

# COMPREHENSIVE ANNUAL FINANCIAL REPORT

OF THE

## CITY OF NEW BRITAIN CONNECTICUT

FISCAL YEAR ENDED JUNE 30, 2005



John Jedrzejczyk, Director of Finance

Prepared by Finance Department

**CITY OF NEW BRITAIN, CONNECTICUT**

**TABLE OF CONTENTS**  
**JUNE 30, 2005**

**Page**

**INTRODUCTORY SECTION**

Principal Officials .....	1
Organizational Chart of the City Government .....	2
Letter of Transmittal .....	3
Certificate of Achievement for Excellence in Financial Reporting .....	10

**FINANCIAL SECTION**

Independent Auditors' Report .....	11
Management's Discussion and Analysis .....	13

**Exhibit**

Basic Financial Statements:

Government-wide Financial Statements:

I	Statement of Net Assets .....	22
II	Statement of Activities .....	23

Fund Financial Statements:

Governmental Funds:

III	Balance Sheet .....	24
IV	Statement of Revenues, Expenditures and Changes in Fund Balances .....	25

Proprietary Funds:

V	Statement of Net Assets .....	26
VI	Statement of Revenues, Expenses, and Changes in Fund Net Assets .....	27
VII	Statement of Cash Flows .....	28

Fiduciary Funds:

VIII	Statement of Fiduciary Net Assets .....	29
IX	Statement of Changes in Plan Net Assets – Pension Trust Funds .....	30

Notes to Financial Statements .....	31
-------------------------------------	----

Required Supplementary Information:

General Fund:

RSI-1	Schedule of Revenues and Other Financing Sources – Budget and Actual .....	66
RSI-2	Schedule of Expenditures and Other Financing Uses – Budget and Actual .....	68

Combining and Individual Fund Statements and Schedules:

General Fund:

A-1	Comparative Balance Sheet .....	70
A-2	Schedule of Tax Collections .....	71

Nonmajor Governmental Funds:

B-1	Combining Balance Sheet .....	72
B-2	Combining Statement of Revenues, Expenditures and Changes in Fund Balance ...	84

**Exhibit****Page**

	Capital Projects Fund:	
C	Schedule of Expenditures – Actual vs. Appropriations .....	96
	Internal Service Funds:	
D-1	Combining Balance Sheet .....	97
D-2	Combining Schedule of Revenues, Expenses and Changes in Net Assets .....	98
D-3	Combining Schedule of Cash Flows .....	99
	Fiduciary Funds:	
	Pension Trust Funds:	
E-1	Combining Balance Sheet .....	100
E-2	Combining Schedule of Changes in Plan Net Assets .....	101
	Agency Funds:	
E-3	Combining Balance Sheet .....	102
E-4	Combining Statement of Changes in Assets and Liabilities .....	103
	Capital Assets Used in the Operation of Governmental Funds:	
F-1	Comparative Schedule by Source .....	104
F-2	Schedule by Function and Activity .....	105
F-3	Schedule of Changes by Function and Activity .....	106

**STATISTICAL SECTION****Table**

	Government-Wide Information:	
1	Government-Wide Expenses by Function – Last Four Fiscal Years .....	107
2	Government-Wide Revenues – Last Four Fiscal Years .....	108
	Fund and Other Information:	
3	General Governmental Revenues and Transfers by Source.....	109
4	General Governmental Expenditures and Other Uses by Function .....	110
5	Property Tax Levies and Collections .....	111
6	Statement of Debt Limitation .....	112
7	Ratio of Net General Bonded Debt to Assessed Value and Net Bonded Debt.....	113
8	Ratio of Annual Debt Service Expenditures for General Bonded Debt to Total General Governmental Expenditures .....	114
9	Property Value, Construction and Bank Deposits.....	115
10	Assessed and Estimated Actual Value of Taxable Property .....	116
11	Demographic and Economic Statistics.....	117
12	School Data .....	120
13	Miscellaneous Statistics .....	121
14	Municipal Employees.....	122

**SINGLE AUDIT SECTION****Reports Required By Governmental Auditing Standards**

Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards.....	124
------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	-----

## **Reports Required By Federal Single Audit**

Independent Auditors' Report on the Schedule of Expenditures of Federal Awards, Compliance With Requirements Applicable to Each Major Program, and Internal Control Over Compliance in Accordance With OMB Circular A-133.....	126
Schedule of Expenditures of Federal Awards.....	128
Schedule of Findings and Questioned Costs.....	134
Notes to Schedules.....	142

## **Report Required By State Single Audit Act**

Independent Auditors' Report on the Schedule of Expenditures of State Financial, Assistance, Compliance With Requirements Applicable to Each Major Program, and Internal Control Over Compliance in Accordance With State Single Audit Act.....	143
Schedule of Expenditures of State Financial Assistance.....	145
Schedule of Findings and Questioned Costs.....	150
Notes to Schedules.....	152

---

**CITY OF NEW BRITAIN, CONNECTICUT  
PRINCIPAL OFFICIALS**

**MAYOR**

Timothy T. Stewart

**TREASURER**

Jason Jakubowski

**DEPUTY TREASURER**

David DeFronzo

**TOWN COUNCIL**

Suzanne Bielinski, Mayor ProTem  
Michael Trueworthy, Majority Leader  
Barbara Yezierski, Assistant Majority Leader  
Paul Catanzaro, Assistant Majority Leader  
Richard Lopes  
Silvia Cruz  
James Sullivan  
Salvatore Bonola  
Teresa Sapieha-Yanchak  
Daniel Karp  
Larry Hermanowski  
Francis Ziccardi  
Shirley Black  
James Wyskiewicz  
Audrey Fisher

**ADMINISTRATION**

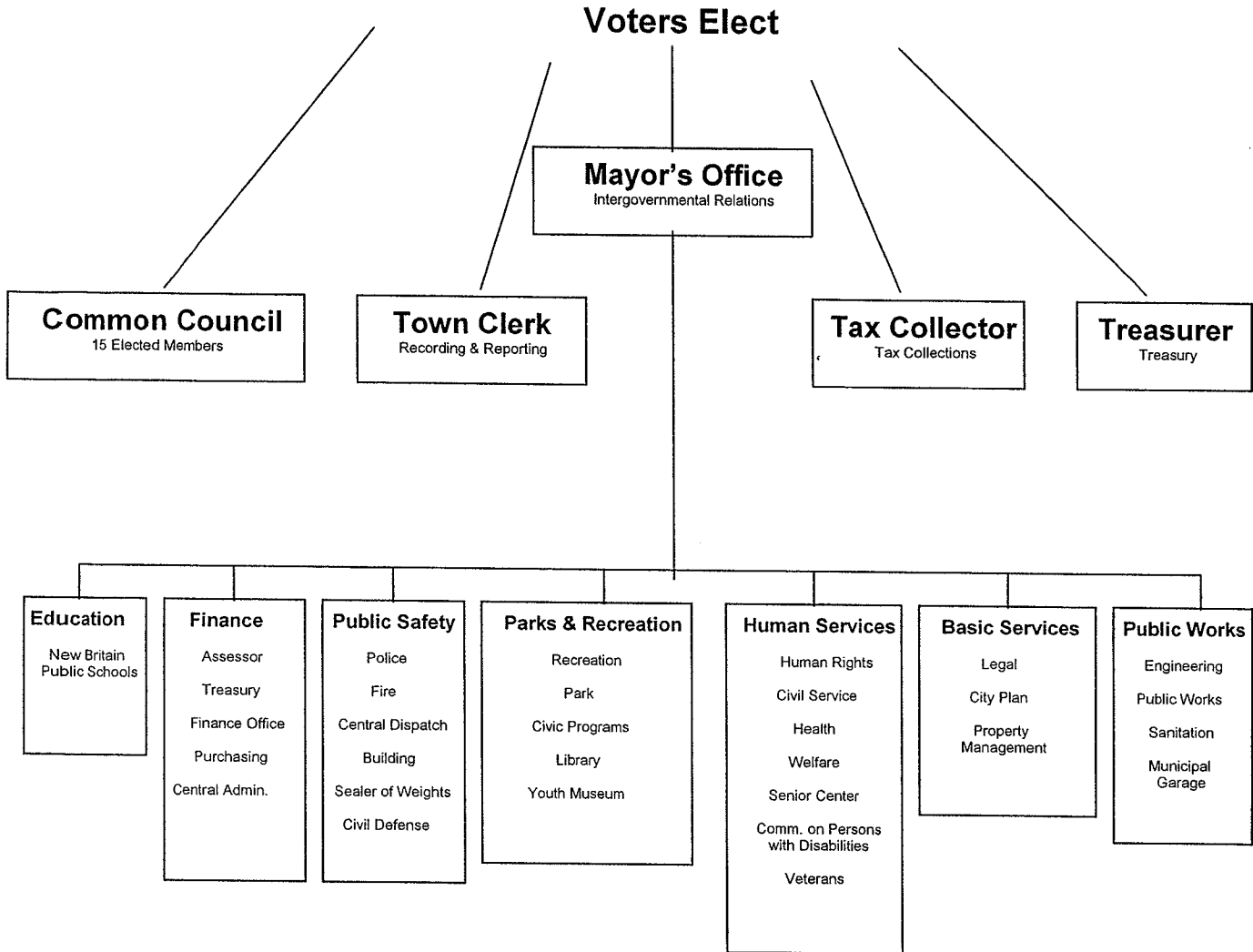
Corporation Counsel	Joseph Skelly
Town Clerk	Peter J. Denuzze
Tax Collector	Fred J. Menditto
Assessor	Michael Konik
Director of Finance	John Jedrzyjczyk
Director of Social Services	Greg Steltner
Administrative Director of Health	Greg Stelner
Acting Director of Health	Dr. Eugene Ciccone
Acting Director of Personnel	Sandra Loether
Acting Director of Parks and Recreation	William A. DeMaio
Director of Public Works	Clarence Corbin
Director of Youth Services	Christopher Montes
Director of Licenses, Permits and Inspections	Frank M. Wiatr
Director of Water	Gilbert Bligh
Director of Municipal Development	Kenneth Malinowski

**BOARD OF EDUCATION**

Paul Amenta, President  
Frances B. Wolski, Vice President  
James E. Sanders Sr, Secretary  
Deidra Ierardi  
Josepha M. Brusznicki  
Peter J. Kochol  
Kevin C. Laska  
Vanard A. Dawkins  
Luisa Leal  
Todd J. Skutnik  
Dr. Doris Kurtz, Superintendent of Schools

## ORGANIZATIONAL CHART

### ORGANIZATION OF CITY GOVERNMENT



## CITY OF NEW BRITAIN, CONNECTICUT



December 13, 2005

To the Mayor, Members of the Common Council and Citizens of the City of New Britain:

State law requires that all general-purpose local governments publish within six months of the close of each fiscal year a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the comprehensive annual financial report of the City of New Britain for the fiscal year ended June 30, 2005.

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

The City of New Britain's financial statements have been audited by Scully and Wolf, LLP, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City of New Britain for the fiscal year ended June 30, 2005 are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent audit concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the City of New Britain's financial statements for the fiscal year ended June 30, 2005, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the City of New Britain was part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are located within the City's CAFR.

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

### The Reporting Entity and Its Services

The City of New Britain covers 13.3 square miles and was first settled as part of the Town of Berlin in 1680. It was incorporated as a separate Town in 1850 and chartered as a City in 1871. New Britain has access to Interstate 91, a major north-south highway, and Interstate 84, an east-west route connecting New England and New York via Routes 9 and 72, a limited access highway which runs through the City. Direct highway access to Hartford has been improved with the completion of the northern leg of the Central Connecticut Expressway (Route 9).

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

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

The Stanley Works, a Fortune 500 company, has located its world headquarters facility at a site along Interstate 84. In addition, the City has benefited from the recent growth of many small businesses representing a variety of sectors. TD Banknorth, a national leader in the financial sector has recently located its corporate headquarters in downtown New Britain. Continued growth of City-based corporations will increase both employment and tax revenue.

New Britain is also home to the Rock Cats (the Double A baseball affiliate of the Minnesota Twins) playing in a sports facility built to the standards established by the professional major leagues, the Museum of American Art (housing the oldest museum collection of American Art) and Central Connecticut State University with its schools of Education, Technology, and Business (which is the largest in the state).

The City's offers nine major parks (A.W. Stanley, Stanley Quarter, Walnut Hill, Willow Brook, Osgood, Martha Hart, Washington, Chesley and Hungerford). Stanley Quarter Park is New England's largest public skate park with multi levels, two quarter pipes, stairs, grinding rails and pyramids. Some additional attractions offered in many of the City's parks include: paddle boats,



aqua cycles, fun-yaks, a children's fishing pond, soccer fields, playgrounds, jogging tracks and outdoor ice skating.

Residents have a variety of medical facilities to call upon, including the four hundred thirty-six bed New Britain General Hospital (the 7th largest in the state), the two hundred bed Hospital for Special Care (formerly New Britain Memorial Hospital) for the chronically ill, and numerous modern clinics providing out-patient services. The Hospital for Special Care has completed a \$36 million expansion of its facility while New Britain General Hospital has completed a \$55.8 million expansion of its facility. The University of Connecticut Health Center and Hospital is within three miles of the City line in the adjacent Town of Farmington.

### Form of Government

New Britain became a consolidated City and Town in 1905 with a Mayor-Council-Commission form of Government. The Mayor and Council serve concurrent two-year terms and operate under a Charter adopted in 1961 with several subsequent revisions.

The Common Council, the legislative body elected biennially at large, consists of 15 Aldermen, five elected at large and ten on a five district basis (2 each). The other elected officials are City and Town Clerk, Collector of Taxes, Treasurer, and three members of the Board of Tax Review.

The Mayor presides at meetings of the Common Council and makes appointments to Boards and Commissions as provided in the Charter or as created by ordinance. The Mayor is an ex-officio member of all bipartisan Boards and Commissions. All department heads report directly to the Mayor.

### Major Initiatives

The City of New Britain is committed to the well-being and quality of life for its residents. However, due to the demands of City residents, the current administration has continued to make tax reduction and grand list growth a primary goal. One way to accomplish this goal is to expand the City's economic development efforts, while at the same time, monitoring, reviewing and validating all City expenditures, both operating and capital.

In line with these objectives, nearly 30 City-owned properties have been sold bringing in over \$1.4 million and adding to our grand list. Two of the City's oldest family-owned companies, Guidas's Dairy Company and Dattco Bus Company, have purchased vacant property within the City and are in the process of expanding their operations. Papa's Dodge has purchased vacant property with plans to develop the largest Dodge/Jeep dealership in New England. The long-vacant Hatch Building, a testament to the City's architectural history, has been sold to several young entrepreneurs who intend to turn the building into their corporate headquarters after completing a major rehabilitation of the building. A new Price Rite Supermarket has opened close to the heart of downtown, becoming the center of shopping activity in our City. The Holiday Inn Corporation is in the process of completing an extensive upgrade to an existing hotel. The Central Connecticut Association for Retarded Citizens has opened a new state of the art facility to provide services for their clients throughout the Greater New Britain area. Additionally, there are many other economic development initiatives in the pipeline.

This past year saw the completion of many projects such as a new state of the art water filtration plant that went on line in May of 2004, assuring the residents of New Britain the highest quality drinking water in the nation. The spectacular new Willow Brook swimming facility opened on Labor Day weekend (September 2004). This is an outstanding new water park that will bring enjoyment to thousands of City residents including persons with disabilities who have been denied access to this type of activity in the past. We have substantially completed renovations to

Vance and Lincoln Schools and begun work on the renovation of Northend School which is the last school in the 20/20 renovations program. We have begun the process to expand New Britain High School in order to relieve overcrowding and to improve the atmosphere in which our children learn. We have also embarked on finding a new location to build a new police station. The Corridor Study has been completed and a new, state-funded downtown economic development study is about to begin. It is our hope that these two studies will provide us with a roadmap for future economic growth and job development.

Some of the more subtle changes in administration that have been accomplished over the past years have resulted in more efficiency in service delivery to the citizens of New Britain. Moving the Water Department billing offices to City Hall now allows many of our residents who don't like to pay their bills through the mail, to pay their taxes and water/sewer bills at the same time. Relocating the Health Department to a new facility, owned by New Britain General Hospital, has not only saved the City significant dollars but allowed us to move the Environmental Health Division into City Hall, something that has been long desired.

The past year has marked the retirements of several of the City's top administrators and the hiring of new individuals. We have a new Fire Chief, Public Works Director, Health Director and a new Assessor. Recruitment of a new Personnel Director and a new Police Chief are underway. These changes in leadership have provided us with a unique opportunity to review policies and practices and to set a new management tone and direction for this City.

From a financial perspective, we have worked hard to reduce our bonding authorizations by \$33 million in an effort to improve the City's bond rating. This will lead to significant savings down the road. Furthermore, as the amount of bond authorizations are reduced, and finally, future debt payments are being reduced, the burden on future budgets is lessened as well.

### **Financial Information**

The Finance Department includes Accounting, Tax Assessment, Tax Collection, City Treasurer, Purchasing, Data Processing, and Risk Management. The Accounting Division of the Finance Department is managed by the Finance Director, John Jedrzejczyk, who has served the City in this capacity since 1987. The Accounting Division maintains, monitors and controls accounting records for City funds and account groups and has responsibility for banking relations and all bank accounts, as well as investment accounts for collecting or disbursing City funds. Bank and investment accounts are evaluated daily through on-line communication software.

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

### Budgetary Controls

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

### Pension Programs

All full-time 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 Chapter 167a of the Connecticut General Statutes that is administered by the Connecticut State Teacher's Retirement Board.

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.

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.

### Cash Management

Eligible investments for Connecticut municipalities are governed by the Connecticut General Statutes. All highly liquid investments with a maturity of three months or less when purchased are considered to be cash equivalents. Investments are carried at fair value.

The City's investments of operating funds include investments in the State of Connecticut Short-Term Investment Fund (STIF). Investment in Citizens Bank represents a typical money market account. Financial Investors Trust invest 100% of assets in money market mutual funds that are guaranteed by the U.S. Government or an agency or instrumentality of the U.S. government. The City's investment with Fidelity Investments is in the Government Class I fund, which invests only in U.S. Government securities and repurchase agreements for these securities.

### Debt Administration

At year end, the City had a number of debt issues outstanding. These included \$174,105 of general obligation bonds, and \$795 of Self liquidating debt with City commitment. Under current state statutes, the City's general obligation bonded debt issuances are subject to a legal limitation

based on 7 times total tax collections plus state reimbursement for revenue loss. As of June 30, 2005, the City's net general obligation bonded debt of \$174,900 was well below the legal limit of \$689,717, and debt per capita equaled \$2.43.

### Risk Management

The City has not experienced any significant changes in the number and cost of insurance claims.

The City is self-insured with regards to the following types of coverage:

Workers' Compensation (including Police and Firefighter Hypertension) - \$1 million/occurrence. Excess coverage with statutory limits applies beyond the retainage.

General Liability - \$500,000/occurrence; excess coverage applies up to \$4 million/occurrence, \$4,000,000 aggregate.

Employee Fiduciary Bonds (except for the Treasurer, Tax Collector, Finance Director, Accounting Manager and Accounting Assistant).

Employee Medical Benefits for Board of Education and City employees with the exception of Health Organization Coverage (HMO). Stop loss coverage applies after the City has paid \$100,000 individual claims, 125% aggregate stop loss.

First dollar Auto Liability coverage on all vehicles is placed with Metrogard/Royal; excess Auto Liability coverage is placed with United National. All risk property coverage is purchased from Allianz Global. Coverage provides replacement value for buildings and contents. Coverage for vacant and unoccupied buildings for which rehabilitation or sale is anticipated is provided by Lloyd's on an actual cash basis.

The Corporation Counsel's Office is diligently defending the City's interest in all legal matters. The City has appropriated in the fiscal year 2005 annual budget \$550,819 to assist in current and future claim defense and settlement. The City's potential liability of active claims is reviewed and updated annually by an independent actuary and such liability is made part of the City's financial statements.

### Independent Audit

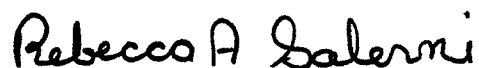
State Statute and the City Charter require an annual audit by an independent certified public accountant. The Statute further prescribes that each municipality's annual report shall be prepared in accordance with Generally Accepted Accounting Principles (GAAP). This report has been prepared in accordance with these standards. The auditors' opinion has been included in this report.

### Acknowledgements

The City has received the Certificate of Achievement for Excellence in Financial Reporting since the Fiscal Year of June 30, 2001. A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of this report could not have been accomplished without the efficient and dedicated services of the Finance Department staff. I would like to express my appreciation to the staff of the finance department and to all those who have contributed to this report. Special appreciation is conveyed to the representatives from Scully & Wolf, LLP. We also appreciate the continuing support of city leadership and the people of New Britain who are committed to fiscal integrity and financial leadership.

Respectfully submitted,

A handwritten signature in black ink that reads "Rebecca A Salerni". The signature is written in a cursive, flowing style.

Rebecca Salerni  
Manager of Accounting

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of New Britain,  
Connecticut

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 2004

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



*Nancy L. Zelle*

President

*Jeffrey R. Emer*

Executive Director



*Scully & Wolf, LLP / Certified Public Accountants / Glastonbury, Connecticut 06033*

## 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, 2005, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standard*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes 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, as of June 30, 2005, 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.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 13, 2005 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Management's discussion and analysis and budgetary comparison information on pages 13 through 21 and 66 through 69 are not a required part 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and schedules, and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements and schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

December 13, 2005



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

### **MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2005**

This discussion and analysis of the City of New Britain, Connecticut's ("City") financial performance is provided by management to provide an overview of the City's financial activities for the fiscal year ended June 30, 2005. Please read this MD&A in conjunction with the transmittal letter beginning on page 3 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 increased by \$2.4 million, or nearly 7%, net assets of our governmental activities increased by \$11.4 million, or 22.45%.
- In its governmental activities, the City had revenues of \$248 million and expenses of \$236 million; thus increasing the net assets of governmental activities by \$11.4 million.
- In the City's business-type activities, revenues were \$11.4 million while expenses were \$9 million; thus increasing the net assets of the business-type funds by \$2.4 million.
- The General Fund reported a fund balance this year of \$9 million.
- The tax collection rate of the current levy was 96.8%.

#### **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 Exhibit 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 non-financial 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 (like the Sewer Fund) or to show that it is meeting legal responsibilities for using grants, and other money (like 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 (Exhibit 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 at the bottom of the fund financial statements.
- *Proprietary funds (Exhibit 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 (Exhibit 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 \$84.8 million to \$98.6 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><u>2005</u></b>	<b><u>2004</u></b>	<b><u>2005</u></b>	<b><u>2004</u></b>	<b><u>2005</u></b>	<b><u>2004</u></b>
Current and other assets.....	\$134,657	\$131,930	\$15,544	\$16,694	\$150,201	\$148,624
Capital assets .....	198,421	186,673	67,986	66,639	266,407	253,312
Total assets .....	333,078	318,603	83,530	83,333	416,608	401,936
Long-term debt outstanding.	208,488	218,645	46,411	35,255	254,899	253,900
Other liabilities .....	62,345	49,123	723	14,062	63,068	63,185
Total liabilities .....	270,833	267,768	47,134	49,317	317,967	317,085
Net assets:						
Invested in capital assets, net of debt .....	87,181	103,464	21,575	17,857	108,756	121,321
Restricted.....	2,589	2,535			2,589	2,535
Unrestricted (deficit) .....	(27,525)	(55,164)	14,821	16,159	(12,704)	(39,005)
Total net assets.....	<u>\$ 62,245</u>	<u>\$ 50,835</u>	<u>\$36,396</u>	<u>\$34,016</u>	<u>\$ 98,641</u>	<u>\$ 84,851</u>

Net assets of the City's governmental activities increased by 22.4% (\$62.2 million compared to \$50.8 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 \$(27.5) million at June 30, 2005.

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

- In the General Fund, revenue receipts were greater than expenditures generated for the fiscal year. As a result of State funding cutbacks in prior years, the budgeted expenditures for fiscal year 2005 were conservative.
- Increases in the City's capital assets which were funded through capital grants.

The net assets of business-type activities increased by nearly 7% (\$36 million compared to \$34 million) in 2005.

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

- A water consumption rate increase designed primarily to provide additional resources to meet debt service requirements.
- As a result of the construction of the new water filtration plant, capital assets have also increased significantly.

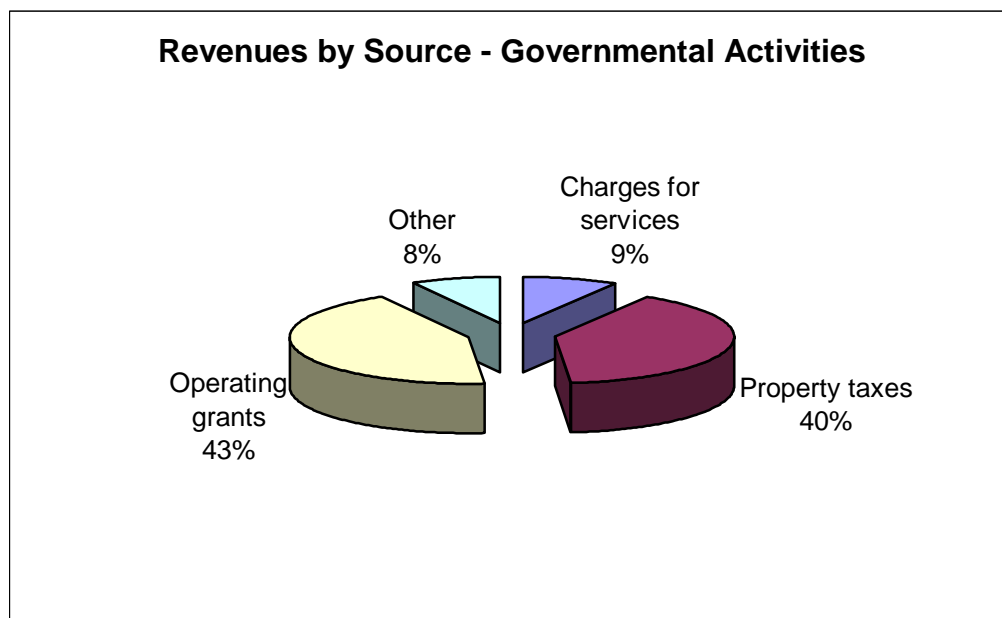
**Table 2**  
**Changes In Net Assets**  
**(in thousands)**

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total Primary Government</b>	
	<b><u>2005</u></b>	<b><u>2004</u></b>	<b><u>2005</u></b>	<b><u>2004</u></b>	<b><u>2005</u></b>	<b><u>2004</u></b>
Revenues:						
Program revenues:						
Charges for services .....	\$ 21,248	\$ 19,535	\$10,999	\$10,770	\$ 32,247	\$ 30,305
Operating grants and contributions .....	106,747	93,361			106,747	93,361
Capital grants and contributions .....	1,099	17,844		2,184	1,099	20,028
General revenues:						
Property taxes .....	98,000	97,783			98,000	97,783
Grants and contributions not restricted to specific purposes .....	14,776	20,496			14,776	20,496
Unrestricted investment earnings .....	2,900	2,252	412	131	3,312	2,383
Other general revenues .....	<u>2,774</u>	<u>966</u>			<u>2,774</u>	<u>966</u>
Total revenues .....	<u>247,544</u>	<u>252,237</u>	<u>11,411</u>	<u>13,085</u>	<u>258,955</u>	<u>265,322</u>
Program expenses:						
General government .....	6,413	4,550			6,413	4,550
Public safety .....	35,492	34,625			35,492	34,625
Public works .....	21,083	17,647			21,083	17,647
Health and welfare .....	9,153	10,107			9,153	10,107
Parks, recreation and libraries .....	12,334	12,637			12,334	12,637
Education .....	139,567	136,004			139,567	136,004
Interest on long-term debt .....	12,092	12,226		1,332	12,092	13,558
Water .....			9,031	5,780	9,031	5,780
Total program expenses .....	<u>236,134</u>	<u>227,796</u>	<u>9,031</u>	<u>7,112</u>	<u>245,165</u>	<u>234,908</u>
Increase in net assets .....	<u>\$ 11,410</u>	<u>\$ 24,441</u>	<u>\$ 2,380</u>	<u>\$ 5,973</u>	<u>\$ 13,790</u>	<u>\$ 30,414</u>

The City's total revenues were \$259 million. The total cost of all programs and services was \$245 million. Our analysis below separately considers the operations of governmental and business-type activities.

### ***Governmental Activities***

Revenues for governmental activities totaled \$248 million; property taxes (39%), operating grants (43.12%) and charges for services (8.6%) are the major revenue sources contributing 91.22% of the City's revenues.



Expenses for governmental activities were \$236 million of which 48% were supported by program revenues, and 52% were supported from general revenues. Expenses for education (60%), public safety (15%), public works (9%), and parks and recreation (5%) made up 88% of the total governmental expenses.

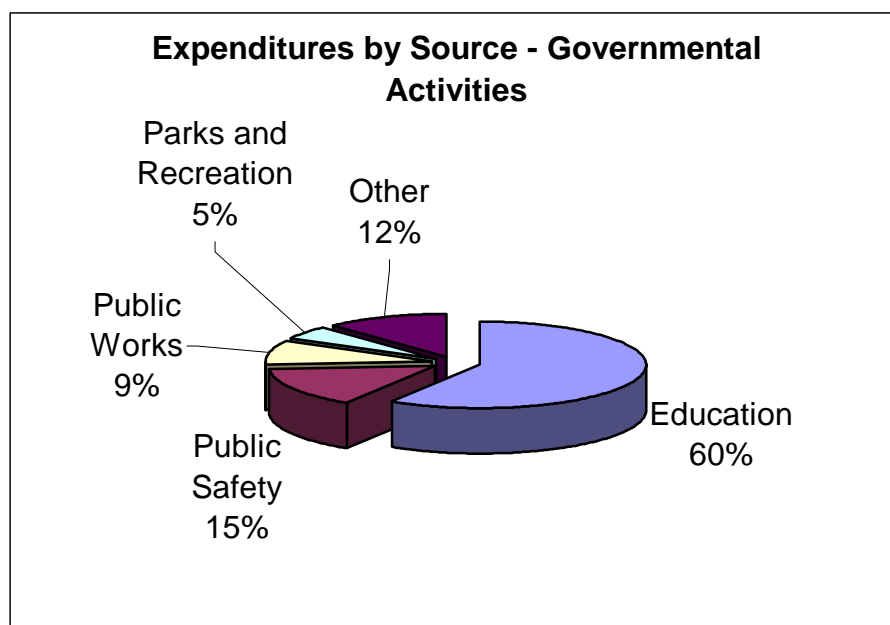


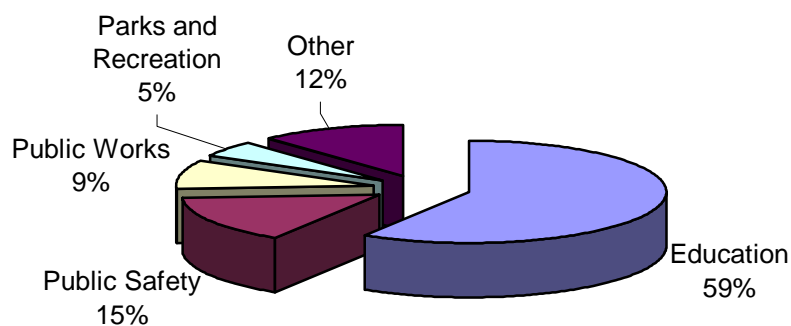
Table 3 presents the cost of each of the City's four largest programs – education, public safety, public works, and parks and recreation – as well as each program's net cost (total cost less revenues generated by the

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)**

	<u>Total Cost of Services</u>		<u>Net Cost of Services</u>	
	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>
Education .....	\$139,567	\$136,004	\$ 46,134	\$39,689
Public safety .....	35,492	34,625	32,673	31,880
Public works .....	21,083	17,647	5,559	4,848
Parks and recreation.....	12,334	12,637	6,878	7,117
All others .....	<u>27,658</u>	<u>26,883</u>	<u>15,796</u>	<u>13,522</u>
Totals.....	<u>\$236,134</u>	<u>\$227,796</u>	<u>\$107,040</u>	<u>\$97,056</u>

**Net Program Costs - Governmental Activities**



**Business-type Activities**

Revenues and expenses of the City's business-type activities amounted to \$11.4 million and \$9 million, respectively. Net assets increased by nearly 7% (from \$34 million to \$36 million). A major factor for this increase was the water consumption rate increase designed primarily to provide additional resources to meet debt service requirements. As a result of the construction of the new water filtration plant, capital assets have also increased significantly.

## **CITY FUNDS FINANCIAL ANALYSIS**

### ***Governmental Funds***

As the City completed the year, its governmental funds (as presented in the balance sheet – Exhibit III) reported a combined fund balance of \$3 million, which is a decrease from last year's total of \$16 million. Included in this year's total change in fund balance, is an increase of \$1 million in the General Fund, an increase of nearly \$2 million in the City's other governmental funds and a decrease of \$15 million in the capital projects fund. The decrease in the Capital Projects Fund can be largely attributed to the ongoing school building projects whereby expenditures have far outweighed revenues. A bond issue is anticipated for FY 2006.

### ***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 \$14.8 million and those for the internal service funds amounted to \$5.3 million. The total growth in net assets for both funds was \$2.4 million and \$2.9 million, respectively. Other factors concerning the finance 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***

- Variances between the original budget and the final amended budget occurred as a result of revised revenue projections both on the part of the State as well as locally for items such as prior year tax levies, licenses, services and other fees. Variances also occurred within the expenditure budget as a result of transfers made to other funds for the purchase of items such as equipment and vehicles. The expenditure budget was also amended to reflect transfers to other City programs such as the local property tax relief fund and the centralized services fund.
- Due to the State revenue reductions in previous years, the budget for fiscal year 2005 was conservative. Consequently, State funding was higher than originally anticipated by approximately \$1.1 million.

The City's General Fund balance of \$9 million reported on Exhibit III differs from the General Fund's budgetary fund balance of nearly \$8 million. This is principally because budgetary fund balance includes \$1 million in outstanding encumbrances at year end which are reported as expenditures for budgetary purposes.

## **CAPITAL ASSET AND DEBT ADMINISTRATION**

### ***Capital Assets***

At June 30, 2005, the City had \$266.4 million invested in a broad range of capital assets, including land, buildings, park facilities, vehicles and equipment, roads, bridges, and water and sewer lines – Table 4. This amount represents a net increase (including additions and deductions) of \$13 million, or 5.2%, 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 Primary Government</b>	
	<b><u>2005</u></b>	<b><u>2004</u></b>	<b><u>2005</u></b>	<b><u>2004</u></b>	<b><u>2005</u></b>	<b><u>2004</u></b>
Land .....	\$ 23,628	\$ 23,623	\$ 2,167	\$ 2,167	\$ 25,795	\$ 25,790
Construction in progress .....	41,975	25,065	5,239	2,645	47,214	27,710
Buildings and improvements .....	92,156	95,905			92,156	95,905
Equipment .....	3,133	3,728			3,133	3,728
Vehicles .....	3,070	3,730			3,070	3,730
Infrastructure .....	34,459	34,622			34,459	34,622
Water filtration assets .....			60,580	61,827	60,580	61,827
Totals .....	<u>\$198,421</u>	<u>\$186,673</u>	<u>67,986</u>	<u>\$66,639</u>	<u>\$266,407</u>	<u>\$253,312</u>

For governmental type funds this year's major additions included various street projects which have commenced throughout the year. For business type funds, this year's major additions included construction in progress for the filtration plant.

The City's fiscal-year 2005-06 capital budget calls for it to spend another \$6.1million for capital projects, principally for building renovations including the re-roofing of two downtown-area garages, various improvements to the City's park system, an upgrade in the public safety telecommunication telephone and dispatch system, as well as various street improvement projects. More detailed information about the City's capital assets is presented in Note 6 to the financial statements.

#### ***Long-term debt***

At June 30, 2005 the City had \$188.9 million in bonds and notes outstanding versus \$188.1 million last year – an increase of .90% – as shown in Table 5.



**Table 5**  
**Outstanding Debt, at Year-end**  
**(in millions)**

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Totals</b>	
	<b><u>2005</u></b>	<b><u>2004</u></b>	<b><u>2005</u></b>	<b><u>2004</u></b>	<b><u>2005</u></b>	<b><u>2004</u></b>
General obligation bond (backed by the City) .....	\$174,240	\$187,030	\$14,000		\$188,240	\$187,030
Less deferred amount:						
For issuance discounts on refunding .....	(135)	(161)			(135)	(161)
Total general obligation bonds .....	174,105	186,869	14,000		188,105	186,869
Self liquidating bonds and notes (backed by specific tax and fee revenues) .....	795	1,300			795	1,300
Totals .....	<u>\$174,900</u>	<u>\$188,169</u>	<u>\$14,000</u>	<u>\$-0-</u>	<u>\$188,900</u>	<u>\$188,169</u>

The City's general obligation bond rating from both Standard and Poor's and Fitch, both national rating agencies, is A. The City's other debt, principally self liquidating bonds and notes carries 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 \$690 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 9 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 2006 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 7.1% versus 7.9% a year ago. This compares with the State's unemployment rate of 4.5% and the national rate of 5%.

These indicators were taken into account when adopting the General Fund budget for 2005-06. Amounts available for appropriation in the General Fund budget are \$203 million, an increase of 2.5% over the final 2005 budget of \$198 million. Budgeted expenditures are also expected to increase nearly 2.5% to \$203 million from the final appropriation of \$198 million in 2005.

## **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, 2005

(thousands)

	GOVERNMENTAL ACTIVITIES	PRIMARY GOVERNMENT BUSINESS-TYPE ACTIVITIES	TOTAL
ASSETS:			
Cash and cash equivalents .....	\$ 52,760	\$13,794	\$ 66,554
Investments .....	23,902		23,902
Receivables, net .....	54,988	3,490	58,478
Internal balances .....	1,740	(1,740)	
Inventory .....	52		52
Prepaid items .....	1,345		1,345
Capital assets, net .....	198,421	67,986	266,407
Total assets .....	333,208	83,530	416,738
LIABILITIES:			
Accounts and other payables .....	12,860	498	13,358
Payroll liabilities .....	11,196		11,196
Bond anticipation notes and other interim financing	34,060		34,060
Unearned revenue .....	4,156		4,156
Due to Fiduciary Fund .....	130		130
Unamortized bond premium .....	74		74
Noncurrent liabilities:			
Due within one year .....	19,537	1,923	21,460
Due in more than one year .....	188,950	44,713	233,663
Total liabilities .....	270,963	47,134	318,097
NET ASSETS:			
Invested in capital assets, net of related debt ....	87,181	21,575	108,756
Restricted for:			
Trust purposes:			
Expendable .....	2,589		2,589
Unrestricted .....	(27,525)	14,821	(12,704)
Total net assets .....	\$ 62,245	\$36,396	\$ 98,641

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

## CITY OF NEW BRITAIN, CONNECTICUT

STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2005

(thousands)

FUNCTIONS/PROGRAMS	PROGRAM REVENUES				NET (EXPENSE) REVENUE AND CHANGES IN NET ASSETS		
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
Primary Government:							
Governmental activities:							
General government .....	\$ 6,413	\$3,015	\$ 446		\$ (2,952)		\$ (2,952)
Public safety .....	35,492	2,258	561		(32,673)		(32,673)
Public works .....	21,083	9,371	6,153		(5,559)		(5,559)
Health and welfare .....	9,153	714	6,467		(1,972)		(1,972)
Parks, recreation and libraries .....	12,334	2,597	1,760	\$ 1,099	(6,878)		(6,878)
Education .....	139,567	3,293	90,140		(46,134)		(46,134)
Interest on long-term debt .....	12,092		1,220		(10,872)		(10,872)
Total governmental activities .....	236,134	21,248	106,747	1,099	(107,040)		(107,040)
Business-type activities:							
Water .....	9,031	10,999				\$ 1,968	1,968
Total .....	\$245,165	\$32,247	\$106,747	\$1,099	(107,040)	1,968	(105,072)
General revenues:							
Property taxes .....					98,000		98,000
Grants and contributions not restricted to specific programs .....					14,776		14,776
Unrestricted investment earnings .....					2,900	412	3,312
Miscellaneous .....					2,774		2,774
Total general revenues .....					118,455	412	118,862
Change in net assets .....							
Net assets, July 1, 2004, as restated .....					11,410	2,380	13,790
					50,835	34,016	84,851
Net assets, June 30, 2005 .....					\$ 62,245	\$36,396	\$ 98,641

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

## CITY OF NEW BRITAIN, CONNECTICUT

## GOVERNMENTAL FUNDS

BALANCE SHEET  
JUNE 30, 2005

(thousands)

	GENERAL	DEBT SERVICE FUND	CAPITAL PROJECTS FUND	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
<u>A S S E T S</u>					
Cash and cash equivalents .....	\$14,652		\$18,637	\$12,004	\$ 45,293
Investments .....				5,639	5,639
Accounts receivables, net .....	35,858		189	11,039	47,086
Due from other funds .....	14,766			4,341	19,107
Inventories .....				52	52
TOTAL .....	\$65,276	\$ - 0 -	\$18,826	\$33,075	\$117,177
<u>L I A B I L I T I E S</u> <u>A N D</u> <u>F U N D B A L A N C E S</u>					
Liabilities:					
Accounts payable .....	\$16,481		\$ 1,258	\$ 1,982	\$ 19,721
Due to other funds .....	5,620		7,169	5,393	18,182
Deferred revenue .....	34,151			8,011	42,162
Bond anticipation notes payable and other interim financing .....			34,060		34,060
Total liabilities .....	56,252		42,487	15,386	114,125
Fund balances (deficit):					
Reserved .....	1,035		10,560	3,223	14,818
Unreserved, reported in:					
General Fund .....	7,989				7,989
Special Revenue Funds .....				14,466	14,466
Capital Project Funds .....			(34,221)		(34,221)
Total fund balances (deficit) .....	9,024		(23,661)	17,689	3,052
TOTAL .....	\$65,276	\$ - 0 -	\$ 18,826	\$33,075	

Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds .....	198,421
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds .....	47,135
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 fund are included in governmental activities in the statement of net assets .....	5,325
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds .....	(191,688)
Net assets of governmental activities .....	\$ 62,245

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

CITY OF NEW BRITAIN, CONNECTICUTGOVERNMENTAL FUNDSSTATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
FOR THE YEAR ENDED JUNE 30, 2005

	(thousands)				
	GENERAL	DEBT SERVICE FUND	CAPITAL PROJECTS FUND	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
Revenues:					
Property taxes .....	\$ 96,828				\$ 96,828
Intergovernmental .....	88,939		\$ 5,877	\$31,747	126,563
Licenses, fees and charges for goods and services .....	8,687		602	7,832	17,121
Income on investments .....	752		396	437	1,585
Miscellaneous .....	1,624		127	1,181	2,932
Total revenues .....	196,830		7,002	41,197	245,029
Expenditures:					
Current:					
General government .....	5,522			119	5,641
Public safety .....	32,741			785	33,526
Public works .....	12,824		319	4,050	17,193
Health and welfare .....	2,204			6,900	9,104
Education .....	112,603		12,161	22,835	147,599
Parks and recreation .....	7,036			4,467	11,503
Capital outlay .....			9,521		9,521
Debt and sundry .....		\$ 25,851			25,851
Total expenditures .....	172,930	25,851	22,001	39,156	259,938
Excess (deficiency) of revenues over expenditures .....	23,900	(25,851)	(14,999)	2,041	(14,909)
Other financing sources (uses):					
Transfers in .....	6,172	25,851	2,980	960	35,963
Transfers out .....	(29,058)		(6,090)	(1,140)	(36,288)
Proceeds from the issuance of notes .....			2,696		2,696
Total other financing sources (uses) .....	(22,886)	25,851	(414)	(180)	2,371
Net change in fund balances .....	1,014		(15,413)	1,861	(12,538)
Fund balance (deficit), July 1, 2004 .....	8,010	- 0 -	(8,248)	15,828	
Fund balance (deficit), June 30, 2005 .....	\$ 9,024	\$ - 0 -	\$(23,661)	\$17,689	
Amounts reported for governmental activities in the statement of activities (Exhibit II) are different because:					
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay exceeded depreciation expense in the current period .....					12,064
In the statement of activities, only the gain or (loss) on the sale of capital assets is reported, whereas in the governmental funds, the proceeds from the sale increases financial resources. Thus, the change in net assets differs from the change in fund balance by the cost of the asset sold .....					(316)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds .....					(1,811)
Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. This is the amount by which repayments exceeded proceeds .....					10,883
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds .....					249
Internal service funds are used by management to charge the costs of risk management to individual funds. The net revenue (expense) of the internal service fund is reported with governmental activities (Exhibit VI) .....					2,879
Change in net assets of governmental activities (Exhibit II) .....					\$ 11,410

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

CITY OF NEW BRITAIN, CONNECTICUTPROPRIETARY FUNDSSTATEMENT OF NET ASSETS  
JUNE 30, 2005

(thousands)

	BUSINESS-TYPE ...ACTIVITIES.. WATER ENTERPRISE FUND	GOVERNMENTAL ...ACTIVITIES.. INTERNAL SERVICE FUND
<b>ASSETS:</b>		
Current assets:		
Cash and cash equivalents .....	\$13,794	\$ 7,467
Investments .....		18,263
Receivables:		
Due from other funds .....		1,613
Other (net of allowance for uncollectible) .....	<u>3,490</u>	<u>118</u>
Total current assets .....	17,284	27,461
Noncurrent assets:		
Capital assets, net .....	<u>67,986</u>	
Total assets .....	<u>85,270</u>	<u>27,461</u>
<b>LIABILITIES:</b>		
Current liabilities:		
Accounts and accrued expenses .....	498	629
Compensated absences .....	225	
Due to other funds .....	1,740	928
Current portion of notes payable .....	<u>1,834</u>	
Total current liabilities .....	<u>4,297</u>	<u>1,557</u>
Noncurrent liabilities:		
Bonds and notes payable .....	44,577	
Claim reserves .....		<u>20,579</u>
Total liabilities .....	<u>48,874</u>	<u>22,136</u>
<b>NET ASSETS:</b>		
Invested in capital assets, net of related debt .....	21,575	
Unrestricted .....	<u>14,821</u>	<u>5,325</u>
Total net assets .....	<u>\$36,396</u>	<u>\$ 5,325</u>

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

---

CITY OF NEW BRITAIN, CONNECTICUTPROPRIETARY FUNDSSTATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS  
FOR THE YEAR ENDED JUNE 30, 2005

	(thousands)	BUSINESS-TYPE ...ACTIVITIES.. WATER ENTERPRISE FUND	GOVERNMENTAL .ACTIVITIES.. INTERNAL SERVICE FUND
Operating revenues:			
Charges for services and goods .....	\$10,999		
Charges to other funds .....			\$22,298
Other .....			<u>5,408</u>
Total operating revenues .....	<u>10,999</u>		<u>27,706</u>
Operating expenses:			
Sources of supply expense .....	471		
Water treatment expense .....	883		
Pumping expense .....	488		
Transmission and distribution expense .....	665		
Administration and general expense .....	1,444		1,620
Customer accounts expense .....	331		
Depreciation expense .....	1,553		
Forestry expense .....	48		
Claims incurred .....			24,302
Maintenance expense .....	1,110		
Miscellaneous .....	<u>641</u>		
Total operating expenses .....	<u>7,634</u>		<u>25,922</u>
Operating income .....	<u>3,365</u>		<u>1,784</u>
Nonoperating revenue and expenses:			
Income on investments .....	412		1,235
Increase in actuarial claims reserve .....			(465)
Interest expenses .....	<u>(1,397)</u>		
Total nonoperating revenue and expenses .....	<u>(985)</u>		<u>770</u>
Change in net assets before transfers .....	2,380		2,554
Transfers:			
Transfers in .....			<u>325</u>
Change in net assets .....	2,380		2,879
Total net assets, July 1, 2004 .....	<u>34,016</u>		<u>2,446</u>
Total net assets, June 30, 2005 .....	<u>\$36,396</u>		<u>\$ 5,325</u>

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



## CITY OF NEW BRITAIN, CONNECTICUT

## PROPRIETARY FUNDS

STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2005

	(thousands)	.BUSINESS-TYPE ACTIVITIES. WATER ENTERPRISE FUND	.GOVERNMENTAL ACTIVITIES. INTERNAL SERVICE FUND
Cash flows from (to) operating activities:			
Cash received from charges to other funds .....			\$ 26,107
Cash received from customers .....		\$ 11,416	
Cash received from other operating activities .....			4,371
Cash paid for premiums and other operating expenses .....		(4,783)	(1,651)
Cash payments for claims made .....			(24,022)
Net cash provided by operating activities .....		6,633	4,805
Cash flows from noncapital financing activities:			
Transfers from other funds .....			325
Cash flows from (to) capital financing activities:			
Acquisition of capital assets .....		(2,899)	
Proceeds from loan obligation .....		14,000	
Payment of loan obligation .....		(16,372)	
Interest paid on capital debt .....		(1,397)	
Net cash provided (used) by capital financing activities .....		(6,668)	
Cash flows from (to) investing activities:			
Income on investments .....		412	824
Purchase of investments .....			(68)
Net cash provided by investing activities .....		412	756
Net increase in cash and cash equivalents .....		377	5,886
Cash and cash equivalents, July 1, 2004 .....		13,417	1,581
Cash and cash equivalents, June 30, 2005 .....		\$ 13,794	\$ 7,467
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES			
Operating income .....		\$3,365	\$1,784
Adjustments to reconcile operating income to net cash provided (used) by operating activities:			
Depreciation .....		1,553	
Change in assets and liabilities:			
(Increase) decrease in accounts receivable .....		417	38
(Increase) decrease in due from other funds .....			2,734
Increase (decrease) in accounts payable and accrued expenses .....		188	365
Increase (decrease) in due to other funds .....		1,110	(116)
Total adjustments .....		3,268	3,021
Net cash provided (used) by operating activities .....		\$6,633	\$4,805
Non-cash investment activities:			
Net increase in fair value of investments .....		\$-0-	\$411

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

CITY OF NEW BRITAIN, CONNECTICUTFIDUCIARY FUNDSSTATEMENT OF FIDUCIARY NET ASSETS  
JUNE 30, 2005

(thousands)

	PENSION TRUST FUNDS	AGENCY FUNDS
ASSETS:		
Cash and cash equivalents .....	\$ 1,460	\$251
Due from other funds .....	125	5
Investments, at fair value:		
Equities .....	15,484	
Fixed income .....	73,911	
Mutual funds .....	65,930	175
Certificates of deposit .....		336
Total investments .....	155,325	511
Total assets .....	156,910	\$767
LIABILITIES:		
Accounts payable .....	26	
Due to beneficiaries .....		\$767
Total liabilities .....	26	\$767
NET ASSETS:		
Held in trust for pension benefits .....	\$156,884	

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

CITY OF NEW BRITAIN, CONNECTICUTFIDUCIARY FUNDSSTATEMENT OF CHANGES IN PLAN NET ASSETS  
PENSION TRUST FUNDS  
FOR THE YEAR ENDED JUNE 30, 2005

(thousands)

## Additions:

## Contributions:

Employer .....	\$ 934
Employee .....	<u>825</u>
Total .....	1,759

## Investment income:

Net appreciation in fair value of investments .....	\$ 5,117
Interest and dividends .....	4,966
Miscellaneous .....	<u>5</u>

Total ..... 10,088

Less investment expense ..... (538)Net investment income ..... 9,550

Total ..... 11,309

## Deductions:

Benefits .....	9,236
Administration .....	<u>88</u>

Total ..... 9,324

Net increase ..... 1,985

Net assets held in trust for pension benefits, July 1, 2004 ..... 154,899Net assets held in trust for pension benefits, June 30, 2005 .... \$156,884

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

**CITY OF NEW BRITAIN, CONNECTICUT**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2005**

---

(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 (2) 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 (3) 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 (12) other cities and towns 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 City officials appointed by each of the participating municipalities, and assumes all the management decisions. The City of New Britain 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 \$123 were incurred in 2004-05 related to the City's participation in TROC.

Unreserved, fund balance, of the General Fund, for fiscal year ended June 30, 2005 as reflected in the Committee's financial statements is \$802. 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 thirteen (13) other cities and towns in a joint venture, the Bristol Resource Recovery Facility (BRRFOC). The 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 of New Britain 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 the BRRFOC amounted to \$2,927 this year.

Unreserved, fund balance for fiscal year ended June 30, 2005 as reflected in the BRRFOC's financial statements is \$12.5 million. A complete set of financial statements for BRRFOC can be obtained from the administrative office at 43 Enterprise Drive, Bristol, Connecticut.

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 \$41,920.

### **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 (7), 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 changes in net assets) 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.

The various types included in the financial statements are described below:

### **Governmental Funds**

Governmental Funds are those through which most governmental functions typically are financed.

*General Fund* - the primary operating fund of the City. This fund is used to account for all financial transactions and resources except those required to be accounted for in another fund. Revenues are derived primarily from property taxes, state and federal grants, licenses, permits, charges for service, and interest income.

*Special Revenue Funds* - account for revenue derived from specific sources (other than major capital projects) that are restricted by legal and regulatory provisions to finance specific activities.

*Capital Project Funds* - account for all financial resources used for the acquisition or construction of major capital facilities not being financed by proprietary funds.

*Debt Service Funds* - account for the payment of principal and interest on general long-term debt of the City.

### **Proprietary Funds**

Proprietary funds are used to account for activities that are similar to those often found in the private sector. These funds are accounted for on the flow of economic resources measurement focus and use the accrual basis of accounting. The following are the City's proprietary funds:

*Enterprise Funds* - account for operations that are financed in a manner similar to private business enterprises, where the intent is that costs of providing goods or services to the general

public on a continuing basis be financed or recovered primarily through user charges. The Water Enterprise Fund is the City's only enterprise fund.

*Internal Service Funds* - account for the financing of goods or services provided by one department to other departments or agencies of the City on a cost-reimbursement basis. The City's internal service funds are comprised of the Special Reserve Fund, the Health Insurance Fund, the Workers' Compensation Fund and the General Accident Casualty and Liability Fund.

### **Fiduciary Funds**

Fiduciary Funds are used to account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations, and other governments. Fiduciary funds are not included in the government-wide statements. The fiduciary funds are as follows:

*Pension Trust Fund* - accounts for the New Britain police and fire retirement system.

*Agency Funds* - are custodial in nature (assets equal liabilities) and do not involve measurement of results of operation. The school system Student Activity Fund and the Contractor's Bond Fund are the City's agency funds.

### ***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. 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 Debt Service Fund accounts for the payment of principal and interest on long-term debt of the City.

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 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.

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.

#### ***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 4.

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 non-current 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 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 5 years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of 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, as well as the component units, 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 \$8,398. 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 has entered into an interest rate swap agreement and an option to enter into an interest rate swap agreement to modify interest rates on outstanding debt. Other than the net interest expenditures and revenue resulting from these agreements, no amounts are recorded in the financial statements (see Note 10).

#### ***K. Fund Equity***

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

#### ***L. Restatement***

The City's beginning net assets have been restated to properly reflect capital assets which were previously not recorded in the amount of \$509.

## 2. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

### A. *Explanation of Certain Differences Between the Governmental Fund Balance Sheet and the Government-Wide Statement of Net Assets*

The governmental fund balance sheet includes a reconciliation between fund balance - total governmental funds and net assets governmental activities as reported in the government-wide statement of net assets. One element of that reconciliation explains that “long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds”. The details of this \$(191,688) difference are as follows:

Bonds payable .....	\$175,035
Less: Deferred charge on refunding (to be amortized as interest expense) .....	(135)
Notes payable .....	4,587
Accrued interest payable .....	3,706
Capital leases payable.....	23
Compensated absences .....	8,398
Unamortized bond premium .....	<u>74</u>
Net adjustment to reduce fund balance - total governmental funds to arrive at net assets - governmental activities .....	<u><u>\$191,688</u></u>

Another element of that reconciliation states that “certain long-term assets are not available to pay for current-period expenditures and therefore, are deferred in the funds”. The details of this \$47,135 difference are as follows:

Delinquent property taxes receivable .....	\$ 7,761
Accrued interest on property taxes receivable.....	7,924
Net pension asset .....	1,345
Housing loans receivable.....	3,856
Housing loans allowance for doubtful accounts.....	(148)
Accrued interest on housing loans.....	8
School building grants receivable .....	<u>26,389</u>
Net adjustment to increase fund balance - total governmental funds to arrive at net assets - governmental activities .....	<u><u>\$47,135</u></u>

***B. Explanation of Certain Differences Between the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances and the Government-Wide Statement of Activities***

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balances - total governmental funds and changes in net assets of governmental activities as reported in the government-wide statement of activities. One element of that reconciliation explains that “Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense”. The details of this \$12,064 difference are as follows:

Capital outlay .....	\$20,065
Depreciation expense.....	<u>(8,001)</u>
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities .....	<u>\$12,064</u>

Another element of that reconciliation states that “the net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net assets”. The details of this \$(316) difference are as follows:

In the statement of activities, only the gain or (loss) on the sale of capital assets is reported. However, in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net assets differs from the change in fund balance by the cost of the capital assets sold. ....	<u>\$(316)</u>
---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	----------------

Another element of that reconciliation states that “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, however, 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 deferred and amortized in the statement of activities”. The details of this \$10,883 difference are as follows:

Proceeds from the issuance of notes .....	\$ (2,695)
Principal repayments:	
General obligation debt.....	13,295
Capital leases .....	23
Clean water notes.....	261
Amortization of bond premium.....	25
Refunding deferral .....	<u>(26)</u>
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities .....	<u>\$10,883</u>

Another element of that reconciliation states that “some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds”. The details of this \$249 difference are as follows:

Compensated absences.....	\$ 44
Accrued interest .....	<u>205</u>
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities .....	<u>\$249</u>

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

#### ***A. Budgetary Information***

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

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

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

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

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

The City's budgeting system requires accounting for certain transactions be on a basis other than generally accepted accounting principles (GAAP basis). A major difference between the budget and GAAP basis is that encumbrances are recognized as a charge against a budget appropriation in the year in which the purchase order is issued and, accordingly, encumbrances outstanding at year-end are recorded in budgetary reports as expenditures in the current year, whereas, on a GAAP basis, encumbrances are recorded as 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 as reservations of fund balances 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 June 30, 2005:

Nonmajor:

Special Revenue Funds:

Local Capital Improvements.....	\$46
Summer Food.....	\$1
Highway Safety Grant .....	\$29
Bullet Proof Vest Grant .....	\$4
Youth Build Program.....	\$14
Emergency Shelter Grant.....	\$18
Business Outreach.....	\$120
Redevelopment Commission .....	\$6
Capital Projects Fund .....	\$23,661
Internal Service Funds:	
Workers' Compensation .....	\$3,506

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.

## **4. 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 does 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.

## A. Cash and Cash Equivalents

The following is a summary of cash and cash equivalents at June 30, 2005:

Deposits:	
Demand accounts.....	\$37,816
Certificates of deposit .....	<u>336</u>
Total Deposits.....	38,152
Petty cash.....	4
Cash equivalents:	
State Tax Exempt Proceeds Fund (TEPF) .....	65
State Short-Term Investment Fund (STIF) .....	17,688
Money Market Fund .....	51
Financial Investors Trust Portfolio Money Market Fund.....	12,641
Less: Certificates of deposit classified as investments(336)	<u>          </u>
TOTAL CASH AND CASH EQUIVALENTS ....	<u><u>\$68,265</u></u>

### Deposits

At June 30, 2005 the carrying amount of the City deposits was \$38,152 and the bank balance was \$40,315.

*Custodial Credit Risk* – Custodial credit risk is the risk that in the event of a bank failure, the City’s deposits may not be returned to it. The City does not have a deposit policy for custodial credit risk. Of the June 30, 2005 bank balance, \$958 was covered by Federal Depository Insurance. 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. A minimum of \$3,936, based on June 30, 2005 deposits, was collateralized (collateral held by the pledging bank’s trust department is not in the City’s name). The balance of deposits of \$35,421 was uninsured and uncollateralized.

### Cash Equivalents

Cash equivalents are short-term, highly liquid investments that are both readily convertible to known amounts of cash and purchased within 90 days of maturity. At June 30, 2005 the City’s cash equivalents amounted to \$30,445. 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.

	<b><u>Standard and Poor’s</u></b>
State Short-Term Investment Fund (STIF) .....	AAAm
State Tax Exempt Proceeds Fund (TEPF)* .....	
Financial Investors Trust Portfolio Money Market Fund .....	AAAm
Money Market Funds*	

\*Not rated

## B. Investments

Investments as of June 30, 2005 in all funds are as follows:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Weighted Average Maturity (Years)</u>
Interest Bearing Investments:		
Certificates of deposit* .....	\$ 336	.83
Corporate bonds .....	21,244	13.53
U.S. government and agency obligations.....	72,164	11.71
Other Investments:		
Marketable Equity Securities .....	9,372	
Pooled open-end mutual fund accounts:		
Mutual Funds .....	<u>76,622</u>	
<b>TOTAL.....</b>	<b><u>\$179,738</u></b>	

Portfolio weighted average maturity for interest bearing investments .....	12.08
----------------------------------------------------------------------------	-------

\*Subject to coverage by Federal Depository Insurance and collateralization as described under "Deposits" above.

*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. The following table provides a summary of the City's investments (excluding U.S. government guaranteed obligations) as rated by nationally recognized statistical rating organizations.

	<u>Standard and Poor's</u>	<u>Moody's Investor Service</u>
Corporate bonds .....	AA-	Aa3

*Concentration of Credit Risk* – The City does not have a policy which limits investments in any one issuer that is in excess of five percent 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. At June 30, 2005, the City did not have any uninsured and unregistered securities held by the counterparty, or by its trust department or agent that were not in the City's name.



## 5. RECEIVABLES

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

	<u>General</u>	<u>Capital Projects</u>	<u>Nonmajor and Other Funds</u>	<u>Business Activities Water Enterprise Fund</u>	<u>Total</u>
Receivables:					
Interest*.....				\$ 276	\$ 276
Taxes .....	\$ 9,143				9,143
Water .....				2,333	2,333
Sewer.....				866	866
Accounts.....	1,017	\$189	\$ 3,936	332	5,474
Housing loans.....			3,856		3,856
Intergovernmental .....	59		3,365		3,424
Intergovernmental – School Building Grants.	26,389				26,389
Gross receivables .....	36,608	189	11,157	3,807	51,761
Less: allowance for uncollectibles.....	750		148**	317	1,215
Net total receivables .....	<u>\$35,858</u>	<u>\$189</u>	<u>\$11,009</u>	<u>\$3,490</u>	<u>\$50,546</u>

\* Accrued interest on property taxes and long-term housing loans in the amount of \$7,932 are not included in the fund financial statements.

\*\* Allowance for uncollectible amounts related to loan receivables 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>148</u>
TOTAL.....	<u>\$1,215</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.....	\$ 7,761	
Housing loans .....	3,856	
School building grants .....	26,389	
Grant drawdowns prior to meeting all eligibility requirements ..	_____	\$4,156
Total deferred/unearned revenue for governmental funds .....	<u>\$38,006</u>	<u>\$4,156</u>

## 6. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2005 was as follows:

	<u>Beginning Balance*</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Governmental activities</b>				
Capital assets, not being depreciated:				
Land.....	\$ 23,623	\$ 145	\$ (140)	\$ 23,628
Construction in progress.....	25,065	19,223	(2,313)	41,975
Total capital assets, not being depreciated .	48,688	19,368	(2,453)	65,603
Capital assets, being depreciated:				
Buildings .....	182,331	306	(140)	182,497
Machinery and equipment .....	16,118	259	(34)	16,343
Vehicles .....	13,903	132	(776)	13,259
Infrastructure .....	83,009	2,313	(22)	85,300
Total capital assets being depreciated .....	295,361	3,010	(972)	297,399
Less accumulated depreciation for:				
Buildings .....	86,426	3,928	(15)	90,339
Machinery and equipment .....	12,390	853	(31)	13,212
Vehicles .....	10,173	756	(740)	10,189
Infrastructure .....	48,387	2,464	(10)	50,841
Total accumulated depreciation.....	157,376	8,001	(796)	164,581
Total capital assets, being depreciated, net	137,985	(4,991)	(176)	132,818
Governmental activities capital assets, net.	<u>\$186,673</u>	<u>14,377</u>	<u>(2,629)</u>	<u>198,421</u>

\*Restated by \$509 for amounts previously not recorded (See Note 1).

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Business-type activities</b>				
Capital assets, not being depreciated:				
Land.....	\$ 2,167			\$ 2,167
Construction in progress.....	2,645	\$ 2,594		5,239
Total capital assets, not being depreciated .	4,812	2,594		7,406
Capital assets, being depreciated:				
Source of supply .....	5,391	42	\$(7)	5,426
Pumping plant.....	2,910			2,910
Water treatment plant .....	2,520	52		2,572
Filter plant .....	53,146			53,146
Transmission and distribution .....	10,853	79		10,932
General plant and administrative equipment .....	1,039	142	(1)	1,180
Total capital assets, being depreciated .....	75,859	315	(8)	76,166
Less accumulated depreciation for:				
Source of supply .....	2,131	53		2,184
Pumping plant.....	1,388	56		1,444
Water treatment .....	1,604	58		1,662
Filter plant .....	89	1,063		1,152
Transmission and distribution .....	7,996	178		8,174
General plant and administrative equipment .....	824	146		970
Total accumulated depreciation.....	14,032	1,554		15,586
Total capital assets, being depreciated, net .	61,827	(1,239)	(8)	60,580
Business-type activities capital assets, net ..	<u>\$66,639</u>	<u>\$ 1,355</u>	<u>\$(8)</u>	<u>\$67,986</u>

Depreciation expense was charged to functions/programs as follows:

**Governmental activities**

General government.....	\$ 485
Public safety.....	1,115
Public works .....	3,064
Health and social services .....	41
Parks and recreation .....	761
Education .....	<u>2,535</u>
Total depreciation expense - governmental activities .....	<u>\$8,001</u>

**Business-type activities**

Enterprise Fund - water depreciation expense - business-type activities..... \$1,554

**Construction Commitments**

The City has active construction projects as of June 30, 2005. The following is a summary of capital projects as of June 30, 2005:

<u>Project</u>	<u>Project Authorization</u>	<u>Cumulative Expenditures</u>
Public buildings .....	\$ 44,901	\$ 33,482
Schools.....	60,265	31,714
Infrastructure.....	93,370	48,444
Parks and recreation.....	3,425	1,100
Miscellaneous .....	<u>36,778</u>	<u>23,980</u>
Total.....	<u>\$238,739</u>	<u>\$138,720</u>

**7. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS**

During the course of operations, transactions are processed through a 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, 2005 is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund.....	Enterprise Fund .....	\$ 1,275
	Capital Projects Fund .....	7,169
	Nonmajor Fund .....	5,393
	Internal Service Fund .....	928
Agency Funds .....	General Fund .....	5
Nongovernmental Funds ...	General Fund .....	3,876
	Enterprise Fund .....	465
Internal Service Fund .....	General Fund .....	1,613
Pension Trust Funds.....	General Fund .....	<u>125</u>
TOTAL .....		<u>\$20,849</u>

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

Interfund transfers:

<u>Transfers to</u>	<u>Transfer From.....</u>			<u>Total Transfer</u>
	<u>General Fund</u>	<u>Capital Projects</u>	<u>Other Government</u>	
General.....		\$5,625	\$ 547	\$ 6,172
Debt Service.....	\$24,930	465	456	25,851
Capital Projects .....	2,843		137	2,980
Nonmajor Governmental	960			960
Internal Service .....	325			325
<b>TOTAL .....</b>	<b>\$29,058</b>	<b>\$6,090</b>	<b>\$1,140</b>	<b>\$36,288</b>

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

## 8. LEASES

### Capital Leases

The City has entered into a lease agreement for a certain parcel of property. The lease agreement qualifies as a capital lease for accounting purposes (titles transfer at the end of lease term) and, therefore, has been recorded at the present value of the future minimum lease payments as of the date of the lease inception based on imputed interest rate of 11.99%.

The following is a schedule of future minimum lease payments under the capital lease.

<u>Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Imputed Interest</u>	<u>Total</u>
2006 .....	<u>\$23</u>	<u>\$3</u>	<u>\$26</u>

## 9. 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 and the Enterprise Fund, were outstanding at June 30, 2005:

<u>Description</u>	<u>Fund</u>	<u>Rate</u>	<u>Maturity Date</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
2005 bond anticipation notes.....	Capital Projects and Enterprise Fund .....	4%	04/06/2006		\$34,060		\$34,060
2004 bond anticipation notes.....	Capital Projects and Enterprise Fund .....	2%	04/05/2005	\$32,965		\$32,965	
Clean Water Interim financing ..	Capital Projects .....	2%		1,397		1,397	
<b>TOTAL .....</b>				<b>\$34,362</b>	<b>\$34,060</b>	<b>\$34,362</b>	<b>\$34,060</b>

## 10. LONG-TERM DEBT

A schedule of bond indebtedness as of June 30, 2005 is as follows:

### General Fund Long-Term Bonded Debt

	<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:					
1988 Series	6.4% - 6.7%	\$ 16,795	04/01/88	04/01/08	\$ 1,485
1992 Series	4.6% - 6.5%	6,875	02/01/92	02/01/07	820
1993 Series A	3.8% - 6.0%	13,300	02/01/93	10/01/12	5,900
1993 Series B	3.8% - 6.0%	13,075	02/01/93	04/01/12	5,045
1994 Series	4.0% - 5.0%	17,700	02/01/94	02/01/14	7,965
1996 Series	4.4% - 5.0%	4,325	03/15/96	04/15/11	1,185
1997 Series	4.4% - 5.1%	13,115	04/15/97	04/15/13	5,710
1999 Series	4.65%	12,425	04/13/99	04/01/13	8,895
2000 Series A	5.0% - 5.3%	5,600	04/12/00	04/01/15	3,725
2003 Series	2.0% - 5.25%	<u>1,550</u>	11/01/02	05/01/14	<u>929</u>
Subtotal		<u>104,760</u>			<u>41,659</u>
Public Improvement:					
1986 Series	6.4% - 6.5%	9,915	10/01/86	10/01/06	620
1988 Series	6.4% - 7.0%	4,300	04/01/88	04/01/08	645
1992 Series	4.6% - 6.5%	8,285	02/01/92	02/01/12	2,800
1993 Series B	3.8% - 6.0%	16,210	02/01/93	04/01/12	6,305
1996 Series	4.4% - 5.0%	1,350	03/15/96	04/15/11	90
1997 Series	4.4% - 5.1%	8,925	04/15/97	04/15/13	\$2,470
1999 Series	4.65%	1,300	04/13/99	04/01/13	200
2000 Series B	5.71%	12,080	04/01/00	04/01/20	10,125
2003 Series	3.0% - 5.0%	<u>1,255</u>	04/01/03	04/15/08	<u>721</u>
Subtotal		<u>63,620</u>			<u>23,976</u>
General Obligation Pension Bonds:					
1998 Series	5.72% - 6.64%	<u>106,000</u>	02/01/98	02/01/26	<u>98,830</u>
Refunding Bonds of 1989:					
1998 Series	4.00% - 5.00%	<u>6,565</u>	06/01/98	04/01/09	<u>2,285</u>
General Obligation Taxable Worker's Compensation Bonds:					
2000 Series	Variable	<u>7,000</u>	06/01/00	06/01/10	<u>3,500</u>
Refunding Bonds of 1995:					
2003 Series	2.0% - 5.25%	<u>4,070</u>	11/01/02	05/01/14	<u>3,990</u>
TOTAL GENERAL FUND DEBT .....		<u>\$292,015</u>			<u>\$174,240</u>

### Self Liquidating Long-Term Bonded Debt

	<b><u>Interest Rate (%)</u></b>	<b><u>Original Issue</u></b>	<b><u>Date of Issue</u></b>	<b><u>Date of Maturity</u></b>	<b><u>Balance Outstanding</u></b>
Sewer:					
1999 Series	4.65%	\$ 900	04/13/99	04/01/13	\$360
Subway:					
1999 Series	5.3% - 6.0%	<u>2,610</u>	05/01/99	05/01/06	<u>435</u>
TOTAL SELF-LIQUIDATING DEBT .....		<u>\$3,510</u>			<u>\$795</u>

#### Changes in Long-Term Liabilities

Long-term liability activity for the year ended June 30, 2005, was as follows:

	<b><u>Beginning Balance</u></b>	<b><u>Additions</u></b>	<b><u>Reductions</u></b>	<b><u>Ending Balance</u></b>	<b><u>Due Within One Year</u></b>
<b>Governmental activities</b>					
Bonds payable:					
General obligation bonds	\$187,030		\$(12,790)	\$174,240	\$13,455
Less deferred amounts:					
For issuance discounts on					
refunding .....	<u>(161)</u>		<u>26</u>	<u>(135)</u>	<u>(26)</u>
Total general obligation bonds .....	<u>186,869</u>		<u>(12,764)</u>	<u>174,105</u>	<u>13,429</u>
Self liquidating bonds ....	<u>1,300</u>		<u>(505)</u>	<u>795</u>	<u>525</u>
Total bonds payable .....	<u>188,169</u>		<u>(13,269)</u>	<u>174,900</u>	<u>13,954</u>
Notes payable:					
Clean Water notes .....	2,154	\$ 2,695	(262)	4,587	251
Capital leases.....	46		(23)	23	23
Compensated absences.....	8,442	2,056	(2,100)	8,398	1,543
Risk management .....	<u>19,834</u>	<u>24,767</u>	<u>(24,022)</u>	<u>20,579</u>	<u>3,766</u>
Governmental activity long-term liabilities .....	<u>\$218,645</u>	<u>\$29,518</u>	<u>\$(39,676)</u>	<u>\$208,487</u>	<u>\$19,537</u>

	<b><u>Beginning Balance</u></b>	<b><u>Additions</u></b>	<b><u>Reductions</u></b>	<b><u>Ending Balance</u></b>	<b><u>Due Within One Year</u></b>
<b>Business-type activities</b>					
Bonds payable .....		\$14,000		\$14,000	
Notes payable:					
Clean water notes .....	\$35,044		\$(2,633)	32,411	\$1,834
Compensated absences .....	211	14		225	89
Business-type activity long-term liabilities .....	<u>\$32,255</u>	<u>\$14,014</u>	<u>\$(2,633)</u>	<u>\$46,636</u>	<u>\$1,923</u>

In prior years, the City had defeased certain general obligation bonds by placing 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 not included in the Town's financial statements. At June 30, 2005, \$4,365 of bonds outstanding are considered defeased.

#### 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:

<b><u>Category</u></b>	<b><u>Debt Limit</u></b>	<b><u>Net Indebtedness</u></b>	<b><u>Balance</u></b>
General purpose.....	\$221,695	\$122,228	\$99,467
Schools .....	\$443,390	\$54,436	\$388,954
Sewers .....	\$369,491	\$15,817	\$353,674
Urban renewal .....	\$320,226		\$320,226
Pension deficit .....	\$295,593		\$295,593

The total overall statutory debt limitation for the City is equal to seven times annual receipts from taxation (\$689,717).

The indebtedness above includes \$142,424 of authorized bonds which were unissued as of June 30, 2005.

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.



The maturities relating to all bonds and serial notes of the Governmental Activities of the City as of June 30, 2005 are as follows:

<b>Year Ending June 30,</b>	<b>Principal General Obligation</b>	<b>Principal Self Liquidating</b>	<b>Principal Clean Water Notes</b>	<b>Interest General Obligation</b>	<b>Interest Self Liquidating</b>	<b>Interest Clean Water Notes</b>	<b>Total</b>
2006	\$ 13,455	\$525	\$ 251	\$ 10,443	\$43	\$ 89	\$ 24,806
2007	13,085	90	251	9,688	13	84	23,211
2008	12,145	90	251	8,916	8	79	21,489
2009	11,245	90	251	8,281	4	74	19,945
2010	11,025		251	7,646		69	18,991
2011	10,580		251	7,011		64	17,906
2012	10,690		251	6,413		59	17,413
2013	8,245		251	5,802		54	14,352
2014	6,195		251	5,353		49	11,848
2015	5,185		251	4,984		44	10,464
2016	5,125		251	4,660		39	10,075
2017	5,465		251	4,336		34	10,086
2018	5,820		251	3,988		29	10,088
2019	6,205		250	3,616		24	10,095
2020	6,610		250	3,219		19	10,098
2021	6,010		250	2,795		14	9,069
2022	6,515		250	2,404		9	9,178
2023	6,940		201	1,982		4	9,127
2024	7,400		123	1,533		1	9,057
2025	7,890			1,055			8,945
2026	8,410			544			8,954
<b>TOTAL</b>	<b>\$174,240</b>	<b>\$795</b>	<b>\$4,587</b>	<b>\$104,669</b>	<b>\$68</b>	<b>\$838</b>	<b>\$285,197</b>

Note: Self Liquidating principal includes sewer debt of \$360 and subway debt of \$435.

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 1.4%. 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, 2005 are as follows:

<b>Year Ending June 30,</b>	<b>Principal Clean Water Notes</b>	<b>Principal Revenue Bonds</b>	<b>Interest Clean Water Notes</b>	<b>Interest Revenue Bonds</b>	<b>Total</b>
2006	\$ 1,834		\$ 800	\$ 710	\$ 3,344
2007	1,834		753	710	3,297
2008	1,834	\$ 375	707	707	3,623
2009	1,834	375	669	688	3,566
2010	1,834	375	617	669	3,495
2011	1,834	370	570	650	3,424
2012	1,834	375	523	631	3,363
2013	1,834	435	475	611	3,355
	<b>Principal</b>		<b>Interest</b>		

<b>Year Ending June 30,</b>	<b>Clean Water Notes</b>	<b>Principal Revenue Bonds</b>	<b>Clean Water Notes</b>	<b>Interest Revenue Bonds</b>	<b>Total</b>
2014	\$ 1,834	\$ 485	\$ 429	\$ 589	\$ 3,337
2015	1,834	530	358	564	3,286
2016	1,834	530	315	537	3,216
2017	1,834	530	286	510	3,160
2018	1,834	530	241	483	3,088
2019	1,835	530	197	456	3,018
2020	1,835	535	148	429	2,947
2021	1,835	535	100	402	2,872
2022	1,464	535	57	375	2,431
2023	1,200	535	25	348	2,108
2024	400	535	2	321	1,258
2025		535		294	829
2026		535		267	802
2027		535		239	774
2028		535		212	747
2029		535		185	720
2030		535		158	693
2031		535		131	666
2032		535		104	639
2033		535		77	612
2034		535		50	585
2035		535		23	558
<b>TOTAL</b>	<b>\$32,411</b>	<b>\$14,000</b>	<b>\$7,272</b>	<b>\$12,130</b>	<b>\$65,813</b>

### **Interest Rate Swap Agreements**

The City has entered into an interest rate swap agreement for the following outstanding debt:

<b><u>Type</u></b>	<b><u>Face Value</u></b>	<b><u>Interest Rate</u></b>	<b><u>Maturity Date</u></b>
Variable rate demand revenue bonds	\$14,000	Variable	April 1, 2035

Under terms of the agreement, the City will pay its counterparty a fixed interest rate in exchange for receiving the actual variable rate the City pays to its variable rate bondholders. The City and its counterparty will net the difference in these two payments and the City will continue to pay its bondholders. As a result of this agreement, the City has in effect exchanged its variable rate liability for a fixed rate obligation. This agreement does expose the City to certain market risks relating to the swap agreement.

The agreement calls for the following exchange of interest rates:

<u>Counterparty</u>	<u>Face Value</u>	<u>Interest Rate Assumed By City</u>	<u>Interest Rate Assumed By Counterparty</u>
Ambac	\$14,000	5.07%	Variable rate paid to bondholders

#### Option On Interest Rate Swap Agreements (Swaption)

Effective April 8, 2003, the City entered into a swaption with Societe Generale, New York Branch, (the “Institution”), having the following terms and conditions:

On April 24, 2003, the Institution paid the City \$1.3 million in exchange for an option to enter into an interest rate swap agreement with the City exercisable by the Institution on April 7, 2005.

In the event of the exercise of the swaption, the Institution will pay to the City the fixed rate of 6% on the notional amount of the City’s 1998 fixed rate pension bonds semi-annually, and the City will pay to the Institution a floating rate equal to the 1 month LIBOR rate compounded monthly, and payable semi-annually.

The City shall have the option to early termination of the swap agreement provided that if such termination requires a payment by the City to the Institution, the City shall establish a date within six months of the date on which the swap is terminated and shall make such payment on such established date.

Effective on April 7, 2005, this swap has expired unexercised and thus the fixed rate structure of the bonds remains and the City retains the \$1.3 million it received for granting a one time option to Societe Generale.

## 11. FUND BALANCES/NET ASSETS

The following is a description of the various reserve accounts used to indicate that a portion of equity is legally segregated for a specific purpose and is unavailable for appropriation:

### A. *Fund Balance and Net Assets Reserved*

Reserved for Encumbrances – represents outstanding purchase orders at year end on contracts which the Town intends to honor.

Reserved for Inventory – the balance of inventory accounts has been reserved to indicate that the portion of fund balance represented is not available for appropriation or expenditure.

Reserved for Employees’ Pension Benefits – represents the amount of funds accumulated in the Pension Trust Fund to pay for pension benefits.

Reserved Net Assets for Internal Service Fund – represents amounts in the Risk Management Fund which are legally reserved for self-insured losses.

Fund balance/net asset reserves are as follows:

	<u>General</u>	<u>Nonmajor Governmental</u>	<u>Capital Projects</u>	<u>Internal Service</u>	<u>Fiduciary</u>
Encumbrances .....	\$1,035	\$ 582	\$10,560		
Inventory .....		52			
Trust purposes .....		2,589			
Pension benefits .....					\$156,884
Self-insurance.....				\$5,325	
TOTAL .....	<u>\$1,035</u>	<u>\$3,223</u>	<u>\$10,560</u>	<u>\$5,325</u>	<u>\$156,884</u>

#### ***B. Fund Balance – Designations***

Nonmajor Governmental – The following programs have designated a portion of fund balance in the governmental funds to be used for future purposes:

Stanley Quarter Park .....	\$ 64
Cemetery Fund .....	101
Sewer Fund.....	725
Recreation Amusement Fund .....	3
Darius Miller Walnut Hill .....	32
YSB Program Activity .....	1
Drug Investigation.....	<u>157</u>
TOTAL.....	<u>\$1,083</u>

## **12. 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 \$100 for major medical, and for hospitalization for the contract year July 1, 2004 to June 30, 2005. The City has obtained coverage which 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 \$1,853 is reported in the internal service fund at June 30, 2005, 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 twelve 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 \$18 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 ending June 30, 2005 and June 30, 2004 as follows:

	.....June 30, 2005.....			.....June 30, 2004.....		
			General Accident Casualty And			General Accident Casualty And
	<u>Medical</u>	<u>Workers' Compensation</u>	<u>Liability</u>	<u>Medical</u>	<u>Workers' Compensation</u>	<u>Liability</u>
Beginning of year claim reserve.....	\$ 1,573	\$16,033	\$ 2,228	\$ 1,400	\$15,643	\$2,228
Current year incurred claims and changes in prior year estimate ....	22,357	3,433	(1,023)	18,685	2,246	119
Claim payments.....	(22,077)	(1,853)	(92)	(18,512)	(1,856)	(119)
End of year claim reserve.....	\$ 1,853	\$17,613	\$ 1,113	\$ 1,573	\$16,033	\$2,228

### 13. 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 ten 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 ¼% 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 5% of covered payroll. The City's and employee contributions to MERF for the year ended June 30, 2005, June 30, 2004 and June 30, 2003 are as follows:

<b><u>Fiscal Year Ended</u></b>	<b><u>City Contribution Amount</u></b>	<b><u>Employee Contribution Amount</u></b>	<b><u>Total Contribution Amount</u></b>	<b><u>Total Payroll covered by the MERF</u></b>
June 30, 2003	\$1,054	\$1,758	\$2,812	\$35,164
June 30, 2004	\$1,274	\$1,664	\$2,938	\$33,306
June 30, 2005	\$1,742	\$1,802	\$3,544	\$36,026

### 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 to a maximum of 80%.

The financial information of the PERS is as follows:

***Statement of Plan Net Assets***

	<b>.....Employee Retirement Funds.....</b>		
	<b>Police Benefit Plan</b>	<b>Firemen's Benefit Plan</b>	<b>Total</b>
Assets:			
Cash and cash equivalents .....	\$ 568	\$ 892	\$ 1,460
Investments .....	77,464	77,861	155,325
Due from other funds .....	39	86	125
<b>TOTAL .....</b>	<b><u>\$78,071</u></b>	<b><u>\$78,839</u></b>	<b><u>\$156,910</u></b>
Liabilities:			
Accounts payable .....	<u>\$13</u>	<u>\$13</u>	<u>\$26</u>
Net assets:			
Reserved for employee retirement .....	<u>\$78,058</u>	<u>\$78,826</u>	<u>\$156,884</u>

***Statement of Changes in Plan Net Assets***

	<b>.....Employee Retirement Funds.....</b>		
	<b>Police Benefit Plan</b>	<b>Firemen's Benefit Plan</b>	<b>Total</b>
Additions:			
Contributions:			
Employer .....	\$ 642	\$ 292	\$ 934
Plan members .....	402	423	825
<b>Total contribution .....</b>	<b><u>1,044</u></b>	<b><u>715</u></b>	<b><u>1,759</u></b>
Investment income:			
Net appreciation (depreciation) in fair value of investments .....	3,040	2,077	5,117
Interest and dividends .....	2,401	2,565	4,966
Miscellaneous .....	3	2	5
<b>Total investment income .....</b>	<b><u>5,444</u></b>	<b><u>4,644</u></b>	<b><u>10,088</u></b>
Investment expense .....	<u>(280)</u>	<u>(258)</u>	<u>(538)</u>
<b>Net investment income .....</b>	<b><u>5,164</u></b>	<b><u>4,386</u></b>	<b><u>9,550</u></b>
<b>Total .....</b>	<b><u>6,208</u></b>	<b><u>5,101</u></b>	<b><u>11,309</u></b>



	<b>.....Employee Retirement Funds.....</b>		
	<b>Police Benefit Plan</b>	<b>Firemen's Benefit Plan</b>	<b>Total</b>
Deductions:			
Benefits .....	\$ 5,340	\$ 3,896	\$ 9,236
Administration .....	44	44	88
Total .....	<u>5,384</u>	<u>3,940</u>	<u>9,324</u>
Transfer.....	848	(848)	
Net increase .....	1,672	313	1,985
Net assets held in trust for pension benefits, July 1, 2004.....	<u>76,386</u>	<u>78,513</u>	<u>154,899</u>
Net assets held in trust for pension benefits, June 30, 2005 .....	<u>\$78,058</u>	<u>\$78,826</u>	<u>\$156,884</u>

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

	<b><u>Fire</u></b>	<b><u>Police</u></b>
Retirees and beneficiaries currently receiving benefits .....	140	175
Current employees:		
Vested .....	108	76
Non-vested.....	<u>      </u>	<u>27</u>
Total .....	<u>248</u>	<u>278</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, 2005, these required contributions were \$234 and \$650 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:

	<b><u>Fire</u></b>	<b><u>Police</u></b>
Annual required contribution .....	\$ 234	\$ 650
Interest on net pension obligation .....	(61)	(34)
Adjustment to annual required contribution .....	<u>49</u>	<u>22</u>
Annual pension cost .....	222	638
Contributions made .....	<u>(292)</u>	<u>(642)</u>
Increase (decrease) in net pension obligation .....	(70)	(4)
Net pension obligation (asset), July 1, 2004 .....	<u>(820)</u>	<u>(451)</u>
Net pension obligation, June 30, 2005 .....	<u>\$(890)</u>	<u>\$(455)</u>

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

	<b><u>Fire</u></b>	<b><u>Police</u></b>
Actuarial Valuation Date	March 1, 2005	March 1, 2005
Actuarial Cost Method	Entry Age Normal	Entry Age Normal
Amortization Method	Level Percentage of Payroll-Closed	Level Percentage of Payroll-Closed
Remaining Amortization Period	28 years	28 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><u>Fiscal Year Ended</u></b>	<b><u>Annual Pension Cost (APC)</u></b>	<b><u>Actual Contribution</u></b>	<b><u>Percentage of APC Contributed</u></b>	<b><u>Net Pension Obligation (Asset)</u></b>
6/30/2003	\$817	\$ 768	94%	\$ (43)
6/30/2004	232	1,009	435	(820)
6/30/2005	222	292	132	(890)

Police Plan

<u>Fiscal Year Ended</u>	<u>Annual Pension Cost (APC)</u>	<u>Actual Contribution</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation (Asset)</u>
6/30/2003	\$270	\$402	149%	\$(377)
6/30/2004	639	713	113	(451)
6/30/2005	638	642	100	(455)

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

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Accrued Liability (b)</u>	<u>Unfunded Actuarial Accrued Liability (UAAL) (c)</u>	<u>Covered Payroll (d)</u>	<u>UAAL as % of Covered Payroll (c/d)</u>
12/01/1999	\$65,572	\$64,562	\$ (1,010)	\$7,397	(13.7)%
02/28/2001	68,937	62,921	(6,016)	6,526	(92.2)
03/01/2003	76,915	65,434	(11,481)	7,426	(154.6)
03/01/2005	78,249	70,151	(8,098)	6,502	(124.5)

Police Plan

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Accrued Liability (b)</u>	<u>Unfunded Actuarial Accrued Liability (UAAL) (c)</u>	<u>Covered Payroll (d)</u>	<u>UAAL as % of Covered Payroll (c/d)</u>
12/01/1999	\$71,240	\$61,910	\$(9,330)	\$8,060	(115.8)%
02/28/2001	68,608	64,741	(3,867)	6,727	(57.5)
03/01/2003	69,758	67,116	(2,642)	7,084	(37.3)
03/01/2005	77,963	71,971	(5,992)	6,640	(90.2)

*Schedule of Employer Contributions*Fire Plan

	<u>Annual Required Contribution</u>	<u>Percentage Contributed</u>
6/30/2000	\$899	100%
6/30/2001	819	100
6/30/2002	819	109
6/30/2003	819	94
6/30/2004	234	431
6/30/2005	234	125

Police Plan

	<b><u>Annual Required Contribution</u></b>	<b><u>Percentage Contributed</u></b>
6/20/2000	\$1,075	106%
6/30/2001	273	110
6/30/2002	278	135
6/30/2003	278	145
6/30/2004	650	110
6/30/2005	650	99

**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. 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 84 years.

There are fourteen (14) retirees, twenty-seven (27) 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 \$898. The “pay-as-you-go” Plan does not have a net pension obligation as of June 30, 2005.

**Trend Information**

<b><u>Fiscal Year Ended</u></b>	<b><u>Annual Pension Cost (APC)</u></b>	<b><u>Actual Contribution</u></b>	<b><u>Percentage of APC Contributed</u></b>	<b><u>Net Pension Obligation</u></b>
6/30/2003	\$1,107	\$1,107	100%	N/A
6/30/2004	1,004	1,004	100	N/A
6/30/2005	898	898	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>
06/30/2000	\$1,387	100
06/30/2001	1,262	100
06/30/2002	1,165	100
06/30/2003	1,107	100
06/30/2004	1,004	100
06/30/2005	898	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.

**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 sixty and has accumulated twenty years of credited service in the public schools of Connecticut or (2) attained any age and has accumulated thirty five years of credited service, at least twenty-five 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, 2005 the certified employees of the City contributed \$4,142 to this plan and the total payroll for certified employees covered by this plan for the year was \$57,127.

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, 2005 the City has recorded, in the General Fund, intergovernmental revenue and education expenditures in the amount of \$3,472 as payments made by the State of Connecticut on-behalf of the City. 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.

#### **14. CONTINGENT LIABILITIES**

The City of New Britain 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 judgement or judgements against the City which would materially affect its financial position.

---

CITY OF NEW BRITAIN, CONNECTICUTGENERAL FUND

SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES  
 BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
 FOR THE YEAR ENDED JUNE 30, 2005

(thousands)

....BUDGETED AMOUNTS.....

	ORIGINAL	FINAL	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
General property taxes:				
Current Taxes .....	\$ 91,777	\$ 91,777	\$ 91,217	\$ (560)
Prior Year Levy .....	2,200	3,030	3,030	
Interest and Liens .....	1,070	1,182	1,270	88
Supplemental Motor Vehicle .....	1,100	1,289	1,289	
Miscellaneous .....	10	21	22	1
Total general property taxes .....	96,157	97,299	96,828	(471)
Intergovernmental revenues (State):				
State Education for the Blind .....	150	150	178	28
H.E.W. Private Schools .....	115	115	92	(23)
Special School Transportation .....	398	398	439	41
Elementary and Secondary Transportation .....	2,142	2,142	2,127	(15)
Special Education .....	1,352	1,352	1,383	31
Education Equalization .....	60,651	60,651	60,671	20
Miscellaneous .....	1	1	178	177
State Infraction Distribution .....	4	4	3	(1)
Principal Subsidy .....	3,863	3,863	4,287	424
Interest Subsidy .....	1,455	1,455	1,220	(235)
DCA Tax Abatements .....	31	31	33	2
Town Aid Road Fund .....	279	279	276	(3)
Veterans Exemption Reimbursement .....			59	59
Tax Relief for the Elderly .....			633	633
State Property Tax Relief .....	4,036	4,036	4,011	(25)
Telephone Access Line Tax Relief .....	550	550	399	(151)
Civil Defense .....	22	22	49	27
Off Track Betting .....	350	350	276	(74)
State Pilot Hospital Colleges .....	3,914	3,914	3,905	(9)
State Pilot Model Housing .....	135	135	288	153
Manufacturers in Distress .....	80	191	191	
Boat License Distribution .....	13	13	13	
Disability Exemption .....			9	9
Manufacturing Equipment Tax Reimbursement .....	1,000	1,000	1,029	29
Legalized Gaming Distribution .....	3,651	3,651	3,688	37
Total .....	84,192	84,303	85,437	1,134
Intergovernmental revenues (other than State):				
In lieu of taxes .....	25	25	30	5
Total intergovernmental revenues .....	84,217	84,328	85,467	1,139
Licenses and permits:				
Building Structures and Equipment .....	1,054	1,054	814	(240)
All Other Licenses .....	99	99	114	15

(Continued) - 1.

CITY OF NEW BRITAIN, CONNECTICUT  
 GENERAL FUND  
 SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES  
 BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS), ETC.

(thousands)				
	....BUDGETED AMOUNTS....			VARIANCE FAVORABLE (UNFAVORABLE)
	ORIGINAL	FINAL	ACTUAL	
Licenses and permits (continued):				
Protection.....	\$ 47	\$ 47	\$ 47	
Health.....	32	32	36	\$ 4
Disposal.....	1,499	1,815	1,700	(115)
Planning and Zoning.....	4	4	10	6
Total licenses and permits .....	2,735	3,051	2,721	(330)
Charges for services:				
City Hall Commissions Rent.....	171	171	151	(20)
Town Clerk.....	1,178	1,746	1,739	(7)
Recreation.....	619	619	613	(6)
Public Safety.....	938	1,168	1,050	(118)
Parking.....	1,764	1,906	1,813	(93)
Engineering.....	158	158	9	(149)
Health.....	25	25	25	
Public Works.....	66	66	188	122
Parking Tickets.....	300	300	359	59
Assessor.....	5	5	6	1
Senior Center.....	14	14	13	(1)
Total charges for services .....	5,238	6,178	5,966	(212)
Total licenses, fees and charges for services.....	7,973	9,229	8,687	(542)
Other revenue:				
Investment Income.....	500	752	752	
Miscellaneous.....	174	307	349	42
Sale of Real Estate Property.....	760	1,043	1,051	8
Board of Education.....	115	206	311	105
Commission on Community and Neighborhood Development.....	6	6	7	1
Total other revenue.....	1,555	2,314	2,470	156
Total revenues .....	189,902	193,170	193,452	282
Other financing sources:				
Transfers in.....	6,200	6,266	6,172	(94)
TOTAL .....	<u>\$196,102</u>	<u>\$199,436</u>	199,624	<u>\$ 188</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 .....			3,472	
Cancellation of prior year encumbrances are recognized as budgetary revenue.....			(94)	
Total revenues and other financing sources as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds - Exhibit IV.....			<u>\$203,002</u>	



CITY OF NEW BRITAIN, CONNECTICUTGENERAL FUND

SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES  
 BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
 FOR THE YEAR ENDED JUNE 30, 2005

(thousands)				
....BUDGETED AMOUNTS....				VARIANCE FAVORABLE (UNFAVORABLE)
	ORIGINAL	FINAL	ACTUAL	
General Government:				
Legislative.....	\$ 183	\$ 150	\$ 200	\$ (50)
Boards and Commissions.....	22	23	22	1
Judicial.....	64	64	63	1
Elections.....	342	320	306	14
Mayor's Office.....	394	396	393	3
Planning and Zoning.....	181	188	190	(2)
Finance.....	2,436	2,632	2,615	17
Recording and Reporting.....	553	576	554	22
Legal.....	1,289	873	866	7
Central Services.....	173	167	166	1
Total General Government.....	5,637	5,389	5,375	14
Public Safety:				
Police.....	16,406	16,192	15,297	895
Fire.....	13,596	14,169	14,174	(5)
Lighting.....	717	716	818	(102)
Building.....	631	603	586	17
Civil Preparedness.....	87	106	270	(164)
Central Emergency Dispatch.....	1,569	1,558	1,550	8
Total Public Safety.....	33,006	33,344	32,695	649
Public Works:				
Bureau of Engineering.....	582	571	561	10
Administration.....	507	551	535	16
Street Services.....	3,167	3,162	3,076	86
Public Buildings.....	2,812	2,937	2,820	117
Capital Projects.....	500	410	449	(39)
Signals and Control.....	398	366	361	5
Waste Disposal.....	5,017	5,180	5,172	8
Total Public Works.....	12,983	13,177	12,974	203
Parks and Recreation:				
Administration.....	443	431	427	4
Forestry.....	236	215	209	6
Horticulture.....	280	285	280	5
Maintenance.....	2,199	2,342	2,288	54
Special Projects.....	7	10	11	(1)
Recreation Department.....	797	800	797	3
Willow Brook Sports Complex.....	52	52	51	1
Willow Brook Food Concessions.....	128	136	128	8
City Supported Agencies.....	2,798	2,798	2,798	
Cultural Organizations.....	47	47	46	1
Total Parks and Recreation.....	6,987	7,116	7,035	81

(Continued) - 1.

CITY OF NEW BRITAIN, CONNECTICUT  
 GENERAL FUND  
 SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES  
 BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS), ETC.

(thousands)				
....BUDGETED AMOUNTS.....				
	ORIGINAL	FINAL	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
Health and Social Services:				
Rights and Opportunities Commission.....	\$ 96	\$ 83	\$ 82	\$ 1
Civil Service Commission.....	315	316	305	11
Nursing.....	370	295	278	17
Environmental Control.....	380	306	293	13
Administration.....	382	304	298	6
Social Services.....	80	79	78	1
Senior Center.....	545	549	542	7
Handicap Services.....	172	172	172	
Veterans Services.....	109	154	153	1
Total Health and Human Services.....	2,449	2,258	2,201	57
Education.....	108,688	108,883	108,883	
Total Expenditures.....	169,750	170,167	169,163	1,004
Transfers Out:				
Insurance Reserve.....	125	570	325	245
Capital Non-Recurring.....		1,894	1,914	(20)
Capital Equipment Reserve.....		533	679	(146)
Dog Fund.....	90	90	90	
Centralized Services Fund.....		59	81	(22)
Local Property Tax Relief Fund.....		350	350	
Debt Service.....	25,014	24,941	24,930	11
Grants and Contributions.....	1,124	618	475	143
High School Athletics.....		214	214	
Total Transfers Out.....	26,353	29,269	29,058	211
TOTAL.....	<u>\$196,103</u>	<u>\$199,436</u>	198,221	<u>\$1,215</u>
Budgetary expenditures are different than GAAP expenditures because:				
State of Connecticut "on-behalf" payments to the Connecticut State Teachers' Retirement System for Town teachers are not budgeted.....			3,472	
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.....			295	
Total expenditures and other financing sources as reported on the statement of revenues, expenditures, changes in fund balances - governmental funds - Exhibit IV .....			<u>\$201,988</u>	

## **GENERAL FUND**

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

CITY OF NEW BRITAIN, CONNECTICUTGENERAL FUNDCOMPARATIVE BALANCE SHEET  
JUNE 30, 2005 AND 2004

(thousands)		
	2005	2004
<u>A S S E T S</u>		
Cash and cash equivalents .....	\$14,652	\$19,148
Property taxes receivable (net of allowance for uncollectible accounts) .....	8,393	8,170
Accounts receivable .....	1,017	924
Due from other governments .....	26,448	30,247
Due from other funds .....	<u>14,766</u>	<u>17,454</u>
TOTAL .....	<u>\$65,276</u>	<u>\$75,943</u>
 <u>L I A B I L I T I E S</u> <u>A N D</u> <u>F U N D B A L A N C E</u>		
Liabilities:		
Accounts payable and accrued expenses .....	\$16,481	\$15,905
Due to other funds .....	5,620	14,332
Deferred revenue .....	<u>34,151</u>	<u>37,696</u>
Total liabilities .....	<u>56,252</u>	<u>67,933</u>
Fund balance:		
Reserve for encumbrances .....	1,035	1,424
Unreserved, undesignated .....	<u>7,989</u>	<u>6,586</u>
Total fund balance .....	<u>9,024</u>	<u>8,010</u>
TOTAL .....	<u>\$65,276</u>	<u>\$75,943</u>

CITY OF NEW BRITAIN, CONNECTICUT

SCHEDULE OF TAX COLLECTIONS  
FOR THE YEAR ENDED JUNE 30, 2005

(thousands)

GRAND LIST YEAR	MILL RATE	UNCOLLECTED TAXES JULY 1, 2004	.....NET ADDITIONS	LAWFUL..... DEDUCTIONS	TRANSFERS TO SUSPENSE	ADJUSTED AMOUNT COLLECTIBLE	.....COLLECTIONS..... TAXES	INTEREST	LIEN FEES	TOTAL	UNCOLLECTED TAXES JUNE 30, 2005
2003	46.90	\$ 95,997	\$ 777	\$729		\$ 96,045	\$92,975	\$ 485	\$24	\$93,484	\$3,070
2002	46.93	2,894	154	87	\$ 58	2,903	1,811	386	31	2,228	1,092
2001	54.76	1,282	109	22	174	1,195	436	166	2	604	759
2000	50.88	736	4	7	7	726	129	68	1	198	597
1999	49.98	530		1	4	525	37	29		66	488
1998	49.42	446		2	3	441	12	12	4	28	429
1997	49.48	405	2	1	2	404	12	13	4	29	392
1996	49.58	406		2		404	10	14	3	27	394
1995	49.83	400		2	13	385	9	14	2	25	376
1994	50.85	298		1	1	296	5	9	1	15	291
1993	50.85	247			1	246	4	8	2	14	242
1992	49.36	226	1		1	226	4	8	1	13	222
1991	49.54	244		2	1	241	2	6		8	239
1990	48.15	292			1	291	2	4		6	289
1989	45.76	266	7		1	272	9	21	1	31	263
TOTAL .....		<u>\$104,669</u>	<u>\$1,054</u>	<u>\$856</u>	<u>\$267</u>	<u>\$104,600</u>	<u>\$95,457</u>	<u>\$1,243</u>	<u>\$76</u>	96,776	<u>\$9,143</u>
Suspense collections .....										12	
Total collections .....										96,788	
Property taxes receivable considered available:											
June 20, 2004 .....										(658)	
June 30, 2005 .....										<u>631</u>	
Total property tax revenue .....										<u>\$96,761</u>	

## NONMAJOR GOVERNMENTAL FUNDS

### Special Revenue Funds

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

<b>Fund</b>	<b>Funding Source</b>	<b>Function</b>
Stanley Quarter Park	Golf fees and Concession income	Operations of Public Golf Course
Lead Paint Reduction	State and Federal grants	Lead paint mitigation
Cemetery	Lot sales, internments, trust income	Fairview Cemetery operations
Dog	License fees and State grants	Animal Population Control
Willowbrook Park Pool	License, fees and charges for service	Operations of the Willowbrook Park Pool
Sewer Use	User fees and investment earnings	Operation of the sewer systems
Paul Byrne Grant	State grant	Subsidizes after school programs for City's youth
New Britain Marketing Collaborative	New Britain Chamber of Commerce and the City's General Fund.	Promote the City and it's various activities and events
Local Capital Improvement	State grant	Capital Improvement Fund
Larvicide Grant	State grant	Preventing the spread of the West Niles Virus
Board of Education State & Federal Grants	State and Federal grants	Education Programs
Lead Poisoning Prevention	State grant	Prevent lead poisoning in City youth
Substance Abuse (TCE) Grant	Federal grant	Drug rehabilitation programs
Police Explorers Program	Various funding sources	To introduce young men and women to the field of law enforcement
Martin Luther King Brick Sale	Donations	Account for the sale of bricks
Preventive Health Block Grant	State grant	To create awareness of health issues in high school students
Smoking Cessation Grant	State grants	Provides support and counseling to encourage the cessation of smoking
Exercise the Right Choice	State grant	After school programs
Exercise the Right Choice II	State grant	After school programs
Grassroots Tennis Grant	State to the Connecticut Tennis Foundation	Indoor tennis programs
Immunization Action Plan	State grant	Infant vaccination Program
Bullet Proof Vest Grant	Federal grant	Subsidizes the purchase of bullet proof vests for the City's police officers
DSS Food Stamp Workfare	State grant	Activities for food stamp recipients
Oval Grove Welfare to Work	City of New Britain Housing Authority	Workfare program
Bioterrorism Grant	Federal grant	Assists the City with the development of plans in the event of a bio-terrorist attack
System of Care Grant	State grant passed through Wheeler Clinic	Programs to respond to the mental health needs of City youth
Historical Records Preservation	State grant	Preservation of the City's Records
21 <sup>st</sup> Century Grant	State grant	Provides after school programs for the City's school age population
Centralized and Distribution Services	Various funding sources	This fund houses the costs for centralized services, mainly cell phone costs at this point, until these charges are ready to be allocated to the various City funds
Local Property Tax Relief Program	Various funding sources	Tax abatement for low income seniors and veterans
Conversation on Race	State and Federal grants	Interracial awareness program
Victim Services Coordinator Grant	State grant	Provides for overtime expenses for the City's victim service coordinator
COPS Ahead Homeland Security Grant	Federal grant	Police overtime to provide homeland security
Federal Omnibus Appropriation	Federal grant	Reducing crime and improving public safety
Independent Living	State grant	Teach transitional living skills to youth
AIDS Outreach	State grant	HIV prevention, education, testing and support services

<b>Fund</b>	<b>Funding Source</b>	<b>Function</b>
Youth Service Bureau Care Unit	State grant	Help at-risk children and their families
Juvenile Justice Center	Federal and State grants	Prevent City youth from committing delinquent or re-entering the Juvenile Court System
STD Control Program	State grant	STD prevention education and testing
Summer Food	State grant	Breakfast and lunch to needy children during the summer
Recreation Donation	Donations from local businesses	Fund various youth activities and scholarship awards
Recreation Amusement	Rental of recreation equipment	For the maintenance and purchase of new equipment
Weed and Seed	Federal grant	Crime reduction, economic growth projects, and neighborhood restoration
Mayor's Golf Tournament	Fees and charges for service	City golf tournament for the benefit of local charities
Health Per Capita	State grant	Augment local public health effort
Highway Safety Grant	State grant	Purchasing intoxilyzers for the City's police department
Drug Investigation	State Drug Asset Forfeiture Fund	Drug education and enforcement.
Senior Citizens Center		Operations of the City's Senior Center
Mobile Data Communication	State, Federal and Local funding	Enhance the City's Emergency Response System
Pulmonary Screening	State grant	Pulmonary screening
Drug Enforcement Training	State grant	Reduction of drug trafficking and drug use
Mayor's Fun Day	State grant	Provides music, activities, food, and fun for children of all ages
State Narcotics Task Force	State grant	Reducing drug trafficking
Youth Service Bureau Program Activity	Donations	Youth Service Bureau and Community Services
School Lunch Program	Federal, State and Local	School lunch programs
School Rental Account	Rental fees	Rental of school facilities
High School Athletic	Gate receipts	Purchase athletic equipment and supplies
Adult Education	Federal, State and local	Educational programs for adult residents
Summer School Music	Various funding sources	Summer school music program
Youth Build Program	Federal grant	Training at-risk youth in construction principles & practices for future employment opportunities.
Economic Development Administration Grant	Federal grant	Economic development feasibility study of the Route 9 and 72 corridors
Willow Street Grant	Federal grant	Demolition of housing units transferred to the City
Community and Neighborhood Development	State grant	Provide community and neighborhood development
Urban Action Grant	State grant	Community & economic development projects
New Britain Industrial Park	State grant	Planning activities at the former New Britain machine site
Business Outreach	State grant	Development costs for the Constructive Workshops business incubator
Emergency Shelter Grant	Federal grant	Housing opportunities for homeless individuals
Community Development Block Grant	Federal grant	Housing and community activities to for low- and moderate-income persons
HOME Project	Federal grant	Acquisition, rehabilitation and creation of housing for low and moderate income persons
Lead Grant	Federal grant	Residences in need of lead removal
State Home Programs	State grant	Rehabilitation of residential units
CHFA Broad Street Demolition	State grant	Demolition activities in the Broad St. Neighborhood Revitalization Zone
Redevelopment Commission	Various funding sources	Activities of the redevelopment commission
Brownfield Pilot	Federal grant	Evaluation of Brownfield sites
Rental	Rental income	DMD properties
UPARR Grant	Federal grant	The reconstruction of the Osgood Park pool
C.B. Erwin Walnut Hill Park	Investment earnings	The upkeep of Walnut Hill Park
Darius Miller Walnut Hill	Investment earnings	The upkeep of Walnut Hill Park
C.B. Stanley Walnut Hill	Investment earnings	The upkeep of Walnut Hill Park
Parks and Recreation	Investment earnings	The upkeep of Walnut Hill Park and Fairview Cemetery.
Darius Miller F/B/O Fairview Cemetery	Investment earnings	The upkeep of Fairview Cemetery

CITY OF NEW BRITAIN, CONNECTICUTNONMAJOR GOVERNMENTAL FUNDS

## COMBINING BALANCE SHEET

JUNE 30, 2005

	(thousands)					
	.....SPECIAL REVENUE.....					
	STANLEY QUARTER PARK	LEAD PAINT REDUCTION PROGRAM	CEMETERY FUND	DOG FUND	WILLOWBROOK PARK POOL	SEWER USE FUND
<u>A S S E T S</u>						
Cash and cash equivalents .....	\$118		\$ 52			
Investments .....			1,264			\$1,257
Accounts receivable .....	4		24	\$15		3,714
Loans receivable .....						
Due from other governments .....						
Due from other funds .....	239	\$91		17	\$1	1,525
Inventory .....						
TOTAL.....	<u>\$361</u>	<u>\$91</u>	<u>\$1,340</u>	<u>\$32</u>	<u>\$1</u>	<u>\$6,496</u>
<u>L I A B I L I T I E S</u>						
<u>A N D</u>						
<u>F U N D B A L A N C E</u>						
Liabilities:						
Accounts payable .....	\$78	\$47	\$ 9	\$19		\$ 30
Due to other funds .....			377			
Deferred revenue .....		44				14
Total liabilities .....	<u>78</u>	<u>91</u>	<u>386</u>	<u>19</u>		<u>44</u>
Fund balance (deficit):						
Reserved for encumbrances .....	63		1	2		39
Reserved for inventories .....						
Reserved for trust purposes .....						
Unreserved, designated .....	64		101			725
Unreserved, undesignated .....	156		852	11	\$1	5,688
Total fund balance (deficit) .....	<u>283</u>		<u>954</u>	<u>13</u>	<u>1</u>	<u>6,452</u>
TOTAL.....	<u>\$361</u>	<u>\$91</u>	<u>\$1,340</u>	<u>\$32</u>	<u>\$1</u>	<u>\$6,496</u>

(Continued) - 1.



CITY OF NEW BRITAIN, CONNECTICUTNONMAJOR GOVERNMENTAL FUNDS

## COMBINING BALANCE SHEET (CONTINUED)

JUNE 30, 2005

(thousands)

	.....SPECIAL REVENUE.....					
	PAUL BYRNE GRANT	NEW BRITAIN MARKETING COLLABORATIVE	LOCAL CAPITAL IMPROVEMENT	LARVACIDE GRANT	BOE STATE AND FEDERAL GRANTS	LEAD POISONING PREVENTION
<u>A S S E T S</u>						
Cash and cash equivalents .....					\$8,090	
Investments .....						
Accounts receivable .....						
Loans receivable .....						
Due from other governments .....	\$11		\$764		1,173	
Due from other funds .....		\$52		\$4		\$1
Inventory .....						
TOTAL.....	<u>\$11</u>	<u>\$52</u>	<u>\$764</u>	<u>\$4</u>	<u>\$9,263</u>	<u>\$1</u>
<u>L I A B I L I T I E S</u>						
<u>A N D</u>						
<u>F U N D B A L A N C E</u>						
Liabilities:						
Accounts payable .....	\$11		\$ 52		\$ 959	\$1
Due to other funds .....			758		3,850	
Deferred revenue .....					3,883	
Total liabilities .....	<u>11</u>		<u>810</u>		<u>8,692</u>	<u>1</u>
Fund balance (deficit):						
Reserved for encumbrances .....			429			
Reserved for inventories .....						
Reserved for trust purposes .....						
Unreserved, designated .....						
Unreserved, undesignated .....		\$52	(475)	\$4	571	
Total fund balance (deficit) .....		<u>52</u>	<u>(46)</u>	<u>4</u>	<u>571</u>	
TOTAL.....	<u>\$11</u>	<u>\$52</u>	<u>\$ 764</u>	<u>\$4</u>	<u>\$9,263</u>	<u>\$1</u>

(Continued) - 2.

CITY OF NEW BRITAIN, CONNECTICUTNONMAJOR GOVERNMENTAL FUNDS

## COMBINING BALANCE SHEET (CONTINUED)

JUNE 30, 2005

(thousands)

	.....SPECIAL REVENUE.....				
	SUBSTANCE	POLICE	MARTIN	PREVENTATIVE	SMOKING
	ABUSE (TCE)	EXPLORERS	LUTHER KING	HEALTH	CESSATION
	GRANT	PROGRAM	BRICK SALE	BLOCK GRANT	GRANT
					EXERCISE
					THE RIGHT
					CHOICE
<u>A S S E T S</u>					
Cash and cash equivalents .....					
Investments .....					
Accounts receivable .....					
Loans receivable .....					
Due from other governments .....				\$ 8	
Due from other funds .....	\$4	\$17	\$7	7	\$1
Inventory .....					\$55
TOTAL.....	<u>\$4</u>	<u>\$17</u>	<u>\$7</u>	<u>\$15</u>	<u>\$1</u>
					<u>\$55</u>
<u>L I A B I L I T I E S</u>					
<u>A N D</u>					
<u>F U N D B A L A N C E</u>					
Liabilities:					
Accounts payable .....				\$15	\$ 4
Due to other funds .....					
Deferred revenue .....					
Total liabilities .....				15	4
Fund balance (deficit):					
Reserved for encumbrances .....					2
Reserved for inventories .....					
Reserved for trust purposes .....					
Unreserved, designated .....					
Unreserved, undesignated .....	\$4	\$17	\$7		\$1
Total fund balance (deficit) .....	<u>4</u>	<u>17</u>	<u>7</u>	<u>1</u>	<u>51</u>
TOTAL.....	<u>\$4</u>	<u>\$17</u>	<u>\$7</u>	<u>\$15</u>	<u>\$1</u>
					<u>\$55</u>

(Continued) - 3.

CITY OF NEW BRITAIN, CONNECTICUTNONMAJOR GOVERNMENTAL FUNDS

## COMBINING BALANCE SHEET (CONTINUED)

JUNE 30, 2005

(thousands)

	.....SPECIAL REVENUE.....							
	EXERCISE	GRASSROOTS	IMMUNIZATION	BULLET	DSS	OVAL		
	THE RIGHT	TENNIS	ACTION	PROOF	FOOD	GROVE		SYSTEM
	CHOICE II	GRANT	PLAN	VEST	STAMP	WELFARE	BIOTERRORISM	OF CARE
				GRANT	WORKFARE	TO WORK	GRANT	GRANT
<hr/>								
<u>A S S E T S</u>								
Cash and cash equivalents .....								
Investments .....								
Accounts receivable .....								\$8
Loans receivable .....								
Due from other governments .....			\$21				\$73	
Due from other funds .....	\$47	\$4				\$2		
Inventory .....								
TOTAL.....	<u>\$47</u>	<u>\$4</u>	<u>\$21</u>	<u>\$-0-</u>	<u>\$-0-</u>	<u>\$2</u>	<u>\$73</u>	<u>\$8</u>
<hr/>								
<u>L I A B I L I T I E S</u>								
<u>A N D</u>								
<u>F U N D B A L A N C E</u>								
Liabilities:								
Accounts payable .....	\$23	\$4	\$ 1					\$2
Due to other funds .....			14	\$ 4			\$49	1
Deferred revenue .....								
Total liabilities .....	<u>23</u>	<u>4</u>	<u>15</u>	<u>4</u>			<u>49</u>	<u>3</u>
Fund balance (deficit):								
Reserved for encumbrances .....	2							
Reserved for inventories .....								
Reserved for trust purposes .....								
Unreserved, designated .....			6	(4)		\$2	24	5
Unreserved, undesignated .....	22							
Total fund balance (deficit) .....	<u>24</u>		<u>6</u>	<u>(4)</u>		<u>2</u>	<u>24</u>	<u>5</u>
TOTAL.....	<u>\$47</u>	<u>\$4</u>	<u>\$21</u>	<u>\$-0-</u>	<u>\$-0-</u>	<u>\$2</u>	<u>\$73</u>	<u>\$8</u>

(Continued) - 4.

CITY OF NEW BRITAIN, CONNECTICUTNONMAJOR GOVERNMENTAL FUNDS

## COMBINING BALANCE SHEET (CONTINUED)

JUNE 30, 2005

(thousands)

	SPECIAL REVENUE						
	HISTORICAL RECORDS PRESERVATION	21ST CENTURY GRANT	CENTRALIZED AND DISTRIBUTION SERVICES	LOCAL PROPERTY TAX RELIEF PROGRAM	CONSERVATION ON RACE FUND	VICTIM SERVICES COORDINATOR GRANT	COPS AHEAD HOMELAND SECURITY GRANT
<u>A S S E T S</u>							
Cash and cash equivalents .....							
Investments .....							
Accounts receivable .....							
Loans receivable .....							
Due from other governments .....							
Due from other funds .....	\$31	\$249	\$94	\$900	\$3	\$6	\$22
Inventory .....							
TOTAL.....	<u>\$31</u>	<u>\$249</u>	<u>\$94</u>	<u>\$900</u>	<u>\$3</u>	<u>\$6</u>	<u>\$22</u>
<u>L I A B I L I T I E S</u> <u>A N D</u> <u>F U N D B A L A N C E</u>							
Liabilities:							
Accounts payable .....	\$ 3	\$ 16	\$25				
Due to other funds .....							
Deferred revenue .....							
Total liabilities .....	<u>3</u>	<u>16</u>	<u>25</u>				
Fund balance (deficit):							
Reserved for encumbrances .....		18	17				
Reserved for inventories .....							
Reserved for trust purposes .....							
Unreserved, designated .....							
Unreserved, undesignated .....	28	215	52	\$900	\$3	\$6	\$22
Total fund balance (deficit) .....	<u>28</u>	<u>233</u>	<u>69</u>	<u>900</u>	<u>3</u>	<u>6</u>	<u>22</u>
TOTAL.....	<u>\$31</u>	<u>\$249</u>	<u>\$94</u>	<u>\$900</u>	<u>\$3</u>	<u>\$6</u>	<u>\$22</u>

(Continued) - 5.

CITY OF NEW BRITAIN, CONNECTICUTNONMAJOR GOVERNMENTAL FUNDS

## COMBINING BALANCE SHEET (CONTINUED)

JUNE 30, 2005

(thousands)

	.....SPECIAL REVENUE.....								
	FEDERAL OMNIBUS APPROPRIATION	INDEPENDENT LIVING	AIDS OUTREACH	YSB CARE UNIT	JUVENILE JUSTICE CENTER	STD CONTROL PROGRAM	SUMMER FOOD	RECREATION DONATION FUND	RECREATION AMUSEMENT FUND
<u>A S S E T S</u>									
Cash and cash equivalents .....									
Investments .....									
Accounts receivable .....								\$ 7	\$ 2
Loans receivable .....									
Due from other governments .....						\$4			
Due from other funds .....	\$35	\$2	\$14	\$28	\$4	2		26	25
Inventory .....									
TOTAL.....	<u>\$35</u>	<u>\$2</u>	<u>\$14</u>	<u>\$28</u>	<u>\$4</u>	<u>\$6</u>	<u>\$-0-</u>	<u>\$33</u>	<u>\$27</u>
<u>L I A B I L I T I E S</u>									
<u>A N D</u>									
<u>F U N D B A L A N C E</u>									
Liabilities:									
Accounts payable .....		\$1	\$ 4	\$ 3	\$4				
Due to other funds .....							\$ 1		
Deferred revenue .....									
Total liabilities .....		1	4	3	4		1		
Fund balance (deficit):									
Reserved for encumbrances .....								\$ 1	
Reserved for inventories .....									
Reserved for trust purposes .....									
Unreserved, designated .....									\$ 3
Unreserved, undesignated .....	\$35	1	10	25		\$6	(1)	32	24
Total fund balance (deficit) .....	<u>35</u>	<u>1</u>	<u>10</u>	<u>25</u>		<u>6</u>	<u>(1)</u>	<u>33</u>	<u>27</u>
TOTAL.....	<u>\$35</u>	<u>\$2</u>	<u>\$14</u>	<u>\$28</u>	<u>\$4</u>	<u>\$6</u>	<u>\$-0-</u>	<u>\$33</u>	<u>\$27</u>

(Continued) - 6.

CITY OF NEW BRITAIN, CONNECTICUTNONMAJOR GOVERNMENTAL FUNDS

## COMBINING BALANCE SHEET (CONTINUED)

JUNE 30, 2005

(thousands)

	.....SPECIAL REVENUE.....							
	WEED AND SEED FUND	MAYORS GOLF TOURNAMENT	HEALTH PER CAPITA	HIGHWAY SAFETY GRANT	DRUG INVESTIGATION	SENIOR CITIZENS CENTER	MOBILE DATA COMMUNICATION	PULMONARY SCREENING FUND
<u>A S S E T S</u>								
Cash and cash equivalents .....								
Investments .....								
Accounts receivable .....					\$ 4			
Loans receivable .....								
Due from other governments .....	\$123							
Due from other funds .....		\$5	\$36		155	\$25	\$419	
Inventory .....								
TOTAL.....	<u>\$123</u>	<u>\$5</u>	<u>\$36</u>	<u>\$-0-</u>	<u>\$159</u>	<u>\$25</u>	<u>\$419</u>	<u>\$-0-</u>
<u>L I A B I L I T I E S</u>								
<u>A N D</u>								
<u>F U N D B A L A N C E</u>								
Liabilities:								
Accounts payable .....	\$ 15		\$ 1		\$ 21			
Due to other funds .....	108			\$ 29				
Deferred revenue .....								
Total liabilities .....	<u>123</u>		<u>1</u>	<u>29</u>	<u>21</u>			
Fund balance (deficit):								
Reserved for encumbrances .....			2		4	\$1	\$ 1	
Reserved for inventories .....								
Reserved for trust purposes .....								
Unreserved, designated .....					157			
Unreserved, undesignated .....		\$5	33	(29)	(23)	24	418	
Total fund balance (deficit) .....		<u>5</u>	<u>35</u>	<u>(29)</u>	<u>138</u>	<u>25</u>	<u>419</u>	
TOTAL.....	<u>\$123</u>	<u>\$5</u>	<u>\$36</u>	<u>\$ -0-</u>	<u>\$159</u>	<u>\$25</u>	<u>\$419</u>	<u>\$-0-</u>

(Continued) - 7.

CITY OF NEW BRITAIN, CONNECTICUTNONMAJOR GOVERNMENTAL FUNDS

## COMBINING BALANCE SHEET (CONTINUED)

JUNE 30, 2005

(thousands)

	.....SPECIAL REVENUE.....						
	DRUG		STATE	YSB	SCHOOL	SCHOOL	HIGH
	ENFORCEMENT	MAYOR'S	NARCOTICS	PROGRAM	LUNCH	RENTAL	SCHOOL
	TRAINING	FUN DAY	TASK	ACTIVITY	PROGRAM	ACCOUNT	ATHLETIC
			FORCE				FUND
							ADULT
							EDUCATION
							FUND
<u>A S S E T S</u>							
Cash and cash equivalents .....					\$245	\$118	\$ 81
Investments .....							\$79
Accounts receivable .....						3	
Loans receivable .....							
Due from other governments .....					507		
Due from other funds .....	\$20	\$1	\$75	\$21			68
Inventory .....					52		
TOTAL.....	<u>\$20</u>	<u>\$1</u>	<u>\$75</u>	<u>\$21</u>	<u>\$804</u>	<u>\$121</u>	<u>\$149</u>
							<u>\$79</u>
<u>L I A B I L I T I E S</u>							
<u>A N D</u>							
<u>F U N D B A L A N C E</u>							
Liabilities:							
Accounts payable .....					\$313	\$ 2	
Due to other funds .....					135	50	
Deferred revenue .....							
Total liabilities .....					448	52	
Fund balance (deficit):							
Reserved for encumbrances .....					52		
Reserved for inventories .....							
Reserved for trust purposes .....							
Unreserved, designated .....				\$ 1			
Unreserved, undesignated .....	20	\$1	\$75	20	304	69	\$149
Total fund balance (deficit) .....	20	1	75	21	356	69	149
TOTAL.....	<u>\$20</u>	<u>\$1</u>	<u>\$75</u>	<u>\$21</u>	<u>\$804</u>	<u>\$121</u>	<u>\$149</u>
							<u>\$79</u>

(Continued) - 8.

CITY OF NEW BRITAIN, CONNECTICUTNONMAJOR GOVERNMENTAL FUNDS

## COMBINING BALANCE SHEET (CONTINUED)

JUNE 30, 2005

(thousands)

	.....SPECIAL REVENUE.....							
	SUMMER SCHOOL MUSIC FUND	YOUTH BUILD PROGRAM	ECONOMIC DEVELOPMENT ADMINISTRATION GRANT	WILLOW STREET GRANT	COMMUNITY AND NEIGHBORHOOD DEVELOPMENT	URBAN ACTION GRANT	NEW BRITAIN INDUSTRIAL PARK	BUSINESS OUTREACH
<u>A S S E T S</u>								
Cash and cash equivalents .....	\$77	\$ 41	\$24		\$22	\$1	\$16	\$ 66
Investments .....								
Accounts receivable .....			9			1		
Loans receivable .....								
Due from other governments .....		230						
Due from other funds .....								
Inventory .....								
TOTAL.....	<u>\$77</u>	<u>\$271</u>	<u>\$33</u>	<u>\$-0-</u>	<u>\$22</u>	<u>\$2</u>	<u>\$16</u>	<u>\$66</u>
<u>L I A B I L I T I E S</u> <u>A N D</u> <u>F U N D B A L A N C E</u>								
Liabilities:								
Accounts payable .....					\$22			\$ 93
Due to other funds .....		\$285	\$33					83
Deferred revenue .....								10
Total liabilities .....		285	33		22			186
Fund balance (deficit):								
Reserved for encumbrances .....								
Reserved for inventories .....								
Reserved for trust purposes .....								
Unreserved, designated .....								
Unreserved, undesignated .....	77	(14)				\$2	\$16	(120)
Total fund balance (deficit) .....	77	(14)				2	16	(120)
TOTAL.....	<u>\$77</u>	<u>\$271</u>	<u>\$33</u>	<u>\$-0-</u>	<u>\$22</u>	<u>\$2</u>	<u>\$16</u>	<u>\$ 66</u>

(Continued) - 9.



CITY OF NEW BRITAIN, CONNECTICUTNONMAJOR GOVERNMENTAL FUNDS

## COMBINING BALANCE SHEET (CONTINUED)

JUNE 30, 2005

(thousands)

	.....SPECIAL REVENUE.....							
	EMERGENCY	COMMUNITY			STATE	CHFA		
	SHELTER	DEVELOPMENT	HOME	LEAD	HOME	BROAD STREET	REDEVELOPMENT	BROWNFIELD
	GRANT	BLOCK	PROJECT	GRANT	PROGRAMS	DEMOLITION	COMMISSION	PILOT
<u>A S S E T S</u>								
Cash and cash equivalents .....		\$1,459	\$ 900	\$102	\$255	\$160	\$6	\$51
Investments .....								
Accounts receivable .....			23					4
Loans receivable .....		1,755	1,457	644				
Due from other governments .....		403		48				
Due from other funds .....		561	249					
Inventory .....								
TOTAL.....	\$-0-	\$4,178	\$2,629	\$794	\$255	\$160	\$6	\$55
<u>L I A B I L I T I E S</u>								
<u>A N D</u>								
<u>F U N D B A L A N C E</u>								
Liabilities:								
Accounts payable .....	\$ 18	\$ 148	\$ 22				\$12	\$ 4
Due to other funds .....		15	2	\$150	\$243			16
Deferred revenue .....		1,755	1,457	644	9	\$160		35
Total liabilities .....	18	1,918	1,481	794	252	160	12	55
Fund balance (deficit):								
Reserved for encumbrances .....								
Reserved for inventories .....								
Reserved for trust purposes .....								
Unreserved, designated .....								
Unreserved, undesignated .....	(18)	2,260	1,148		3		(6)	
Total fund balance (deficit) .....	(18)	2,260	1,148		3		(6)	
TOTAL.....	\$-0-	\$4,178	\$2,629	\$794	\$255	\$160	\$ 6	\$55

(Continued) - 10.

CITY OF NEW BRITAIN, CONNECTICUTNONMAJOR GOVERNMENTAL FUNDS

## COMBINING BALANCE SHEET (CONTINUED)

JUNE 30, 2005

(thousands)

.....SPECIAL REVENUE.....						
	RENTAL	UPARR	C.B. ERWIN WALNUT HILL PARK	DARIUS MILLER WALNUT HILL	C.B. STANLEY WALNUT HILL	PARKS AND RECREATION FUND
<hr/>						
<u>A S S E T S</u>						
Cash and cash equivalents .....	\$41					
Investments .....			\$292	\$1,167	\$1,411	\$12
Accounts receivable .....						
Loans receivable .....						
Due from other governments .....						
Due from other funds .....				1		
Inventory .....						
<hr/>						
TOTAL.....	<u>\$41</u>	<u>\$-0-</u>	<u>\$292</u>	<u>\$1,168</u>	<u>\$1,411</u>	<u>\$12</u>
<hr/>						
<u>L I A B I L I T I E S</u>						
<u>A N D</u>						
<u>F U N D B A L A N C E</u>						
Liabilities:						
Accounts payable .....						
Due to other funds .....						
Deferred revenue .....						
Total liabilities .....						
Fund balance (deficit):						
Reserved for encumbrances .....						
Reserved for inventories .....						
Reserved for trust purposes .....				\$944	\$1,409	
Unreserved, designated .....				32		
Unreserved, undesignated .....	\$41		\$292	192	2	\$12
<hr/>						
Total fund balance (deficit) .....	<u>41</u>		<u>292</u>	<u>1,168</u>	<u>1,411</u>	<u>12</u>
<hr/>						
TOTAL.....	<u>\$41</u>	<u>\$-0-</u>	<u>\$292</u>	<u>\$1,168</u>	<u>\$1,411</u>	<u>\$12</u>
<hr/>						

(Continued) - 11.

CITY OF NEW BRITAIN, CONNECTICUTNONMAJOR GOVERNMENTAL FUNDS

## COMBINING BALANCE SHEET (CONTINUED)

JUNE 30, 2005

(thousands)

.....SPECIAL REVENUE.....

	DARIUS MILLER F/B/O FAIRVIEW CEMETERY	TOTAL	INTERFUND ELIMINATIONS	TOTAL NONMAJOR GOVERNMENTAL FUNDS
<u>A S S E T S</u>				
Cash and cash equivalents .....		\$12,004		\$12,004
Investments .....	\$236	5,639		5,639
Accounts receivable .....		3,818		3,818
Loans receivable .....		3,856		3,856
Due from other governments .....		3,365		3,365
Due from other funds .....		5,151	\$(810)	4,341
Inventory .....		52		52
TOTAL.....	<u>\$236</u>	<u>\$33,885</u>	<u>\$(810)</u>	<u>\$33,075</u>
<u>L I A B I L I T I E S</u>				
<u>A N D</u>				
<u>F U N D B A L A N C E</u>				
Liabilities:				
Accounts payable .....		\$ 1,982		\$ 1,982
Due to other funds .....		6,203	\$(810)	5,393
Deferred revenue .....		8,011		8,011
Total liabilities .....		16,196	(810)	15,386
Fund balance (deficit):				
Reserved for encumbrances .....		582		582
Reserved for inventories .....		52		52
Reserved for trust purposes .....	\$236	2,589		2,589
Unreserved, designated .....		1,083		1,083
Unreserved, undesignated .....		13,383		13,383
Total fund balance (deficit) .....	<u>236</u>	<u>17,689</u>		<u>17,689</u>
TOTAL.....	<u>\$236</u>	<u>\$33,885</u>	<u>\$(810)</u>	<u>\$33,075</u>

CITY OF NEW BRITAIN, CONNECTICUTNONMAJOR GOVERNMENTAL FUNDSCOMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
FOR THE YEAR ENDED JUNE 30, 2005

	(thousands)					
	.....SPECIAL REVENUE.....					
	STANLEY QUARTER PARK	LEAD PAINT REDUCTION PROGRAM	CEMETERY FUND	DOG FUND	WILLOWBROOK PARK POOL	SEWER USE FUND
Revenues:						
Intergovernmental revenue .....					\$438	
Revenues from the use of money .....			\$104			\$ 133
Licenses, fees, and charges for goods ..						
and services .....	\$1,590		265	\$ 31		4,858
Other revenues .....						15
Total revenues.....	1,590		369	31	438	5,006
Expenditures:						
General government .....						
Public safety .....				132		
Public works .....			380			3,670
Health and welfare .....						
Parks, recreation, and libraries .....	1,398				556	
Education .....						
Total expenditures.....	1,398		380	132	556	3,670
Excess (deficiency) of revenues over expenditures .....	192		(11)	(101)	(118)	1,336
Other financing sources (uses):						
Transfers in .....				90		
Transfers out .....	(74)		(48)			(959)
Total other financing sources (uses)	(74)		(48)	90		(959)
Net change in fund balances .....	118		(59)	(11)	(118)	377
Fund balance (deficit), beginning of year .	165		1,013	24	119	6,075
Fund balance (deficit), end of year .....	\$ 283	\$ -0-	\$ 954	\$ 13	\$ 1	\$6,452

(Continued) - 1.

CITY OF NEW BRITAIN, CONNECTICUTNONMAJOR GOVERNMENTAL FUNDSCOMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2005

	(thousands)					
	.....SPECIAL REVENUE.....					
	PAUL BYRNE GRANT	NEW BRITAIN MARKETING COLLABORATIVE	LOCAL CAPITAL IMPROVEMENT	LARVACIDE GRANT	BOE STATE AND FEDERAL GRANTS	LEAD POISONING PREVENTION
Revenues:						
Intergovernmental revenue .....	\$ 11		\$1,099		\$18,715	\$ 46
Revenues from the use of money .....						
Licenses, fees, and charges for goods and services .....					238	
Other revenues .....						
Total revenues.....	11		1,099		18,953	46
Expenditures:						
General government .....		\$ 14				
Public safety .....	11					
Public works .....						
Health and welfare .....				\$ 4		46
Parks, recreation, and libraries .....			1,024		\$18,730	
Education .....						
Total expenditures.....	11	14	1,024	4	18,730	46
Excess (deficiency) of revenues over expenditures .....		(14)	75	(4)	223	
Other financing sources (uses):						
Transfers in .....		45				
Transfers out .....						
Total other financing sources (uses).....		45				
Net change in fund balances .....		31	75	(4)	223	
Fund balance (deficit), beginning of year .		21	(121)	8	348	
Fund balance (deficit), end of year .....	\$-0-	\$ 52	\$ (46)	\$ 4	\$ 571	\$-0-

(Continued) - 2.

CITY OF NEW BRITAIN, CONNECTICUTNONMAJOR GOVERNMENTAL FUNDSCOMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2005

	(thousands)					
	.....SPECIAL REVENUE.....					
	SUBSTANCE ABUSE (TCE) GRANT	POLICE EXPLORERS PROGRAM	MARTIN LUTHER KING BRICK SALE	PREVENTATIVE HEALTH BLOCK GRANT	SMOKING CESSATION GRANT	EXERCISE THE RIGHT CHOICE
Revenues:						
Intergovernmental revenue .....	\$441			\$16		\$183
Revenues from the use of money .....						
Licenses, fees, and charges for goods and services .....		\$15				
Other revenues .....						
Total revenues.....	441	15		16		183
Expenditures:						
General government .....						
Public safety .....						
Public works .....						
Health and welfare .....	436			16		
Parks, recreation, and libraries .....						159
Education .....						
Total expenditures.....	436			16		159
Excess (deficiency) of revenues over expenditures .....	5	15				24
Other financing sources (uses):						
Transfers in .....		2				27
Transfers out .....						
Total other financing sources (uses).....		2				27
Net change in fund balances .....	5	17				51
Fund balance (deficit), beginning of year .	(1)	-0-	\$7	-0-	\$1	-0-
Fund balance (deficit), end of year .....	\$ 4	\$17	7	\$-0-	\$1	\$ 51

(Continued) - 3.

CITY OF NEW BRITAIN, CONNECTICUTNONMAJOR GOVERNMENTAL FUNDSCOMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2005

	(thousands)							
	.....SPECIAL REVENUE.....							
	EXERCISE	GRASSROOTS	IMMUNIZATION	BULLET	DSS	OVAL		SYSTEM
	THE RIGHT	TENNIS	ACTION	PROOF	FOOD	GROVE		OF CARE
	CHOICE II	GRANT	PLAN	VEST	STAMP	WELFARE	BIOTERRORISM	GRANT
				GRANT	WORKFARE	TO WORK	GRANT	GRANT
Revenues:								
Intergovernmental revenue .....	\$717		\$42		\$165		\$118	\$100
Revenues from the use of money .....								
Licenses, fees, and charges for goods								
and services .....								
Other revenues .....		\$18				\$ 12		
Total revenues.....	717	18	42		165	12	118	100
Expenditures:								
General government .....								
Public safety .....				\$ 8				
Public works .....								
Health and welfare .....			36		180		53	
Parks, recreation, and libraries .....	696	18						103
Education .....								
Total expenditures.....	696	18	36	8	180		53	103
Excess (deficiency) of revenues over								
expenditures .....	21		6	(8)	(15)	12	65	(3)
Other financing sources (uses):								
Transfers in .....								1
Transfers out .....								
Total other financing sources								1
(uses).....								
Net change in fund balances .....	21		6	(8)	(15)	12	65	(2)
Fund balance (deficit), beginning of year .	3	-0-	-0-	4	15	(10)	(41)	7
Fund balance (deficit), end of year .....	\$ 24	\$-0-	\$ 6	\$(4)	\$ -0-	\$ 2	\$ 24	\$ 5

(Continued) - 4.

CITY OF NEW BRITAIN, CONNECTICUTNONMAJOR GOVERNMENTAL FUNDSCOMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2005

	(thousands)						
	.....SPECIAL REVENUE.....						
	HISTORICAL RECORDS PRESERVATION	21ST CENTURY GRANT	CENTRALIZED AND DISTRIBUTION SERVICES	LOCAL PROPERTY TAX RELIEF PROGRAM	CONSERVATION ON RACE FUND	VICTIM SERVICES COORDINATOR GRANT	COPS AHEAD HOMELAND SECURITY GRANT
Revenues:							
Intergovernmental revenue .....	\$12	\$381				\$ 8	
Revenues from the use of money .....							
Licenses, fees, and charges for goods and services .....	14				\$2		
Other revenues .....							
Total revenues.....	26	381			2	8	
Expenditures:							
General government .....	17		\$ 88				
Public safety .....						1	
Public works .....							
Health and welfare .....							
Parks, recreation, and libraries .....		338			2		
Education .....							
Total expenditures.....	17	338	88		2	1	
Excess (deficiency) of revenues over expenditures .....	9	43	(88)			7	
Other financing sources (uses):							
Transfers in .....			81	\$350			
Transfers out .....							
Total other financing sources (uses).....			81	350			
Net change in fund balances .....	9	43	(7)	350		7	
Fund balance (deficit), beginning of year .	19	190	76	550	3	(1)	\$22
Fund balance (deficit), end of year .....	<u>\$28</u>	<u>\$233</u>	<u>\$ 69</u>	<u>\$900</u>	<u>\$3</u>	<u>\$ 6</u>	<u>\$22</u>

(Continued) - 5.



CITY OF NEW BRITAIN, CONNECTICUTNONMAJOR GOVERNMENTAL FUNDSCOMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2005

	(thousands)								
	.....SPECIAL REVENUE.....								
	FEDERAL OMNIBUS APPROPRIATION	INDEPENDENT LIVING	AIDS OUTREACH	YSB CARE UNIT	JUVENILE JUSTICE CENTER	STD CONTROL PROGRAM	SUMMER FOOD	RECREATION DONATION FUND	RECREATION AMUSEMENT FUND
Revenues:									
Intergovernmental revenue .....	\$ 30	\$ 45	\$86	\$ 81	\$295	\$23	\$ 49		
Revenues from the use of money .....									
Licenses, fees, and charges for goods and services .....								\$22	\$28
Other revenues .....									
Total revenues.....	30	45	86	81	295	23	49	22	28
Expenditures:									
General government .....	80								
Public safety .....									
Public works .....									
Health and welfare .....		69	88	248	316	17	89		
Parks, recreation, and libraries .....								5	18
Education .....									
Total expenditures.....	80	69	88	248	316	17	89	5	18
Excess (deficiency) of revenues over expenditures .....	(50)	(24)	(2)	(167)	(21)	6	(40)	17	10
Other financing sources (uses):									
Transfers in .....	3	20		167	21				
Transfers out .....	(2)			(12)					
Total other financing sources (uses).....	1	20		155	21				
Net change in fund balances .....	(49)	(4)	(2)	(12)		6	(40)	17	10
Fund balance (deficit), beginning of year .	84	5	12	37	-0-	-0-	39	16	17
Fund balance (deficit), end of year .....	\$ 35	\$ 1	\$10	\$ 25	\$-0-	\$ 6	\$ (1)	\$33	\$27

(Continued) - 6.

CITY OF NEW BRITAIN, CONNECTICUTNONMAJOR GOVERNMENTAL FUNDSCOMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2005

(thousands)

	.....SPECIAL REVENUE.....							
	WEED AND SEED FUND	MAYORS GOLF TOURNAMENT	HEALTH PER CAPITA	HIGHWAY SAFETY GRANT	DRUG INVESTIGATION	SENIOR CITIZENS CENTER	MOBILE DATA COMMUNICATION	PULMONARY SCREENING FUND
Revenues:								
Intergovernmental revenue .....	\$271		\$67		\$148		\$104	\$15
Revenues from the use of money .....								
Licenses, fees, and charges for goods and services .....		\$25				\$56		
Other revenues .....								
Total revenues.....	271	25	67		148	56	104	15
Expenditures:								
General government .....								
Public safety .....	271			\$ 31	147		20	
Public works .....								
Health and welfare .....			73					18
Parks, recreation, and libraries .....		20						
Education .....								
Total expenditures.....	271	20	73	31	147	56	20	18
Excess (deficiency) of revenues over expenditures .....		5	(6)	(31)	1		84	(3)
Other financing sources (uses):								
Transfers in .....								
Transfers out .....								
Total other financing sources (uses).....								
Net change in fund balances .....		5	(6)	(31)	1		84	(3)
Fund balance (deficit), beginning of year .	-0-	-0-	41	2	137	25	335	3
Fund balance (deficit), end of year .....	\$-0-	\$ 5	\$35	\$(29)	\$138	\$25	\$419	\$-0-

(Continued) - 7.

CITY OF NEW BRITAIN, CONNECTICUTNONMAJOR GOVERNMENTAL FUNDSCOMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2005

(thousands)								
.....SPECIAL REVENUE.....								
	DRUG ENFORCEMENT TRAINING	MAYOR'S FUN DAY	STATE NARCOTICS TASK FORCE	YSB PROGRAM ACTIVITY	SCHOOL LUNCH PROGRAM	SCHOOL RENTAL ACCOUNT	HIGH SCHOOL ATHLETIC FUND	ADULT EDUCATION FUND
Revenues:								
Intergovernmental revenue .....					\$3,063			
Revenues from the use of money .....								
Licenses, fees, and charges for goods and services .....					725	\$ 44	\$ 108	\$32
Other revenues .....				\$10				
Total revenues.....				10	3,788	44	108	32
Expenditures:								
General government .....								
Public safety .....	\$ 84							
Public works .....								
Health and welfare .....				8				
Parks, recreation, and libraries .....		\$ 1			3,638	175	263	26
Education .....								
Total expenditures.....	84	1		8	3,638	175	263	26
Excess (deficiency) of revenues over expenditures .....	(84)	(1)		2	150	(131)	(155)	6
Other financing sources (uses):								
Transfers in .....							214	
Transfers out .....								
Total other financing sources (uses).....							214	
Net change in fund balances .....	(84)	(1)		2	150	(131)	59	6
Fund balance (deficit), beginning of year .	104	2	\$75	19	206	200	90	73
Fund balance (deficit), end of year .....	\$ 20	\$ 1	\$75	\$21	\$ 356	\$ 69	\$ 149	\$79

(Continued) - 8.

CITY OF NEW BRITAIN, CONNECTICUTNONMAJOR GOVERNMENTAL FUNDSCOMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2005

	(thousands)						
	SUMMER SCHOOL MUSIC FUND	YOUTH BUILD PROGRAM	ECONOMIC DEVELOPMENT ADMINISTRATION GRANT	WILLOW STREET GRANT	COMMUNITY AND NEIGHBORHOOD DEVELOPMENT	URBAN ACTION GRANT	NEW BRITAIN INDUSTRIAL PARK
							BUSINESS OUTREACH
Revenues:							
Intergovernmental revenue .....		\$391	\$ 90	\$ 49			
Revenues from the use of money .....							
Licenses, fees, and charges for goods and services .....	\$13						
Other revenues .....							
Total revenues.....	13	391	90	49			
Expenditures:							
General government .....							
Public safety .....							
Public works .....							
Health and welfare .....		391	90	49			\$ 11
Parks, recreation, and libraries .....							
Education .....	3						
Total expenditures.....	3	391	90	49			11
Excess (deficiency) of revenues over expenditures .....	10						(11)
Other financing sources (uses):							
Transfers in .....							
Transfers out .....							
Total other financing sources (uses).....							
Net change in fund balances .....	10						(11)
Fund balance (deficit), beginning of year .	67	(14)	-0-	-0-	-0-	\$2	27
Fund balance (deficit), end of year .....	\$77	\$(14)	\$-0-	\$-0-	\$-0-	\$2	\$16

(Continued) - 9.

CITY OF NEW BRITAIN, CONNECTICUTNONMAJOR GOVERNMENTAL FUNDSCOMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2005

	(thousands)							
	.....SPECIAL REVENUE.....							
	EMERGENCY SHELTER GRANT	COMMUNITY DEVELOPMENT BLOCK GRANT	HOME PROJECT	LEAD GRANT	STATE HOME PROGRAMS	CHFA BROAD STREET DEMOLITION	REDEVELOPMENT COMMISSION	BROWNFIELD PILOT
Revenues:								
Intergovernmental revenue .....	\$ 82	\$2,301	\$ 939	\$375	\$597	\$ 20		\$ 59
Revenues from the use of money .....								
Licenses, fees, and charges for goods and services .....								
Other revenues .....		344	544					
Total revenues.....	82	2,645	1,483	375	597	20		59
Expenditures:								
General government .....								
Public safety .....								
Public works .....								
Health and welfare .....	88	2,647	808	375	597	20		59
Parks, recreation, and libraries .....								
Education .....								
Total expenditures.....	88	2,647	808	375	597	20		59
Excess (deficiency) of revenues over expenditures .....	(6)	(2)	675					
Other financing sources (uses):								
Transfers in .....								
Transfers out .....		(47)						
Total other financing sources (uses).....		(47)						
Net change in fund balances .....	(6)	(49)	675					
Fund balance (deficit), beginning of year .	(12)	2,309	473	-0-	3	-0-	\$(6)	-0-
Fund balance (deficit), end of year .....	<u>\$(18)</u>	<u>\$2,260</u>	<u>\$1,148</u>	<u>\$-0-</u>	<u>\$ 3</u>	<u>\$-0-</u>	<u>\$(6)</u>	<u>\$-0-</u>

(Continued) - 10.

CITY OF NEW BRITAIN, CONNECTICUTNONMAJOR GOVERNMENTAL FUNDSCOMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2005

	(thousands)					SPECIAL REVENUE.....
	RENTAL	UPARR	C.B. ERWIN WALNUT HILL PARK	DARIUS MILLER WALNUT HILL	C.B. STANLEY WALNUT HILL	PARKS AND RECREATION FUND
Revenues:						
Intergovernmental revenue .....		\$75				
Revenues from the use of money .....			\$ 18	\$ 70	\$ 98	
Licenses, fees, and charges for goods and services .....	\$ 4					
Other revenues .....						
Total revenues.....	4	75	18	70	98	
Expenditures:						
General government .....						
Public safety .....						
Public works .....						
Health and welfare .....	1	75				
Parks, recreation, and libraries .....			18	15	30	
Education .....						
Total expenditures.....	1	75	18	15	30	
Excess (deficiency) of revenues over expenditures .....	3			55	68	
Other financing sources (uses):						
Transfers in .....						
Transfers out .....					(48)	
Total other financing sources (uses).....					(48)	
Net change in fund balances .....	3			55	20	
Fund balance (deficit), beginning of year .	38		292	1,113	1,391	\$12
Fund balance (deficit), end of year .....	\$41	\$-0-	\$292	\$1,168	\$1,411	\$12

(Continued) - 11.

CITY OF NEW BRITAIN, CONNECTICUTNONMAJOR GOVERNMENTAL FUNDSCOMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2005

(thousands)

.....SPECIAL REVENUE.....

	DARIUS MILLER F/B/O FAIRVIEW CEMETERY	TOTAL	INTERFUND ELIMINATIONS	TOTAL NONMAJOR GOVERNMENTAL FUNDS
Revenues:				
Intergovernmental revenue .....		\$31,747		\$31,747
Revenues from the use of money .....	\$ 14	437		437
Licenses, fees, and charges for goods and services .....		7,832		7,832
Other revenues .....		1,181		1,181
Total revenues.....	14	41,197		41,197
Expenditures:				
General government .....		119		119
Public safety .....		785		785
Public works .....		4,050		4,050
Health and welfare .....		6,900		6,900
Parks, recreation, and libraries .....	2	4,467		4,467
Education .....		22,835		22,835
Total expenditures.....	2	39,156		39,156
Excess (deficiency) of revenues over expenditures .....	12	2,041		2,041
Other financing sources (uses):				
Transfers in .....		1,021	\$(61)	960
Transfers out .....	(11)	(1,201)	61	(1,140)
Total other financing sources (uses).....	(11)	(180)		(180)
Net change in fund balances .....	1	1,861		1,861
Fund balance (deficit), beginning of year .	235	15,828	-0-	15,828
Fund balance (deficit), end of year .....	\$236	\$17,689	\$-0-	\$17,689

## **CAPITAL PROJECTS FUND**

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

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

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

The schedule on the following pages displays for each project:

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

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

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



CITY OF NEW BRITAIN, CONNECTICUTCAPITAL PROJECTS FUND

SCHEDULE OF EXPENDITURES - ACTUAL VS. APPROPRIATIONS (NON-GAAP BUDGETARY BASIS)  
FOR THE YEAR ENDED JUNE 30, 2005

(thousands)

PROJECT DESCRIPTION	AMENDED BUDGET	CURRENT YEAR EXPENDITURES AND TRANSFERS	CUMULATIVE EXPENDITURES	ENCUMBERED	AVAILABLE BUDGET
Capital Equipment Reserve.....	\$ 12,933	\$ 39	\$ 6,187	\$ 308	\$ 6,438
Capital and Nonrecurring.....	26,611	2,058	22,077	506	4,028
Subway.....	5,482	5,384	5,303		179
Lincoln, Northend, Vance.....	43,800	12,145	31,698	1,658	10,444
New Britain High School.....	16,465	16	16		16,449
City Hall Renovation.....	33,491	73	33,482		9
MERF Pension.....	1,500	1,394	1,394		106
Broad, Beaver, Main and North.....	6,595	704	5,088	1,042	465
Main Street Reconstruction.....	3,250	37	2,935	23	292
Arch Street Walkway.....	4,020	235	3,396	156	468
Police Headquarters Renovation.....	11,410				11,410
EMS Ambulance.....	2,775	1,402	1,913	4	858
Golf Driving Range.....	1,100	7	1,100		
Storm Water System Improvements.....	4,750	26	49	54	4,647
Environmental Remediation.....	7,707	2,199	2,314	1,170	4,223
Local Capital Improvements.....	950	5	316	34	600
Fafnir Booth Street Industrial Park.....	8,100	22	7,604	19	477
St Clair, Lester, East Street.....	2,200	12	354	80	1,766
Hart Street Extension.....	5,700	88	793	237	4,670
Broad Street Reconstruction.....	13,300	182	2,430	438	10,432
NB Machine Industrial Park.....	3,600	498	1,732	537	1,331
Fafnir Smart Park Expansion.....	2,900	270	1,438	26	1,436
Willow Street Project.....	2,325				2,325
Sewer I & I Improvements.....	17,775	1,295	7,101	4,268	6,406
<b>TOTAL .....</b>	<b>\$238,739</b>	<b>\$28,091</b>	<b>\$138,720</b>	<b>\$10,560</b>	<b>\$89,459</b>

## **INTERNAL SERVICE FUNDS**

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

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

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

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

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

CITY OF NEW BRITAIN, CONNECTICUTINTERNAL SERVICE FUNDSCOMBINING BALANCE SHEET  
JUNE 30, 2005

	(thousands)				
	SPECIAL RESERVE FUND	HEALTH INSURANCE FUND	WORKERS' COMPENSATION	GENERAL ACCIDENT CASUALTY AND LIABILITY	TOTAL
<u>A S S E T S</u>					
Cash and cash equivalents .....	\$ 269	\$6,160	\$ 891	\$ 147	\$ 7,467
Investments .....	2,770		14,233	1,260	18,263
Due from other funds .....	1,075	538			1,613
Accounts receivable .....		113		5	118
Total assets .....	<u>\$4,114</u>	<u>\$6,811</u>	<u>\$15,124</u>	<u>\$1,412</u>	<u>\$27,461</u>
L I A B I L I T I E S A N D <u>N E T A S S E T S</u>					
Liabilities:					
Accounts payable and accrued expenses .....		\$ 489	\$ 104	\$ 36	\$ 629
Due to other funds .....			913	15	928
Claim reserves .....		1,853	17,613	1,113	20,579
Total liabilities .....		2,342	18,630	1,164	22,136
Net assets .....	<u>\$4,114</u>	<u>4,469</u>	<u>(3,506)</u>	<u>248</u>	<u>5,325</u>
Total liabilities and net assets .....	<u>\$4,114</u>	<u>\$6,811</u>	<u>\$15,124</u>	<u>\$1,412</u>	<u>\$27,461</u>

CITY OF NEW BRITAIN, CONNECTICUTINTERNAL SERVICE FUNDSCOMBINING SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS  
FOR THE YEAR ENDED JUNE 30, 2005

	(thousands)				
	SPECIAL RESERVE FUND	HEALTH INSURANCE FUND	WORKERS' COMPENSATION	GENERAL ACCIDENT CASUALTY AND LIABILITY	TOTAL
Operating revenues:					
Charges to other funds .....		\$21,260	\$ 1,035	\$ 3	\$22,298
Other revenues .....		4,109	1,240	59	5,408
Total operating revenues .....		25,369	2,275	62	27,706
Operating expenses:					
Claims incurred .....		22,357	1,853	92	24,302
Administrative costs .....	\$ 13	1,271	331	5	1,620
Total operating expenses .....	13	23,628	2,184	97	25,992
Operating income (loss) .....	(13)	1,741	91	(35)	1,784
Non-operating revenues (expenses):					
Revenues from the use of money .....	208	14	913	100	1,235
(Increase) decrease in actuarial claims reserve .....			(1,580)	1,115	(465)
Total non-operating revenues (expenses) .....	208	14	(667)	1,215	770
Net income (loss) before transfers .....	195	1,755	(576)	1,180	2,554
Other financing sources (uses):					
Transfers from other funds .....	200			125	325
Change in net assets .....	395	1,755	(576)	1,305	2,879
Net assets (deficit), beginning of year .....	3,719	2,714	(2,930)	(1,057)	2,446
Net assets (deficit), end of year .....	\$4,114	\$ 4,469	\$(3,506)	\$ 248	\$ 5,325

CITY OF NEW BRITAIN, CONNECTICUTINTERNAL SERVICE FUNDSCOMBINING SCHEDULE OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2005

(thousands)

	SPECIAL RESERVE FUND	HEALTH INSURANCE FUND	WORKERS' COMPENSATION	GENERAL ACCIDENT CASUALTY AND LIABILITY	TOTAL
Cash flows from (to) operating activities:					
Cash received from charges to other funds .....		\$ 25,069	\$ 1,035	\$ 3	\$ 26,107
Cash received from other operating activities .....	\$(1,075)	4,152	1,240	54	4,371
Cash paid for premiums and other operating expenses .....	(13)	(998)	(546)	(94)	(1,651)
Cash payments for claims made .....		(22,077)	(1,853)	(92)	(24,022)
Net cash provided (used) by operating activities .....	(1,088)	6,146	(124)	(129)	4,805
Cash flows from non-capital financing activities:					
Cash received from other funds .....	200			125	325
Cash flows from (to) investing activities:					
Interest income .....	140	14	603	67	824
Purchase of investments .....	51		(170)	51	(68)
Net cash provided by investing activities .....	191	14	433	118	756
Net increase (decrease) in cash and cash equivalents .....	(697)	6,160	309	114	5,886
Cash and cash equivalents, beginning of year .....	966	- 0 -	582	33	1,581
Cash and cash equivalents, end of year .....	\$ 269	\$ 6,160	\$ 891	\$ 147	\$ 7,467
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES					
Operating income (loss) .....	\$ (13)	\$1,741	\$ 91	\$ (35)	\$1,784
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
(Increase) decrease in accounts receivable .....		43		(5)	38
(Increase) decrease in due from other funds .....	(1,075)	3,809			2,734
Increase (decrease) in accounts payable and accrued expenses .....		553	(84)	(104)	365
Increase (decrease) in due to other funds .....			(131)	15	(116)
Total adjustments .....	(1,075)	4,405	(215)	(94)	3,021
Net cash provided (used) by operating activities .....	\$(1,088)	\$6,146	\$(124)	\$(129)	\$4,805
Non-cash investment activities:					
Net increase in the fair value of investments .....	\$68	\$- 0 -	\$310	\$33	\$411

## **FIDUCIARY FUNDS**

Fiduciary Funds are used to account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations, and other governments. Fiduciary Funds are not included in the government-wide statements. The Fiduciary Funds are as follows:

**Pension Trust Funds** – to account for the accumulation of resources to be used for retirement annuity payments in accordance with contract amounts and times in the future. These funds cover all members of the Fire Department and sworn members of the Police Department. Resources are contributed by employees at rates fixed by contract and by the City at amounts determined by an annual actuarial study.

**Student Activity Fund** – to account for the collection and payment of expenses for education extra-curricular activities at the high school, middle school, and grammar schools. Annually, the Board of Education transfers funds from their General Fund Budget.

**Contractor's Bond Fund** – to account for all bonds collected from contractor's – these bonds will be returned to payee upon successful completion of related construction project.

CITY OF NEW BRITAIN, CONNECTICUTPENSION TRUST FUNDSCOMBINING BALANCE SHEET  
JUNE 30, 2005

(thousands)

	FIREMEN'S PENSION FUND	POLICE BENEFIT FUND	TOTAL
<u>A S S E T S</u>			
Cash and cash equivalents .....	\$ 892	\$ 568	\$ 1,460
Investments .....	77,861	77,464	155,325
Due from other funds .....	86	39	125
TOTAL .....	<u>\$78,839</u>	<u>\$78,071</u>	<u>\$156,910</u>
L I A B I L I T I E S A N D <u>N E T A S S E T S</u>			
Liabilities:			
Accounts payable and accrued expenses .....	\$ 13	\$ 13	\$ 26
Net assets held in trust for pension benefits .....	78,826	78,058	156,884
TOTAL .....	<u>\$78,839</u>	<u>\$78,071</u>	<u>\$156,910</u>

CITY OF NEW BRITAIN, CONNECTICUTPENSION TRUST FUNDSCOMBINING SCHEDULE OF CHANGES IN PLAN NET ASSETS  
FOR THE YEAR ENDED JUNE 30, 2005

(thousands)

	FIREMEN'S PENSION FUND	POLICE BENEFIT FUND	TOTAL
Additions:			
Contributions:			
Employer .....	\$ 292	\$ 642	\$ 934
Employee .....	423	402	825
Total contributions .....	715	1,044	1,759
Investment income:			
Net appreciation fair value of investments .....	2,077	3,040	5,117
Interest and dividends .....	2,565	2,401	4,966
Miscellaneous .....	2	3	5
Total investment income .....	4,644	5,444	10,088
Less investment expense .....	(258)	(280)	(538)
Net investment income .....	4,386	5,164	9,550
Total additions.....	5,101	6,208	11,309
Deductions:			
Benefits .....	3,896	5,340	9,236
Administration .....	44	44	88
Total deductions.....	3,940	5,384	9,324
Transfers .....	(848)	848	
Net increase .....	313	1,672	1,985
Net assets held in trust for pension benefits, July 1, 2004 .....	78,513	76,386	154,899
Net assets held in trust for pension benefits, June 30, 2005 .....	<u>\$78,826</u>	<u>\$78,058</u>	<u>\$156,884</u>



CITY OF NEW BRITAIN, CONNECTICUTAGENCY FUNDSCOMBINING BALANCE SHEET  
AS OF JUNE 30, 2005

	(thousands)	CONTRACTOR'S BOND FUND	STUDENT ACTIVITY FUNDS	TOTAL
<hr/>				
<u>A S S E T S</u>				
Cash and cash equivalents .....		\$142	\$109	\$251
Investments .....		438	73	511
Due from other funds .....		5		5
		<hr/>		
TOTAL.....		<u>\$585</u>	<u>\$182</u>	<u>\$767</u>
<hr/>				
L I A B I L I T I E S				
A N D				
<u>F U N D B A L A N C E</u>				
Liabilities:				
Due to beneficiaries.....		\$585	\$182	\$767
Fund balance .....		-0-	-0-	-0-
		<hr/>		
TOTAL.....		<u>\$585</u>	<u>\$182</u>	<u>\$767</u>
<hr/>				

CITY OF NEW BRITAIN, CONNECTICUTAGENCY FUNDSCOMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
FOR THE YEAR ENDED JUNE 30, 2005

(thousands)

	BALANCE JULY 1, 2004	ADDITIONS	DEDUCTIONS	BALANCE JUNE 30, 2005
<u>CONTRACTOR'S BOND FUND</u>				
Assets:				
Cash and cash equivalents.	\$ 16	\$126		\$142
Investments.....	298	326	\$186	438
Due from other funds.....	-0-	21	16	5
TOTAL .....	<u>\$314</u>	<u>\$473</u>	<u>\$202</u>	<u>\$585</u>
Liabilities:				
Due to other funds.....	\$ 2		\$ 2	\$-0-
Due to beneficiaries.....	312	\$347	74	585
TOTAL .....	<u>\$314</u>	<u>\$347</u>	<u>\$76</u>	<u>\$585</u>
<u>STUDENT ACTIVITY FUNDS</u>				
Assets:				
Cash and cash equivalents.	\$112	\$636	\$639	\$109
Investments.....	72	1		73
TOTAL .....	<u>\$184</u>	<u>\$637</u>	<u>\$639</u>	<u>\$182</u>
Liabilities:				
Due to beneficiaries.....	<u>\$184</u>	<u>\$637</u>	<u>\$639</u>	<u>\$182</u>
<u>TOTAL ALL FUNDS</u>				
Assets:				
Cash and cash equivalents.	\$128	\$ 762	\$639	\$251
Investments.....	370	327	186	511
Due from other funds.....	-0-	21	16	5
TOTAL .....	<u>\$498</u>	<u>\$1,110</u>	<u>\$841</u>	<u>\$767</u>
Liabilities:				
Due to other funds.....	\$ 2		\$ 2	\$-0-
Due to beneficiaries.....	496	\$984	713	767
TOTAL .....	<u>\$498</u>	<u>\$984</u>	<u>\$715</u>	<u>\$767</u>

## **CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS**

The following schedules present only the capital asset balances related to governmental funds. The assets are reported at historical cost or estimated historical cost.

The City's capitalization policy requires the recording of capital assets with original cost of \$5,000 or more. Infrastructure assets are also recorded based on a threshold of \$5,000. Provision for depreciation is not included in the schedules.

CITY OF NEW BRITAIN, CONNECTICUTCAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDSCOMPARATIVE SCHEDULE BY SOURCE  
JUNE 30, 2005 AND 2004

---

	2005	2004
<hr/>		
(thousands)		
<hr/>		
Governmental funds capital assets:		
Land .....	\$ 23,628	\$ 23,623
Buildings .....	182,497	182,331
Equipment .....	16,343	16,118
Vehicles .....	13,259	13,903
Infrastructure .....	85,300	83,009
Construction in progress .....	<u>41,975</u>	<u>25,065</u>
TOTAL .....	<u>\$363,002</u>	<u>\$344,049</u>
Investment in governmental funds capital assets by source:		
Capital Projects Funds:		
General obligation bonds and notes .....	\$197,224	\$178,745
State grants .....	140,747	140,747
General Fund revenues .....	14,878	14,783
Special Revenue Fund revenues .....	4,742	4,806
Gifts .....	<u>5,411</u>	<u>4,968</u>
TOTAL .....	<u>\$363,002</u>	<u>\$344,049</u>

---

CITY OF NEW BRITAIN, CONNECTICUTCAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS

## SCHEDULE BY FUNCTION AND ACTIVITY

AS OF JUNE 30, 2005

(thousands)

FUNCTION AND ACTIVITY	LAND AND BUILDINGS	EQUIPMENT	VEHICLES	INFRASTRUCTURE	CONSTRUCTION IN PROGRESS	TOTAL
General Government.....	\$ 79,901	\$ 1,172	\$ 421	\$ 170		\$ 81,664
Public Safety.....	592	3,763	5,265			9,620
Public Works.....	420	1,109	5,572	84,887	\$10,101	102,089
Health and Social Services.....		262	45			307
Parks and Recreation.....	10,432	1,552	1,676	243		13,903
Education.....	114,780	8,485	280		31,874	155,419
TOTAL .....	<u>\$206,125</u>	<u>\$16,343</u>	<u>\$13,259</u>	<u>\$85,300</u>	<u>\$41,975</u>	<u>\$363,002</u>

CITY OF NEW BRITAIN, CONNECTICUTCAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDSCHEDULE OF CHANGES BY FUNCTION AND ACTIVITY  
FOR THE YEAR ENDED JUNE 30, 2005

(thousands)

FUNCTION AND ACTIVITY	GOVERNMENTAL FUNDS CAPITAL ASSETS JUNE 30, 2004	TRANSFERS IN AND ADDITIONS	TRANSFERS OUT AND DELETIONS	GOVERNMENTAL FUNDS CAPITAL ASSETS JUNE 30, 2005
General Government .....	\$ 81,485	\$ 482	\$ 303	\$ 81,664
Public Safety .....	10,012	115	507	9,620
Public Works .....	95,195	9,376	2,482	102,089
Health and Social Services .....	348		41	307
Park and Recreation .....	13,932	31	60	13,903
Education .....	143,077	12,374	32	155,419
TOTAL .....	<u>\$344,049</u>	<u>\$22,378</u>	<u>\$3,425</u>	<u>\$363,002</u>

TABLE 1

CITY OF NEW BRITAIN, CONNECTICUT  
GOVERNMENT-WIDE EXPENSES BY FUNCTION  
LAST FOUR FISCAL YEARS  
(thousands)

FISCAL YEAR	GENERAL GOVERNMENT	PUBLIC SAFETY	PUBLIC WORKS	HEALTH AND WELFARE	PARKS, RECREATION AND LIBRARIES	EDUCATION	INTEREST ON LONG-TERM DEBT	NON- DEPARTMENTAL FIXED CHARGES*	WATER	TOTAL
2002.....	\$7,327	\$25,874	\$18,295	\$ 7,573	\$11,220	\$123,103	\$12,930	\$10,709	\$6,328	\$223,359
2003.....	5,706	29,398	22,828	10,286	13,169	129,607	12,299		5,794	229,087
2004.....	4,862	34,679	17,741	10,107	12,638	136,052	12,226		5,842	234,147
2005.....	6,413	35,492	21,083	9,153	12,334	139,567	12,092		9,031	245,165

\* Nondepartmental fixed charges are allocated by function after fiscal year ended June 30, 2002.

CITY OF NEW BRITAIN, CONNECTICUTGOVERNMENT-WIDE REVENUES  
LAST FOUR FISCAL YEARS

(thousands)

FISCAL YEAR	.....PROGRAM REVENUES.....			.....GENERAL REVENUES.....				TOTAL
	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	PROPERTY TAXES	GRANTS AND CONTRIBUTIONS NOT RESTRICTED TO SPECIFIC PURPOSES	UNRESTRICTED INVESTMENT EARNINGS	OTHER GENERAL REVENUES	
2002.....	\$26,723	\$ 92,470	\$8,411	\$78,945	\$18,587	\$3,324	\$2,160	\$230,620
2003.....	24,385	94,877	9,353	84,956	21,807	3,339	3,883	242,600
2004.....	30,305	93,361	6,105	97,783	20,496	2,252	966	251,268
2005.....	32,247	106,747	1,099	98,000	14,776	3,312	2,774	258,955



CITY OF NEW BRITAIN, CONNECTICUTGENERAL GOVERNMENTAL REVENUES AND TRANSFERS BY SOURCE  
BUDGETARY BASIS  
LAST TEN FISCAL YEARS

(thousands)

FISCAL YEAR	TAXES	LICENSES FEES AND PERMITS	INTERGOVERNMENTAL REVENUE	CHARGES FOR SERVICES	INVESTMENT AND OTHER REVENUE	TRANSFER FROM OTHER FUNDS	TOTAL
1996.....	\$74,850	\$ 482	\$60,989	\$4,337	\$1,154	\$2,268	\$144,080
1997.....	74,400	478	60,517	4,301	1,401	765	141,862
1998.....	72,757	534	66,405	4,808	1,623	820	146,947
1999.....	73,401	597	71,912	5,370	2,067	837	154,184
2000.....	73,605	646	74,593	5,813	3,484	4,533	162,674
2001.....	75,795	509	80,128	5,603	2,729	6,076	170,840
2002.....	78,340	784	83,847	6,083	4,754	3,426	177,234
2003.....	84,094	645	84,314	7,086	8,678	5,736	190,553
2004.....	97,746	779	84,160	7,818	1,630	3,027	195,160
2005.....	96,828	2,721	85,467	5,966	2,470	6,172	199,624

Note: These statistics include only General Fund revenues, expenditures and transfers.

TABLE 4

CITY OF NEW BRITAIN, CONNECTICUTGENERAL GOVERNMENTAL EXPENDITURES AND OTHER USES BY FUNCTION  
LAST TEN FISCAL YEARS

(thousands)											
FISCAL YEAR	GENERAL GOVERNMENT	PUBLIC SAFETY	PUBLIC WORKS	PARKS AND RECREATION	SOCIAL SERVICES	EDUCATION	TRANSFERS TO OTHER FUNDS	OTHER EXPENDITURES	NON- DEPARTMENTAL FIXED CHARGES*	DEBT SERVICE	TOTAL
1996..	\$5,322	\$17,787	\$ 8,436	\$5,590	\$4,588	\$ 66,135	\$18,253	\$954	\$16,677		\$143,742
1997..	3,401	18,542	9,946	5,520	3,350	67,806	16,380	415	15,840		141,200
1998..	3,598	19,414	9,543	5,214	2,367	70,920	22,116	181	12,972		146,325
1999..	3,747	20,393	10,007	5,532	1,551	75,599	25,688	196	10,080	\$508	153,301
2000..	3,814	22,352	10,396	5,676	1,644	79,906	36,810	112	8,392		169,102
2001..	3,742	22,588	10,708	5,938	1,686	85,470	30,101	597	9,087		169,917
2002..	3,930	23,240	10,890	6,351	1,748	98,260	30,646	335	9,527		184,927
2003..	4,781	29,448	12,206	7,154	2,155	99,518	34,717				189,979
2004..	4,944	33,402	13,239	7,233	2,205	104,694	28,661				194,378
2005..	5,375	32,695	12,974	7,035	2,201	108,883	29,058				198,221

\* Nondepartmental fixed charges are allocated by function after fiscal year ended June 30, 2002.

Note: These statistics include only General Fund revenues, expenditures and transfers.

TABLE 5

CITY OF NEW BRITAIN, CONNECTICUTPROPERTY TAX LEVIES AND COLLECTIONS  
LAST TEN FISCAL YEARS

FISCAL YEAR	MILL RATE	TOTAL TAX LEVY*	CURRENT TAX COLLECTIONS*	PERCENT OF LEVY COLLECTED	DELINQUENT TAX COLLECTIONS*	TOTAL TAX COLLECTIONS*	TOTAL COLLECTIONS AS A PERCENT OF CURRENT LEVY	OUTSTANDING DELINQUENT TAXES*	OUTSTANDING DELINQUENT TAXES AS A PERCENT OF CURRENT LEVY
1994 1996	50.85	\$74,200	\$71,185	95.94%	\$2,266	\$73,451	98.99%	\$7,778	10.48%
1995 1997	49.83	73,212	70,110	95.76%	2,869	72,979	99.68%	7,467	10.20%
1996 1998	49.58	72,134	69,749	96.69%	1,989	71,738	99.45%	7,821	10.84%
1997 1999	49.48	72,166	69,680	96.56%	2,515	72,195	100.04%	7,065	9.79%
1998 2000	49.42	72,836	70,322	96.55%	2,297	72,619	99.70%	7,006	9.62%
1999 2001	49.98	74,903	72,236	96.44%	2,476	74,712	99.75%	8,063	10.76%
2000 2002	50.88	77,444	74,664	96.41%	2,416	77,080	99.53%	8,205	10.59%
2001 2003	54.76	84,038	80,822	96.17%	2,133	82,955	98.71%	8,986	10.69%
2002 2004	46.93	96,709	93,815	97.01%	2,508	96,323	99.60%	8,920	9.22%
2003 2005	46.90	96,045	92,975	96.80%	2,482	95,457	99.39%	9,143	9.52%

\*Amounts presented in thousands

## CITY OF NEW BRITAIN, CONNECTICUT

STATEMENT OF DEBT LIMITATION  
FOR THE YEAR ENDED JUNE 30, 2005

(thousands)

Total Tax Collections (Including interest and lien fees) received by Treasurer for the year ended June 30, 2005 .....						\$96,788*
Reimbursement for revenue loss (year ended June 30, 2005):						
Veterans Exemption .....						59
Disability Exemption .....						9
Tax relief for the elderly (C.G.S. 7-129d) and disability exemptions .....						633
Manufacturing Equipment Exemption .....						1,029
Boat registration reimbursement .....						13
BASE for debt limitation computation .....						<u>\$98,531</u>
* Budgetary basis	General				Urban	
	<u>Purposes</u>	<u>Schools</u>	<u>Sewers</u>	<u>Renewal</u>	<u>Pension</u>	
Debt limitation:						
2-1/4 times base .....	\$221,695					
4-1/2 times base .....		\$443,390				
3-3/4 times base .....			\$369,491			
3-1/4 times base .....				\$320,226		
3 times base .....						\$295,593
Total debt limitation .....	<u>221,695</u>	<u>443,390</u>	<u>369,491</u>	<u>320,226</u>		<u>295,593</u>
Indebtedness:						
Bonds payable .....	133,016	41,659	360			
Notes payable .....	22,135	11,925				
Bonds authorized - unissued .....	66,702	60,265	15,457			
Total indebtedness .....	<u>221,853</u>	<u>113,849</u>	<u>15,817</u>			
Less: Self-liquidating indebtedness:						
Sewer: Bonds payable .....	360					
Subways: Bonds payable .....	435					
Statutory Exclusion-Pension Obligation .....	98,830					
School construction grants .....		59,413				
Total self-liquidating indebtedness .....	<u>99,625</u>	<u>59,413</u>				
Total indebtedness less self-liquidating indebtedness .....	<u>122,228</u>	<u>54,436</u>	<u>15,817</u>			
Debt limitation in excess of outstanding and authorized debt .....	<u>\$ 99,467</u>	<u>\$388,954</u>	<u>\$353,674</u>	<u>\$320,226</u>		<u>\$295,593</u>

NOTE: In no case shall total indebtedness exceed seven times annual receipts from taxation (\$689,717).

CITY OF NEW BRITAIN, CONNECTICUTRATIO OF NET GENERAL BONDED DEBT TO ASSESSED VALUE AND NET BONDED DEBT  
LAST TEN FISCAL YEARS

113	FISCAL YEAR	NET ASSESSED VALUE <sup>3</sup>	ESTIMATED FULL VALUE <sup>3</sup>	NET LONG-TERM DEBT <sup>1 3</sup>	RATIO OF NET LONG-TERM DEBT TO ASSESSED VALUE (%)	RATIO OF NET LONG-TERM DEBT TO ESTIMATED FULL VALUE (%)	POPULATION <sup>2</sup>	NET LONG-TERM DEBT PER CAPITA
	1996.....	\$1,460,543	\$2,086,490	\$103,800	7.11%	4.97%	72,315	\$1
	1997.....	1,468,456	2,097,794	117,380	7.99%	5.60%	72,315	2
	1998.....	1,460,008	2,085,725	214,200	14.67%	10.27%	70,948	3
	1999.....	1,454,304	2,077,577	218,680	15.04%	10.53%	70,948	3
	2000.....	1,466,745	2,095,349	232,900	15.88%	11.12%	70,492	3
	2001.....	1,484,295	2,120,421	220,955	14.89%	10.42%	70,010	3
	2002.....	1,507,861	2,154,087	209,200	13.87%	9.71%	71,538	3
	2003.....	1,581,871	2,259,816	199,585	12.62%	8.83%	71,538	3
	2004.....	1,495,962	2,137,089	187,030	12.50%	8.75%	71,538	3
	2005.....	1,459,371	2,084,816	174,240	11.94	8.36%	71,840	2

<sup>1</sup> Excludes Self-Liquidating Debt and includes Overlapping Debt. School building grants have not been deducted.<sup>2</sup> State of Connecticut, Municipal Fiscal Indicator, Fiscal Year Ending 1993 - 1997.<sup>3</sup> Amounts presented in thousands.

CITY OF NEW BRITAIN, CONNECTICUT

RATIO OF ANNUAL DEBT SERVICE EXPENDITURES FOR GENERAL BONDED DEBT  
TO TOTAL GENERAL GOVERNMENTAL EXPENDITURES  
LAST TEN FISCAL YEARS

FISCAL YEAR ENDED JUNE 30,	PRINCIPAL (3)	INTEREST (3)	TOTAL DEBT SERVICE (3)	TOTAL GENERAL FUND EXPENDITURES (1)(3)	RATIO OF DEBT SERVICE TO TOTAL GENERAL FUND EXPENDITURES (%)
1996 (2)	\$ 9,332	\$6,169	\$15,501	\$146,208	10.60%
1997 (2)	8,910	5,816	14,726	144,888	10.16%
1998 (2)	9,660	6,476	16,136	151,567	10.65%
1999 (2)	9,085	5,773	14,858	153,299	9.69%
2000 (2)	9,205	5,700	14,905	164,553	9.06%
2001 (2)	10,571	6,684	17,255	172,701	9.99%
2002 (2)	10,781	6,222	17,003	180,229	9.43%
2003 (2)	10,983	5,694	16,677	189,979	8.78%
2004 (2)	11,296	5,246	16,542	195,160	8.48%
2005 (2)	11,626	4,851	6,775	198,221	3.42%

(1) Includes General Fund expenditures and operating transfers out.

(2) Excludes Enterprise Fund New Britain Water Department debt.

(3) Amounts presented in thousands.

NOTE: All years are shown on a GAAP basis (Generally Accepted Accounting Principles).

CITY OF NEW BRITAIN, CONNECTICUTPROPERTY VALUE, CONSTRUCTION, AND BANK DEPOSITS  
LAST TEN FISCAL YEARS

FISCAL YEAR	COMMERCIAL .....CONSTRUCTION.....		RESIDENTIAL .....CONSTRUCTION.....		BANK DEPOSITS*	.....PROPERTY VALUE.....		
	NUMBER OF UNITS	VALUE*	NUMBER OF UNITS	VALUE*		COMMERCIAL*	RESIDENTIAL*	EXEMPT*
1996...	179	\$18,932	684	\$3,933	\$ 43,846	\$351,991	\$ 806,220	\$48,824
1997...	225	8,465	688	3,542	44,364	298,097	834,083	43,301
1998...	238	26,552	670	3,243	87,046	296,382	827,825	51,479
1999...	162	9,167	647	3,246	88,075	292,315	826,045	54,095
2000...	172	32,774	873	5,599	98,108	294,816	833,111	57,905
2001...	185	13,411	741	5,808	146,830	298,343	843,080	57,092
2002...	189	24,651	816	9,151	452,173	303,080	824,800	61,504
2003...	193	15,159	761	9,862	69,643	305,141	858,545	63,756
2004...	183	12,277	659	3,917	63,079	470,499	1,208,039	65,060
2005...	139	8,935	749	8,549	224,267	308,871	1,210,923	58,266

\*Amounts presented in thousands

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

(thousands)

FISCAL YEAR	GRAND LIST OCTOBER 1,	.....REAL PROPERTY.....		.....PERSONAL PROPERTY.....		.....TOTALS.....	
		ASSESSED VALUE	ESTIMATED VALUE	ASSESSED VALUE	ESTIMATED VALUE	ASSESSED VALUE	ESTIMATED VALUE
1996	1994	\$1,179,061	\$1,684,374	\$281,482	\$402,117	\$1,460,543	\$2,086,491
1997	1995	1,151,862	1,645,518	316,594	452,276	1,468,456	2,097,794
1998	1996	1,150,847	1,644,068	309,160	441,658	1,460,007	2,085,726
1999	1997	1,148,943	1,641,348	305,361	436,230	1,454,304	2,077,578
2000	1998	1,149,843	1,642,633	316,902	452,717	1,466,745	2,095,350
2001	1999	1,148,144	1,640,206	336,151	480,215	1,484,295	2,120,421
2002	2000	1,129,388	1,613,412	378,473	540,676	1,507,861	2,154,088
2003	2001	1,178,494	1,683,563	403,377	576,253	1,581,871	2,259,816
2004	2002	1,193,429	1,704,899	302,532	432,189	1,495,961	2,137,088
2005	2003	1,179,478	1,684,969	279,892	399,846	1,459,370	2,084,815

\*The October 1, 2002 Grand List was a revaluation year.



CITY OF NEW BRITAIN, CONNECTICUTDEMOGRAPHIC AND ECONOMIC STATISTICS  
LAST TEN FISCAL YEARS

## POPULATION AND DENSITY

## Historical

<u>Year</u>	<u>Population</u>	<u>% Increase</u>	<u>City Density</u>
1950	73,726	7.34	5,543
1960	82,201	11.50	6,181
1970	83,441	1.51	6,274
1980	73,840	(11.51)	5,552
1990	75,491	2.24	5,676
1998	70,340	(6.82)	5,272
1999	70,010	(0.46)	5,248
2000	71,538	0.02	5,363
2004	71,840	0.00	5,385

Source: State of Connecticut, Municipal Fiscal Indicators, October, 2000

## AGE DISTRIBUTION OF THE POPULATION

	<u>City of New Britain</u>		<u>State of Connecticut</u>		<u>United States of America</u>	
	<u>2000</u>	<u>%</u>	<u>2000</u>	<u>%</u>	<u>2000</u>	<u>%</u>
Under 5 years	4,754	6.6	223,344	6.5	19,175,798	6.8
5 - 9 years	5,051	7.1	244,144	7.2	20,549,505	7.3
10 - 14 years	4,816	6.7	241,587	7.1	20,528,072	7.3
15 - 19 years	5,249	7.3	216,627	6.4	20,219,890	7.2
20 - 24 years	6,384	8.9	187,571	5.5	18,964,001	6.7
25 - 44 years	10,667	14.9	451,640	13.3	39,891,724	14.2
35 - 44 years	10,018	14.1	581,049	17.1	45,148,527	16.1
45 - 54 years	8,212	11.5	480,807	14.1	37,677,952	13.4
55 - 59 years	2,859	4.1	176,961	5.2	13,469,237	4.8
60 - 64 years	2,246	3.1	131,652	3.8	10,805,447	3.8
65 - 74 years	4,959	6.9	231,565	6.8	18,390,986	6.5
75 - 84 years	4,716	6.6	174,345	5.1	12,361,180	4.4
85 and Over	1,607	2.2	64,273	1.9	4,239,587	1.5
Total	<u>71,538</u>	<u>100.0</u>	<u>3,405,565</u>	<u>100.0</u>	<u>281,421,906</u>	<u>100.0</u>

Median Age (2000) 33.9

37.4

35.3

Source: U.S. Census Bureau, Census 2001, State of Connecticut

## INCOME DISTRIBUTION

	<u>City of New Britain</u>		<u>State of Connecticut</u>		<u>United States of America</u>	
	<u>Families</u>	<u>%</u>	<u>Families</u>	<u>%</u>	<u>Families</u>	<u>%</u>
Less than 10,000	1,518	8.9	33,423	3.8	4,155,386	5.8
10,000 - 14,999	972	5.7	23,593	2.7	3,115,586	4.3
15,000 - 24,999	2,358	13.8	63,262	7.1	7,757,397	10.7
25,000 - 34,999	2,403	14.0	75,413	8.5	8,684,429	12.0
35,000 - 49,999	2,870	16.8	120,134	13.6	12,377,108	17.1
50,000 - 74,999	3,689	21.6	198,924	22.5	16,130,100	22.3
75,000 - 99,999	1,865	10.9	141,981	16.0	9,009,327	12.5
100,000 - 149,999	1,090	6.4	132,177	14.9	6,936,210	9.6
150,000 - 199,999	139	.8	42,472	4.8	1,983,673	2.8
200,000 and up	204	1.1	54,368	6.1	2,112,564	2.9
Total	<u>17,108</u>	<u>100.0</u>	<u>885,747</u>	<u>100.0</u>	<u>72,261,780</u>	<u>100.0</u>

Source: U.S. Department of Commerce, Bureau of Census, 1990

(Continued) - 1.

CITY OF NEW BRITAIN, CONNECTICUT  
 DEMOGRAPHIC AND ECONOMIC STATISTICS (CONTINUED)

## INCOME LEVELS

	<u>City of New Britain</u>	<u>State of Connecticut</u>	<u>United States of America</u>
Per Capita			
Income 2000	\$23,379	\$40,640	\$29,676
Median Family			
Income 2000	\$41,056	\$64,502	\$51,751
Median Household			
Income 2000	\$34,185	\$53,108	\$42,148

Source: State of Connecticut

## MAJOR EMPLOYERS

<u>Employer</u>	<u>As of Dec. 31, 2004</u> <u>No. of Employees</u>	<u>As of December 31, 2003</u> <u>No. of Employees</u>
City of New Britain	1,900	1,917
New Britain General Hospital	2,300	1,700
Central Connecticut State University	1,540	1,330
The Hospital for Special Care	1,370	1,370
Tilcon Connecticut	1,000	1,000
State of Connecticut	900	900
Grove Hill Medical Center	440	500
The Stanley Works	700	450
Dattco	385	350
BankNorth CT	375	404
Guida's Dairy	275	282
Moore Medical	300	270
Creed Monarch	280	337
Parker/Skinner Value	250	205

Source: Municipal Development Agency, City of New Britain

## EMPLOYMENT DATA

## By Place of Residence

	<u>.City of New Britain.</u>		<u>.....Percentage Unemployed.....</u>		
	<u>Employed</u>	<u>Unemployed</u>	<u>City of</u> <u>New Britain</u>	<u>Hartford</u> <u>Labor Mkt</u>	<u>State of</u> <u>Connecticut</u>
2003	31,972	2,460	7.1	9.4	4.5
2002	31,665	2,106	6.2	4.0	3.9
2001	31,887	1,841	5.7	3.3	3.3
2000	32,668	1,330	3.9	2.5	2.3
1999	31,567	1,821	5.5	3.3	3.2
1998	32,294	1,772	5.2	3.5	3.4
1997	32,061	2,665	7.7	5.6	5.1
1996	32,071	2,925	8.4	6.1	5.7
1995	33,191	2,705	7.5	3.8	4.7
1994	33,102	2,782	7.8	5.9	5.6
1993	34,083	3,272	8.8	6.6	6.2

Source: Connecticut Department of Economic and Community Development, Town Profiles  
 1998 - 1999

(Continued) - 2.

CITY OF NEW BRITAIN, CONNECTICUT  
 DEMOGRAPHIC AND ECONOMIC STATISTICS (CONTINUED)

## TAX EXEMPT PROPERTIES

<u>Publicly Owned</u>	<u>As of 10/01/02</u>	<u>As of 10/01/03</u>
City of New Britain	\$171,684,170	\$172,532,570
State of Connecticut	239,455,180	275,156,180
Federal	2,927,190	2,927,190
City of Hartford	352,520	352,520
New Britain Housing Authority	<u>27,662,740</u>	<u>27,662,740</u>
Total Publicly Owned	<u>\$442,081,800</u>	<u>\$478,631,200</u>

Privately Owned

Total Privately Owned	<u>\$244,359,255</u>	<u>\$244,758,025</u>
Total Tax Exempt	<u>\$686,441,055</u>	<u>\$72,389,225</u>

Percentage as compared to Net Taxable

Grand List (10/01/02) 33.41%

Percentage as compared to Net Taxable

Grand List (10/01/03) 35.71%

Source: Assessor's Office, City of New Britain

## Principal Taxpayers

(2003 Net Taxable Grand List)

<u>Name</u>	<u>Nature of Business</u>	<u>Taxable Valuation</u>	<u>Percent of Net Taxable Grand List (%)</u>
Stanley Works	Manufacturing	\$ 38,522,811	1.90
Conn. Light and Power Co	Utility	23,484,501	1.15
Brittany Farms Associates	Rentals	17,949,542	0.88
DAM NB LLC	Retail	11,824,680	0.58
NB-BTMC LLC	Retail	11,459,070	0.56
Conn. Natural Gas Corp	Utility	11,182,595	0.55
Creed Monarch	Manufacturing	11,113,087	0.55
Investment Associates LTP	Professional Services	10,638,834	0.52
HSC Community Services Inc	Nursing Home	9,094,287	0.44
Newbrite Associates LTD Partnership	Retail	<u>8,236,060</u>	<u>0.40</u>
		<u>\$153,505,467</u>	<u>7.53%</u>

(Concluded) - 3.

CITY OF NEW BRITAIN, CONNECTICUTSCHOOL DATA  
LAST TEN FISCAL YEARS

## SCHOOL FACILITIES

<u>School</u>	<u>Grades</u>	<u>Date Occupied</u>	<u>Additions and Renovations</u>	<u>Enrollment 10/01/2004</u>	<u>City Rated Capacity</u>
Chamberlain .....	K-5	1952	1982, 1989, 1993	628	757
DiLoreto .....	K-5	1951	1982, 1991	577	822
Gaffney .....	K-5	1959	1982, 1990	403	639
Holmes .....	K-5	1955	1978, 1991, 1997	495	697
Jefferson .....	K-5	1956	1982, 1991, 1997	448	567
Lincoln .....	K-5	1925	1976, 1982, 1994	498	610
Northend .....	K-5	1932	1982	281	330
Smalley .....	K-5	1971	1982, 1997	644	816
Smith .....	K-5	1952	1982, 1993	607	767
Vance .....	K-5	1926	1988, 1994	387	592
NB Center or School					
Readiness .....	Pre-K	1992	n/a	253	175
Pulaski Middle .....	6-8	1961	1982, 1992	926	1,350
Roosevelt .....	6-8	1993	1993	700	792
Slade .....	6-8	1960	1982, 1992	937	1,190
New Britain High School .....	9-12	1972	1982, 1989	3,169	2,094
City Total .....				10,953	12,198

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

## SCHOOL ENROLLMENT

<u>School Year</u>	<u>Elementary</u>	<u>Middle</u>	<u>Secondary</u>	<u>Outside Placement</u>	<u>Special Education</u>	<u>Pre-K</u>	<u>Total</u>
1991-1992	4,714	1,703	1,630	107	62	57	8,273
1992-1993	4,683	1,754	1,705	98	67	67	8,374
1993-1994	4,668	1,884	1,783	122	71	44	8,572
1994-1995	4,885	1,900	1,828	118	69	61	8,861
1995-1996	5,141	2,065	1,886	120	73	76	9,361
1996-1997	5,124	2,106	2,017	151	77	83	9,558
1997-1998	5,179	2,154	2,117	168	79	125	9,822
1998-1999	5,366	2,224	2,222	178	*	145	10,135
1999-2000	5,400	2,239	2,413	177	*	164	10,393
2000-2001	5,341	2,280	2,502	190	*	172	10,485
2001-2002	5,269	2,406	2,720	204	*	163	10,762
2002-2003	5,129	2,643	2,744	176	*	202	10,894
2003-2004	5,044	2,558	2,987	178	*	214	10,981
2004-2005	4,968	2,563	3,169	185	*	253	11,138
Projected							
2005-2006	4,979	2,492	3,326	-	*	255	11,052
2006-2007	5,000	2,360	3,312	-	*	258	10,930
2007-2008	5,029	2,287	3,232	-	*	261	10,809
2008-2009	5,071	2,235	3,217	-	*	264	10,787
2009-2010	5,029	2,285	3,109	-	*	267	10,690
2010-2011	5,020	2,309	2,987	-	*	270	10,586
2011-2012	4,995	2,364	2,904	-	*	273	10,536
2012-2013	4,978	2,333	2,947	-	*	276	10,534
2013-2014	4,956	2,336	2,962			279	10,533

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

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

CITY OF NEW BRITAIN, CONNECTICUTMISCELLANEOUS STATISTICS  
AS OF 6/30/05

---

DATE OF INCORPORATION:	1850
FORM OF GOVERNMENT:	Mayor - Concurrent two-year terms Council - Concurrent two-year terms Commission - Appointed by the Mayor
AREA OF TOWN:	13.3 square miles
CITY ATTRACTIONS:	New Britain Rockcats - a baseball affiliate of the Minnesota Twins Central Connecticut State University - known for it's schools of Education, Technology, and Business State of Connecticut Government Center, Regional Courthouse, and Department of Public Utility Control building
	Number of Parks: 8 (including Central Park)
	Number of Hospitals: 2
	Number of Libraries: 3 (includes the main library and 2 branches)
SEWERS:	The City is the largest member of a three-municipality sewer district, The Mattabassett District. It is divided approximately 75% - City of New Britain, 15% - Town of Berlin, and 10% Town of Cromwell. Mandated sewer use charges defray the cost of the yearly operation and maintenance assessment.
PUBLIC WORKS:	Number of Maintenance Personnel: 59 Miles of Public Roadway Serviced: 163 miles
WATER:	The City's Water Department serves residents of various communities such as New Britain, Berlin, Newington, Farmington and Plainville. Number of Reservoirs: 6 Acreage owned outside the City: 6,692
UTILITIES:	Gas: Supplied by the Connecticut Natural Gas Corporation Electricity: Supplied by Connecticut Light & Power
SUBWAYS:	The City rents to four utilities including Connecticut Light & Power and Southern New England Telephone.
SOLID WASTE:	The City is a participant in two joint ventures: Tunxis Recycling Operating Committee (which includes 12 other cities and towns) and Bristol Resource Recovery Facility Operating Committee (which includes 14 other cities and towns).

---

CITY OF NEW BRITAIN, CONNECTICUT  
MUNICIPAL EMPLOYEES

	<u>12/31/04</u>	<u>12/31/03</u>	<u>6/30/02</u>	<u>12/31/01</u>	<u>12/31/99</u>
Board of Education	1,335	1,302	1,331	1,286	1,264
General Government	<u>601</u>	<u>615</u>	<u>623</u>	<u>616</u>	<u>616</u>
TOTAL	<u>1,936</u>	<u>1,917</u>	<u>1,954</u>	<u>1,902</u>	<u>1,880</u>

## General Government Employees:

<u>Department</u>	<u>Full-time Employees As of 12/31/2004</u>
Police (including mgmt, civilians and dispatch)	164
Fire (including mgmt)	130
Administrative, Financial and all other	114
Health and Welfare	14
Parks and Recreation (including Stanley Golf)	53
Public Works, Engineering, Sanitation, Garage	64
Water	48
All other	<u>14</u>
Total	<u>601</u>

Employee Relations

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

<u>Groups</u>	<u>12/31/04 Employees Represented</u>	<u>Current Contract Exp Date</u>
Board of Education Education Employees		
American Federation of State, County and Municipal Employees - General Government Local 1186	197	6/30/04
Teachers Aides		
New Britain Federation of Para-Professionals-Teachers Aides 2407	266	6/30/04
Teachers		
New Britain Federation of Teachers, Teachers 871	823	6/30/04
School Administrators		
American Federation of School Administrators - Administration 51	35	6/30/05
Supervisory Employees		
American Federation of State, County Principal Employees - Local 818	7	6/30/05
Support Services Administrators		
American Federation of School Administrators - Administration 51	2	6/30/05

(Continued) - 1.

TABLE 14

CITY OF NEW BRITAIN, CONNECTICUT  
MUNICIPAL EMPLOYEES

General Government <u>Groups</u>		<u>6/30/05 Employees Represented</u>	<u>Current Contract Exp Date</u>
City Hall Supervisors	American Federation of State, County and Municipal Employees - Supervisors Local 818	33	6/30/05
Firefighters	Hardware City Firefighters - Fire 992	130	6/30/03*
Police Officers	American Federation of State, County and Municipal Employees - Local 1165	137	6/30/06
City Hall Employees	American Federation of State, County and Municipal Employees - Local 1186	221	6/30/08
Managers and Professional Employees	Non-Affiliated Association (MPA)	5	6/30/05
Professional Union	American Federation of State, County and Municipal Employees - Local 1303-332	44	6/30/07
Non-Affiliated Employees	Management (Mgmt)	1	N/A
Emergency Dispatch Employees	Connecticut Independent Labor Union (CILU)	16	6/30/06
Elected and Appointed	Non-Affiliated	6	N/A
Grant Positions	Non-Affiliated	8	N/A

<sup>1</sup> N/A undefined/indefinite by ordinance

\* Under Negotiation

Source: Finance Department, City of New Britain

(Concluded) - 2.

## Single Audit Section





*Scully & Wolf, LLP / Certified Public Accountants / Glastonbury, Connecticut 06033*

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

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of New Britain the ("City") as of and for the year ended June 30, 2005, which collectively comprise City's basic financial statements and have issued our report thereon dated December 13, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

#### Compliance and Other Matters

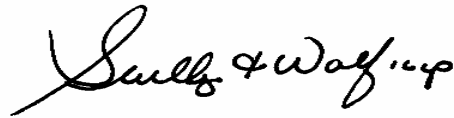
As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

#### Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

We noted certain matters involving the internal control over financial reporting and its operation that we have reported to the Management of the City, in a separate letter dated December 13, 2005.

This report is intended solely for the information and use of management, the Mayor, members of the Common Council, the Board of Education, federal and state awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, appearing to read "Sullivan & Wolf". The signature is fluid and cursive, with a large initial 'S' and 'W'.

December 13, 2005



*Scully & Wolf, LLP / Certified Public Accountants / Glastonbury, Connecticut 06033*

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

In accordance with federal requirements, we present the following report which describes the results of our testing of federal awards.

### **Compliance**

We have audited the compliance of the City of New Britain (the "City") with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2005. The major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the City's management. Our responsibility is to express an opinion on compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the City's compliance with those requirements.

In our opinion, the City complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2005. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as items 05-1 and 05-2.

### **Internal Control Over Compliance**

The management of the City is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

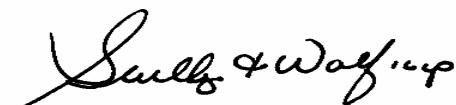
We noted certain matters involving the internal control over compliance and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in our judgment, could adversely affect the City's ability to administer a major federal program in accordance with applicable requirements of laws, regulations, contracts and grants. Reportable conditions are described in the accompanying schedule of findings and questioned costs as items 05-1 and 05-2.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with the applicable requirements of laws, regulations, contracts and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe that none of the reportable conditions described above are material weaknesses.

### **Schedule of Expenditures of Federal Awards**

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of and for the year ended June 30, 2005, and have issued our report thereon dated December 13, 2005. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

This report is intended solely for the information and use of management, the Common Council, Board of Education, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



December 13, 2005

**CITY OF NEW BRITAIN, CONNECTICUT**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2005**

<b>FEDERAL GRANTOR/PASS-THROUGH GRANTOR PROGRAM TITLE</b>	<b>FEDERAL CFDA NUMBER</b>	<b>EXPENDITURES</b>
<b>Environmental Protection Agency</b>		
Direct programs:		
Brownfield PILOT .....	66.814	\$ 59,020
Water Filtration Project.....	66.454	<u>433,467</u>
Total Environmental Protection Agency .....		<u>492,487</u>
<b>U.S. Department of Housing and Urban Development</b>		
Direct programs:		
Multi-Family Property Disposition .....	14.199	49,018
Community Development Block Grant.....	14.218	2,646,569
Emergency Shelter Grant.....	14.231	88,250
Home Program .....	14.239	808,514
Youth Build Program .....	14.243	390,575
Lead Hazard Control.....	14.900	<u>375,432</u>
Total U.S. Department of Housing .....		<u>4,358,358</u>
<b>U.S. Department of Agriculture</b>		
Passed through the State Department of Education:		
Snack Program - Early Childhood Program .....	10.556	68,657
School Breakfast Program .....	10.553	477,123
National School Lunch Program .....	10.555	2,034,847
Summer Food Service Program.....	10.559	88,027
Food Distribution Program.....	10.550	<u>228,063</u>
Total U.S. Department of Agriculture .....		<u>2,896,717</u>
<b>U.S. Department of Justice</b>		
Direct programs:		
Weed and Seed .....	16.595	270,678
Drug Investigation .....	16.590	7,721
Local Law Enforcement Block Grant .....	16.592	82,416
Passed through the Bureau of Justice Assistance:		
Bullet Proof Vests .....	16.607	<u>7,700</u>
Total U.S. Department of Justice .....		<u>368,515</u>

**CITY OF NEW BRITAIN, CONNECTICUT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS, ETC.**

FEDERAL GRANTOR/PASS-THROUGH GRANTOR PROGRAM TITLE	FEDERAL CFDA NUMBER	EXPENDITURES
<b>U.S. Department of Commerce</b>		
Direct Program:		
Economic Development.....	11.303	\$ <u>89,686</u>
<b>U.S. Department of Transportation</b>		
Passed through the State Department of Transportation:		
Surface Transportation Program:	20.205	
Project: Broad, Beaver, Main and North Street		
Reconstruction.....		384,967
Alcohol Traffic Safety Grants.....	20.601	<u>84,384</u>
Total U.S. Department of Transportation.....		<u>469,351</u>
<b>U.S. Department of the Interior</b>		
Direct Program:		
Urban Park and Recreation Recovery Project.....	15.919	<u>79,074</u>
<b>U.S. Department of Education</b>		
Direct Program:		
Twenty-First Century Community Learning Centers .....	84.287	364,290
Passed through the State Department of Education:		
Twenty-First Century Community Learning Centers .....	84.287	<u>575,692</u>
Total.....		<u>939,982</u>
Passed through the State Office of Policy and		
Management:		
Safe and Drug-Free Schools.....	84.186	<u>158,707</u>
Passed through the State Department of Education:		
Education Consolidation and Improvement Act		
(P.L. 100-297) Title I:	84.010	
Project Nos.:		
12060-20679-2005 .....		2,870,811
12060-20679-2005 .....		1,311,021
12060-20679-2005 .....		<u>14,864</u>
Total.....		<u>4,196,696</u>

**CITY OF NEW BRITAIN, CONNECTICUT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS, ETC.**

FEDERAL GRANTOR/PASS-THROUGH GRANTOR PROGRAM TITLE	FEDERAL CFDA NUMBER	EXPENDITURES
<b>U.S. Department of Education (continued)</b>		
Passed through the State Department of Education (cont.):		
Title III Part A – English Language Acquisition:	84.365	
Project Nos.:		
12060-20868-2004 .....		\$ 92,783
12060-20868-2005 .....		<u>172,621</u>
Total.....		<u>265,404</u>
Carl D. Perkins Act Vocational Education (VOED)		
(P.L. 98-524):	84.048	
Project No. 12060-20742-2005 .....		<u>277,798</u>
Drug-Free Schools and Communities Act (P.L. 99-570):	84.186	
Drug-Free Schools Act:		
Project Nos.:		
12060-20873-2004 .....		33,316
12060-20873-2005 .....		<u>40,948</u>
Total.....		<u>74,264</u>
Education for Homeless Children and Youth:	84.196	
Project No. 12060-20770-2005 .....		<u>30,230</u>
Title II Part A - Teachers:	84.367	
Project Nos.:		
12060-20858-2004 .....		172,596
12060-20858-2005 .....		<u>748,451</u>
Total.....		<u>921,047</u>
Title VI - Innovative Education Strategies:	84.298	
Project Nos.:		
12060-20909-2004 .....		64,964
12060-20909-2005 .....		<u>26,581</u>
Total.....		<u>91,545</u>
Title III Emergency Immigrant Education Program:	84.365	
Project No. 12060-20868-2005 .....		<u>32,883</u>

**CITY OF NEW BRITAIN, CONNECTICUT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS, ETC.**

FEDERAL GRANTOR/PASS-THROUGH GRANTOR PROGRAM TITLE	FEDERAL CFDA NUMBER	EXPENDITURES
<b>U.S. Department of Education (continued)</b>		
Passed through the State Department of Education (cont.):		
Title I Migrant - Consortium Incentive:	84.011	
Project Nos.:		
12060-20972-2004 .....		\$ 712
12060-20972-2005 .....		<u>100,450</u>
Total.....		<u>101,162</u>
Title I Part B – Reading First:	84.357	
Project Nos.:		
12060-20854-2003 .....		177,509
12060-20854-2004 .....		<u>255,395</u>
Total.....		<u>432,904</u>
Adult Education:	84.007	
Project Nos.:		
12060-20784-2005 .....		35,000
12060-20784-2005 .....		54,392
12060-20784-2005 .....		<u>50,000</u>
Total.....		<u>139,392</u>
IDEA Part B – Individual with Disabilities:	84.027	
Project Nos.:		
12060-20977-2004 .....		43,427
12060-20977-2004 .....		1,143,777
12060-20977-2005 .....		921,557
12060-20977-2005 .....		27,320
12060-20977-2005 .....		13,988
12060-20977-2005 .....		<u>5,477</u>
Total.....		<u>2,155,546</u>
Preschool Grants Program:	84.173	
Project Nos.:		
12060-20983-2004 .....		39,824
12060-20983-2005 .....		<u>61,824</u>
Total.....		<u>101,648</u>
Mathematics and Science Partnership Program:	84.366	
Project No. 12060-21592-2005 .....		<u>4,245</u>



**CITY OF NEW BRITAIN, CONNECTICUT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS, ETC.**

<b>FEDERAL GRANTOR/PASS-THROUGH GRANTOR PROGRAM TITLE</b>	<b>FEDERAL CFDA NUMBER</b>	<b>EXPENDITURES</b>
<b>U.S. Department of Education (continued)</b>		
Passed through the State Department of Education (cont.):		
Title II Part D – Enhancement through Technology:	84.318	
Project Nos.:		
12060-20826-2003 .....		\$ 4,188
12060-20826-2003 .....		13,757
12060-20826-2004 .....		44,300
12060-20826-2005 .....		64,177
12060-20826-2005 .....		<u>37,461</u>
Total.....		<u>163,883</u>
Comprehensive School Reform:	84.332	
Project No. 12060-20790-2004 .....		<u>57,011</u>
State Program Improvement Grants:	84.323	
Project Nos.:		
12060-20949-2004 .....		11,469
12060-20949-2005 .....		<u>19,068</u>
Total.....		<u>30,537</u>
Total U.S. Department of Education .....		<u>10,174,884</u>
<b>U.S. Department of Health and Human Services</b>		
Direct Program:		
Prevention and Treatment of Substance Abuse .....	93.959	436,808
Passed through the State Department of Public Health:		
Immunization Action Plan Program .....	93.268	83,240
Bioterrorism .....	93.283	41,868
STD Control.....	93.116	1,300
HIV Prevention .....	93.940	50,750
Behavioral Risk .....	93.991	13,811
Vaccines .....	93.268	31,912
Passed through Department of Children and Families:		
Independent Living Skills .....	93.674	<u>25,392</u>
Total U.S. Department of Health and Human Services.....		<u>685,081</u>

**CITY OF NEW BRITAIN, CONNECTICUT**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS, ETC.**

---

FEDERAL GRANTOR/PASS-THROUGH GRANTOR PROGRAM TITLE	FEDERAL CFDA NUMBER	EXPENDITURES
<b>U.S. Department of Homeland Security</b>		
Passed through the Office of Policy and Management:		
Federal Emergency Management .....	97.042	\$ 16,916
Passed through the Military Department:		
Civil Defense .....	97.067	<u>31,960</u>
Total U.S. Department of Homeland Security .....		<u>48,876</u>
TOTAL .....		<u>\$19,663,029</u>

See Notes to Schedules

---

**CITY OF NEW BRITAIN, CONNECTICUT**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2005**

---

**I. SUMMARY OF AUDITORS' RESULTS**

*Financial Statements*

Type of auditors' report issued – unqualified

Internal control over financial reporting:

- Material weaknesses identified? \_\_\_\_\_ yes        X   no
- Reportable conditions identified that are not considered to be material weaknesses? \_\_\_\_\_ yes        X   none reported
- Noncompliance material to financial statements noted? \_\_\_\_\_ yes        X   no

**Federal Awards**

Internal control over major programs:

- Material weakness identified? \_\_\_\_\_ yes        X   no
- Reportable condition identified that is not considered to be a material weaknesses?   X   yes      \_\_\_\_\_ none reported

Type of auditors' report issued on compliance for major programs – unqualified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133?

  X   yes      \_\_\_\_\_ no

- The following schedule reflects the major programs included in the audit:

<b>Federal Grantor and Program</b>	<b>Federal CFDA Number</b>	<b><u>Expenditures</u></b>
U.S. Department of Education: Education Consolidation and Improvement Act (P.L. 100-297) Title I	84.010	\$4,196,696
Twenty-First Century Community Learning Centers	84.287	\$939,982
Title II Part A - Teachers	84.367	\$921,047
Special Education Cluster: IDEA Part B - Individuals with Disabilities	84.027	\$2,155,546
Preschool Grants Program	84.173	\$101,648

**CITY OF NEW BRITAIN, CONNECTICUT**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS, ETC.**

---

<b>Federal Grantor and <u>Program</u></b>	<b>Federal CFDA <u>Number</u></b>	<b><u>Expenditures</u></b>
U.S. Department of Education (cont.):		
U.S. Department of Housing and Community Development:		
Community Development Block Grant	14.218	\$2,646,569
Home Program	14.239	\$808,514
Lead Hazard Control	14.900	\$375,432

- Dollar threshold used to distinguish between type A and type B programs - \$589,891.
- The City qualified as a low-risk auditee? \_\_\_\_\_ yes        X   no

**II. FINANCIAL STATEMENT FINDINGS**

- We issued reports, dated December 13, 2005, on internal control over financial reporting and on compliance and other matters based on an audit of financial statements performed in accordance with *Government Auditing Standards*.
- Our report on compliance indicated no reportable instances of noncompliance.
- Our report on internal control over financial reporting indicated no reportable conditions.

**III. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS**

<b>FINDING #05-1</b>	<b>Reporting</b>
<b>Grantor:</b>	U.S. Department of Housing and Urban Development
<b>CFDA Number:</b>	14.218 - Community Development Block Grant
<b>Criteria:</b>	Expenditure reports are required to be supported by the general ledger.
<b>Condition:</b>	Total expenditures reported on the CDBG Financial Summary, a section of the Consolidated Annual Performance and Evaluation Report, did not agree to the general ledger by \$48,003.
<b>Effect:</b>	No effect can be determined.
<b>Cause:</b>	The City has not implemented policies and procedures which provide for compliance with specific reporting guidelines.
<b>Recommendation:</b>	We recommend implementing policies and procedures that provide for filing expenditure reports using the general ledger as the basis for reporting.

**CITY OF NEW BRITAIN, CONNECTICUT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS, ETC.**

---

<b>FINDING #05-2</b>	<b>Reporting</b>
<b>Grantor:</b>	U.S. Department of Housing and Urban Development
<b>CFDA Number:</b>	14.239 - HOME Program
<b>Criteria:</b>	Expenditure reports are required to be supported by the general ledger
<b>Condition:</b>	Total expenditures reported on the Consolidated Annual Performance and Evaluation Report did not agree to the general ledger by \$52,462.
<b>Cause:</b>	The City has not implemented policies and procedures which provide for compliance with specific reporting guidelines.
<b>Effect:</b>	No effect can be determined
<b>Recommendation:</b>	We recommend implementing policies and procedures that provide for filing expenditure reports using the general ledger as the basis for reporting.

**IV. STATUS OF PRIOR YEAR FINDINGS**

<b>FINDING #04-1</b>	<b>Eligibility</b>
<b>Grantor:</b>	U.S. Department of Housing and Urban Development
<b>CFDA Number:</b>	14.900 - Lead Hazard Control
<b>Criteria:</b>	According to the eligibility requirements of Section 1011 of Title X, "owner occupied units must be the principal residence of families with incomes at or below 80% of the area median income level, and not less than 90% of the units assisted with grants under this section shall be occupied by a child under the age of six or shall be units where a child under the age of six spends a significant amount of time visiting". For grants made to assist rental units the landlord shall give priority in renting to families with a child under the age of six for a minimum of 3 years.
<b>Condition:</b>	The City does not provide for verification of the compliance requirements outlined in Section 1011 of Title X. Appropriate documentation was not provided to determine that Section 1011 criteria was met.
<b>Effect:</b>	The City may have provided federal assistance to ineligible units.
<b>Cause:</b>	The City failed to identify eligibility per the requirements according to Section 1011 of Title X.

**CITY OF NEW BRITAIN, CONNECTICUT**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS, ETC.**

---

**Recommendation:** We recommend implementing policies and procedures to ensure that the City verifies eligibility per Title X and also documents compliance with the eligibility requirements of Title X.

**Current Status:** The City has demonstrated compliance with this issue and as a result, our current year testing has revealed no problems.

**FINDING #04-2      Eligibility**

**Grantor:** U.S. Department of Housing and Urban Development

**CFDA Number:** 14.900 - Lead Hazard Control

**Criteria:** According to the eligibility requirements of Section 1011 of Title X, when providing assistance to housing owned by owner-occupants, all units assisted shall be the principal residence of families with income at or below 80% of the area median income level.

**Condition:** A random sample of 10 files from a total of 18 active lead hazard control files for the year was selected. Our testing revealed that the City provided Lead Hazard Control assistance to one rental property owner even though the file indicated that the owner's income was above the level allowed by Title X.

**Effect:** \$83,855 of costs are questioned as a result of failing to meet eligibility requirements.

**Cause:** The City miscalculated the owner's rental income by using 100% occupancy for all rental units in the property.

**Recommendation:** We recommend implementing policies and procedures to ensure that the City verifies income eligibility requirements according to Title X and also documents income eligibility requirements of Title X.

**Current Status:** Our testing in the current year revealed the City has implemented procedures to comply with this requirement.

**CITY OF NEW BRITAIN, CONNECTICUT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS, ETC.**

---

**FINDING #04-3      Period of Availability of Federal Funds**

**Grantor:** U.S. Department of Housing and Urban Development

**CFDA Number:** 14.900 - Lead Hazard Control

**Criteria:** In accordance with the City's work plan, the City should have completed and cleared 150 units by the end of their assistance period. The City had 90 units completed and cleared by February 29, 2005.

**Condition:** The City did not comply with their established goals for the number of units to be cleared of lead hazards through February 29, 2005.

**Effect:** Management lacked the appropriate oversight required for acceptable program performance.

**Cause:** The City has experienced problems maintaining the requirements to carry out two lead hazard control programs simultaneously.

**Recommendation:** We recommend implementing policies and procedures to ensure that established work plan goals are met.

**Current Status:** The City has applied for and was granted an extension of time in order to successfully complete and clear the agreed-upon number of units.

**FINDING #04-4      Activities Allowed or Unallowed**

**Grantor:** U.S. Department of Housing and Urban Development

**CFDA Number:** 14.900 - Lead Hazard Control

**Criteria:** The City is required to ensure that the results of the risk assessment are sufficient to support lead hazard control decisions.

**Condition:** The City provided assistance to an owner of rental property for a change order that included work not identified or supported by the original risk assessment.

**Effect:** \$3,500 of costs are questioned, which represent the amount paid to the rental property owner for the change order.

**Cause:** The City failed to support the change order for additional lead hazard control work that was not identified by the original risk assessment.

**CITY OF NEW BRITAIN, CONNECTICUT**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS, ETC.**

---

<b>Recommendation:</b>	We recommend implementing policies and procedures to ensure that all lead hazard control work is properly identified in the original risk assessment and is properly identified as being an eligible activity.
<b>Current Status:</b>	The City has demonstrated that this problem was due to a judgment call on the part of the construction manager. The finding was cleared by HUD and our current year testing has revealed no further problems.
<b>FINDING #04-5</b>	<b>Activities Allowed or Unallowed</b>
<b>Grantor:</b>	U.S. Department of Housing and Urban Development
<b>CFDA Number:</b>	14.900 - Lead Hazard Control
<b>Criteria:</b>	The complete abatement of all lead paint is not acceptable as a cost effective strategy for lead hazard control unless justification is provided and approved for such activity.
<b>Condition:</b>	The City provided assistance to the owners of the Walnut Hills Co-op and the Alderhouse Residential Artist Co-op. These units received gut rehabilitation that resulted in the complete abatement of all paint.
<b>Effect:</b>	\$280,000 of costs are questioned, which represents the total amount paid to assist the owners of the Walnut Hills Co-op and the Alderhouse Residential Artist Co-op.
<b>Cause:</b>	The City failed to obtain federal approval to conduct complete abatement activities on projects funded by the Lead Hazard Control Grant.
<b>Recommendation:</b>	We recommend implementing policies and procedures to ensure that when Federal assistance is provided, it is properly approved by the Federal awarding agency.
<b>Current Status:</b>	The City has demonstrated that the complete abatement of lead was actually approved by HUD. As a result, the finding has been cleared by HUD and our current year testing also revealed no problems.



**CITY OF NEW BRITAIN, CONNECTICUT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS, ETC.**

---

**FINDING #04-6      Special Tests and Provisions**

**Grantor:** U.S. Department of Housing and Urban Development

**CFDA Number:** 14.218 - Community Development Block Grant

**Criteria:** Community Development Block Grant funds cannot be obligated or expended before receipt of HUD's approval of a Request for Release of Funds.

**Condition:** The City spent \$6,960 of federal funds on construction expenditures before receipt of HUD's approval of a Request for Release of Funds.

**Cause:** The City has not implemented policies and procedures to ensure that Community Development Block Grant funds are not expended prior to the receipt of HUD's approval of a Request for Release of Funds.

**Effect:** No effect can be determined

**Recommendation:** We recommend implementing policies and procedures to ensure that federal funds are spent in accordance with grant compliance requirements.

**Current Status:** Our testing in the current year revealed no problems with federal funds being spent prior to HUD's approval of the request for release of funds.

**FINDING #04-7      Reporting**

**Grantor:** U.S. Department of Housing and Urban Development

**CFDA Number:** 14.218 - Community Development Block Grant

**Criteria:** Expenditure reports are required to be supported by the general ledger.

**Condition:** Total expenditures reported on the CDBG Financial Summary, a section of the Consolidated Annual Performance and Evaluation Report, did not agree to the general ledger by \$60,864.

**Cause:** The City has not implemented policies and procedures which provide for compliance with specific reporting guidelines.

**Effect:** No effect can be determined

**CITY OF NEW BRITAIN, CONNECTICUT**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS, ETC.**

---

**Recommendation:** We recommend implementing policies and procedures that provide for filing expenditure reports using the general ledger as the basis for reporting.

**Current Status:** Our testing in the current year revealed that the CDBG Financial Summary remains unsupported by the general ledger and as a result this finding is repeated in the current year as Finding #05-1.

**CITY OF NEW BRITAIN, CONNECTICUT**  
**FEDERAL FINANCIAL ASSISTANCE PROGRAMS**

**NOTES TO SCHEDULES**  
**FOR THE YEAR ENDED JUNE 30, 2005**

---

Various agencies of the Federal Government have made financial assistance available to the City of New Britain. These grants fund a number of programs including housing, education, human services, transportation and general government activities.

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting records of the Federal grant programs of the City of New Britain are maintained in separate funds. The accounting policies of the City conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant policies relating to the aforementioned grant programs.

***Basis of Accounting***

The financial statements contained in the City's annual audit report are prepared on the modified accrual basis. The following is a summary of such basis:

- . Revenues are recognized when earned. Certain grants are recognized based on grant award since they are considered entitlement grants; other grants, which are dependent upon expenditure factor for determining eligibility recognize grant revenue to the extent of expenditures.
- . Expenditures are recorded on the accrual basis. Encumbrances are reflected as a reserve against fund balance and accordingly are not reflected as an expenditure.

***U.S.D.A. Contributions***

The United States Department of Agriculture makes available commodities for donations to schools. An amount of \$228,063 is reflected as revenue in the accompanying financial schedules and represents the market value of such commodities received during the period.



*Scully & Wolf, LLP / Certified Public Accountants / Glastonbury, Connecticut 06033*

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

In accordance with State of Connecticut requirements, we present the following report which describes the results of our testing of State financial assistance.

### **Compliance**

We have audited the compliance of the City of New Britain (the "City") with the types of compliance requirements described in the *Office of Policy and Management Compliance Supplement* that are applicable to each of its major state programs for the year ended June 30, 2005. The major state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major state programs is the responsibility of the City's management. Our responsibility is to express an opinion on compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the State Single Audit Act (C.G.S. Sections 4-230 to 4-236). Those standards and the State Single Audit Act require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the City's compliance with those requirements.

In our opinion, the City complied, in all material respects, with the requirements referred to above that are applicable to each of its major state programs for the year ended June 30, 2005.

### **Internal Control Over Compliance**

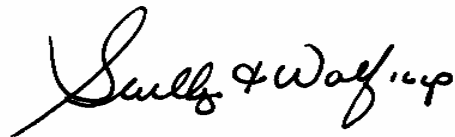
The management of the City is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to state programs. In planning and performing our audit, we considered the internal control over compliance with requirements that could have a direct and material effect on a major state program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with the State Single Audit Act.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants caused by error or fraud that would be material in relation to a major state program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

**Schedule of Expenditures of State Financial Assistance**

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of and for the year ended June 30, 2005 and have issued our report thereon dated December 13, 2005. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying schedule of expenditures of state financial assistance is presented for purposes of additional analysis as required by the State Single Audit Act and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

This report is intended solely for the information and use of the Common Council, the Board of Education, management, the Office of Policy and Management, state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, appearing to read "Sullivan & Wolf". The signature is written in a cursive, flowing style.

December 13, 2005

**CITY OF NEW BRITAIN, CONNECTICUT**

**SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE  
FOR THE YEAR ENDED JUNE 30, 2005**

STATE GRANTOR PASS-THROUGH GRANTOR PROGRAM TITLE	STATE GRANT PROGRAM IDENTIFICATION NUMBER	EXPENDITURES
<b>Department of Education</b>		
Technology Infrastructure .....	12052-SDE64370-40316	\$ 587,430
Priority School District.....	11000-SDE64370-17043- 82052	2,073,928
Extended School Hours Program in Priority Schools .....	11000-SDE64370-17043- 82054	190,341
Summer School Accountability in Priority Schools .....	11000-SDE64370-17043- 82055	212,908
Bilingual Education.....	11000-SDE64370-17042	142,351
School Readiness and Child Day Care in Priority Schools .....	11000-SDE64370-17043- 82056	2,602,395
State Match - Food Service .....	11000-SDE64370-16072	56,407
Early Reading Success in Priority Schools .....	11000-SDE64370-17043- 82053	1,266,846
Adult Education.....	11000-SDE64370-17030	564,521
Youth Service Bureau .....	11000-SDE64370-17052	71,607
School Readiness Quality Enhancement.....	12060-SDE64370-90242	67,733
Family Resource Centers .....	11000-SDE64370-16110	204,500
Magnet School Transportation .....	11000-SDE64370-17057	34,800
Open Choice .....	11000-SDE64370-17053	6,000
Health Services .....	11000-SDE64370-17034	<u>92,256</u>
Total Department of Education .....		<u>8,174,023</u>
<b>Office of Policy and Management</b>		
Local Capital Improvement .....	11000-OPM20600-40254	1,023,668
Manufacturer's (PILOT) Grant.....	11000-OPM20600-17031	1,029,172
Property Tax Relief for Elderly and Totally Disabled Homeowners .....	11000-OPM20600-17018	632,934
Property Tax Relief on Distressed Municipalities.....	11000-OPM20600-17016	191,322
Property Tax Relief for Veterans .....	11000-OPM20600-17024	59,000
Property Tax Relief for Elderly Homeowners Freeze Program .....	11000-OPM20600-17021	61,245
Drug Enforcement Program.....	11000-OPM20600-17028	83,273
Property Tax Relief for the Disabled .....	11000-OPM21090-17011	8,835
2002 Formula Grant.....	12060-OPM20350-20933	30,000

**CITY OF NEW BRITAIN, CONNECTICUT**  
**SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE, ETC.**

---

STATE GRANTOR PASS-THROUGH GRANTOR PROGRAM TITLE	STATE GRANT PROGRAM IDENTIFICATION NUMBER	EXPENDITURES
<b>Office of Policy and Management (cont.)</b>		
Police Youth Enrichment Program.....	11000-OPM20350-12251	\$ 17,448
Total Office of Policy and Management.		<u>3,136,897</u>
<b>Department of Children and Families</b>		
Passed through Wheeler Clinic:		
Systems of Care Grant.....	11000-DCF91110-12243	95,359
Independent Living Skills .....	12060-DCF91178-20225	<u>26,639</u>
Total Department of Children and Families .....		<u>121,998</u>
<b>Connecticut State Library</b>		
Historical Preservation Grant .....	12060-CSL66094-35150	<u>12,000</u>
<b>Department of Transportation</b>		
Town Aid Road Grant - Transportation Fund ..	12001-DOT57131-17036	<u>275,560</u>
Arch Street Reconstruction - 88-111.....	13033-DOT57141-41402	<u>178,697</u>
Municipal Grant Agreements Transportation Fund:		
Project:		
Broad, Beaver, Main and North Street Reconstruction - 88-150 .....	13033-DOT57141-21140	<u>84,242</u>
Total Department of Transportation .....		<u>538,499</u>
<b>Department of Environmental Protection</b>		
Clean Water Fund .....	21014-OTT14230-40001	332,096
Willow Brook Park Pool .....	13019-DEP44420-41239	<u>440,851</u>
Total Department of Environmental Protection.....		<u>772,947</u>

**CITY OF NEW BRITAIN, CONNECTICUT**  
**SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE, ETC.**

---

STATE GRANTOR PASS-THROUGH GRANTOR PROGRAM TITLE	STATE GRANT PROGRAM IDENTIFICATION NUMBER	EXPENDITURES
<b>Board of Education and Services for the Blind</b>		
Education of Handicapped Blind Children .....	11000-ESB65020-12060	<u>\$ 178,395</u>
<b>Department of Social Services</b>		
Food Stamp Workforce .....	12060-DSS60732-20735	118,800
Medicaid .....	11000-DSS60000-16020	<u>595,621</u>
Total Department of Social Services.....		<u>714,421</u>
<b>Office of the State Comptroller</b>		
Mashantucket Pequot/Mohegan Fund .....	12009-OSC15910-17005	3,687,797
State-Owned Property .....	11000-OSC15910-17004	4,011,333
Boat Grant .....	12027-OSC15910-40211	13,433
Private Colleges and General Hospitals.....	11000-OSC15910-17006	<u>3,904,963</u>
Total Office of the State Comptroller.....		<u>11,617,526</u>
<b>State Department of Economic and Community Development</b>		
Urban Action Grant:	13019-ECD46000-41236-093	
Project:	13019-ECD46000-41240-094	
Broad Street .....		20,020
Tax Abatement Program .....	11000-ECD46400-17008-038	33,370
State (PILOT) Model Housing .....	11000-ECD46400-17012-039	287,542
State Home Program .....	12060-ECD46054-20452	<u>597,426</u>
Total State Department of Economic and Community Development .....		<u>938,358</u>



**CITY OF NEW BRITAIN, CONNECTICUT**  
**SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE, ETC.**

---

STATE GRANTOR PASS-THROUGH GRANTOR PROGRAM TITLE	STATE GRANT PROGRAM IDENTIFICATION NUMBER	EXPENDITURES
<b>State Department of Public Health</b>		
STD Control .....	11000-DPH48500-17013	\$ 18,617
HIV Prevention .....	11000-DPH48500-12236	35,651
Health Per Capita Grant.....	11000-DPH48500-17009	67,294
Child Lead Poisoning .....	11000-DPH48500-12227	46,035
Immunization Action Plan .....	11000-DPH48500-10020	28,780
Behavioral Risk .....	11000-DPH48500-10020	<u>1,883</u>
Total State Department of Public Health .....		<u>198,260</u>
<b>State Department of Special Revenue</b>		
Off Track Betting.....	34004-DSR18307-40001	255,996
Bingo payments .....	34003-DSR18309-42350	<u>227</u>
Total State Department of Special Revenue .....		<u>256,223</u>
<b>State Department of Public Safety</b>		
State Asset Forfeitures.....	12060-DPS32155-35142	38,306
Telecommunications.....	12060-DPS32740-35190	<u>19,251</u>
Total State Department of Public Safety .....		<u>57,557</u>
<b>Judicial Department</b>		
Victim Services Coordinator .....	12060-JUD95810-20785	158
Juvenile Justice Center.....	11000-JUD96114-12105-017	<u>295,238</u>
Total Judicial Department .....		<u>295,396</u>
Total State Financial Assistance before exempt programs .....		<u>27,012,500</u>

**CITY OF NEW BRITAIN, CONNECTICUT**  
**SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE, ETC.**

---

STATE GRANTOR PASS-THROUGH GRANTOR PROGRAM TITLE	STATE GRANT PROGRAM IDENTIFICATION NUMBER	EXPENDITURES
-----------------------------------------------------	----------------------------------------------	--------------

---

**EXEMPT PROGRAMS**

**Department of Education**

Education Cost Sharing .....	11000-SDE64370-17041	\$ 60,670,804
Transportation of School Children .....	11000-SDE64370-17027	2,092,378
Nonpublic School Transportation .....	11000-SDE64370-17049	438,503
Special Education: Agency Placement and Excess Costs .....	11000-SDE64370-17047	1,382,624
School Building Grants:		
Principal Subsidy .....	11000-SDE64370-17002	4,286,738
Interest Subsidy .....	11000-SDE64370-17014	1,219,665
School Construction Grants .....	13010-SDE64370-40901	<u>19,131,418</u>
Total Exempt programs .....		<u>89,222,130</u>
TOTAL .....		<u>\$116,234,630</u>

See Notes to Schedules

---

**CITY OF NEW BRITAIN, CONNECTICUT**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2005**

---

**I. SUMMARY OF AUDITORS' RESULTS**

*Financial Statements*

Type of auditors' report issued – unqualified

Internal control over financial reporting:

- Material weakness identified? \_\_\_\_\_ yes        X   no
- Reportable conditions identified that are not considered to be material weaknesses? \_\_\_\_\_ yes        X   none reported

Noncompliance material to financial statements noted?

\_\_\_\_\_ yes        X   no

*State Financial Assistance*

Internal control over major programs:

- Material weakness identified? \_\_\_\_\_ yes        X   no
- Reportable conditions identified that are not considered to be material weaknesses? \_\_\_\_\_ yes        X   none reported

Type of auditors' report issued on compliance for major programs – unqualified

Any audit findings disclosed that are required to be reported in accordance with section 4-236-24 of the regulations to the State Single Audit Act?

\_\_\_\_\_ yes        X   no

- The following schedule reflects the major programs included in the audit:

<b>State Grantor and Program</b>	<b>State CORE-CT Number</b>	<b><u>Expenditures</u></b>
Department of Education:		
School Readiness and Child Day Care		
In Priority Schools	11000-SDE64370-17043-82056	\$2,602,395
Adult Education	11000-SDE64370-17030	\$564,521
Priority School	11000-SDE64370-17043-82052	\$2,073,928
Early Reading Success In Priority Schools	11000-SDE64370-17043-82053	\$1,266,846
Technology Infrastructure	12052-SDE64370-40316	\$587,430

**CITY OF NEW BRITAIN, CONNECTICUT**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS, ETC.**

---

Office of Policy and Management:		
Property Tax Relief for Elderly Homeowners	11000-OPM20600-17018	\$632,934
Local Capital Improvement	11000-OPM20600-40254	\$1,023,668
Manufacturers PILOT Grant	11000-OPM20600-17031	\$1,029,172
Office of the State Comptroller:		
Private Colleges and General Hospitals	11000-OSC15910-17006	\$3,904,963
State-Owned Property	11000-OSC15910-17004	\$4,011,333
Mashantucket Pequot/Mohegan Fund	12009-OSC15910-17005	\$3,687,797
Department of Economic and Community Development:		
State (PILOT) Model Housing	11000-ECD46000-17012-039	\$287,542
State Home Program	12060-ECD46054-20452	\$597,426
Department of Environmental Protection:		
Clean Water Fund	21014-OTT14230-40001	\$332,096
Willow Brook Park Pool	13019-DEP44420-41239	\$440,851
Department of Social Services:		
Medicaid	11000-DSS60000-16020	\$595,621
Department of Transportation:		
Town Aid Road	12001-DOT57131-17036	\$275,560
Judicial Department:		
Juvenile Justice Center	11000-JUD96114-12105-017	\$295,238

## II. FINANCIAL STATEMENT FINDINGS

- We issued reports, dated December 13, 2005, on internal control over financial reporting and on compliance and other matters based on an audit of financial statements performed in accordance with *Government Auditing Standards*.
- Our report on compliance indicated no reportable instances of noncompliance.
- Our report on internal control over financial reporting indicated no reportable conditions.

**CITY OF NEW BRITAIN, CONNECTICUT**  
**STATE FINANCIAL ASSISTANCE PROGRAMS**

**NOTES TO SCHEDULES**  
**FOR THE YEAR ENDED JUNE 30, 2005**

---

Various departments and agencies of the State of Connecticut have provided financial assistance to the City of New Britain through grants and other authorizations in accordance with the General Statutes of the State of Connecticut. These financial assistance programs fund several programs including education, public works, social services, property tax relief, and transportation.

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies of the City conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant policies relating to the aforementioned grant programs.

***Basis of Accounting***

The financial statements contained in the City's annual audit report are prepared on the modified accrual basis. The following is a summary of such basis:

- . Revenues are recognized when earned. Certain grants are recognized based on grant award since they are considered entitlement grants; other grants, which are dependent upon expenditure factor for determining eligibility recognize grant revenue to the extent of expenditures.
- . Expenditures are recorded on the accrual basis. Encumbrances are reflected as a reserve against fund balance and accordingly are not reflected as an expenditure.

The Schedule of Expenditures of State Financial Assistance, contained in this report, is prepared based on Section 4-230-19 of the Single Audit Act. In accordance with this section, certain grants are not dependent on expenditure activity, and accordingly, are considered to be expended in the fiscal year of receipt. These grant program receipts are reflected in the expenditures column of the Schedule of Expenditures of State Financial Assistance.

**2. LOAN PROGRAMS**

In accordance with the State Single Audit Act, loan program participation constitutes state financial assistance (C.G.S. Section 4-230). The following is a summary of the Permanent Funding Obligation (PFO) for the year ended June 30, 2005:

Clean Water Fund	
Outstanding balance, July 1, 2004.....	\$38,595,479
Issued.....	1,298,515
Payments.....	<u>(2,896,051)</u>
Outstanding balance, June 30, 2005.....	<u>\$36,997,943</u>