course of operations, transactions are processed through one fund on behalf of another fund. Additionally, revenues received in one fund are transferred to another fund. A summary of interfund balances as of June 30, 2011 is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Internal Service Fund	\$ 4,177
	Nonmajor Fund	7,791
	Fiduciary Funds	22
Nonmajor Fund	Water Fund	<u>473</u>
Total		\$ <u><u>12,463</u></u>

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

Interfund transfers:

	<b>Transfers In</b>			
	<b>General Fund</b>	<b>Capital Project Fund</b>	<b>Nonmajor Funds</b>	<b>Total Transfers</b>
Transfers Out:				
General	\$	\$ 66	\$ 151	\$ 217
Nonmajor governmental	1,737			1,737
Enterprise Funds	<u>5,000</u>			<u>5,000</u>
Total	<u>\$ 6,737</u>	<u>\$ 66</u>	<u>\$ 151</u>	<u>\$ 6,954</u>

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

## 7. BOND ANTICIPATION NOTES AND INTERIM FINANCING

The following bond anticipation notes and other interim financing obligations, which serve as temporary financing for certain Capital Projects, were outstanding at June 30, 2011:

<b>Description</b>	<b>Fund</b>	<b>Rate</b>	<b>Maturity Date</b>	<b>Beginning Balance</b>	<b>Additions</b>	<b>Reductions</b>	<b>Ending Balance</b>
2011 Bond Anticipation Notes	Capital Projects Fund	2.00%	03/28/2012	\$	\$ 38,235	\$	\$ 38,235
2010 Bond Anticipation Notes	Capital Projects Fund	3.00%	03/29/2011	<u>32,450</u>		<u>32,450</u>	<u>-</u>
				<u>\$ 32,450</u>	<u>\$ 38,235</u>	<u>\$ 32,450</u>	<u>\$ 38,235</u>

## 8. LONG-TERM DEBT

A schedule of bond indebtedness as of June 30, 2011 is as follows:

	<u>Interest Rate (%)</u>	<u>Original Issue</u>	<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Balance Outstanding</u>
Consolidated School District:					
1993 Series A	3.8% - 6.0%	\$ 13,300	02/01/93	10/01/12	\$ 1,470
1993 Series B	3.8% - 6.0%	13,075	02/01/93	04/01/12	720
1994 Series	4.0% - 5.0%	17,700	02/01/94	02/04/14	2,655
1997 Series	4.4% - 5.1%	13,115	04/15/97	04/15/13	970
2002 Refunding Series	2.0% - 5.0%	1,830	11/04/02	05/01/14	575
2006 Series	5.0% - 4.125%	11,000	04/15/06	04/15/21	7,330
2007 Series	5.0% - 3.75%	6,600	04/05/07	04/15/22	4,840
2008 Series A	2.8% - 5.0%	1,750	04/01/08	04/01/28	1,487
2008 Series B					
Refunding Bonds	2.8% - 5.0%	12,425	04/01/08	04/01/35	2,710
2009 Series	3.0% - 4.5%	3,975	03/25/09	04/01/24	3,460
2010 Series C	3.0% - 4.0%	1,840	10/28/10	04/01/15	1,465
Subtotal		<u>96,610</u>			<u>27,682</u>
Public Improvement:					
1992 Series	4.6% - 6.5%	8,285	02/01/92	02/01/12	400
1993 Series B	3.8% - 6.0%	16,210	02/01/93	04/01/12	900
1997 Series	4.4% - 5.1%	8,925	04/15/97	04/15/13	180
2002 Refunding Series	2.0% - 5.0%	2,240	11/04/02	05/01/14	705
2005 MERF Pension Bond	4.93%	1,450	06/01/05	06/05/23	1,085
2006 Series	5.0% - 4.125%	6,460	04/15/06	04/15/21	4,305
2007 Series	5.0% - 3.75%	6,975	04/05/07	04/15/22	5,115
2008 Series A	2.8% - 5.0%	11,215	04/01/08	04/01/28	9,528
2008 Series B	2.8% - 5.0%				
Refunding Bonds		12,080	04/01/08	04/01/35	7,235
2009 Series	3.0% - 4.5%	9,410	03/25/09	04/01/24	8,165
2010 Series A	2.5% - 5.5%	11,715	03/30/10	03/01/25	10,930
2010 Series B	2.8% - 5.8%	35,000	10/28/10	10/01/30	35,000
Subtotal		<u>129,965</u>			<u>83,548</u>
General Obligation Pension Bonds:					
1998 Series	5.72% - 6.64%	<u>66,000</u>	02/01/98	02/01/26	<u>42,920</u>
General Obligation Pension Bonds:					
2008 Series C					
Refunding Bonds	6.371%	<u>40,700</u>	05/30/08	02/01/26	<u>40,000</u>
Total General Fund Debt		<u>\$ 333,275</u>			<u>\$ 194,150</u>

## General Fund Long-Term Bonded Debt

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

### Changes in Long-Term Liabilities

Long-term liability activity for the year ended June 30, 2011 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities:					
Bonds payable:					
General obligation bonds	\$ 173,532	\$ 36,840	\$ (16,222)	\$ 194,150	\$ 16,945
Less deferred amounts:					
For issuance discounts					
on refunding	(1,057)	(54)	100	(1,011)	
Interest rate swaps	15,422		(960)	14,462	
Bond premiums	3,339	519	(251)	3,607	
Total general obligation bonds	191,236	37,305	(17,333)	211,208	16,945
Notes payable:					
Clean Water notes	4,305		(309)	3,996	309
OPEB (asset) obligation	150	4,194	(3,744)	600	
Compensated absences	7,598	19	(911)	6,706	1,304
Net pension (asset) obligation	212	742	(749)	205	
Risk management	21,020		(216)	20,804	
Governmental Activities Long-Term Liabilities	<u>\$ 224,521</u>	<u>\$ 42,260</u>	<u>\$ (23,262)</u>	<u>\$ 243,519</u>	<u>\$ 18,558</u>
	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Business-Type Activities:					
Bonds payable	\$ 13,335	\$	\$ (405)	\$ 12,930	\$ 410
Notes payable:					
Clean Water notes	23,238		(1,832)	21,406	1,834
Compensated absences	360		(137)	223	90
Business-Type Activities Long-Term Liabilities	<u>\$ 36,933</u>	<u>\$ -</u>	<u>\$ (2,374)</u>	<u>\$ 34,559</u>	<u>\$ 2,334</u>

## Debt Limit

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

<u>Category</u>	<u>Debt Limit</u>	<u>Net Indebtedness</u>	<u>Balance</u>
General purpose	\$ 241,895	\$ 178,217	\$ 63,678
Schools	483,791	82,425	401,366
Sewers	403,159	16,728	386,431
Urban renewal	349,404		349,404
Pension deficit	322,527		322,547

The total overall statutory debt limitation for the City is equal to seven times annual receipts from taxation (\$752,563).

The indebtedness above includes \$129,514 of authorized bonds which were unissued as of June 30, 2011.

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.

On October 28, 2010, the City issued \$1,840 in general obligation refunding bonds, Series 2010C, with an interest rate of 3.0-4.0% to advance refund \$1,850 of outstanding 2000 Series A bonds with interest rates of 5.1-5.3%. This advance refunding was undertaken to reduce total debt service payments over the next five years by \$84 and resulted in a net present value savings of \$81. The net proceeds of \$1,904 (after payment of \$37 in underwriting fees, insurance and other issuance costs) were used to purchase U.S. Government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the refunded bonds. As a result, the bonds are considered to be defeased. The balance of the defeased bonds outstanding at June 30, 2011 is \$1,480.

In the prior year, the City had defeased certain general obligation bonds by place in the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are no included in the City's financial statements. The outstanding balance of the defeased bonds as of June 30, 2011 is \$5,390.



The maturities relating to all bonds and serial notes of the governmental activities of the City as June 30, 2011 are as follows:

<b>Year Ending June 30,</b>	<b>Principal General Obligation</b>	<b>Principal Clean Water Notes</b>	<b>Interest General Obligation</b>	<b>Interest Clean Water Notes</b>	<b>Total</b>
2012	\$ 16,945	\$ 309	\$ 11,017	\$ 77	\$ 28,348
2013	14,475	309	9,576	71	24,431
2014	12,435	309	8,915	65	21,724
2015	11,480	309	8,293	59	20,141
2016	11,435	309	7,735	52	19,531
2017	11,775	309	7,166	46	19,296
2018	12,125	309	6,561	40	19,035
2019	12,505	309	5,914	34	18,762
2020	12,910	309	5,228	28	18,475
2021	12,310	310	4,509	21	17,150
2022	11,660	310	3,816	15	15,801
2023	11,185	261	3,150	9	14,605
2024	11,530	182	2,490	5	14,207
2025	11,110	59	1,814	2	12,985
2026	10,850	59	1,150	1	12,060
2027	2,445	34	481	1	2,961
2028	2,440		347		2,787
2029	1,535		219		1,754
2030	1,500		131		1,631
2031	1,500		44		1,544
Total	\$ 194,150	\$ 3,996	\$ 88,556	\$ 526	\$ 287,228

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

The maturities relating to all bonds and serial notes of the business-type activities of the City as of June 30, 2011 are as follows:

<b>Year Ending June 30,</b>	<b>General Obligation Bonds</b>	<b>Principal Clean Water Notes</b>	<b>Interest General Obligation Bonds</b>	<b>Interest Clean Water Notes</b>	<b>Total</b>
2012	\$ 410	\$ 1,834	\$ 611	\$ 521	\$ 3,376
2013	465	1,834	594	474	3,367
2014	515	1,834	574	428	3,351
2015	560	1,834	549	381	3,324
2016	560	1,834	521	334	3,249
2017	560	1,834	493	288	3,175
2018	560	1,834	465	241	3,100
2019	560	1,834	437	194	3,025
2020	565	1,835	409	147	2,956
2021	565	1,835	380	101	2,881
2022	560	1,464	357	57	2,438
2023	555	1,200	333	26	2,114
2024	550	400	308	2	1,260
2025	550		282		832
2026	550		256		806
2027	545		230		775
2028	545		204		749
2029	545		178		723
2030	540		152		692
2031	540		127		667
2032	535		101		636
2033	535		76		611
2034	530		50		580
2035	530		25		555
Total	\$ <u>12,930</u>	\$ <u>21,406</u>	\$ <u>7,712</u>	\$ <u>3,194</u>	\$ <u>45,242</u>

## Interest Rate Swap Agreements (Not Rounded)

*Objective* - As a means to lower its future borrowing costs, the City entered in three interest rate swaps each in connection with their general obligation bonds. The intention of the swaps was to effectively change the City's interest rate on the bonds from a variable rate to a synthetic fixed rate. The interest rate swaps are considered to be effective cash flow hedges.

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

*Fair Value* - All three swaps had negative fair values (representing a liability) as of June 30, 2011, as indicated below. The fair value was estimated using live trading data to construct a series of swap rates that is then used to run a present value calculation.

*Credit Risk* - As of June 30, 2011, the City was not exposed to credit risk in the event the counterparty fails to perform under the agreement because the swaps represent a liability. The credit ratings of the counterparties are indicated below. The City does not require collateral or other security supporting interest rate swaps subject to credit risk.

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

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

	<u>Series 2012</u>	<u>Pension- Fxd</u>	<u>Pension - CMS</u>
Counterparty	Deutsche Bank AG	Deutsche Bank AG	Deutsche Bank AG
Bond Issue	2011	2008C	2008C
Original Notional Amount	\$ 14,000,000	\$ 40,000,000	\$ 40,000,000
Outstanding Notional Amount	\$ 14,000,000	\$ 40,000,000	\$ 40,000,000
Effective Date	4/1/2012	5/1/2008	2/1/2017
Maturity Date	4/1/2027	2/1/2026	2/1/2026
Rate Paid	3.807%	6.371%	100% of 1M LIBOR
Rate Received	68.4% of 10M LIBOR	1M LIBOR	78% OF 10Y LIBOR
Fair Value	\$ (1,424,863)	\$ (11,899,609)	\$ (1,137,710)
Counterparty Credit Rating:			
Moody's Investors Service	Aa3	Aa3	Aa3
Standard & Poor's	A+	A+	A+

The following is a summary of the changes in fair value of the interest rate swaps for the years ended June 30, 2011 and 2010 (not rounded), which are accounted for as changes in deferred outflows reported in the statements of net assets:

	<u>Series 2011</u>	<u>Pension - Fxd</u>	<u>Pension - CMS</u>
Fair Value at July 1, 2010	\$ (1,036,871)	\$ (13,828,607)	\$ (556,153)
Change in Fair Value for the year ended June 30, 2011	<u>(387,992)</u>	<u>1,928,998</u>	<u>(581,557)</u>
Fair Value at June 30, 2011	<u><u>\$ (1,424,863)</u></u>	<u><u>\$ (11,899,609)</u></u>	<u><u>\$ (1,137,710)</u></u>

## 9. RISK MANAGEMENT

Insurance coverages are purchased by the City for the following exposures:

- Property damage
- Auto liability
- Boiler and machinery exposures

**Property Damage:** Purchased insurance covers physical loss or damage to City property (other than vehicles). Generally, the deductible is \$25; different deductibles apply to certain classes of property and types of loss. The City maintains a blanket building and contents policy on a 90% co-insurance coverage basis.

**Auto Liability:** The insured limit of coverage is \$3,000 with no deductible; uninsured/underinsured motorists' coverage is \$40, no deductible. The policy provides liability coverage for both vehicles and mobile equipment.

**Boiler and Machinery Exposures:** Insurance coverage includes direct damage limit per accident of \$40 the deductible is \$25. This policy provides coverage for damage resulting from sudden and accidental breakdown of boilers, refrigeration and air conditioning equipment, pressure vessels, piping and accessory equipment.

### Self-Insurance Plans

The City is self-insured, or maintains large risk retentions, with regard to the following types of coverage:

- Medical Health Insurance
- General Liability
- Workers' compensation (including Policemen and Firemen Hypertension)
- Employee Fiduciary Bonds (except for the Tax Collector, Treasurer and selected Treasury/Finance personnel)

The City has opted to manage certain of its risks internally and set aside assets for claim settlement in its Internal Service Funds. The Internal Service Funds are used to account for the City's medical, workers' compensation and general accident, casualty and liability risks. During 1994, the City adopted Statement No. 10, as amended by Statement No. 17, of the Government Accounting Standards Board.

The City's medical self-insurance program is administered by Blue Cross/Blue Shield. Under the medical plan, the City self-insures individual coverage up to a maximum of \$200 for major medical, and for hospitalization for the contract year July 1, 2010 to June 30, 2011. The City has obtained coverage that insures claims in excess of these amounts. When a claim is submitted, the administrator processes and pays the claims from funds accumulated by the City in an internal service fund. The internal service fund is funded annually by the City's General Fund and the Board of Education based upon information provided by the administrator using an actuarial method to determine such information. The charges by the internal service fund to the City's General Fund are to be adjusted over future contract years so that internal service fund revenues and expenses are approximately equal over such period of time. The City's medical claim liability of approximately \$1,543 is reported in the internal service fund at June 30, 2011, and is based on the requirements of Governmental Accounting Standards Board Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated.

The City's self-insurance program for general accident, casualty and liability is administered internally. When a claim is submitted, the City processes and pays the claim from funds now accumulated by the City in an internal service fund. The General Liability Internal Service Fund was funded in 1994 to the extent that the City's financial resources would be required during the next 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 \$16 million has been recorded in the workers' compensation internal service fund. The City currently carries excess workers' compensation insurance coverage. The City retains the first \$1,000 per accident; limits are statutory.

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

The changes in the claim reserves for the fiscal years ended June 30, 2011 and 2010, are as follows:

	June 30, 2011			June 30, 2010		
	Medical	Workers' Compensation	General Accident Casualty and Liability	Medical	Workers' Compensation	General Accident Casualty and Liability
Beginning of year claim reserve	\$ 1,765	\$ 17,253	\$ 2,002	\$ 2,069	\$ 17,253	\$ 1,874
Current year incurred claims and changes in prior year estimate	25,319	1,794	45	24,402	1,615	213
Claim payments	(25,541)	(1,794)	(39)	(24,706)	(1,615)	(85)
End of Year Claim Reserve	<u>\$ 1,543</u>	<u>\$ 17,253</u>	<u>\$ 2,008</u>	<u>\$ 1,765</u>	<u>\$ 17,253</u>	<u>\$ 2,002</u>

## **10. EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS**

### **Overview**

Substantially all City employees except for the certified employees of the Consolidated School District and the regular members of the Police and Fire Departments are covered under a contributory pension plan administered by the Municipal Employees' Retirement Fund (MERF), a State of Connecticut Multiple Employer Public Employee Retirement System. Regular members of the Police and Fire Departments participate in contributory pension plans known as the Police Benefit Fund and the Firemen's Pension Plan. The certified faculty and administrative personnel of the Board of Education participate in the contributory defined benefit plan established under Section 10.183 of the Connecticut General Statutes that is administered by the Connecticut State Teachers' Retirement Board.

### **Municipal Employees' Retirement Fund (MERF)**

MERF is the administrator of a cost-sharing multiple employer public employee retirement system (PERS) established by the State of Connecticut and administered by the State Retirement Commission to provide pension benefits for the employees of participating municipalities. MERF is considered to be a part of the State of Connecticut financial reporting entity and is included in the State's financial reports as a pension trust fund. Those reports may be obtained by writing to the State of Connecticut, Office of the State Comptroller, 55 Elm Street, Hartford, Connecticut 06106 or by calling (860) 702-3480.

Any local government authority in the State of Connecticut, including towns, cities, boroughs, regional school districts, housing authorities or other special districts, may elect to participate for one or more of its departments, including elective officers; only teachers who are covered under the Connecticut State Teachers' Retirement System are ineligible.

Plan provisions are set by statute of the State of Connecticut. MERF provides retirement benefits as well as death and disability benefits. Annual cost of living increases commence each July immediately after retirement with a minimum 2.5% to maximum of 6% up to 65 years of age, after which COLAs will remain at a minimum of 3% to a maximum of 5%. All benefits vest after five years of continuous service. Members who retire after age 55 with 5 years of service or after 25 years of service, irrespective of age, are entitled to an annual retirement benefit, payable monthly for life, in an amount for each year of service equal to:

- If not covered by Social Security: 2% of the average of earnings for the three highest paid years of service.
- If covered by Social Security: 1-1/6% of the average of earnings not in excess of the taxable wage base for the ten highest paid years, plus 2% of the average of earnings for the three highest paid years of service which is in excess of the average of earnings not in excess of the taxable wage base for the ten highest paid years.

### **Funding Policy**

Covered employees are required by State statute to contribute 2-1/4% of earnings upon which Social Security tax is paid plus 5% of earnings on which no Social Security tax is paid. Each participating municipality is required to contribute the amounts necessary to finance the remaining costs of the Plan. The contribution requirements of the City are established and may be amended by the State Retirement System.

The current rate is 9.5% of covered payroll. The City's and employee contributions to MERF for the years ended June 30, 2011, 2010 and 2009 are as follows:

<b>Fiscal Year Ended</b>	<b>City Contribution Amount</b>	<b>Employee Contribution Amount</b>	<b>Total Contribution Amount</b>	<b>Total Payroll Covered by the MERF</b>
June 30, 2009	\$ 3,389	\$ 2,321	\$ 5,710	\$ 46,446
June 30, 2010	3,773	2,385	6,158	47,716
June 30, 2011	5,198	2,537	7,735	55,881

### **Employee Retirement System**

#### **Plan Description**

The City is the administrator of a single-employer public employee retirement system (PERS) established and administered by the City to provide pension benefits for its Police and Fire Department employees. Benefits and contributions under this retirement system are established by the City and may be amended only by the City Council. The PERS is considered to be part of the City's financial reporting entity and is included in the City's financial reports as pension trust funds. A separate stand-alone financial report for the PERS is not issued by the City.

Under the plans, all City police employees hired on or before July 1, 2000 are eligible; those hired after this date shall be enrolled in the Connecticut Municipal Employees' Retirement Fund B. All Fire Department employees hired on or before July 1, 1995 are eligible; those hired after July 1, 1995 shall be enrolled in the Connecticut Municipal Employees' Retirement Fund B. Consequently, these are "closed plans." Police Department and Fire Department employees are 100% vested after ten years of service. If an employee leaves covered employment or dies before he or she is vested, accumulated employee contributions are refunded without interest. The retirement benefit is calculated at 50% (2-1/2% per year for the first 20 years) of the compensation being paid to an active member of the same grade as that at which the member retired, except that firemen may contribute at the level of a lieutenant's pay and retire at that grade and patrolmen may contribute at the level of a sergeant's pay and retire at that grade. An additional 1/2% of pay is added for each of the next five years of allowable service plus 1% for each year of allowable service over 25 years to a maximum of 80%.

The financial information of the PERS is as follows:

**Statement of Plan Net Assets**

	<b>Firemen's Pension Fund</b>	<b>Police Benefit Fund</b>	<b>Total</b>
<b>Assets</b>			
Cash and cash equivalents	\$ 6,328	\$ 4,794	\$ 11,122
Investments	74,440	68,049	142,489
Accounts receivable	<u>257</u>	<u>161</u>	<u>418</u>
Total Assets	<u>\$ 81,025</u>	<u>\$ 73,004</u>	<u>\$ 154,029</u>
<b>Liabilities and Net Assets</b>			
Liabilities:			
Accounts payable	\$ 1,727	\$ 1,782	\$ 3,509
Due to other funds	<u></u>	<u>22</u>	<u>22</u>
Total liabilities	<u>1,727</u>	<u>1,804</u>	<u>3,531</u>
Net Assets Held in Trust for Pension Benefits	<u>79,298</u>	<u>71,200</u>	<u>150,498</u>
Total Liabilities and Net Assets	<u>\$ 81,025</u>	<u>\$ 73,004</u>	<u>\$ 154,029</u>



# Statement of Changes in Plan Net Assets

	<b>Firemen's Pension Fund</b>	<b>Police Benefit Fund</b>	<b>Total</b>
Additions:			
Contributions:			
Employer	\$ 450	\$ 749	\$ 1,199
Employee	301	337	638
Total contributions	<u>751</u>	<u>1,086</u>	<u>1,837</u>
Investment income:			
Net appreciation fair value of investments	10,664	10,789	21,453
Interest and dividends	2,167	1,831	3,998
Miscellaneous	20	13	33
Total investment income	<u>12,851</u>	<u>12,633</u>	<u>25,484</u>
Less investment expense	<u>(180)</u>	<u>(145)</u>	<u>(325)</u>
Net investment income	<u>12,671</u>	<u>12,488</u>	<u>25,159</u>
Total additions	<u>13,422</u>	<u>13,574</u>	<u>26,996</u>
Deductions:			
Benefits	5,137	5,567	10,704
Administration	65	67	132
Total deductions	<u>5,202</u>	<u>5,634</u>	<u>10,836</u>
Net Increase	8,220	7,940	16,160
Net Assets Beginning of Year	<u>71,078</u>	<u>63,260</u>	<u>134,338</u>
Net Assets End of Year	<u>\$ 79,298</u>	<u>\$ 71,200</u>	<u>\$ 150,498</u>

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

	<b>Fire</b>	<b>Police</b>
Retirees and beneficiaries currently receiving benefits	166	180
Active members	70	75
Terminated-vested	<u>2</u>	<u>2</u>
Total	<u>236</u>	<u>257</u>

## Summary of Significant Accounting Policies and Plan Asset Matters

**Basis of Accounting:** PERS financial statements are prepared using the accrual basis of accounting. Employee and employer contributions are recognized as revenues in the period in which employee services are performed. Benefit payments and refunds are payable when due and payable in accordance with the terms of the PERS.

**Methods Used to Value Investments:** All funds are invested through an investment agreement with Fleet Investment Services and Paine Webber and are reported at fair value.

### Funding Policy and Progress

The employees hired prior to July 1, 1990 shall receive full escalation of pension benefits and contribute 7% of their salaries. Employees hired on or after July 1, 1990 receive no escalation of pension benefits and contribute 5-1/2% of their salaries. The City is required to contribute the remaining amounts necessary to finance the coverage for its employees. For the fiscal year ended June 30, 2011, these required contributions were \$450 and \$743 for the fire and police plans, respectively. Benefits and contributions are established by the City and may be amended only by the City Council and Union negotiation.

### Annual Pension Cost and Net Pension Obligations

The City's annual pension cost and net pension obligation to the PERS for the current year were as follows:

	<u><b>Fire</b></u>	<u><b>Police</b></u>
Annual required contribution	\$ 450	\$ 743
Interest on net pension obligation	(100)	16
Adjustment to annual required contribution	<u>108</u>	<u>(17)</u>
Annual pension cost	458	742
Contributions made	<u>(450)</u>	<u>(749)</u>
Increase in net pension obligation	8	(7)
Net Pension Asset, Beginning of Year	<u>(1,341)</u>	<u>212</u>
Net Pension Obligation (Asset), End of Year	\$ <u><u>(1,333)</u></u>	\$ <u><u>205</u></u>

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

	<u><b>Fire</b></u>	<u><b>Police</b></u>
Actuarial Valuation Date	January 1, 2011	January 1, 2011
Actuarial Cost Method	Entry Age Normal	Entry Age Normal
Amortization Method	Level Percentage of Payroll-Closed	Level Percentage of Payroll-Closed
Remaining Amortization Period	25 years	25 years
Asset Valuation Method	90% of Market	90% of Market
Actuarial Assumptions:		
Investment rate of return	7.5%	7.5%
Projected Salary Increases*	3.5%	3.75%

\*Includes inflation at 4%

Trend Information

Fire Plan

<b>Fiscal Year Ended</b>	<b>Annual Pension Cost (APC)</b>	<b>Actual Contribution</b>	<b>Percentage of APC Contributed</b>	<b>Net Pension Obligation (Asset)</b>
6/30/2009	\$ 211	\$ 215	102%	\$ (1,585)
6/30/2010	455	211	47	(1,341)
6/30/2011	458	450	98	(1,333)

Police Plan

<b>Fiscal Year Ended</b>	<b>Annual Pension Cost (APC)</b>	<b>Actual Contribution</b>	<b>Percentage of APC Contributed</b>	<b>Net Pension Obligation (Asset)</b>
6/30/2009	\$ 84	\$ 85	101%	\$ (447)
6/30/2010	744	85	11	212
6/30/2011	742	749	101	205

Pension Plan Required Supplementary Information

*Schedule of Funding Progress*

Fire Plan

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

Police Plan

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

## *Schedule of Employer Contributions*

### Fire Plan

		<b><u>Annual Required Contribution</u></b>	<b><u>Percentage Contributed</u></b>
6/30/2006	\$	234	256%
6/30/2007		433	174
6/30/2008		211	101
6/30/2009		211	101
6/30/2010		450	46
6/30/2011		450	100

### Police Plan

		<b><u>Annual Required Contribution</u></b>	<b><u>Percentage Contributed</u></b>
6/30/2006	\$	650	93%
6/30/2007		394	107
6/30/2008		85	101
6/30/2009		85	101
6/30/2010		743	11
6/30/2011		743	101

### **Single-Employer Defined Benefit Pension Plan**

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

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

### **Summary of Significant Accounting Policies and Plan Asset Matters**

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

### **Funding Policy**

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

### **Annual Pension Cost and Net Pension Obligation**

The City’s annual pension cost, which is equal to the annual benefit payments, for the current year amounted to \$597. The “pay-as-you-go” plan does not have a net pension obligation as of June 30, 2011.

### Trend Information

<b>Fiscal Year Ended</b>	<b>Annual Pension Cost (APC)</b>	<b>Actual Contribution</b>	<b>Percentage of APC Contributed</b>	<b>Net Pension Obligation</b>
6/30/2009	\$ 751	\$ 751	100%	N/A
6/30/2010	575	575	100	N/A
6/30/2011	597	597	100	N/A

### Pension Plan Required Supplementary Information

#### *Schedule of Funding Progress*

<b>Actuarial Valuation Date</b>	<b>Actuarial Value of Assets</b>	<b>Actuarial Accrued Liability (AAL)</b>	<b>Unfunded AAL</b>	<b>Funded Ratio</b>	<b>Covered Payroll</b>	<b>UAAL as a % of Covered Payroll</b>
04/30/1996	\$ -0-	\$ 13,516	\$ 13,516	0.0 %	N/A	N/A
06/30/1997	-0-	12,270	12,270	0.0	N/A	N/A
06/30/2000 *	-0-	10,618	10,618	0.0	N/A	N/A

\*latest actuarial valuation date

#### *Schedule of Employer Contributions*

<b>Fiscal Year Ended</b>	<b>Annual Required Contribution</b>	<b>Percentage Contributed</b>
06/30/2006	\$ 831	100%
06/30/2007	787	100
06/30/2008	738	100
06/30/2009	751	100
06/30/2010	575	100
06/30/2011	597	100

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

### Post Employment Benefits

#### 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, 2010, plan membership consisted of the following:

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

### Funding Policy

The City currently pays for postemployment health care benefits on a pay-as-you-go basis. As of June 30, 2011, the City has established a trust fund to irrevocably segregate assets to fund the liability associated with the post employment benefits, which is reported as a trust fund in accordance with GASB guidelines. The contribution requirements of plan members and the City are also negotiated with the various unions representing the employees. Retired plan members and beneficiaries currently receiving benefits are required to contribute specified amounts monthly towards the cost of health insurance premiums as follows:

### City Employees

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

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

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

### Board of Education

Teachers - Pre 65 is 100% retiree paid;

Administrator (Local 51) - Effective July 1, 2008 for pre-65 only, the Board will contribute up to 50% of the cost up to a maximum of \$7,500 per year for three additional years beyond the two year cost-share benefit previously provided. Retirees can continue coverage beyond the two-year period at their own expense. Spouses and dependents are covered and surviving spouses and dependents may continue coverage in accordance with COBRA.

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

AFSCME (Local 1186) - Coverage is offered for the first five years from retirement. Cost sharing is the same as for active employees (2006/07, 12% retiree and 88% Board, prior to January 1, 1997, 13% retiree and 95% Board). Beyond the fifth year, retirees are offered COBRA.

#### Police

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

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

Retirees can continue coverage beyond the seven-year period at their own expense. If the date of hire is after July 1, 1993, the retiree has access to post retirement health coverage through the City at their own expense.

#### Fire

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

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

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

## Annual OPEB Cost and Net OPEB Obligations

The City of New Britain's annual other post employment benefit (OPEB) cost is calculated based on the annual required contribution (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years. The following table shows the components of the City's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the City's net OPEB obligation (asset):

Annual required contribution (ARC)	\$ 4,191
Interest on OPEB obligation	12
Adjustment to annual required contribution	<u>(9)</u>
Annual OPEB cost (expense)	4,194
Contributions made	<u>3,744</u>
Decrease in net OPEB obligation	450
Net OPEB obligation (asset), beginning of year	<u>150</u>
Net OPEB Obligation (Asset), End of Year	\$ <u>600</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, 2011 is presented below.

<b>Fiscal Year Ended</b>	<b>Annual OPEB Cost (AOC)</b>	<b>Actual Contribution</b>	<b>Percentage of AOC Contributed</b>	<b>Net OPEB Obligation (Asset)</b>
6/30/2009	\$ 3,937	\$ 4,421	112.3%	\$ (389)
6/30/2010	3,977	3,438	86.5	150
6/30/2011	4,194	3,744	89.2	600

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

## Schedule of Funding Progress

<b>Actuarial Valuation Date</b>	<b>Actuarial Value of Assets</b>	<b>Actuarial Accrued Liability (AAL)</b>	<b>Unfunded AAL (UAAL)</b>	<b>Funded Ratio</b>	<b>Covered Payroll</b>	<b>UAAL as a Percentage of Covered Payroll</b>
7/1/2006	\$ -0-	\$ 42,853	\$ 42,853	0.0 %	N/A	N/A
7/1/2008	-0-	41,258	41,258	0.0	N/A	N/A
7/1/2010	974	48,213	47,239	2.0	N/A	N/A



## Schedule of Employer Contributions

<b>Fiscal Year Ended</b>		<b>Annual Required Contribution</b>	<b>Percentage Contributed</b>	
6/30/11	\$	4,191	89.33	%
6/30/10		3,983	86.47	
6/30/09		3,935	112.35	

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

In the July 1, 2010 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions include an 8.0% rate of return, which is the rate of the expected long-term investment returns of plan assets calculated based on the funding policy of the plan at the valuation date. The annual healthcare cost trend rate is 9% initially, reduced by decrements to an ultimate rate of 5% after four years.

### Certified Employees of the School District

All certified employees of the Consolidated School District of New Britain participate in the State of Connecticut Teachers' Retirement System under Section 10.183 of the General Statutes of the State of Connecticut. A teacher is eligible to receive a normal retirement benefit if he or she has: (1) attained age 60 and has accumulated 20 years of credited service in the public schools of Connecticut or (2) attained any age and has accumulated 35 years of credited service, at least 25 years of which are service in the public schools of Connecticut.

The Consolidated School District withholds 7.25% of all teachers' annual salaries and transmits the funds to the State Teachers' Retirement Board. For the year ended June 30, 2011, the certified employees of the City contributed \$4,792 to this plan, and the total payroll for certified employees covered by this plan for the year was \$66,097.

The retirement system for teachers is funded by the State based upon the recommendation of the Teachers' Retirement Board. Such contribution includes amortization of actuarially computed unfunded liability. These obligations are established under the authority of the Connecticut General Statutes. For the year ended June 30, 2011, the City has recorded, in the General Fund, intergovernmental revenue and education expenditures in the amount of \$10,507 as payments made by the State of Connecticut on behalf of the City. This amount is significantly lower than the prior year because the State of Connecticut increased the contribution significantly in the prior year. The City does not have any liability for teacher pensions.

The State of Connecticut Teacher Retirement System is considered to be a part of the State of Connecticut financial reporting entity and is included in the State's financial reports as a pension trust fund. Those reports may be obtained by writing to the State of Connecticut, Office of the State Comptroller, 55 Elm Street, Hartford, Connecticut 06106.

## 11. CONTINGENT LIABILITIES

The City is a defendant in a number of lawsuits. It is the opinion of management that such pending litigation will not be finally determined so as to result in a judgment or judgments against the City that would materially affect its financial position.

## 12. FUND BALANCE

The components of fund balance for the governmental funds at June 30, 2011 are as follows (in thousands):

	<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	\$	\$	\$	\$ 184	\$ 184
Trust purposes				2,699	2,699
Restricted for:					
Grants			186	5,511	5,697
Committed to:					
General government				129	129
Public safety	5			106	111
Public works				824	824
Health and welfare				633	633
Parks, recreation and libraries				331	331
Education				308	308
Assigned to:					
Education	379				379
Unassigned	<u>11,663</u>	<u>(13,092)</u>		<u>(1,666)</u>	<u>(3,095)</u>
Total Fund Balances	\$ <u>12,047</u>	\$ <u>(13,092)</u>	\$ <u>186</u>	\$ <u>9,059</u>	\$ <u>8,200</u>

Significant encumbrances at June 30, 2011 are contained in the above table in both the assigned categories of the General Fund.

### 13. PRIOR PERIOD ADJUSTMENTS

During the year, the City implemented GASB Statement No. 54, *Fund Balance Reporting and Government Fund Type Definitions*. This required the City to review its special revenue funds and determine if it has a revenue source that is restricted or committed for a specific purpose. This revenue source also needs to constitute a substantial portion of the resources in the fund. As a result, various special revenue funds did not meet those requirements and are now reported as part of the General Fund.

The beginning fund balances for the following funds were restated (in thousands):

	<b><u>General Fund</u></b>	<b><u>Nonmajor Governmental</u></b>
Balance at June 30, 2010	\$ 9,027	\$ 8,564
Dog Fund	10	(10)
BOE In-residence Fund		
YSB Fund	<u>(1)</u>	<u>1</u>
Restated Fund Balance at June 30, 2010	\$ <u>9,036</u>	\$ <u>8,555</u>

## CITY OF NEW BRITAIN, CONNECTICUT

## GENERAL FUND

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

**FOR THE YEAR ENDED JUNE 30, 2011**

	<u>Budgeted Amounts</u>			<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Positive</u> <u>(Negative)</u>
Property taxes:				
General property taxes	\$ 106,829	\$ 106,829	\$ 105,234	\$ (1,595)
Interest and liens	1,200	1,200	1,670	470
Miscellaneous	2	2		(2)
Total property taxes	<u>108,031</u>	<u>108,031</u>	<u>106,904</u>	<u>(1,127)</u>
Intergovernmental revenues (State):				
State Education for the Blind	85	85	77	(8)
H.E.W. Private Schools	84	84	70	(14)
Special School Transportation	278	278	177	(101)
Elementary & Secondary Transportation	1,180	1,180	1,676	496
Special Education	3,512	3,512	3,595	83
Education Equalization	61,904	61,904	62,130	226
State Infraction Distribution	25	25	20	(5)
Principal Subsidy	2,707	2,707	2,662	(45)
Interest Subsidy	306	306	306	(0)
DCA Tax Abatements	30	30	32	2
Town Aid Road Fund	382	382	381	(1)
Veterans Exemption Reimbursement	28	28	28	-
Tax Relief for the Elderly	569	569	453	(116)
State Property Tax Relief	3,162	3,162	3,180	18
Telephone Access Line Tax Relief	219	219	141	(78)
Municipal Video Competition Grant	27	27	18	(9)
Civil Defense	25	25	32	7
Off Track Betting	184	184	164	(20)
State Pilot Hospital Colleges	2,555	2,555	2,565	10
State Pilot Model Housing			230	230
Manufacturers in Distress	78	78	212	134
Boat License Distribution	13	13	11	(2)
Bingo	1	1	1	-
Disability Exemption			14	14
Manufacturing Equipment Tax Reimbursement	1,400	1,400	1,182	(218)
Legalized Gaming Distribution	2,267	2,267	2,272	5
Dial a Ride	63	63	63	-
Total intergovernmental revenues (State)	<u>81,083</u>	<u>81,083</u>	<u>81,692</u>	<u>608</u>
Intergovernmental revenues (Other than State):				
In lieu of taxes	<u>15</u>	<u>15</u>		<u>(15)</u>
Total intergovernmental revenues	<u>81,098</u>	<u>81,098</u>	<u>81,692</u>	<u>593</u>
Licenses and permits:				
Building Structures and Equipment	748	748	406	(342)
All other license	305	305	378	73
Protection	55	55	54	(1)
Health	55	55	66	11
Disposal	13	13	15	2
Planning and Zoning	10	10	8	(2)
Total licenses and permits	<u>1,185</u>	<u>1,185</u>	<u>927</u>	<u>(258)</u>

(Continued on following page)

## CITY OF NEW BRITAIN, CONNECTICUT

## GENERAL FUND

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

**FOR THE YEAR ENDED JUNE 30, 2011**

**(In Thousands)**

	<u>Budgeted Amounts</u>			<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Positive</u> <u>(Negative)</u>
Charges for Services:				
City Hall Commissions Rent	\$ 111	\$ 111	\$ 131	\$ 20
Town Clerk	1,061	1,061	704	(357)
Recreation	742	779	598	(181)
Public Safety	902	902	1,295	393
Parking	1,904	1,904	1,939	35
Public Works - Project Management	160	160	160	1
Health	57	57	28	(29)
Sanitation and Fleet	2,336	2,336	2,583	247
Parking tickets	302	302	313	11
Assessor	2	2	2	(0)
Senior Center	16	16	10	(6)
Water Overhead	367	367	263	(104)
DMD Overhead	94	94		(94)
Other	69	69	49	(20)
Total charges for services	<u>8,124</u>	<u>8,160</u>	<u>8,075</u>	<u>(85)</u>
Total licenses, permits and charges for services	<u>9,309</u>	<u>9,346</u>	<u>9,002</u>	<u>(344)</u>
Other Revenue:				
Investment income	1,629	1,629	2,720	1,091
Miscellaneous	137	137	416	279
Sale of real estate property	2,950	2,950	3	(2,947)
Board of Education	275	275	30	(245)
Total other revenue	<u>4,991</u>	<u>4,991</u>	<u>3,169</u>	<u>(1,822)</u>
Total revenues	203,430	203,466	200,767	(2,700)
Other Financing Sources:				
Transfers in	<u>6,749</u>	<u>6,749</u>	<u>6,737</u>	<u>(12)</u>
Total Budgeted Revenues and Transfers	<u>\$ 210,179</u>	<u>\$ 210,215</u>	207,504	<u>\$ (2,712)</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.			10,507	
Underliquidation of prior year encumbrances is recorded as miscellaneous revenue for budgetary reporting. This amount is excluded for financial reporting purposes.				
Premium on bond anticipation notes issued			492	
Premium on general obligation bonds issued			418	
Proceeds from the sale of refunding bonds			1,840	
Premium on refunding bonds			101	
Net effect of revenues for Dog Fund, Board of Education in Residence and YSB Funds not budgeted			<u>141</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>\$ 221,003</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, 2011  
(In Thousands)

	<u>Budgeted Amounts</u>			<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Positive</u> <u>(Negative)</u>
General Government:				
Legislative	\$ 155	\$ 155	\$ 155	\$ -
Boards and Commissions	58	48	36	12
Judicial	62	83	76	7
Elections	468	536	536	(0)
Mayor's Office	403	403	354	49
Planning and Zoning	282	295	290	5
Finance	4,203	4,203	3,227	976
Recording and Reporting	655	657	668	(11)
Legal	1,184	1,367	1,454	(87)
Central Services	106	106	95	11
Total	<u>7,578</u>	<u>7,854</u>	<u>6,891</u>	<u>962</u>
Public Safety:				
Police	19,451	19,214	20,101	(887)
Fire	16,562	16,627	15,735	892
Lighting	825	789	809	(20)
Building	816	816	719	97
Civil Preparedness	171	171	172	(1)
Central Emergency Dispatch	2,128	2,113	2,005	108
Total	<u>39,953</u>	<u>39,731</u>	<u>39,541</u>	<u>190</u>
Public Works:				
Administration	476	475	477	(2)
Street Services	3,534	3,674	3,505	169
Public Buildings	3,098	3,106	2,897	209
Capital Project	1,044	970	955	15
Signals and Control	263	264	245	19
Waste Disposal	5,822	5,757	5,378	379
Total	<u>14,238</u>	<u>14,245</u>	<u>13,457</u>	<u>788</u>
Parks and Recreation:				
Administration	439	433	447	(14)
Forestry	256	256	263	(7)
Horticulture	351	351	359	(8)
Maintenance	2,558	2,585	2,623	(38)
Special Projects	22	22	21	1
Recreation Department	933	948	964	(16)
Willow Brook Sports Complex	259	290	201	89
City Supported Agencies	3,236	3,236	3,236	-
Cultural Organizations	66	66	59	7
Total	<u>8,121</u>	<u>8,187</u>	<u>8,173</u>	<u>14</u>

(Continued on following page)

## CITY OF NEW BRITAIN, CONNECTICUT

## GENERAL FUND

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

**FOR THE YEAR ENDED JUNE 30, 2011  
(In Thousands)**

	<u>Budgeted Amounts</u>			<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Positive (Negative)</u>
Health and Social Services:				
Rights and Opportunities Commission	\$ 121	\$ 121	\$ 118	\$ 3
Civil Service Commission	284	284	249	35
Nursing	445	445	356	89
Environmental Control	384	384	375	9
Administration	237	248	236	12
Social Services	103	103	90	13
Senior Center	672	672	647	25
Handicap Services	147	147	120	27
Veterans Services	98	98	95	3
Total	<u>2,491</u>	<u>2,502</u>	<u>2,286</u>	<u>216</u>
General Administration:				
Pension Contribution	1,194	1,194	1,194	-
Contingency	568	341		341
Total	<u>1,761</u>	<u>1,535</u>	<u>1,194</u>	<u>341</u>
Education	<u>108,943</u>	<u>108,955</u>	<u>108,420</u>	<u>535</u>
Debt Service	<u>26,724</u>	<u>26,724</u>	<u>25,070</u>	<u>1,654</u>
Total expenditures	<u>209,809</u>	<u>209,733</u>	<u>205,032</u>	<u>4,700</u>
Other financing uses:				
Transfers out:				
Dog Fund	109	109	109	-
Capital Nonrecurring		15	15	-
System of care grant	42	42	32	10
YSB Care Unit	219	219	168	51
Other		97	170	(73)
Total	<u>370</u>	<u>482</u>	<u>494</u>	<u>(12)</u>
Total	<u>\$ 210,179</u>	<u>\$ 210,215</u>	205,526	<u>\$ 4,688</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.

10,507

Encumbrances for purchases and commitments ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year received for financial reporting purposes.

(115)

Payment to refunded bond escrow agent

1,941

Net effect of expenditures for Dog Fund, Board of Education in Residence and YSB Funds not budgeted

133

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

\$ 217,992

*(This page intentionally left blank)*



## ***Appendix B***

### ***Form of Legal Opinion of Bond Counsel – The Bonds***

*(This page intentionally left blank)*

March \_\_, 2012

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

**Re: \$34,015,000 General Obligation Bonds, Issue of 2012**

Ladies and Gentlemen:

We have acted as bond counsel to the City of New Britain, Connecticut (the "City") in connection with the sale and issuance of the City's \$34,015,000 General Obligation Bonds, Issue of 2012, dated the Date of Delivery (the "Bonds").

We have examined a record of proceedings of the City authorizing the Bonds, a Tax Compliance Agreement of the City dated \_\_\_\_\_, 2012 (the "Agreement"), such law and such other proceedings, certifications, and documents as we have deemed necessary to render this opinion.

As to questions of fact material to our opinion we have relied upon the certified proceedings and other certifications of public officials furnished to us without undertaking to verify the same by independent investigation.

We are of the opinion that when the Bonds are duly certified by U.S. Bank National Association, they will be valid and binding general obligations of the City payable as to both principal and interest from ad valorem taxes which may be levied on all taxable property subject to taxation by the City without limitation as to rate or amount except as to classified property such as certified forest lands taxable at a limited rate and dwelling houses of qualified elderly persons of low income or of qualified disabled persons taxable at limited amounts pursuant to Connecticut statutes. We are further of the opinion that the Agreement is a valid and binding agreement of the City and it was duly authorized by the City.

The rights of the holders of the Bonds and the enforceability thereof may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights generally and by equitable principles, whether considered at law or in equity.

The Internal Revenue Code of 1986, as amended (the "Code"), establishes certain requirements that must be met at and subsequent to the issuance and delivery of the Bonds in order that interest on the Bonds be excludable from gross income under Section 103 of the Code. In the Agreement, the City has made covenants and representations designed to assure compliance with such requirements of the Code. The City has covenanted in the Agreement that it will at all times comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Bonds to ensure that interest on the

Bonds shall not be included in gross income for Federal income tax purposes retroactive to the date of issuance of the Bonds, including covenants regarding, among other matters, the use, expenditure and investment of the proceeds of the Bonds.

In rendering the below opinions regarding the Federal treatment of interest on the 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 Agreement, and (ii) continuing compliance by the City with the covenants set forth in the Agreement as to such tax matters.

In our opinion, under existing statutes and court decisions, (i) interest on the Bonds is excludable from gross income for Federal income tax purposes pursuant to Section 103 of the Code; and (ii) such interest is not an item of tax preference for purposes of the Federal alternative minimum tax imposed on individuals and corporations, however, such interest may be taken into account in determining adjusted current earnings for purposes of computing the Federal alternative minimum tax imposed on certain corporations. We express no opinion regarding other Federal income tax consequences caused by ownership or disposition of, or receipt of interest on the Bonds.

We are further of the opinion that, under existing statutes, interest on the Bonds is excludable from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates; and interest on the Bonds is excludable from amounts on which the net Connecticut minimum tax is based for individuals, trusts and estates required to pay the Federal alternative minimum tax. We express no opinion regarding other State income tax consequences caused by ownership or disposition of, or receipt of interest on the Bonds.

We have not been engaged or undertaken to review the accuracy, completeness or sufficiency of the Official Statement dated \_\_\_\_\_, 2012 and other offering material relating to the Bonds except to the extent stated in the Official Statement and we express no opinion relating thereto excepting only the matters set forth as our opinion in the Official Statement.

We have not undertaken to advise whether any events after the date of issuance of the Bonds, including the adoption of Federal tax legislation, may affect the tax status of the Bonds.

Respectfully,

PULLMAN & COMLEY, LLC

## ***Appendix C***

### ***Forms of Legal Opinion of Bond Counsel – The Notes***

*(This page intentionally left blank)*

\_\_\_\_\_, 2012

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

**Re: \$33,135,000 General Obligation Bond Anticipation Notes, dated March 28, 2012**

Ladies and Gentlemen:

We have acted as bond counsel to the City of New Britain, Connecticut (the “City”) in connection with the sale and issuance of the City’s \$33,135,000 General Obligation Bond Anticipation Notes, dated March 28, 2012 (the “Notes”).

We have examined a record of proceedings of the City authorizing the Notes, a Tax Compliance Agreement of the City dated \_\_\_\_\_, 2012 (the “Agreement”), such law and such other proceedings, certifications, and documents as we have deemed necessary to render this opinion.

As to questions of fact material to our opinion we have relied upon the certified proceedings and other certifications of public officials furnished to us without undertaking to verify the same by independent investigation.

We are of the opinion that when the Notes are duly certified by U.S. Bank National Association, they will be valid and binding general obligations of the City payable as to both principal and interest from ad valorem taxes which may be levied on all taxable property subject to taxation by the City without limitation as to rate or amount except as to classified property such as certified forest lands taxable at a limited rate and dwelling houses of qualified elderly persons of low income or of qualified disabled persons taxable at limited amounts pursuant to Connecticut statutes. We are further of the opinion that the Agreement is a valid and binding agreement of the City and it was duly authorized by the City.

The rights of the holders of the Notes and the enforceability thereof may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors’ rights generally and by equitable principles, whether considered at law or in equity.

The Internal Revenue Code of 1986, as amended (the “Code”), establishes certain requirements that must be met at and subsequent to the issuance and delivery of the Notes in order that interest on the Notes be excludable from gross income under Section 103 of the Code. In the Agreement, the City has made covenants and representations designed to assure compliance with such requirements of the Code.

The City has covenanted in the Agreement that it will at all times comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Notes to ensure that interest on the

Notes shall not be included in gross income for Federal income tax purposes retroactive to the date of issuance of the Notes, including covenants regarding, among other matters, the use, expenditure and investment of the proceeds of the Notes.

In rendering the below opinions regarding the Federal treatment of interest on the Notes, 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 Agreement, and (ii) continuing compliance by the City with the covenants set forth in the Agreement as to such tax matters.

In our opinion, under existing statutes and court decisions, (i) interest on the Notes is excludable from gross income for Federal income tax purposes pursuant to Section 103 of the Code; and (ii) such interest is not an item of tax preference for purposes of the Federal alternative minimum tax imposed on individuals and corporations, however, such interest may be taken into account in determining adjusted current earnings for purposes of computing the Federal alternative minimum tax imposed on certain corporations. We express no opinion regarding other Federal income tax consequences caused by ownership or disposition of, or receipt of interest on the Notes.

We are further of the opinion that, under existing statutes, interest on the Notes is excludable from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates; and interest on the Notes is excludable from amounts on which the net Connecticut minimum tax is based for individuals, trusts and estates required to pay the Federal alternative minimum tax. We express no opinion regarding other State income tax consequences caused by ownership or disposition of, or receipt of interest on the Notes.

We have not been engaged or undertaken to review the accuracy, completeness or sufficiency of the Official Statement dated \_\_\_\_\_, 2012 and other offering material relating to the Notes except to the extent stated in the Official Statement and we express no opinion relating thereto excepting only the matters set forth as our opinion in the Official Statement.

We have not undertaken to advise whether any events after the date of issuance of the Notes, including the adoption of Federal tax legislation, may affect the tax status of the Notes.

Respectfully,

PULLMAN & COMLEY, LLC



## ***Appendix D***

### ***Form of Continuing Disclosure Agreement – The Bonds***

*(This page intentionally left blank)*

## CONTINUING DISCLOSURE AGREEMENT

### In Connection With The Issuance and Sale of \$34,015,000 General Obligation Bonds, Issue of 2012

This Continuing Disclosure Agreement (“Agreement”) is executed and delivered as of March \_\_, 2012, by the City of New Britain, Connecticut (the “Issuer”) acting by its undersigned officers, duly authorized, in connection with the issuance of its \$34,015,000 General Obligation Bonds, Issue of 2012, dated \_\_\_\_\_, 2012 (the “Bonds”).

**Section 1. Definitions.** In addition to the terms defined above, the following capitalized terms shall have the meanings ascribed thereto:

“Annual Report” shall mean any Annual Report provided by the Issuer pursuant to, and as described in, Section 2 of this Continuing Disclosure Agreement.

“EMMA” means the Electronic Municipal Market Access System as described in the 1934 Act Release #59062 and maintained by the Municipal Securities Rulemaking Board for the purposes of the Rule and as further described in Section 13 hereof.

“Final Official Statement” means the official statement of the Issuer dated March \_\_, 2012, prepared in connection with the issuance of the Bonds.

“Fiscal Year End” shall mean the last day of the Issuer’s fiscal year, currently June 30.

“Listed Events” shall mean any of the events listed in Section 4 of this Continuing Disclosure Agreement.

“MSRB” shall mean the Municipal Securities Rulemaking Board established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934, as amended, or any successor thereto.

“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 Reports.**

(a) The Issuer shall provide or cause to be provided to the MSRB, in accordance with the provisions of the Rule and of this Agreement, the following annual financial information and operating data regarding the Issuer (commencing with the information and data for the fiscal year ending June 30, 2012):

(i) Audited financial statements of the Issuer as of and for the year ending on its Fiscal Year End prepared in accordance with generally accepted accounting principles, as promulgated by the Governmental Accounting Standards Board from time to time or mandated state statutory principles as in effect from time to time. As of the date of this Agreement, the Issuer is required to prepare audited financial statements of its various funds and accounts.

(ii) To the extent not included in the audited financial statements described in (i) above, financial information and operating data as of and for the year ending on its Fiscal Year End of the following type:

- (A) the amounts of the gross and net taxable grand list;
- (B) a listing of the ten largest taxpayers on the grand list, together with each such taxpayer's taxable valuation thereon;
- (C) the percentage and amount of the annual property tax levy collected and uncollected;
- (D) a schedule of the long-term debt through maturity on outstanding long-term bonded indebtedness;
- (E) a calculation of the total net direct debt, total direct debt, and total overall net debt (reflecting overlapping and underlying debt);
- (F) the total direct debt, total net direct debt and total overall net debt of the Issuer per capita;
- (G) the ratios of total direct debt and total overall net debt of the Issuer to the Issuer's net taxable grand list;
- (H) a statement of statutory debt limitations and debt margins;
- (I) the funding status of the Issuer's pension benefit obligations;
- (J) the funding status of the Issuer's OPEB obligation; and
- (K) any other financial information and operating data not included in the audited financial statements.

(b) The above-referenced information is expected to be provided by the filing of and cross reference to the Issuer's audited financial statements. The information may be provided in whole or in part by cross-reference to other documents provided to the MSRB, including official statements of the Issuer which will be available from the MSRB's internet web site 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 or the annual adopted budget.

(c) Subject to the requirements of Section 8 hereof, the Issuer reserves the right to modify from time to time the specific types of information or data provided or the format of the presentation of such information or data, to the extent necessary or appropriate; provided that the Issuer agrees that any such modification will be done in a manner consistent with the Rule. The Issuer also reserves the right to modify the preparation and presentation of financial statements described herein as may be required to conform with changes in Connecticut law applicable to municipalities or any changes in generally accepted accounting principles, as promulgated by the Governmental Accounting Standards Board from time to time.

**Section 3. Timing.** The Issuer shall provide the information and data referenced in Section 2(a) not later than eight months after each Fiscal Year End for which such information is being provided.

The Issuer agrees that if audited information is not available eight months after the close of any Fiscal Year End, it shall submit unaudited information by such time and will submit audited information when available.

**Section 4.     Event Notices.**

**(a)**     The Issuer agrees to provide or cause to be provided to the MSRB, within ten (10) business days of the occurrence of any of the following events with respect to the Bonds, notice of the occurrence of such event:

- (i)**       principal and interest payment delinquencies;
- (ii)**       unscheduled draws on debt service reserves reflecting financial difficulties;
- (iii)**      unscheduled draws on credit enhancements reflecting financial difficulties;
- (iv)**      substitution of credit or liquidity providers, or their failure to perform;
- (v)**       adverse tax opinions, the issuance by the Internal Revenue Service or 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 Bonds, or other events affecting the tax status of the security;
- (vi)**      tender offers;
- (vii)**     bankruptcy, insolvency, receivership, or a similar proceeding by the Issuer;
- (viii)**    Bond defeasances; and
- (ix)**      rating changes.

**(b)**     The Issuer agrees to provide or cause to be provided to the MSRB, within ten (10) business days of the occurrence of any of the following events with respect to the Bonds, notice of the occurrence of such event, if material:

- (i)**       non-payment related defaults;
- (ii)**       modifications to rights of Bond holders;
- (iii)**      Bond calls;
- (iv)**      release, substitution, or sale of property securing repayment of the Bonds;
- (v)**       consummation of a merger, consolidation, acquisition involving the Issuer, other than the ordinary course of business, or the sale of all or substantially all the assets of the Issuer, or the entry into a definitive agreement to engage in such a transaction, or a termination of such an agreement, other than in accordance with its terms; and

(vi) appointment of a successor or additional trustee, or the change in the name of the trustee.

**Section 5. Notice of Failure.** The Issuer agrees to provide or cause to be provided, in a timely manner to the MSRB, notice of any failure by the Issuer to provide the annual financial information described in Section 2(a) of this Continuing Disclosure Agreement on or before the date set forth in Section 3 hereof.

**Section 6. Termination of Reporting Obligation.** The Issuer's obligations under this Continuing Disclosure Agreement shall terminate upon the defeasance, prior redemption or payment in full of all of the Bonds.

**Section 7. Agent.** The Issuer may, from time to time, appoint or engage an agent to assist it in carrying out its obligations under this Continuing Disclosure Agreement, and may discharge any such agent, with or without appointing a successor agent.

**Section 8. Amendment; Waiver.** Notwithstanding any other provision of this Continuing Disclosure Agreement, the Issuer may amend this Continuing Disclosure Agreement, and any provision of this Continuing Disclosure Agreement may be waived, if such amendment or waiver is made in connection with a change in circumstances that arises from a change in legal requirements, a change in law, or a change in the identity, nature or status of the Issuer, and is supported by an opinion of counsel expert in federal securities laws, to the effect that (i) such amendment or waiver would not materially adversely affect the beneficial owners of the Bonds and (ii) the Agreement as so amended 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. A copy of any such amendment will be filed in a timely manner with the MSRB. The annual financial information provided on the first date following adoption of any such amendment will explain, in narrative form, the reasons for the amendment and the impact of the change in the type of operating or financial information provided.

**Section 9. Additional Information.** Nothing in this Continuing Disclosure Agreement shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Continuing Disclosure Agreement or any other means of communications, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Continuing Disclosure Agreement. If the Issuer chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Continuing Disclosure Agreement, the Issuer shall have no obligation under this Continuing Disclosure Agreement to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

**Section 10. Enforceability.** The Issuer agrees that its undertaking pursuant to the Rule set forth in this Continuing Disclosure Agreement is intended to be for the benefit of and enforceable by the beneficial owners of the Bonds. In the event the Issuer shall fail to perform its duties hereunder, the Issuer shall have the option to cure such failure after its receipt of written notice from any beneficial owner of the Bonds of such failure. The present address of the Issuer is City of New Britain, 27 West Main Street, New Britain, CT 06051, ATTN: Mayor. In the event the Issuer does not cure such failure, the right of any beneficial owner of the Bonds to enforce the provisions of this undertaking shall be limited to a right to obtain specific enforcement of the Issuer's obligations hereunder. No monetary damages shall arise or be payable hereunder nor shall any failure to comply with this Agreement constitute default of the Issuer with respect to the Bonds.

**Section 11. Governing Law.** This Agreement shall be governed by the laws of the State of Connecticut.

**Section 12. Method of Filing.** To the extent filings are required to be made to the MSRB under this Agreement, the Issuer shall transmit such filings or notices in an electronic format to the continuing disclosure service portal provided through MSRB's EMMA as provided at <http://emma.msrb.org/> or any similar system that is acceptable to the SEC.

**IN WITNESS WHEREOF**, the Issuer has caused this Continuing Disclosure Agreement to be executed in its name by its undersigned officers, duly authorized, all as of the date first above written.

**CITY OF NEW BRITAIN, CONNECTICUT**

By: \_\_\_\_\_  
Timothy E. O'Brien Jr.  
Mayor

By: \_\_\_\_\_  
Teresa Sapieha-Yanchak  
Treasurer

*(This page intentionally left blank)*



## ***Appendix E***

### ***Forms of Continuing Disclosure Agreement – The Notes***

*(This page intentionally left blank)*

## **CONTINUING DISCLOSURE AGREEMENT**

### **In Connection With The Issuance and Sale of \$33,135,000 General Obligation Bond Anticipation Notes, dated March 28, 2012**

This Continuing Disclosure Agreement (“Agreement”) is executed and delivered as of March 28, 2012, by the City of New Britain, Connecticut (the “Issuer”) acting by its undersigned officers, duly authorized, in connection with the issuance of its \$33,135,000 General Obligation Bond Anticipation Notes dated March 28, 2012 (the “Notes”).

**Section 1. Definitions.** In addition to the terms defined above, the following capitalized terms shall have the meanings ascribed thereto:

“EMMA” means the Electronic Municipal Market Access System as described in the 1934 Act Release #59062 and maintained by the Municipal Securities Rulemaking Board for the purposes of the Rule and as further described in Section 13 hereof.

“Final Official Statement” means the official statement of the Issuer dated \_\_\_\_\_, 2012, prepared in connection with the issuance of the Notes.

“Fiscal Year End” shall mean the last day of the Issuer’s fiscal year, currently June 30.

“Listed Events” shall mean any of the events listed in Section 2 of this Continuing Disclosure Agreement.

“MSRB” shall mean the Municipal Securities Rulemaking Board established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934, as amended, or any successor thereto.

“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. Event Notices.**

(a) The Issuer agrees to provide or cause to be provided to the MSRB, within ten (10) business days of the occurrence of any of the following events with respect to the Notes, notice of the occurrence of such event:

- (i) principal and interest payment delinquencies;
- (ii) unscheduled draws on debt service reserves reflecting financial difficulties;
- (iii) unscheduled draws on credit enhancements reflecting financial difficulties;
- (iv) substitution of credit or liquidity providers, or their failure to perform;

(v) adverse tax opinions, the issuance by the Internal Revenue Service or 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 Notes, or other events affecting the tax status of the security;

(vi) tender offers;

(vii) bankruptcy, insolvency, receivership, or a similar proceeding by the Issuer;

(viii) Bond defeasances; and

(ix) rating changes.

(b) The Issuer agrees to provide or cause to be provided to the MSRB, within ten (10) business days of the occurrence of any of the following events with respect to the Notes, notice of the occurrence of such event, if material:

(i) non-payment related defaults;

(ii) modifications to rights of Bond holders;

(iii) Bond calls;

(iv) release, substitution, or sale of property securing repayment of the Notes;

(v) consummation of a merger, consolidation, acquisition involving the Issuer, other than the ordinary course of business, or the sale of all or substantially all the assets of the Issuer, or the entry into a definitive agreement to engage in such a transaction, or a termination of such an agreement, other than in accordance with its terms; and

(vi) appointment of a successor or additional trustee, or the change in the name of the trustee.

**Section 3. Termination of Reporting Obligation.** The Issuer's obligations under this Continuing Disclosure Agreement shall terminate upon the defeasance, prior redemption or payment in full of all of the Notes.

**Section 4. Agent.** The Issuer may, from time to time, appoint or engage an agent to assist it in carrying out its obligations under this Continuing Disclosure Agreement, and may discharge any such agent, with or without appointing a successor agent.

**Section 5. Amendment; Waiver.** Notwithstanding any other provision of this Continuing Disclosure Agreement, the Issuer may amend this Continuing Disclosure Agreement, and any provision of this Continuing Disclosure Agreement may be waived, if such amendment or waiver is made in connection with a change in circumstances that arises from a change in legal requirements, a change in law, or a change in the identity, nature or status of the Issuer, and is supported by an opinion of counsel expert in federal securities laws, to the effect that (i) such amendment or waiver would not materially adversely affect the beneficial owners of the Notes and (ii) the Agreement as so amended 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. A copy of any such amendment will be filed in a timely manner with the MSRB. The annual financial information provided

on the first date following adoption of any such amendment will explain, in narrative form, the reasons for the amendment and the impact of the change in the type of operating or financial information provided.

**Section 6. Additional Information.** Nothing in this Continuing Disclosure Agreement shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Continuing Disclosure Agreement or any other means of communications, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Continuing Disclosure Agreement. If the Issuer chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Continuing Disclosure Agreement, the Issuer shall have no obligation under this Continuing Disclosure Agreement to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

**Section 7. Enforceability.** The Issuer agrees that its undertaking pursuant to the Rule set forth in this Continuing Disclosure Agreement is intended to be for the benefit of and enforceable by the beneficial owners of the Notes. In the event the Issuer shall fail to perform its duties hereunder, the Issuer shall have the option to cure such failure after its receipt of written notice from any beneficial owner of the Notes of such failure. The present address of the Issuer is City of New Britain, 27 West Main Street, New Britain, CT 06051, ATTN: Mayor. In the event the Issuer does not cure such failure, the right of any beneficial owner of the Notes to enforce the provisions of this undertaking shall be limited to a right to obtain specific enforcement of the Issuer's obligations hereunder. No monetary damages shall arise or be payable hereunder nor shall any failure to comply with this Agreement constitute default of the Issuer with respect to the Notes.

**Section 8. Governing Law.** This Agreement shall be governed by the laws of the State of Connecticut.

**Section 9. Method of Filing.** To the extent filings are required to be made to the MSRB under this Agreement, the Issuer shall transmit such filings or notices in an electronic format to the continuing disclosure service portal provided through MSRB's EMMA as provided at <http://emma.msrb.org/> or any similar system that is acceptable to the SEC.

**IN WITNESS WHEREOF,** the Issuer has caused this Continuing Disclosure Agreement to be executed in its name by its undersigned officers, duly authorized, all as of the date first above written.

**CITY OF NEW BRITAIN, CONNECTICUT**

By: \_\_\_\_\_  
Timothy E. O'Brien Jr.  
Mayor

By: \_\_\_\_\_  
Teresa Sapieha-Yanchak  
Treasurer

*(This page intentionally left blank)*

## ***Appendix F***

### ***Notice of Sale – The Bonds***

*(This page intentionally left blank)*



**Notice Of Sale**  
**City of New Britain, Connecticut**  
**\$34,015,000 General Obligation Bonds, Issue of 2012**  
**dated the Date of Delivery**  
**(the “Bonds”)**

ELECTRONIC BIDS VIA **PARITY**<sup>®</sup> will be received by the **CITY OF NEW BRITAIN, CONNECTICUT**, (the “City”) at the New Britain City Hall, 27 West Main Street, New Britain, Connecticut 06051, until **11:30 A.M. (E.T.) on Thursday,**

**March 15, 2012**

for the purchase, when issued, at not less than par and accrued interest, if any, from the date of the Bonds to the date of delivery, of the whole of

\$34,015,000 General Obligation Bonds, Issue of 2012  
dated the Date of Delivery

The Bonds are payable annually on March 15, in the principal amounts and years as set forth below:

<u>Amount</u>	<u>Due</u>
\$2,670,000	2013-2021
\$2,660,000	2022
\$1,465,000	2023-2027

Interest on the Bonds will be payable on September 15, 2012 and semiannually thereafter on the 15th day of March and September in each year until maturity. The Bonds will be issued by means of a book-entry system with no physical distribution of bond certificates made to the public. The Bonds will be issued in registered form and one bond certificate for each maturity will be delivered to The Depository Trust Company, New York, New York (“DTC”), registered in the name of its nominee, Cede & Co., and immobilized in its custody. A book-entry system will be employed, evidencing ownership of the Bonds in the principal amount of \$5,000 or integral multiples thereof, with transfers of ownership effected on the records of DTC and its participants pursuant to rules and procedures adopted by DTC and its participants. The purchaser, as a condition to delivery of the Bonds, will be required to deposit the bond certificates with DTC, registered in the name of Cede & Co. Principal of, redemption premium (if any) and interest on the Bonds will be payable by the City to DTC or its nominee as registered owner of the Bonds. Transfer of principal and interest payments to participants of DTC will be the responsibility of DTC; transfer of principal and interest payments to beneficial owners by participants of DTC will be the responsibility of such participants and other nominees of beneficial owners. The City will not be responsible or liable for payments by DTC to its participants or by DTC participants to beneficial owners or for maintaining, supervising or reviewing the records maintained by DTC, its participants or persons acting through such participants. In the event that (a) DTC determines not to continue to act as securities depository for the Bonds and the City fails to identify another qualified securities depository to replace DTC, or (b) the City determines to discontinue the book-entry system of evidence and transfer of ownership of the Bonds, the City will authenticate and deliver replacement Bonds in the form of fully registered Bond certificates directly to the beneficial owners of the Bonds or their nominees. (The record dates for the Bonds will be the last day of February and August, or the preceding business day if such day is not a business day.) The Bonds will be certified by the Registrar, Transfer Agent and Paying Agent which shall be U.S. National Bank Association.

The Bonds maturing on or before March 15, 2020 are not subject to redemption prior to maturity. The Bonds maturing on March 15, 2021 and thereafter are subject to redemption prior to maturity, at the option of the City, on or after March 15, 2020, either in whole or in part at any time, in such order of maturity and amount as the City may determine, and by lot within a maturity, at the respective prices (expressed as a percentage of the principal amount of the Bonds to be redeemed) set forth as follows, plus interest accrued and unpaid to the redemption date:

<u>Period During Which Redeemed</u>	<u>Redemption Price</u>
March 15, 2020	100%

Each proposal must specify the amount bid for the Bonds (which shall be the aggregate par value of the Bonds, and, at the option of the bidder, a premium), and shall specify in a multiple of one-eighth (1/8) or one-twentieth (1/20) of one percent (1%) the rate or rates of interest per annum which the Bonds are to bear, but shall NOT specify (a) more than one interest rate for any Bonds having a like maturity or (b) any interest rate for any Bonds which exceeds the interest rate specified in such proposal for any other Bonds by more than three (3) percentage points. Interest shall be computed on the basis of twelve 30 day months and a 360 day year. In addition to the amount bid for the Bonds, the purchaser must pay an amount equal to the interest on the Bonds accrued to the date of delivery, if any. No bid for less than par and accrued interest will be considered.

Unless all bids are rejected, the Bonds will be awarded to the bidder whose bid will result in the lowest true interest cost ("TIC") to the City. The TIC will be the annual interest rate, compounded semiannually, which, when used to discount all payments of principal and interest payable on the Bonds to March 28, 2012, the dated date of the Bonds, results in an amount equal to the purchase price for the Bonds, excluding interest accrued to the date of delivery of the Bonds. In the event that two or more bidders offer bids at the same lowest TIC, the City will determine by lot which of such bidders will be awarded the Bonds. The purchase price must be paid in federal funds.

Electronic bids for the purchase of the Bonds may be submitted through the facilities of **PARITY**<sup>®</sup> until 11:30 A.M. (E.T.) on Thursday, March 15, 2012. Any prospective bidder must be a subscriber of i-Deal's BiDCOMP competitive bidding system. Further information about **PARITY**<sup>®</sup>, including any fee charged, may be obtained from **PARITY**<sup>®</sup>, c/o i-Deal LLC, 1359 Broadway, 2nd Floor, New York, New York 10018, Attention: Customer Support (telephone: (212) 404-8102 - email notice: [PARITY@i-Deal.com](mailto:PARITY@i-Deal.com)). The City neither will confirm any subscription nor be responsible for any failure of a prospective bidder to subscribe.

Once an electronic bid made through the facilities of **PARITY**<sup>®</sup> is communicated to the City, it shall constitute an irrevocable offer in response to this Notice of Sale, and shall be binding upon the bidder. By submitting a bid for the Bonds via **PARITY**<sup>®</sup>, the bidder represents and warrants to the City that such bidder's bid for the purchase of the Bonds is submitted for and on behalf of such prospective bidder by an officer or agent who is duly authorized to bind the prospective bidder by an irrevocable offer and that acceptance of such bid by the City will bind the bidder by a legal, valid and enforceable contract, for the purchase of the Bonds on the terms described in this Notice of Sale. **The City shall not be responsible for any malfunction or mistake made by, or as a result of the use of the facilities of PARITY<sup>®</sup>, or the inaccuracies of any information, including bid information or worksheets supplied by PARITY<sup>®</sup>, the use of PARITY<sup>®</sup> facilities being the sole risk of the prospective bidder. Each Bidder is solely responsible for knowing the terms of the sale as set forth herein.**

**Disclaimer.** Each **PARITY**<sup>®</sup> prospective electronic bidder shall be solely responsible to make necessary arrangements to access **PARITY**<sup>®</sup> for the purposes of submitting its bid in a timely manner and in compliance with the requirements of this Notice of Sale. Neither the City nor **PARITY**<sup>®</sup> shall have any duty or obligation to undertake such arrangements to bid for any prospective bidder or to provide or assure such access to any prospective bidder, and neither the City nor **PARITY**<sup>®</sup> shall be responsible for a bidder's failure to make a bid or for proper operation of, or have any liability for any delays or interruptions of, or any damages caused by, **PARITY**<sup>®</sup>. The City is using **PARITY**<sup>®</sup> as a communication mechanism, and not as the City's agent, to conduct the electronic bidding for the Bonds. The City is not bound by any advice and determination of **PARITY**<sup>®</sup> to the effect that any particular bid complies with the terms of this Notice of Sale and in particular the bid requirements herein set forth. All costs and expenses incurred by prospective bidders in connection with their subscription to, arrangements with and submission of bids via **PARITY**<sup>®</sup> are the sole responsibility of the bidders; and the City is not responsible, directly or indirectly, for any such costs or expenses. If a prospective bidder encounters any difficulty in arranging to bid or submitting, modifying or withdrawing a bid for the Bonds, the prospective bidder should telephone **PARITY**<sup>®</sup> at (212) 404-8102. If any provision of this Notice of Sale shall conflict with information provided by **PARITY**<sup>®</sup>, this Notice of Sale shall control.

The Bonds will be general obligations of the City payable, unless paid from other sources, from ad valorem taxes which may be levied on all taxable property subject to taxation by the City without limit as to rate or amount except as to classified property such as certified forest lands taxable at a limited rate and dwelling houses of qualified elderly persons of low income or of qualified disabled persons taxable at limited amounts pursuant to provisions of the Connecticut General Statutes. Under existing statutes the State of Connecticut is obligated to pay to the City the amount of tax revenue which the City would have received except for the limitation upon its power to tax such dwelling houses.

At or prior to the delivery of the Bonds the successful bidder shall be furnished, without cost, with the approving opinion of Pullman & Comley, LLC of Hartford, Connecticut, Bond Counsel, substantially in the form set out in Appendix B to the Official Statement. The winning bidder will also be furnished with a receipt of payment for the Bonds, a Signature and No Litigation Certificate dated as of the date of delivery of the Bonds, stating that there is no litigation pending, or to the knowledge of the signers thereof, threatened, affecting the validity of the Bonds or the power of the City to levy and collect taxes to pay them. A signed copy of the Official Statement prepared for this Bond issue will also be furnished together with a certificate of the City relating to the accuracy and completeness of the Official Statement.

The opinion of Bond Counsel will provide: (i) that the Bonds will be valid general obligations of the City when duly certified; (ii) that, assuming the accuracy of and continued compliance by the City with its representations and covenants contained in a certain Tax Regulatory and Compliance Agreement (the "Agreement") relating to certain requirements of the Internal Revenue Code of 1986, as amended (the "Code") and other certifications received from the City, as to which bond counsel has made no independent verification, under existing law interest on the Bonds is excludable from the gross income of the owners thereof for federal income tax purposes pursuant to the Code and although interest on the Bonds is not treated as a preference item for purposes of calculating the federal alternative minimum tax, in the case of certain corporations (as defined for federal tax purposes) subject to the federal alternative minimum tax, such interest is taken into account in determining the adjusted current earnings for purposes of computing the federal alternative minimum tax and, (iii) that interest on the Bonds is excluded from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates; and is excludable 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. In rendering the legal opinion, Pullman & Comley, LLC will rely upon and assume the material accuracy of the representations and statements of expectation contained in the Agreement entered into by the City for the benefit of the owners of the Bonds and further, will assume continuing compliance by the City with the covenants and procedures set forth in the Agreement. Copies of the opinion will be printed upon each of the Bonds, and a signed opinion will be filed with the Paying Agent.

The City has prepared a Preliminary Official Statement dated March 8, 2012 for the Bonds, which is deemed final as of its date for purposes of SEC Rule 15c2-12(b)(1), but is subject to revision or amendment. Bidders must acknowledge in their respective bids that they have received and reviewed such Preliminary Official Statement. The City will make available to the winning purchaser 50 copies of the Official Statement, dated March 15, 2012, as prepared by the City at the City's expense. The copies of the Official Statement will be made available to the winning purchaser at the office of the City's financial advisor, Phoenix Advisors, LLC, by the fifth business day after the day bids on the Bonds are received. If the City's financial advisor is provided with the necessary information from the winning purchaser by noon of the date following the day bids on the Bonds are received, the copies of the Official Statement will include an additional cover page and other pages indicating the interest rates, ratings, yields or reoffering prices, the name of the managing underwriting, the name of the insurer, if any, on the Bonds and any corrections. The purchaser shall arrange with the financial advisor the method of delivery of the copies of the Official Statement to the purchaser. Additional copies of the Official Statement may be obtained by the purchaser at its own expense by arrangement with the printer.

The City will enter into a Continuing Disclosure Agreement with respect to the Bonds, substantially in the form attached as Appendix D to the Official Statement (the "Continuing Disclosure Agreement"), to provide or cause to be provided, in accordance with the requirements of SEC Rule 15c2-12, (i) annual financial information and operating data, (ii) timely notice of the occurrence of certain material events with respect to the Bonds and (iii) timely notice of a failure by the City to provide the required annual financial information. The winning bidder's obligation to purchase the Bonds shall be conditioned upon its receiving, at or prior to the delivery of the Bonds, an executed copy of the Continuing Disclosure Agreement.

The Bonds will not be designated by the City as qualified tax-exempt obligations under the provisions of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended, for purposes of the deduction by financial institutions for federal income tax purposes of a portion of interest expense allocable to tax exempt obligations.

It shall be the responsibility of the purchaser to furnish to Pullman & Comley, LLC, Hartford, Connecticut, in writing before delivery of the Bonds the reoffering prices at which a substantial portion of the bonds of each maturity initially were sold. The completed certificate should be delivered to Marie V. Phelan, Esq. Pullman & Comley, LLC, 90 State House Square, Hartford, Connecticut 06103, (860) 424-4337.

The Bonds will be delivered to U.S. Bank National Association as agent for DTC in New York, New York on or about March 28, 2012 against payment in immediately available federal funds. The deposit of the Bonds with DTC under a book-entry system requires the assignment of CUSIP numbers prior to delivery. It shall be the responsibility of the winning purchaser to obtain CUSIP numbers for the Bonds prior to delivery and the City will not be responsible for any delay occasioned by the inability to deposit the Bonds with DTC due to the failure of the winning purchaser to obtain such numbers and to supply them to the City in a timely manner.

The right is reserved to reject any and all proposals and to reject any proposal not complying with this Notice of Sale and to waive any irregularity or informality with respect to any proposal.

For more information regarding this issue and the City, reference is made to the Preliminary Official Statement dated March 8, 2012. Copies of the Preliminary Official Statement may be obtained from Mr. Bob Curry, Director of Finance, City Hall, 27 West Main Street, New Britain, Connecticut 06051 (860) 826-3440 or from Mr. Matthew Spoerndle, Phoenix Advisors, LLC (203) 878-4945.

Timothy E. O'Brien Jr.  
Mayor

Teresa Sapieha-Yanchak  
Treasurer

March 8, 2012

## ***Appendix G***

### ***Notice of Sale - The Notes***

*(This page intentionally left blank)*

**Notice Of Sale**  
**City of New Britain, Connecticut**  
**\$33,135,000 General Obligation Bond Anticipation Notes**  
**Dated March 28, 2012    Due March 27, 2013**

ELECTRONIC BIDS VIA **PARITY**<sup>®</sup> will be received by the **CITY OF NEW BRITAIN**, Connecticut (the "City") at New Britain City Hall, 27 West Main Street, New Britain, CT 06051 until **11:00 A.M. (ET), Thursday**

**March 15, 2012**

for the purchase of the above-captioned **CITY OF NEW BRITAIN** General Obligation Bond Anticipation Notes (the "Notes").

The Notes will be dated March 28, 2012 and will be payable to the registered owners at maturity on March 27, 2013. The Notes will bear interest (computed on a 360-day year, 30-day per month basis) payable at maturity at the rate or rates per annum fixed in the proposal accepted for their purchase, which rates shall be in multiples of 1/100 of 1% per annum.

The right is reserved to reject any and all proposals and to waive any irregularity or informality with respect to any such proposal.

Electronic bids for the purchase of the Notes must be submitted electronically via **PARITY**<sup>®</sup>, in accordance with this Notice of Sale, until 11:00 A.M. (ET) on Thursday, March 15, 2012, but no bid will be received after the time for receiving bids specified herein. To the extent any instructions or directions set forth in **PARITY**<sup>®</sup> shall conflict with information in this Notice of Sale, the terms of this Notice of Sale shall control. Further information about **PARITY**<sup>®</sup>, including any fee charged, may be obtained from **PARITY**<sup>®</sup>, c/o i-Deal LLC, 1359 Broadway, 2<sup>nd</sup> Floor, New York, New York 10018, or by telephone: (212) 849-5021. Any prospective bidder must be a subscriber of i-Deal's BiDCOMP competitive bidding system. The City neither will confirm any subscription nor be responsible for any failure of a prospective bidder to subscribe.

Once an electronic bid made through the facilities of **PARITY**<sup>®</sup> is communicated to the City, it shall constitute an irrevocable offer, in response to this Notice of Sale, and shall be binding upon the bidder as if made by a signed, sealed bid delivered to the City. By submitting a bid for the Notes via **PARITY**<sup>®</sup>, the bidder represents and warrants to the City that such bidder's bid for the purchase of the Notes is submitted for and on behalf of such prospective bidder by an officer or agent who is duly authorized to bind the prospective bidder by an irrevocable offer and that acceptance of such bid by the City will bind the bidder by a legal, valid and enforceable contract, for the purchase of the Notes on the terms described in this Notice of Sale. **The City shall not be responsible for any malfunction or mistake made by, or as a result of the use of the facilities of PARITY<sup>®</sup>, or the inaccuracies of any information, including bid information or worksheets supplied by PARITY<sup>®</sup>, the use of PARITY<sup>®</sup> facilities being the sole risk of the prospective bidder. Each Bidder is solely responsible for knowing the terms of the sale as set forth herein.**

**Disclaimer.** Each **PARITY**<sup>®</sup> prospective electronic bidder shall be solely responsible to make necessary arrangements to access **PARITY**<sup>®</sup> for the purposes of submitting its bid in a timely manner and in compliance with the requirements of this Notice of Sale. Neither the City nor **PARITY**<sup>®</sup> shall have any duty or obligation to undertake such arrangements to bid for any prospective bidder or to provide or assure such access to any prospective bidder, and neither the City nor **PARITY**<sup>®</sup> shall be responsible for a bidder's failure to make a bid or for proper operation of, or have any liability for any delays or interruptions of, or any damages caused by, **PARITY**<sup>®</sup>. The City is using **PARITY**<sup>®</sup> as a communication mechanism, and not as the City's agent, to conduct the electronic bidding for the Notes. The City is not bound by any advice and determination of **PARITY**<sup>®</sup> to the effect that any particular bid complies with the terms of this Notice of Sale and in particular the bid requirements herein set forth. All costs and expenses incurred by prospective bidders in connection with their subscription to, arrangements with and submission of bids via **PARITY**<sup>®</sup> are the sole responsibility of the bidders; and the City is not responsible, directly or indirectly, for any such costs or expenses. If a prospective bidder encounters any difficulty in arranging to bid or submitting, modifying or withdrawing a bid for the Notes, the prospective bidder should telephone **PARITY**<sup>®</sup> at (212) 849-5021.

## **Bid Requirements**

A proposal may be for all or any part of the Notes, but any proposal for a part must be for a whole multiple of \$100,000, except that one such proposal for a part may include the odd \$35,000 of principal amount. A separate proposal will be required for each part of the Notes for which a separate stated interest rate is bid.

## **Award, Delivery and Payment**

Unless all bids are rejected, the Notes will be awarded on the basis of the lowest net interest cost, computed as to each interest rate stated by adding the total interest which will be paid at such rate and deducting therefrom any premium offered. As between proposals resulting in the same lowest net interest cost, the award will be made on the basis of the highest principal amount of the notes specified. No bid for less than par will be considered and the City reserves the right to award to any bidder all or any part of the Notes bid for in its proposal. If a bidder is awarded only a part of the Notes bid for in its proposal, any premium offered in such proposal will be proportionately reduced so that the net interest cost shall be the same as in the bidder's proposal with respect to the amount bid, carried to four places. It is requested that each proposal be accompanied by a statement of the net interest cost percentage computed and rounded to four decimal places. Such statement shall not be considered as a part of the proposal. The purchase price must be paid in Federal funds.

The full faith and credit of the City will be pledged for the prompt payment of the principal of and the interest on the Notes. The Notes will be general obligations of the City payable from ad valorem taxes levied on all taxable property in the City without limitation as to rate or amount except classified property such as certified forest land, taxable at a limited rate and dwelling houses of qualified elderly persons of low income and qualified disabled persons taxable at limited amounts pursuant to Connecticut statutes. The Notes will be certified by U.S. Bank National Association, Hartford, Connecticut and the opinion of Pullman & Comley, LLC, Bond Counsel, approving the legality of the Notes and setting forth that they are valid general obligations of the City will be furnished the winning bidders without charge. Each winning bidder will also receive a Signature and No Litigation Certificate and a receipt of payment.

The legal opinion will state further that, under existing statutes and court decisions (i) interest on the Notes is excludable from the gross income of the owners thereof for Federal income taxation, (ii) such interest will not be treated as a preference item for purpose of calculating the federal alternative minimum tax for individuals or corporations and is taken into account in determining adjusted current earnings for purposes of computing the federal alternative minimum tax imposed on corporations, (iii) under existing statutes, the interest on the Notes is excludable from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates, and (iv) such interest is excludable from amounts on which the net Connecticut minimum tax is based in the case of individuals, trusts and estates required to pay Federal alternative minimum tax. Bond Counsel will express no opinion regarding other Federal or state income tax consequences caused by ownership of, or disposition of the Notes. In rendering its legal opinion, Pullman & Comley, LLC will rely upon and assume the material accuracy of the representations, statements of reasonable expectation and certifications of fact contained in the Tax Regulatory and Compliance Agreement entered into by the City for the benefit of the owners of the Notes and will assume compliance by the City with the covenants set forth in such agreement and with the requirements of the Code.

The Notes will 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 the Notes.

Subject to the paragraph below, the Notes will be issued by means of a book-entry system with no physical distribution of note certificates made to the purchasers. The Notes, when issued, will be registered in the name of Cede & Co., as Noteowner and nominee for the Depository Trust Company (DTC), New York, New York. DTC will act as securities depository for the Notes. Purchases of the Notes will be made in book-entry only form, in the denomination of \$100,000 or integral multiples in excess thereof of \$1,000, with transfers of ownership effected on the records of DTC and its participants pursuant to rules and procedures adopted by DTC and its participants. The successful bidder or bidders, as a condition to delivery of the Notes, will be required to deposit the note certificates with DTC, registered in the name of Cede & Co. Principal of and interest on the Notes will be payable by the City or its agent in Federal funds to DTC or its nominee as registered owner of the Notes. Principal and interest payments to participants of DTC will be the responsibility of DTC; principal and interest payments to beneficial owners by participants of DTC will be the responsibility of such participants and other nominees of beneficial owners. The City will not be responsible or



liable for payments by DTC to its participants or by DTC participants to beneficial owners or for maintaining, supervising or reviewing the records maintained by DTC, its participants or persons acting through such participants.

It shall be the responsibility of the successful bidder or bidders to furnish to the City before the delivery of the Notes a certificate as to the issue price of the Notes within the meaning of Section 1273 of the Code.

It is anticipated that the Notes will be ready for delivery to DTC in New York City on or about March 28, 2012. The deposit of the Notes with DTC under a book-entry system requires the assignment of CUSIP numbers prior to delivery. It shall be the responsibility of the winning bidder(s) to obtain at its cost CUSIP numbers for the Notes prior to delivery, and the City will not be responsible for any delay occasioned by the inability to deposit the Notes with DTC due to the failure of the winning bidder(s) to obtain such numbers and to supply them to the City in a timely manner.

Timothy E. O'Brien Jr.  
Mayor

Teresa Sapieha-Yanchak  
Treasurer

March 8, 2012

*{This page intentionally left blank}*

## ***Appendix H***

### ***Bond Insurance and Specimen Municipal Bond Insurance Policy***

*(This page intentionally left blank)*

## **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 an exhibit 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 a wholly owned subsidiary of Assured Guaranty Municipal Holdings Inc. ("Holdings"). Holdings is 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. No shareholder of AGL, Holdings or AGM is liable for the obligations of AGM.

AGM's financial strength is rated "AA-" (stable outlook) by Standard and Poor's Ratings Services, a Standard & Poor's Financial Services LLC business ("S&P") and "Aa3" (on review for possible downgrade) by Moody's Investors Service, Inc. ("Moody's"). 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 March 20, 2012, Moody's issued a press release stating that it had placed AGM's "Aa3" insurance financial strength rating on review for possible downgrade. AGM can give no assurance as to any further ratings action that Moody's may take. Reference is made to the press release, a copy of which is available at [www.moody's.com](http://www.moody's.com), for the complete text of Moody's comments

On November 30, 2011, S&P published a Research Update in which it downgraded AGM's financial strength rating from "AA+" to "AA-". At the same time, S&P removed the financial strength rating from CreditWatch negative and changed the outlook to stable. AGM can give no assurance as to any further ratings action that S&P may take. Reference is made to the Research Update, a copy of which is available at [www.standardandpoors.com](http://www.standardandpoors.com), for the complete text of S&P's comments.

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, 2011.

### *Capitalization of AGM*

At December 31, 2011, AGM's consolidated policyholders' surplus and contingency reserves were approximately \$3,107,919,136 and its total net unearned premium reserve was approximately \$2,171,861,791, in each case, in accordance with statutory accounting principles.

AGM's statutory financial statements for the fiscal year ended December 31, 2011, which have been filed with the New York State Department of Financial Services and posted on AGL's website at <http://www.assuredguaranty.com>, are incorporated by reference into this Official Statement and shall be deemed to be a part hereof.

### *Incorporation of Certain Documents by Reference*

Portions of the following document 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, 2011 (filed by AGL with the SEC on February 29, 2012).

All information relating to AGM included in, or as exhibits to, documents filed by AGL pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, 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.: 31 West 52<sup>nd</sup> Street, New York, New York 10019, Attention: Communications Department (telephone (212) 826-0100).

Any information regarding AGM included herein under the caption "APPENDIX H-BOND INSURANCE AND SPECIMEN MUNICIPAL BOND INSURANCE POLICY – 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 or one of its affiliates may purchase a portion of the Bonds or any uninsured bonds offered under this Official Statement and may hold such Bonds or uninsured bonds for investment or may sell or otherwise dispose of such Bonds or uninsured bonds at any time or from time to time.

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 "APPENDIX H".



## 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