

CITY OF NORWICH, CONNECTICUT
COMPREHENSIVE ANNUAL FINANCIAL REPORT



FISCAL YEAR ENDED JUNE 30, 2012
DEPARTMENT OF FINANCE
UNION SQUARE
NORWICH, CONNECTICUT

Comprehensive Annual Financial Report

of the

City of Norwich, Connecticut

Fiscal Year Ended June 30, 2012

Prepared By:

City of Norwich Finance Department

Joseph A. Ruffo, CPA
Comptroller

Joshua A. Pothier, CPA
Deputy Comptroller

Anthony Madeira
Accountant

CITY OF NORWICH, CONNECTICUT

TABLE OF CONTENTS

Page

INTRODUCTORY SECTION

Comptroller's Letter of Transmittal	i-vii
Certificate of Achievement for Excellence in Financial Reporting	viii
Organizational Chart of the City	ix
Organizational Chart of the Finance Department	x
Directory of Elected City Officials and NPU Commissioners	xi
Directory of Appointed City Officials	xii

FINANCIAL SECTION

Independent Auditors' Report	1-2
Management's Discussion and Analysis	3-10

Exhibit

Basic Financial Statements:

Government-Wide Financial Statements:

I	Statement of Net Assets	11
II	Statement of Activities	12

Fund Financial Statements:

Governmental Funds:

III	Balance Sheet	13-14
IV	Statement of Revenues, Expenditures and Changes in Fund Balances	15-16

Proprietary Funds:

V	Statement of Net Assets	17
VI	Statement of Revenues, Expenses and Changes in Fund Net Assets	18
VII	Statement of Cash Flows	19

Fiduciary Funds:

VIII	Statement of Fiduciary Net Assets	20
IX	Statement of Changes in Plan Net Assets - Fiduciary Funds	21

	Notes to Financial Statements	22-56
--	-------------------------------	-------

Required Supplementary Information:

General Fund:

RSI-1	Schedule of Revenues and Other Financing Sources - Budget and Actual	57-58
RSI-2	Schedule of Expenditures and Other Financing Uses - Budget and Actual	59-60

Combining and Individual Fund Statements and Schedules:

General Fund:

A-1	Comparative Balance Sheet	61
A-2	Report of Tax Collector	62

Nonmajor Governmental Funds:

B-1	Combining Balance Sheet	63-66
B-2	Combining Statement of Revenues, Expenditures and Changes in Fund Balances	67-70
B-3	Fire Districts Fund Revenues - Budgetary Basis - Budget and Actual	71
B-4	Fire Districts Fund Expenditures - Budgetary Basis - Budget and Actual	72
B-5	Schedule of Fire District Taxes	73

Exhibit**Page**

Combining and Individual Fund Statements and Schedules (continued):

Nonmajor Enterprise Funds:

C-1	Combining Statement of Net Assets	74
C-2	Combining Statement of Revenues, Expenses and Changes in Fund Net Assets	75
C-3	Combining Statement of Cash Flows	76
Internal Service Funds:		
D-1	Combining Statement of Net Assets	77
D-2	Combining Statement of Revenues, Expenses and Changes in Fund Net Assets	78
D-3	Combining Statement of Cash Flows	79
Fiduciary Funds:		
Agency Funds:		
E-1	Combining Balance Sheet	80
E-2	Combining Statement of Changes in Assets and Liabilities	81

Schedule

Supplemental Schedules:

1	Schedule of Bonds and Serial Notes Payable	82
2	Bond and Serial Notes Payable: Schedule of Annual Debt Service Requirements	83

STATISTICAL SECTION**Table**

Financial Trends:

1	Net Assets by Component - Last Ten Fiscal Years	84
2	Changes in Net Assets - Last Ten Fiscal Years	85-86
3	Fund Balances, Governmental Funds - Last Ten Fiscal Years	87
4	Changes in Fund Balances, Governmental Funds - Last Ten Fiscal Years	88
Revenue Capacity:		
5	Assessed and Estimated Actual Value of Taxable Property - Last Ten Fiscal Years	89
6	Principal Property Taxpayers - October 1, 2010 and October 1, 2001	90
7	Property Tax Levies and Collections - Last Ten Fiscal Years	91
Debt Capacity:		
8	Ratios of Outstanding Debt by Type - Last Ten Fiscal Years	92
9	Statement of Debt Limitation - June 30, 2012	93
10	Legal Debt Margin Information - Last Ten Fiscal Years	94
Demographic and Economic Statistics:		
11	Demographic and Employment Statistics - Last Ten Fiscal Years	95
12	Principal Employers Current Year and 2003	96
Operating Information:		
13	Budgeted Full-Time Equivalent City Government Employees by Function/Program Last Ten Fiscal Years	97
14	Operating Indicators by Function/Program - Last Ten Fiscal Years	98-99
15	Capital Asset Statistics by Function - Last Ten Fiscal Years	100-101

Introductory Section



CITY OF NORWICH
CONNECTICUT

JOSEPH A. RUFFO, C.P.A.
COMPTROLLER
(860) 823-3730
Fax (860) 823-3812

100 Broadway Room 105
Norwich, CT 06360-4431

December 26, 2012

To the Honorable Mayor and
Members of the City Council
City of Norwich
Norwich, Connecticut

I am pleased to submit the Comprehensive Annual Financial Report (CAFR) of the City of Norwich (the “City”) for the fiscal year ended June 30, 2012. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the City. To the best of our knowledge and belief, the enclosed data are accurate in all material respects and are reported in a manner to present fairly the financial position and results of operations of the City. All disclosures necessary to enable the reader to gain an understanding of the City’s financial activities have been included.

The City’s management is responsible for establishing and maintaining an internal control structure designed to ensure that its assets are protected from loss, theft or misuse, and to ensure that adequate accounting data is compiled to manage spending within prescribed budget limitations and for the preparation of financial statements in conformity with generally accepted accounting principles. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

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 accounting principles generally accepted in the United States of America. This report has been prepared according to these standards. The auditors’ unqualified opinion is included in this report.

The City is required to undergo an annual single audit in conformity with the provisions of the Federal Single Audit Act and U.S. Office of Management and Budget Circular A-133, “Audits of States, Local Governments and Non-Profit Organizations.” Information related to this single audit, including the schedule of expenditures of federal awards, findings and recommendations, and auditors’ reports on the internal control over financial reporting and compliance with applicable laws and regulations, are issued

under separate cover and are not included in this report. The City is also required to undergo a State single audit. Information related to this State single audit will be issued separately.

Generally accepted accounting principles require that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the MD&A. This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The City's MD&A can be found immediately following the report of the independent auditors.

Profile of Government

Norwich, founded in 1659, is Connecticut's 24th largest city by population. The City was incorporated in May 1784. The Town and City were consolidated on January 1, 1952. Norwich covers an area of 27.1 square miles located 40 miles southeast of Hartford surrounded by Montville, Preston, Lisbon, Sprague, Franklin and Bozrah.

The City is approximately three hours from New York City by rail or highway transportation. Providence, Rhode Island is approximately an hour from the City and Boston is approximately two hours away. The City is served by interstate, intrastate and local bus lines. The City is served by Interstate 395 from north to south connecting Norwich with 1-95 and 1-90 to Boston and New York. Route 2 links the City with Hartford and 1-91. State Route 82 connects downtown Norwich with 1-395. Rail transportation and freight service is available to major points including New York, Boston, Providence and Montreal. Air services are available at Groton-New London Airport to the south, Green Airport (Providence) to the east and Bradley Airport to the north. Norwich Harbor provides a 600-foot turning basin connecting with the Thames River and Long Island Sound.

The City operates under a Charter adopted in 1952, which was revised April 4, 1995. During fiscal year 2000, a City Charter Revision Committee was appointed for the purpose of reviewing the existing Charter and proposing any changes. A referendum was held on March 13, 2001 for the purpose of voting on the nine recommendations made by the Charter Revision Committee. The significant changes passed by voters were the reduction of City Council members from eleven to six elected at large, and the replacement of the City Council President by a Mayor. The City operates under a Council/Manager form of government. The City Manager is appointed by the Council and serves as the Chief Executive Officer. The City Council consists of six members and one Mayor, all elected at large. Elections are held during odd calendar years as provided by state statute.

This report includes all funds of the City. The City provides a full range of services to its citizens. These services include: public safety, street maintenance and sanitation, health and human services, public parks and recreation, library, education, public improvements, planning, zoning, water, gas, electric, sewer and general administrative services.

The City Council is required to adopt a final budget no later than the second Monday in June for the following fiscal year. This annual budget serves as the foundation for the City of Norwich's financial planning and control. The budget sets the annual spending limits for each department and the property tax mill rate. After the budget is set, departments may transfer resources within their department with the approval of the City Manager. Additional appropriations or transfers between departments require approval by the City Council.

Local Economy

The City aggressively pursues economic and physical stabilization and revitalization. The City has maintained the quality of services to its citizens while having one of the lowest per capita tax burdens in the State at \$1,359 for fiscal year 2010, the 7th lowest in the State. Through the direction of the Mayor and the assistance of the Norwich Community Development Corporation, the City attempts to attract and retain the best combination of business and industry to meet the needs of the City and its citizens. Consequently, the City is involved with projects which will improve both the tax base and quality of life in Norwich.

Commercial/Industrial Activity

- *Marina at American Wharf.* Last year the Marina facility was purchased by Joyal Capital Group and has undergone extensive infrastructure renovations and repairs. Joyal also constructed a new Ice Cream Stand at Howard Brown Park. Future plans are multi-phased and improvements are expected to continue over the next few years.
- *Route 82 CVS Drug Store.* A brand new CVS facility was constructed on the site of the former Olympic Pizza. The former owner/operator of Olympic Pizza opened a new restaurant called Fat Cats across the street in the Surplus Unlimited Center.
- *The former Norwichtown Mall* was purchased by Winstanley Corporation and has been renamed Norwichtown Commons. The mall portion of the building will be completely redesigned and repurposed to meet today's trends in retail sales.
- *Ponemah Mill Adaptive Reuse Project.* This \$51 million project will convert a 19th century Taftville mill into 237 residential apartment units. This project is expected to be finished in 2017.
- *Five Guys Burgers* purchased the prior Tim Hortons on Route 82 and renovated the building to meet their customers' needs.
- *Konover Corporation* purchased the former Friendly's Restaurant next to Marcus Plaza and will make improvements to better facilitate vehicle access to the site. They are also planning a major facelift for the existing center.

Housing Market

- Despite economic conditions, two major residential projects that had stalled were purchased and have been successfully put back on track. The Hills at Riverview in Taftville and The Villas at River Heights are moving towards completion over the next few years. Residential building permits are at higher level than the last two years and are primarily for renovation work.

State of Connecticut Building & Infrastructure Projects

- *Route 82/I-395 Interchange.* The Connecticut Department of Transportation started construction in April 2008 to widen the lanes, add sidewalks, and improve the safety and traffic flow in this area of Route 82. This \$8.3 million project was completed in fall 2009.
- *Three Rivers Community College.* Three Rivers Community College was consolidated into its New London Turnpike location in an \$85.6 million, 295,644 square-foot project which was completed in 2009.
- *Norwich Technical High School.* The State of Connecticut finished construction on this \$46.2 million addition and renovation project in fall 2008.

Major City Initiatives

- *Downtown Revitalization Initiative.* The residents of the City of Norwich passed a bond referendum item in November 2010 for \$3.38 million for downtown revitalization. Comprised strictly of business incentives including programs for building code correction assistance, commercial lease rebates, and revolving loan fund. The City's designated development agency-Norwich Community Development Corporation is designing and administering the five-year plan. The three programs are designed to both prepare long time vacant spaces for occupancy as well as stimulate the growth of business activity in the downtown area. The programs launched in August 2011 and have had much traffic checking out the programs. To date there have been 45 inquires, 25 active applications, two applications approved for a total of \$29,850 in loans and rebates. As of this writing, there are three active development projects totaling 121,000 square feet that are depending on these programs to make the project economics work.
- *Gas Line Extensions.* Norwich Public Utilities has completed the \$3.0 million natural gas line extension that voters approved in the 2010 November election. Thus far, NPU has extended the gas line by more than 6 miles and has installed over 2 miles of services. The initial program has been so successful that voters approved an additional \$8.0 million for gas line extensions in the November 2012 election.
- *Road Improvements.* The residents of the City of Norwich passed a bond referendum item in November 2009 for \$5 million of road improvements. The City spent a total of \$1,372,300 of combined bond funds and capital funds during fiscal year 2012 to repave or reconstruct 4.8 miles of City roads. In addition, the City also expended \$67,600 in preventative maintenance measures such as crack sealing and chip sealing to extend the expected life of an additional 3.0 miles of moderately deteriorated City roads.
- *Thomas J. Dodd Memorial Stadium.* City officials negotiated a lease with the Single-A Oneonta Tigers to replace the Connecticut Defenders, who terminated their lease with the City in September 2009. The Connecticut Tigers (a feeder team to the Detroit Tigers) opened in June of 2010 and are in their third season in Norwich. In addition, Dodd Stadium has been selected to as the site for such events as an NCAA regional baseball tournament a three-day Bluegrass Festival, an auto show and numerous other programs at this beautiful venue.
- *School Demolition Projects.* The City of Norwich recently completed demolition projects at the abandoned Buckingham School and Greeneville School. The combined cost for both projects was \$665,000. Funding for the projects was through City bonding. The removal of these abandoned schools serves to reduce overall City liability, prevent the deterioration of surrounding property values, and protect the general public, City maintenance staff, and emergency responders from the many hazards that inevitably arise at such abandoned structures.
- *Clean Water Infrastructure.* Norwich Public Utilities has embarked on a water infrastructure improvement program. The upgrades will be partially paid for through state grants and low interest loans from the Drinking Water Revolving Fund (DWRF).
- *Clean Rivers, Clean Harbor, Sound Norwich.* Norwich Public Utilities has continued the design of a \$100 million project which is expected to take 15-20 years to complete. The digester phase of the project has been completed. The project involves expansion and improvement to the wastewater treatment facilities, elimination of the 15 remaining combined sewer overflows (points at which the storm drain network combines with sewer mains), and upgrading the pumping stations. The project will be partially funded with state and federal grants and low-interest loan programs. These infrastructure improvements will:
 - Bring Norwich current with state and federal environmental mandates
 - Upgrade the city's aging wastewater infrastructure to reduce treatment plant odors
 - Eliminate the discharge of untreated waste into local rivers during wet weather

- Reduce nitrogen from sewage discharge, making our rivers, harbor and Long Island Sound cleaner
- Power the sewer plant using recaptured methane gas, reducing Norwich's energy costs
- Prepare Norwich to meet current growth and future business development needs.

In April 2010, the Norwich City Council approved \$13.4 million in bond ordinances to rehabilitate one of the wastewater treatment plant's digesters and pay for the design costs for other wastewater treatment facility improvements. The financing of this project is expected to be composed of: \$2.6 million of State of Connecticut Clean Water Fund grants, \$9.5 million of State of Connecticut Clean Water Fund loans bearing an interest rate of 2%, \$1 million of General Obligation bonds and \$300,000 of revenue bonds.

- *Newton Street Area and Flyers Drive Area Sewer Extension Projects.* Norwich Public Utilities completed work on the extension of the sanitary sewer system in the Newton Street and Flyers Drive areas.
- *Municipal Area Network.* Norwich Public Utilities continued to build upon their Municipal Area Network. The network consists of 32 miles of 144 strand fiber optic cabling around the city in two "loops." The cable will provide high-speed data, video and communications connectivity that is 600 times faster than any other data network available in Norwich. Some of the benefits include: the ability of NPU to quickly detect issues with its electric, water, natural gas and sewer infrastructure through its Supervisory Control and Data Acquisition (SCADA) system and the ability to link all city departments with unprecedented speed and reliability. This network currently provides high speed connectivity to over various NPU and City of Norwich sites. Some private sector organizations have begun to utilize this city asset as well.
- *Automated Metering Infrastructure (AMI) DOE Grant.* Norwich Public Utilities continued to implement the \$4.0 DOE Automated Metering Infrastructure (AMI) project administered through the Connecticut Municipal Electric Energy Cooperative (CMEEC). Norwich Public Utilities obtained a \$4.0 million DOE award for an AMI pilot program to design and install over 8,000 smart electric meters and associated network infrastructure. This system will provide enhanced customer service, improved system reliability and troubleshooting, improved outage response time and reduced customer cost once fully implemented. In addition, Norwich Public Utilities has commenced a pilot program to install 2,000 smart gas and water meters to leverage the smart technology. Thus far, NPU has installed 3000 of these new meters though out Norwich.
- *Kelly Middle School Renovations.* On November 6, 2007, Norwich voters approved \$40.2 million renovations and improvements to Kelly Middle School on Mahan Drive. Over 70% of the project was funded by State of Connecticut school construction grants. The project has been finalized and included additional classrooms, updated utilities, asbestos abatement and the addition of an 800 seat auditorium.
- *City Hall Exterior Stairway Rehabilitation.* The Public Works Department recently secured a 50% matching grant, up to a maximum of \$200,000, from the State Historic Preservation Office for the rehabilitation of the two exterior stairways at City Hall. The project is currently under construction and was awarded at a cost of approximately \$350,000. This project will help preserve City Hall for many future decades.
- *Intermodal Transportation Center.* This \$22 million project was conceived in the mid-1990's. Construction began in July 2010 with the ribbon cutting ceremony on June 9, 2012. The project is supported by Federal, State and City funds. The transportation center is located on the corner of West Main Street and Falls Avenue and has 167 space parking garage; provides a small indoor retail and ticketing services for SEAT bus riders. It provides year round protection from the weather for the citizens that make use of the transit system. The facility is located to

accommodate future passenger ferry traffic and passenger rail on the New England Central Corridor rail line. Taxis, trolleys and inter-regional private busses are also accommodated in this new facility.

- *Sherman Street Bridge and Sunnyside Street Bridge Rehabilitations.* The Public Works Department previously secured approximately \$5 million in Federal and State grant money to pursue rehabilitation projects to both the Sherman Street bridges and the Sunnyside Street bridge. Design is underway with the Sunnyside Street bridge project, while the more complicated Sherman Street bridges project is still in design development with City Engineers, CTDOT Engineers and the design consultant. Both structures are critical passageways over the Yantic River. In the case of the Sherman Street bridges, it serves as a regional access portal to the William W. Backus Hospital.

Long-Term Financial Planning

The City of Norwich has the following policies with regard to long-term financial planning:

Fund balance - The General Fund undesignated fund balance shall not fall below 8% of annual operating expenditures.

Capital Improvements - City departments submit a five-year capital improvement plan each year. The City Manager and City Council weigh the needs of the City and either include the most crucial projects in the capital budget or introduce bond ordinances to finance the projects. Norwich's Charter requires that the City budget at least the value of 1 mill in capital projects each year.

Debt Management - in addition to statutory debt limitations, the City further restricts debt by 1) not allowing debt service expenditures to grow at a rate greater than all other General Fund expenditures and, 2) limiting net indebtedness to 5% of the City's taxable assessed value.

Pension Funding - the City has committed to funding 100% of the annual required contribution (ARC) for both the City Employee Pension Trust Fund and Volunteer Firefighters Relief Fund.

Other Post-Employment Benefits - the City has committed to increase its contribution to the OPEB fund over six years at which time it will be funding 100% of the ARC.

Relevant Financial Policies

Fund Balance - the City included the use of \$700,000 of General Fund unrestricted fund balance in the City's 2011-12 adopted budget. No unrestricted fund balance was used in the 2012-13 adopted budget.

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Norwich, Connecticut, for its comprehensive annual financial report for the year ended June 30, 2011. This was the 19th consecutive year that the City has received this prestigious award. In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized comprehensive annual financial report. The CAFR must satisfy both accounting principles generally accepted in the United States of America and applicable legal requirements.

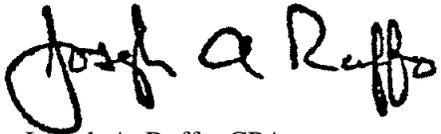
A Certificate of Achievement is valid for a period of one year only. I believe that our current comprehensive annual financial report continues to conform to the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

For fiscal years beginning July 1, 2000 through 2012, the GFOA awarded the City a "Distinguished Budget Presentation Award" for its adopted budget. The budgets submitted had to satisfy four different criteria: the budget as a Policy Document, the budget as a Financial Plan, the budget as an Operations Guide and the budget as a Communications Device. The award earned by the City is the highest form of recognition in the area of budgeting.

For fiscal year ended June 30, 2005, the GFOA awarded the City for its first Popular Annual Financial Report (PAFR). The PAFR is intended to be a condensed and simplified presentation of the highlights of the CAFR. Upon receiving the PAFR award, Norwich became only the second Connecticut municipality to achieve all three GFOA awards.

The preparation of this report on a timely basis could not have been accomplished without the efficient and dedicated services of the entire Finance Department staff and members of other departments who assisted in its compilation. I would like to express my appreciation to all members of the City who assisted in its preparation. The combined support of you, the City Manager and the City Council, who remain committed to fiscal integrity and financial leadership, is also appreciated.

Respectfully submitted,

A handwritten signature in black ink that reads "Joseph A. Ruffo". The signature is written in a cursive, slightly slanted style.

Joseph A. Ruffo, CPA
Comptroller

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Norwich
Connecticut

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2011

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.



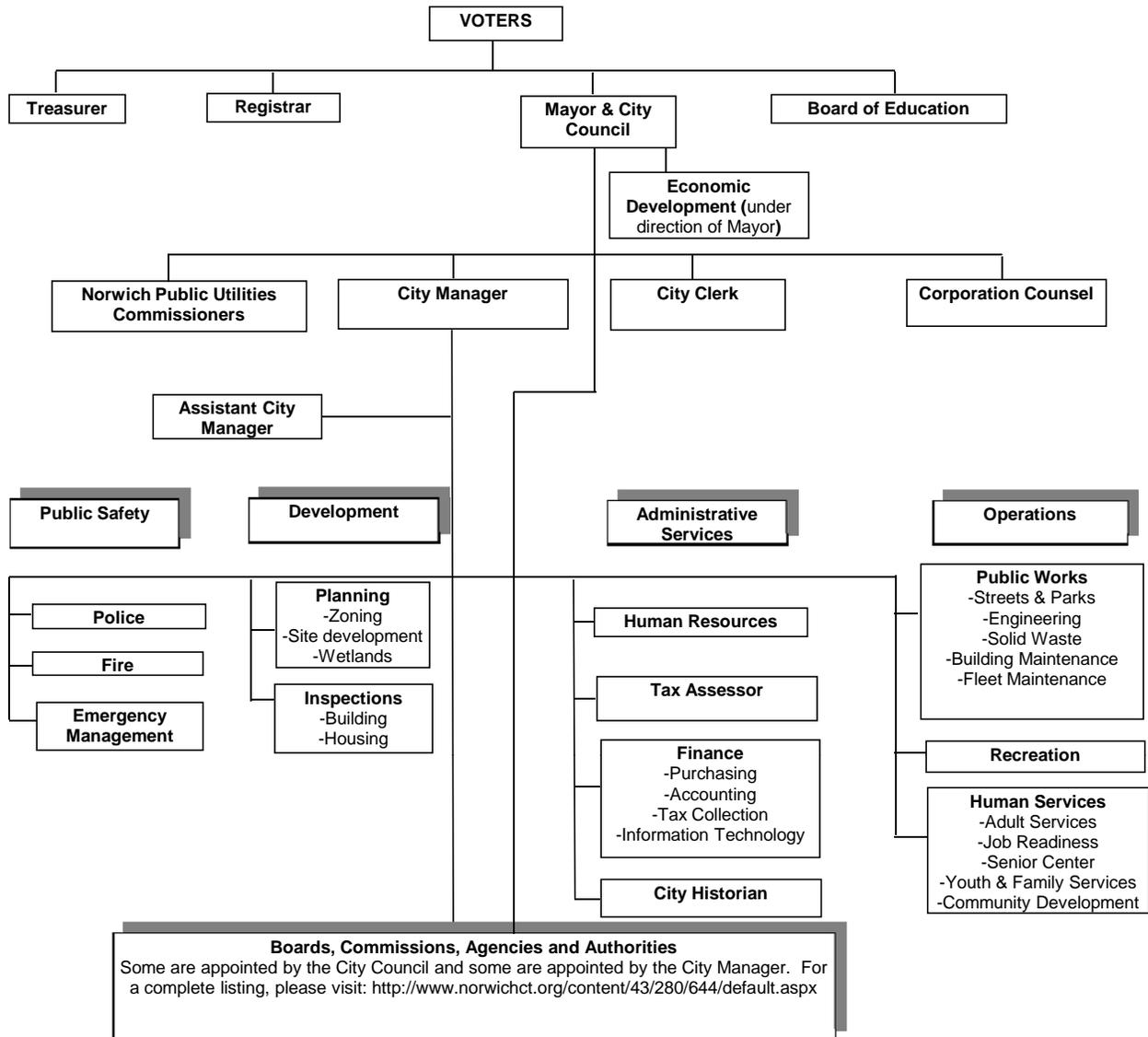
Linda C. Danison

President

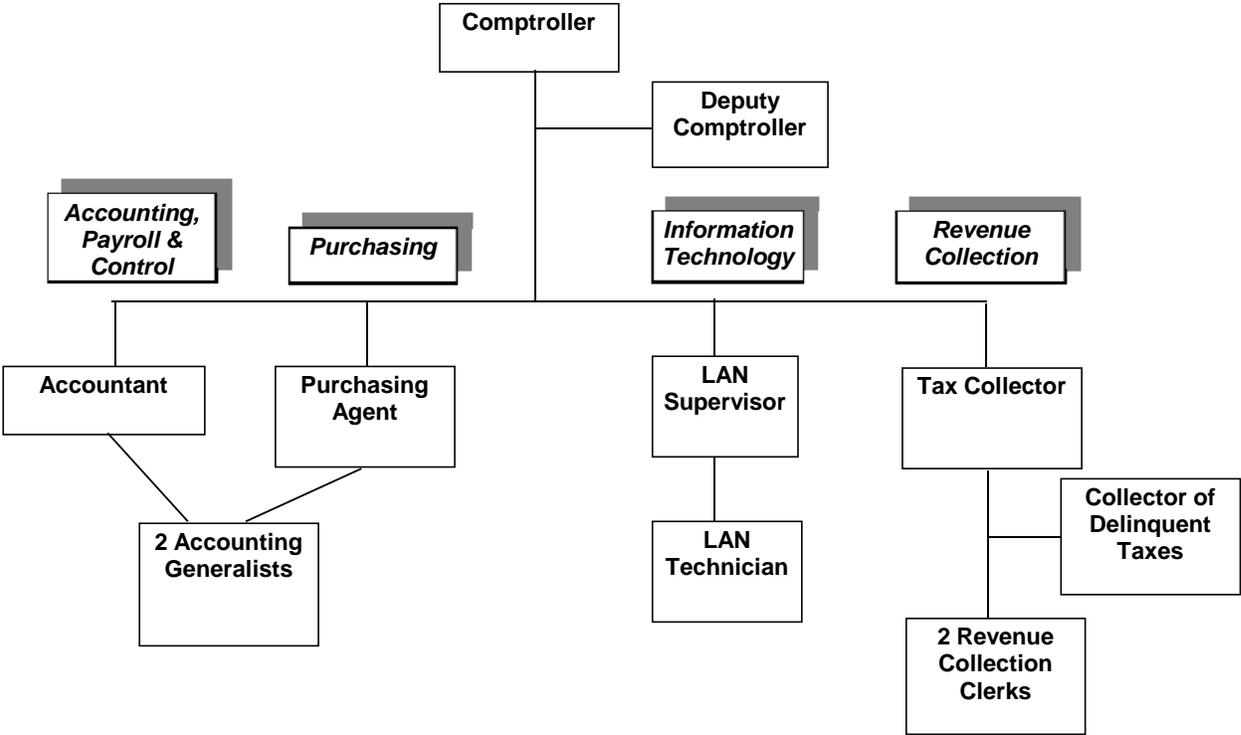
Jeffrey R. Emer

Executive Director

City of Norwich Organization Chart



City of Norwich Finance Department Organization Chart



DIRECTORY OF ELECTED CITY OFFICIALS AND NPU COMMISSIONERS

CITY COUNCIL

	<u>Term Length</u>	<u>Term Expires</u>
Peter Nystrom, Mayor (R)	4 Years	12/3/13
Peter Desaulniers, President Pro Tempore (D)	2 Years	12/3/13
Mark Bettencourt (D)	2 Years	12/3/13
H. Tucker Braddock, Jr. (D)	2 Years	12/3/13
Debereg Hinchey (D)	2 Years	12/3/13
Charles A. Jaskiewicz III (D)	2 Years	12/3/13
Sofee Noblick (R)	2 Years	12/3/13

BOARD OF EDUCATION

	<u>Term Length</u>	<u>Term Expires</u>
Dr. Yvette C. Jacaruso, Chairperson (D)	2 Years	11/12/13
John P. LeVangie, Vice Chairperson (D)	2 Years	11/12/13
Cora Lee Boulware, Secretary (D)	2 Years	11/12/13
Keleigh Arian (D)	2 Years	11/12/13
Jesshua Ballaro-Pina (D)	2 Years	11/12/13
Aaron Daniels (R)	2 Years	11/12/13
Lynn Norris (R)	2 Years	11/12/13
Dennis Slopak (R)	2 Years	11/12/13
Joyce C. Werden (D)	2 Years	11/12/13

TREASURER

	<u>Term Length</u>	<u>Term Expires</u>
Brian Curtin (D)	2 Years	12/3/13

REGISTRAR OF VOTERS

	<u>Term Length</u>	<u>Term Expires</u>
Joann Merolla-Martin (D)	2 Years	1/9/13
Diane Slopak (R)	2 Years	1/9/13

APPOINTED NPU COMMISSIONERS

	<u>Term Length</u>	<u>Term Expires</u>
James M. Sullivan, Chair (D)	5 Years	3/01/14
Diana Boisclair, Vice Chair (R)	5 Years	3/01/15
Alan M. Remondi, Secretary (D)	5 Years	2/28/16
Larry Goldman (D)	5 Years	3/01/17
Robert Groner, (D)**	5 Years	3/01/13

** Robert Groner was appointed by the Norwich City Council on May 7, 2012 to fill the vacancy on the Board of Public Utilities Commissioners and Sewer Authority created when Frank Demicco left.

CITY OF NORWICH
100 BROADWAY
NORWICH, CT 06360-4431
PHONE: (860) 823-3700
FAX: (860) 823-3790
WEBSITE: www.norwichct.org

**DIRECTORY OF CITY ADMINISTRATIVE
OFFICIALS**

Title	Name	Phone
City Manager	Alan H. Bergren	860-823-3750
Assessor	Donna Ralston	860-823-3722
Building Inspector	James Troeger	860-823-3775
City Clerk	Betsy Barrett	860-823-3734
Comptroller	Joseph A. Ruffo	860-823-3730
Deputy Comptroller	Joshua A. Pothier	860-823-3720
Corporation Counsel	Michael E. Driscoll	860-889-3321
Emergency Management Director	Gene M. Arters	860-887-1018
Engineer	Patrick McLaughlin	860-823-3798
Fire Chief, Norwich (CCD)	Ken Scandariato	860-892-6080
Fire Chief, East Great Plain VFD	Patrick Daley	860-886-0392
Fire Chief, Laurel Hill VFD	Aaron Westervelt	860-892-1973
Fire Chief, Occum VFD	Robert Patton	860-822-8285
Fire Chief, Taftville VFD	Timothy Jencks	860-887-6676
Fire Chief, Yantic VFD	Frank Blanchard	860-887-2221
Health Director	Patrick McCormack, MPH	860-823-1189
Housing Authority Director	Charles Whitty	860-887-1605
Human Resources Director	Brigid Marks	860-823-3786
Human Services Director	Beverly Goulet	860-823-3778
LAN Supervisor	Leon Barnowski	860-859-4404
Parking Administrator	Judy Rizzuto	860-889-5586
Planning & Development Director	Peter Davis	860-823-3766
Police Chief	Louis J. Fusaro	860-886-5561
Public Utilities Manager	John Bilda	860-887-2555
Public Works Director	Barry Ellison	860-823-3789
Purchasing Agent	William R. Block	860-823-3706
Recreation Director	C. Roger Moss	860-823-3791
Senior Center Director	Michael Wolak	860-889-5960
Superintendent of Schools	Abby I. Dolliver	860-823-6284
Tax Collector	Kathy Daley	860-823-3760
Zoning Enforcement Officer	Tianne Curtis	860-823-3752

Financial Section



Accounting | Tax | Business Consulting

Independent Auditors' Report

To the Honorable Mayor and Members of the City Council
City of Norwich, 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 Norwich, Connecticut, as of and for the year ended June 30, 2012, which collectively comprise the City of Norwich, Connecticut's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Norwich, Connecticut'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 Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City of Norwich, Connecticut's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Norwich, Connecticut, as of June 30, 2012 and the respective changes in financial position and, where applicable, cash flows 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 26, 2012 on our consideration of the City of Norwich, Connecticut's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 10 and the budgetary comparison information on pages 57 through 60 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who consider it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Norwich, Connecticut's financial statements as a whole. The introductory section, combining and individual nonmajor fund financial statements and schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare 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 certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and schedules are fairly stated in all material respects in relation to the basic financial statements as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and, accordingly, we do not express an opinion or provide any assurance on them.

Blum, Shapiro & Company, P.C.

December 26, 2012

CITY OF NORWICH, CONNECTICUT

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2012

This discussion and analysis of the City of Norwich, Connecticut's (the City) financial performance is offered by management to provide an overview of the City's financial activities for the fiscal year ended June 30, 2012. Please read this MD&A in conjunction with the transmittal letter and the City's financial statements, Exhibits I to IX.

FINANCIAL HIGHLIGHTS

- On a government-wide basis, the assets of the City exceeded its liabilities, resulting in total net assets at the close of the fiscal year of \$238.0 million. Total net assets for governmental activities at fiscal year-end were \$107.9 million, and total net assets for business-type activities were \$130.1 million. Total unrestricted net assets at June 30, 2012 were \$36.6 million.
- On a government-wide basis, during the year, the City's net assets increased by \$19.1 million from \$218.9 million to \$238.0 million. Governmental activities net assets increased by \$27.2 million, and net assets increased by \$3.8 million for business-type activities. Governmental activities expenses were \$136.4 million, while total revenues including transfers were \$145.2 million.
- At the close of the year, the City's governmental funds reported, on a current financial resource basis, combined ending fund balances of \$16.7 million, an increase of \$5.7 million from the prior fiscal year. Of the total fund balance as of June 30, 2012, \$12.0 million represents the combined unrestricted fund balance in the General Fund, Special Revenue Funds and Capital Projects Funds.
- At the end of the current fiscal year, the total fund balance for the General Fund was \$10.6 million, a decrease of \$0.2 million from the prior fiscal year. As of June 30, 2012, \$10.6 million of the total fund balance is unrestricted representing 9.74% of total General Fund actual expenditures and operating transfers on a budgetary basis.
- The City's governmental activities total bonded debt increased by \$5.9 million during the current fiscal year.

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

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

In the statement of net assets and the statement of activities, the City is divided into two types of activities:

- *Governmental Activities* - Most of the City's basic services are reported here, including education, public safety, sanitation, social services, public works 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 Department of Public Utilities, Golf Course Authority, Stadium Authority and Ice Rink Authority are 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 establishes many other funds to help control and manage financial activities for particular purposes (like the capital projects funds) or to show that it is meeting legal responsibilities for using grants and other money (like grants received from the State of Connecticut's Department of Education). The City's funds are divided into three categories: governmental, proprietary and fiduciary.

- *Governmental Funds (Exhibits III and IV)* - Most of the City's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. The relationship (or differences) between governmental activities (reported in the statement of net assets and the statement of activities) and governmental funds is described in a reconciliation included with the fund financial statements.
- *Proprietary Funds (Exhibits V, VI and VII)* - When the City charges customers for the services it provides, whether to outside customers or to other units of the City, these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the statement of net assets and the statement of activities. In fact, the City's enterprise funds (a component of proprietary funds) are the same as the business-type activities reported in the government-wide statements, but provide more detail and additional information, such as cash flows, for proprietary funds.
- *Fiduciary Funds (Exhibits VIII and IX)* - The City is the trustee, or fiduciary, for its employees' pension and other benefit 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 increased from a year ago from \$218.9 million to \$238.0 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)

	Governmental Activities		Business-Type Activities		Total	
	2012	2011	2012	2011	2012	2011
Current and other assets	\$ 44,944	\$ 47,599	\$ 35,940	\$ 34,043	\$ 80,884	\$ 81,642
Capital assets	129,710	119,045	120,243	107,529	249,953	226,574
Total assets	<u>174,654</u>	<u>166,644</u>	<u>156,183</u>	<u>141,572</u>	<u>330,837</u>	<u>308,216</u>
Long-term debt outstanding	55,289	48,634	16,288	11,621	71,577	60,255
Unearned revenue	1,621	7,542	509	534	2,130	8,076
Other liabilities	9,883	11,376	9,289	9,628	19,172	21,004
Total liabilities	<u>66,793</u>	<u>67,552</u>	<u>26,086</u>	<u>21,783</u>	<u>92,879</u>	<u>89,335</u>
Net Assets:						
Invested in capital assets, net of debt	92,031	87,252	107,495	99,326	199,526	186,578
Restricted	1,457	1,544	361	334	1,818	1,878
Unrestricted	<u>14,373</u>	<u>10,296</u>	<u>22,241</u>	<u>20,129</u>	<u>36,614</u>	<u>30,425</u>
Total Net Assets	<u>\$ 107,861</u>	<u>\$ 99,092</u>	<u>\$ 130,097</u>	<u>\$ 119,789</u>	<u>\$ 237,958</u>	<u>\$ 218,881</u>

Net assets of the City's governmental activities increased by \$8.8 million (\$107.9 million compared to \$99.1 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 - changed from \$10.3 million at June 30, 2011 to \$14.4 million at the end of this year. The net assets of business-type activities increased by 8.6% (\$130.1 million compared to \$119.8 million) during 2012.

Table 2
CHANGES IN NET ASSETS
(In Thousands)

	Governmental		Business-Type		Total	
	Activities		Activities			
	2012	2011	2012	2011	2012	2011
Revenues:						
Program revenues:						
Charges for services	\$ 5,377	\$ 5,756	\$ 89,107	\$ 90,625	\$ 94,484	\$ 96,381
Operating grants and contributions	53,139	54,051			53,139	54,051
Capital grants and contributions	10,749	22,962	6,798	6,704	17,547	29,666
General revenues:						
Property taxes	63,198	61,307			63,198	61,307
Grants and contributions not restricted to specific purposes	4,315	4,391			4,315	4,391
Unrestricted investment earnings	51	283	11	14	62	297
Other general revenues	890	1,414			890	1,414
Total revenues	<u>137,719</u>	<u>150,164</u>	<u>95,916</u>	<u>97,343</u>	<u>233,635</u>	<u>247,507</u>
Program expenses:						
General government	10,300	10,760			10,300	10,760
Public safety	20,571	20,336			20,571	20,336
Social services	4,201	4,664			4,201	4,664
Public works	13,444	9,133			13,444	9,133
Education	86,764	84,263			86,764	84,263
Interest on long-term debt	1,109	2,008			1,109	2,008
Department of Public Utilities			75,620	80,977	75,620	80,977
Other enterprise funds			2,495	2,425	2,495	2,425
Total program expenses	<u>136,389</u>	<u>131,164</u>	<u>78,115</u>	<u>83,402</u>	<u>214,504</u>	<u>214,566</u>
Excess before transfers	1,330	19,000	17,801	13,941	19,131	32,941
Transfers	<u>7,439</u>	<u>8,277</u>	<u>(7,493)</u>	<u>(8,277)</u>	<u>(54)</u>	<u>-</u>
Increase in Net Assets	<u>\$ 8,769</u>	<u>\$ 27,277</u>	<u>\$ 10,308</u>	<u>\$ 5,664</u>	<u>\$ 19,077</u>	<u>\$ 32,941</u>

The City's total revenues were \$233.6 million. The total cost of all programs and services was \$214.5 million. Our analysis below separately considers the operations of governmental and business-type activities.

Governmental Activities

Governmental activities increased the City's assets by \$8.8 million during the year compared with an increase of \$27.2 million last year. Total revenues of \$137.7 million and \$7.4 million in transfers from the City's business-type activities provided funding for the City's \$136.4 million of governmental program expenses incurred during the year.

The City's revenues decreased \$12.4 million (\$137.7 million compared to \$150.2 million). Included in this year's total revenue was the recognition of capital grants for the Kelly Middle School renovation project and Intermodal Transportation Center of \$3.1 million and \$6.8 million, respectively, compared with \$14.1 million and \$8.4 million, respectively, in 2011.

Total program expenses were \$136.4 million as compared with \$131.2 million reported last year. The expenses of the Education and Public Works functions experienced increased primarily attributable to increased pension, OPEB and health insurance.

Property tax revenues increased \$1.9 million. Changes in program expenses are mostly tied to increases in budgeted actual expenditures in the City’s General Fund for the cost of current services during 2012 compared with 2011.

Table 3 presents the cost of each of the City’s five largest programs - general government, public safety, social services, public works and education - 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>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
General government	\$ 10,300	\$ 10,760	\$ 899	\$ 353
Public safety	20,571	20,336	19,881	19,079
Social services	4,201	4,664	1,383	1,688
Public works	13,444	9,133	11,707	7,166
Education	86,764	84,263	32,145	18,101
All others	1,109	2,008	1,109	2,008
Totals	<u>\$ 136,389</u>	<u>\$ 131,164</u>	<u>\$ 67,124</u>	<u>\$ 48,395</u>

Business-Type Activities

Revenues of the City’s business-type activities (see Table 2) decreased by \$1.4 million during the year (\$95.9 million in 2012 compared to \$97.3 million in 2011) and expenses decreased by \$5.3 million. Overall net assets increased \$10.3 million in 2012 compared with an increase of \$5.7 million in 2011. The primary cause of the change in net assets for business-type activities was the capital grants for sewer plant improvements, sewer line extensions, and smart electric meters. Because of these grants, the assets of the Department of Public Utilities Sewer Division increased \$10.7 million.

CITY FUNDS FINANCIAL ANALYSIS

Governmental Funds

As the City completed the year, its governmental funds (as presented in the balance sheet - Exhibit III) reported a combined fund balance of \$16.6 million, which is an increase of \$5.7 million from last year’s total of \$10.9 million. Included in this year’s total change in fund balance is a decrease of \$0.2 million in the City’s General Fund. The primary reasons for the General Fund’s increase mirror the general fund activities analysis highlighted in RSI-1 and RSI-2.

The Bond Expenditure Fund reported a fund deficit of \$2.7 million at June 30, 2012. The fund balance increased by \$4.3 million during the year. The City will issue bonds during 2013 to replenish the fund.

The Intermodal Transportation Center Fund reported a fund balance of \$707 at June 30, 2012. The fund balance increased by \$707 thousand during the year.

The School Projects Fund reported a deficit fund balance of \$808 at June 30, 2012.

The other governmental funds have a total fund balance of \$7.2 million - roughly the same balance as last year.

Proprietary Funds

Net assets of the proprietary funds consisting of the Department of Public Utilities were \$120.2 million, as compared to \$109.5 million in the prior year, and City’s other nonmajor enterprise funds net assets decreased \$390 thousand to \$9.9 million from \$10.3 million.

Unrestricted net assets of the Department of Public Utilities was \$22.1 million, and \$121 thousand for the other nonmajor enterprise funds. The Department of Public Utilities had operating revenues of \$87.1 million from user fees, and other enterprise funds had \$2.1 million. The total increase in net assets for the fiscal year ended June 30, 2012 was \$10.3 million.

General Fund Budgetary Highlights

While there were some interdepartmental budget transfers, the General Fund did not have any supplemental appropriations during 2012.

During the year, actual revenues and other financing sources on a budgetary basis were \$108.9 million, which was \$265 thousand higher than budgetary estimates. The variance was caused primarily by greater than anticipated State of Connecticut Special Education Excess Cost and PILOT grants (See RSI-1 for additional detail).

Actual expenditures on a budgetary basis and other financing uses totaled \$109.2 million, which were higher than actual revenues and other financing sources on a budgetary basis by \$278 thousand. Actual expenditures on a budgetary basis were \$157 thousand less than budgeted. Lower than budgeted expenditures were experienced in the General Government, Public Safety, Public Works, and Social Services as a result of a concerted effort to contain spending.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2012, the City had \$250.0 million invested in a broad range of capital assets, including land, building and system improvements, machinery and equipment, park facilities, roads, sewers and bridges - Table 4. This amount represents a net increase (including additions, deductions and depreciation) of \$23.4 million, or 10.3%, over last year.

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

	Governmental Activities		Business-Type Activities		Total	
	2012	2011	2012	2011	2012	2011
Land	\$ 24,244	\$ 23,124	\$ 2,922	\$ 2,922	\$ 27,166	\$ 26,046
Buildings and improvements	17,812	18,977	34,193	35,157	52,005	54,134
Vehicles, machinery, equipment, pumping and distributions systems	6,596	6,912	61,220	56,983	67,816	63,895
Technology upgrade and road infrastructure	18,767	18,629			18,767	18,629
Construction in progress	62,291	51,403	21,908	12,467	84,199	63,870
Totals	\$ 129,710	\$ 119,045	\$ 120,243	\$ 107,529	\$ 249,953	\$ 226,574

This year's major capital asset additions included the following (in thousands):

Intermodal Transportation Center	\$	6,650
Wastewater Treatment Plant		5,571
Kelly Middle School Renovation		3,580
SmartGrid		2,016
Road Overlays		1,997
Newton Street Area Sewers		1,066
Utilities Phone & IVR System		<u>544</u>
Total	\$	<u><u>21,424</u></u>

The City's fiscal-year 2012-3 capital budget calls for spending \$2.4 million for road overlays, public works vehicles, police vehicles, fire equipment and other 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, 2012, the City had total bonds and notes outstanding of \$48.1 million. All of this debt is backed by the full faith and credit of the City. The City's outstanding net debt increased by \$10.6 million during fiscal 2012.

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

	Governmental Activities		Business-Type Activities		Total	
	2012	2011	2012	2011	2012	2011
General obligation bonds	\$ 36,935	\$ 30,989	\$ 394	\$ 458	\$ 37,329	\$ 31,447
Serial notes payable			<u>10,768</u>	<u>6,029</u>	<u>10,768</u>	<u>6,029</u>
Total	<u>\$ 36,935</u>	<u>\$ 30,989</u>	<u>\$ 11,162</u>	<u>\$ 6,487</u>	<u>\$ 48,097</u>	<u>\$ 37,476</u>

In November 2009, Standard & Poor's affirmed its AA- ratings with a stable outlook. On September 22, 2011, Fitch Ratings affirmed its AA rating with a stable outlook. On January 20, 2012, Moody's assigned an Aa2 rating to Norwich's 2012 \$2.7 million General Obligation refunding bond issue and affirmed its Aa2 rating on the Norwich's debt outstanding as of that date.

State statutes limit the amount of general obligation debt a governmental entity may issue to up to seven times its annual receipts from taxation. The current debt limitation for the City of Norwich is \$443 million. The City's outstanding general obligation debt is at 12.07% of this limitation.

Other obligations include accrued vacation pay and sick leave. More detailed information about the City's long-term liabilities is presented in Note 7 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

As of June 2012, the unemployment rate for the Norwich Labor Market Area was 9.2%, down from 10.1% in the prior year. Connecticut's overall unemployment rate stood at 8.4%, compared with 9.0% for the same time last year. The State of Connecticut's education and non-education formula grants have not kept pace with inflation. This, coupled with increased employee benefit costs, creates a challenge for Norwich. The City, however, is poised to overcome such challenges with its commitments to economic development, cost reduction and funding its long-term liabilities. The effects of these efforts are exemplified in the initiatives noted in the transmittal letter.

The fiscal year 2013 General Fund budget calls for \$114.7 million in revenues and expenditures, an approximate 4.9% increase in expenditures over fiscal year 2012. On the revenue side, the fiscal year 2012 budgeted tax levy increased 8.9% and the mill rate increased 1.78 mills from 24.76 to 26.54, a 7.19% increase. The City has increased its community policing program, which accounts for a large portion of the increase.

In the City's business-type activities, the Norwich Public Utilities projects an 0.23% increase in revenues from fiscal year 2012 from \$91.7 million to \$91.9 million. This increase is largely due to increasing water and sewer rates offsetting decreases in gas and electric rates. Norwich Public Utilities budgeted \$10.0 million in capital improvements to bolster its infrastructure and operational efficiency.

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 Office of the Comptroller, 100 Broadway, Norwich, Connecticut 06360-4431.

Basic Financial Statements

CITY OF NORWICH, CONNECTICUT

STATEMENT OF NET ASSETS

JUNE 30, 2012

(In Thousands)

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Assets:			
Cash and cash equivalents	\$ 19,080	\$ 16,928	\$ 36,008
Investments	3,272		3,272
Receivables, net	22,619	15,546	38,165
Internal balances	(363)	363	-
Inventories		1,722	1,722
Other assets	336	1,381	1,717
Capital assets:			
Assets not being depreciated	86,535	24,830	111,365
Assets being depreciated, net	43,175	95,413	138,588
Total assets	<u>174,654</u>	<u>156,183</u>	<u>330,837</u>
Liabilities:			
Accounts and other payables	8,424	9,289	17,713
Due to Fiduciary Funds	1,459		1,459
Unearned revenue	1,621	509	2,130
Noncurrent liabilities:			
Due within one year	7,260	6,651	13,911
Due in more than one year	48,029	9,637	57,666
Total liabilities	<u>66,793</u>	<u>26,086</u>	<u>92,879</u>
Net Assets:			
Invested in capital assets, net of related debt	92,031	107,495	199,526
Restricted for trust purposes:			
Expendable	42		42
Permanent	1,415		1,415
Restricted for energy conservation		361	361
Unrestricted	14,373	22,241	36,614
Total Net Assets	<u>\$ 107,861</u>	<u>\$ 130,097</u>	<u>\$ 237,958</u>

The accompanying notes are an integral part of the financial statements

CITY OF NORWICH, CONNECTICUT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2012
(In Thousands)

	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Net Revenue (Expense) and Changes in Net Assets		
					Governmental Activities	Business-Type Activities	Total
Governmental activities:							
General government	\$ 10,300	\$ 1,866	\$ 201	\$ 7,334	\$ (899)	\$	\$ (899)
Public safety	20,571	458	232		(19,881)		(19,881)
Social services	4,201	574	2,244		(1,383)		(1,383)
Public works	13,444	771	715	251	(11,707)		(11,707)
Education	86,764	1,708	49,747	3,164	(32,145)		(32,145)
Interest on long-term debt	1,109				(1,109)		(1,109)
Total governmental activities	<u>136,389</u>	<u>5,377</u>	<u>53,139</u>	<u>10,749</u>	<u>(67,124)</u>	<u>-</u>	<u>(67,124)</u>
Business-type activities:							
Department of Public Utilities:							
Gas	11,851	13,370		1,861		3,380	3,380
Electric	51,299	60,151		2,046		10,898	10,898
Water	6,546	6,656		184		294	294
Sewer	5,924	6,876		2,653		3,605	3,605
Nonmajor Enterprise Funds:							
Golf Course Authority	1,222	1,236				14	14
Stadium Authority	326	152				(174)	(174)
Ice Rink Authority	947	666		54		(227)	(227)
Total business-type activities	<u>78,115</u>	<u>89,107</u>	<u>-</u>	<u>6,798</u>	<u>-</u>	<u>17,790</u>	<u>17,790</u>
Total	<u>\$ 214,504</u>	<u>\$ 94,484</u>	<u>\$ 53,139</u>	<u>\$ 17,547</u>	<u>(67,124)</u>	<u>17,790</u>	<u>(49,334)</u>
General revenues:							
Property taxes					63,198		63,198
Grants and contributions not restricted to specific programs					4,315		4,315
Unrestricted investment earnings					51	11	62
Miscellaneous					890		890
Total general revenues					<u>68,454</u>	<u>11</u>	<u>68,465</u>
Transfers					<u>7,439</u>	<u>(7,493)</u>	<u>(54)</u>
Change in Net Assets					8,769	10,308	19,077
Net Assets at Beginning of Year, as Restated					<u>99,092</u>	<u>119,789</u>	<u>218,881</u>
Net Assets at End of Year					<u>\$ 107,861</u>	<u>\$ 130,097</u>	<u>\$ 237,958</u>

The accompanying notes are an integral part of the financial statements

CITY OF NORWICH, CONNECTICUT

BALANCE SHEET - GOVERNMENTAL FUNDS

JUNE 30, 2012
(In Thousands)

	<u>General</u>	<u>Bond Expenditure</u>	<u>Intermodal Transportation Center</u>	<u>School Projects</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS						
Cash and cash equivalents	\$ 18,368	\$	\$	\$	\$ 712	\$ 19,080
Investments	1,952				1,320	3,272
Receivables, net	8,991		3,505	5,270	4,853	22,619
Due from other funds	9,199				5,806	15,005
Other assets					56	56
Total Assets	<u>\$ 38,510</u>	<u>\$ -</u>	<u>\$ 3,505</u>	<u>\$ 5,270</u>	<u>\$ 12,747</u>	<u>\$ 60,032</u>
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts and other payables	\$ 5,275	\$ 394	\$ 502	\$ 625	\$ 1,422	\$ 8,218
Due to other funds	14,835	2,338	2,234	3,837	525	23,769
Deferred revenue	7,765		62		3,568	11,395
Total liabilities	<u>27,875</u>	<u>2,732</u>	<u>2,798</u>	<u>4,462</u>	<u>5,515</u>	<u>43,382</u>
Fund balances:						
Nonspendable					1,443	1,443
Restricted			707	808	1,664	3,179
Committed					4,271	4,271
Assigned	264					264
Unassigned	10,371	(2,732)			(146)	7,493
Total fund balances	<u>10,635</u>	<u>(2,732)</u>	<u>707</u>	<u>808</u>	<u>7,232</u>	<u>16,650</u>
Total Liabilities and Fund Balances	<u>\$ 38,510</u>	<u>\$ -</u>	<u>\$ 3,505</u>	<u>\$ 5,270</u>	<u>\$ 12,747</u>	<u>\$ 60,032</u>

(Continued on next page)

CITY OF NORWICH, CONNECTICUT

BALANCE SHEET - GOVERNMENTAL FUNDS (CONTINUED)

JUNE 30, 2012

(In Thousands)

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

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

Fund balances - total governmental funds	\$	16,650
--	----	--------

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

Governmental capital assets	\$	186,764	
Less accumulated depreciation		<u>(57,054)</u>	
Net capital assets			129,710

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

Property tax receivables greater than 60 days	3,334
Interest receivable on property taxes	1,092
Housing rehabilitation loans	1,925
Receivable from the state for school construction projects	198
Accounts and other receivables	3,225
Net pension asset	206
Deferred bond issuance costs	74

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

(1,112)

Long-term liabilities, including bonds payable, are not due and payable
in the current period and, therefore, are not reported in the funds:

Bonds and notes payable	(36,996)
Deferred charges on refunding	256
Unamortized bond premium	(195)
Interest payable on bonds and notes	(202)
Compensated absences	(3,330)
Landfill closure	(1,647)
Capital lease	(744)
Net pension obligation	(93)
Net OPEB obligation	<u>(4,490)</u>

Net Assets of Governmental Activities (Exhibit I)

\$ 107,861

The accompanying notes are an integral part of the financial statements

CITY OF NORWICH, CONNECTICUT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDSFOR THE YEAR ENDED JUNE 30, 2012
(In Thousands)

	General	Bond Expenditure	Intermodal Transportation Center	School Projects	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:						
Property taxes, interest and liens	\$ 59,244	\$	\$	\$	\$ 4,042	\$ 63,286
Intergovernmental revenues	42,703		7,334	3,360	14,740	68,137
Charges for services	2,012				2,709	4,721
Licenses, permits and fees	495					495
Investment income	7				43	50
Other	1,135				465	1,600
Total revenues	<u>105,596</u>	<u>-</u>	<u>7,334</u>	<u>3,360</u>	<u>21,999</u>	<u>138,289</u>
Expenditures:						
Current:						
General government	4,493				515	5,008
Public safety	13,278				6,407	19,685
Social services	1,858				2,267	4,125
Public works	8,955				1,232	10,187
Education	72,021				12,046	84,067
Other	4,795					4,795
Capital outlay		4,153	6,651	3,752	2,398	16,954
Debt service	4,908	82				4,990
Total expenditures	<u>110,308</u>	<u>4,235</u>	<u>6,651</u>	<u>3,752</u>	<u>24,865</u>	<u>149,811</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(4,712)</u>	<u>(4,235)</u>	<u>683</u>	<u>(392)</u>	<u>(2,866)</u>	<u>(11,522)</u>
Other Financing Sources (Uses):						
Transfers in	7,222		24	1,200	3,255	11,701
Transfers out	(2,702)	(1,222)			(338)	(4,262)
Issuance of general obligation bonds		9,680				9,680
Issuance of refunding bonds		2,725				2,725
Payment to refunded escrow agent		(2,760)				(2,760)
Bond premium		181				181
Total other financing sources	<u>4,520</u>	<u>8,604</u>	<u>24</u>	<u>1,200</u>	<u>2,917</u>	<u>17,265</u>
Net Change in Fund Balances	(192)	4,369	707	808	51	5,743
Fund Balances at Beginning of Year	<u>10,827</u>	<u>(7,101)</u>	<u>-</u>	<u>-</u>	<u>7,181</u>	<u>10,907</u>
Fund Balances at End of Year	<u>\$ 10,635</u>	<u>\$ (2,732)</u>	<u>\$ 707</u>	<u>\$ 808</u>	<u>\$ 7,232</u>	<u>\$ 16,650</u>

(Continued on next page)

CITY OF NORWICH, CONNECTICUT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - GOVERNMENTAL FUNDS (CONTINUED)FOR THE YEAR ENDED JUNE 30, 2012
(In Thousands)

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund
Balances of Governmental Funds to the Statement of Activities:

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

Net change in fund balances - total governmental funds (Exhibit IV)	\$ 5,743
---	----------

Governmental funds report capital outlays as expenditures. In the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense:

Capital outlay	14,647
Depreciation expense	(3,894)

In the statement of activities, only the gain 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 assets sold. (88)

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

Property tax receivable - accrual basis change	(58)
Property tax interest and lien revenue - accrual basis change	(30)
School building grant receipts	(102)
Housing loan repayments	159
Accounts and other receivables - accrual basis change	(389)
Net pension asset	(307)

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

Issuance of bonds	(9,680)
Premium on bonds	(64)
Bond principal payments	3,915
Issuance of refunding bonds	2,725
Payment to refunded escrow agent	(2,760)
Premium on refunded bonds	117
Issuance costs on refunding	(82)
Amortization of deferred charge on refunding	(84)
Amortization of premiums	49
Amortization of deferred bond issuance costs	(8)
Capital lease issuances	
Capital lease payments	60

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 the governmental funds:

Compensated absences	94
Accrued interest	(73)
Net pension expense	27
Net OPEB expense	(60)
Landfill postclosure care	106

Internal service funds are used by management to charge costs to individual funds. The net revenue of certain activities of internal services funds is reported with governmental activities. (1,194)

Change in Net Assets of Governmental Activities (Exhibit II)	<u>\$ 8,769</u>
--	-----------------

The accompanying notes are an integral part of the financial statements

CITY OF NORWICH, CONNECTICUT

STATEMENT OF NET ASSETS - PROPRIETARY FUNDS

JUNE 30, 2012

(In Thousands)

	Business-Type Activities			Governmental
	Department	Nonmajor	Total	Internal
	of Public	Enterprise		Service
	Utilities	Funds		Funds
Assets:				
Current assets:				
Cash and cash equivalents	\$ 16,923	\$ 5	\$ 16,928	\$
Receivables, net:				
User charges	14,893	33	14,926	
Other	620		620	
Due from other funds		628	628	6,942
Inventories	1,663	59	1,722	
Other assets	1,381		1,381	
Total current assets	<u>35,480</u>	<u>725</u>	<u>36,205</u>	<u>6,942</u>
Capital assets, net	<u>110,197</u>	<u>10,046</u>	<u>120,243</u>	
Total assets	<u>145,677</u>	<u>10,771</u>	<u>156,448</u>	<u>6,942</u>
Liabilities:				
Current liabilities:				
Accounts payable and accrued liabilities	8,181	148	8,329	4
Due to other funds		265	265	
Unearned revenue	318	191	509	
Notes payable - current	5,825		5,825	
Bonds payable - current	41	25	66	
Capital leases payable - current	312		312	
Compensated absences - current	286		286	
Risk management claims - current	162		162	1,823
Total current liabilities	<u>15,125</u>	<u>629</u>	<u>15,754</u>	<u>1,827</u>
Noncurrent liabilities:				
Customer deposits	960		960	
Notes payable	4,943		4,943	
Bonds payable	113	215	328	
Capital leases payable	1,308		1,308	
Compensated absences	2,570		2,570	
Risk management claims	488		488	6,227
Total noncurrent liabilities	<u>10,382</u>	<u>215</u>	<u>10,597</u>	<u>6,227</u>
Total liabilities	<u>25,507</u>	<u>844</u>	<u>26,351</u>	<u>8,054</u>
Net Assets:				
Invested in capital assets, net of related debt	97,689	9,806	107,495	
Restricted for energy conservation	361		361	
Unrestricted	<u>22,120</u>	<u>121</u>	<u>22,241</u>	<u>(1,112)</u>
Total Net Assets	<u>\$ 120,170</u>	<u>\$ 9,927</u>	<u>\$ 130,097</u>	<u>\$ (1,112)</u>

The accompanying notes are an integral part of the financial statements

CITY OF NORWICH, CONNECTICUT

STATEMENT OF REVENUES, EXPENSES AND CHANGES
IN FUND NET ASSETS - PROPRIETARY FUNDS

FOR THE YEAR ENDED JUNE 30, 2012

(In Thousands)

	Business-Type Activities			Governmental
	Department	Nonmajor	Total	Activities
	of Public	Enterprise		Internal
	Utilities	Funds		Service
				Funds
Operating Revenues:				
Charges for services	\$ 83,823	\$ 2,054	\$ 85,877	\$ 15,046
Use of property	2,619		2,619	
Other services	610		610	
Total operating revenues	<u>87,052</u>	<u>2,054</u>	<u>89,106</u>	<u>15,046</u>
Operating Expenses:				
Purchased gas and electric	39,194		39,194	
General and administrative	14,460		14,460	
Depreciation	6,279	399	6,678	
Operations and maintenance	11,401	2,096	13,497	
Customer accounts	1,659		1,659	
Gross revenue and property taxes	2,009		2,009	
Claims				15,185
Premiums and administrative charges				1,055
Total operating expenses	<u>75,002</u>	<u>2,495</u>	<u>77,497</u>	<u>16,240</u>
Operating Income (Loss)	<u>12,050</u>	<u>(441)</u>	<u>11,609</u>	<u>(1,194)</u>
Nonoperating Income (Expense):				
Interest income	9	2	11	
Interest expense	(235)		(235)	
Loss on disposal of capital assets	(377)	(5)	(382)	
Total nonoperating expense	<u>(603)</u>	<u>(3)</u>	<u>(606)</u>	<u>-</u>
Income (Loss) Before Contributions and Transfers	11,447	(444)	11,003	(1,194)
Capital contributions	6,744		6,744	
Transfers in		54	54	
Transfers out	(7,493)		(7,493)	
Change in Net Assets	10,698	(390)	10,308	(1,194)
Total Net Assets at Beginning of Year, as Restated*	<u>109,472</u> *	<u>10,317</u>	<u>119,789</u>	<u>82</u>
Total Net Assets at End of Year	<u>\$ 120,170</u>	<u>\$ 9,927</u>	<u>\$ 130,097</u>	<u>\$ (1,112)</u>

The accompanying notes are an integral part of the financial statements

CITY OF NORWICH, CONNECTICUT

STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS

FOR THE YEAR ENDED JUNE 30, 2012

(In Thousands)

	Business-Type Activities			Governmental
	Department of Public Utilities	Nonmajor Enterprise Funds	Total	Internal Service Funds
Cash Flows from Operating Activities:				
Cash received from charges for services	\$ 86,127	\$ 2,145	\$ 88,272	\$ 2,413
Cash receipts for interfund services provided				12,887
Cash paid to vendors	(55,889)	(1,191)	(57,080)	(15,300)
Cash paid to employees for services	(13,556)	(884)	(14,440)	
Net cash provided by operating activities	<u>16,682</u>	<u>70</u>	<u>16,752</u>	<u>-</u>
Cash Flows from Noncapital and Related Financing Activities:				
Transfers to other funds	(7,493)		(7,493)	
Customer deposits	58		58	
Advances from other funds		9	9	
Net cash provided by (used in) noncapital and related financing activities	<u>(7,435)</u>	<u>9</u>	<u>(7,426)</u>	<u>-</u>
Cash Flows from Capital and Related Financing Activities:				
Capital contributions	6,744		6,744	
Purchase of capital assets	(19,114)	(66)	(19,180)	
Proceeds from long-term debt	5,264		5,264	
Principal payment on bonds and notes	(565)	(25)	(590)	
Principal payment on capital leases	(315)		(315)	
Interest payment on debt	(236)		(236)	
Loss on the disposal of property and equipment	(377)	5	(372)	
Net cash used in capital and related financing activities	<u>(8,599)</u>	<u>(86)</u>	<u>(8,685)</u>	<u>-</u>
Cash Flows from Investing Activities:				
Income on investments	9	2	11	
Net Increase (Decrease) in Cash and Cash Equivalents	657	(5)	652	-
Cash and Cash Equivalents at Beginning of Year	<u>16,266</u>	<u>10</u>	<u>16,276</u>	<u>-</u>
Cash and Cash Equivalents at End of Year	<u>\$ 16,923</u>	<u>\$ 5</u>	<u>\$ 16,928</u>	<u>\$ -</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities:				
Operating income (loss)	\$ 12,050	\$ (441)	\$ 11,609	\$ (1,194)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation expense	6,279	399	6,678	
Provision for uncollectible accounts	834		834	
(Increase) decrease in receivables	(1,479)	99	(1,380)	42
(Increase) decrease in inventories and other assets	(315)	10	(305)	
Increase in due from other funds		(59)	(59)	212
Decrease in unearned revenues	(17)	(8)	(25)	
Increase (decrease) in accounts payable and accrued liabilities	(670)	70	(600)	940
Total adjustments	<u>4,632</u>	<u>511</u>	<u>5,143</u>	<u>1,194</u>
Net Cash Provided by Operating Activities	<u>\$ 16,682</u>	<u>\$ 70</u>	<u>\$ 16,752</u>	<u>\$ -</u>

The accompanying notes are an integral part of the financial statements

CITY OF NORWICH, CONNECTICUT

STATEMENT OF FIDUCIARY NET ASSETS - FIDUCIARY FUNDS

JUNE 30, 2012

(In Thousands)

	<u>Pension Trust Funds</u>	<u>Other Post Employment Benefit Trust Fund</u>	<u>Agency Funds</u>
Assets:			
Cash and cash equivalents	\$ 870	\$	\$ 385
Investments:			
Mutual funds	119,816	5,670	
Common stock	16,578		
Other receivables		47	103
Due from other funds	49	1,410	
	<u>137,313</u>	<u>7,127</u>	<u>\$ 488</u>
Total assets			
Liabilities:			
Accounts and other payables	32		\$
Due to other funds			
Due to student groups and agencies			488
	<u>32</u>		<u>\$ 488</u>
Total liabilities			
Net Assets:			
Held in Trust for Pension and Other Benefits	\$ <u>137,281</u>	\$ <u>7,127</u>	

The accompanying notes are an integral part of the financial statements

CITY OF NORWICH, CONNECTICUT

STATEMENT OF CHANGES IN PLAN NET ASSETS - FIDUCIARY FUNDS

FOR THE YEAR ENDED JUNE 30, 2012

(In Thousands)

	<u>Pension Trust Funds</u>	<u>Other Post Employment Benefit Trust Fund</u>
Additions:		
Contributions:		
Employer	\$ 4,688	\$ 6,114
Plan members	2,948	1,468
Total contributions	<u>7,636</u>	<u>7,582</u>
Investment income:		
Net depreciation in fair value of investments	(1,933)	(29)
Interest and dividends	314	161
Total investment income (loss)	<u>(1,619)</u>	<u>132</u>
Less investment expense	(866)	(29)
Net investment income (loss)	<u>(2,485)</u>	<u>103</u>
Total additions	<u>5,151</u>	<u>7,685</u>
Deductions:		
Benefits	12,392	4,654
Administration	32	309
Lump sum distributions and withdrawals	403	
Total deductions	<u>12,827</u>	<u>4,963</u>
Net Increase (Decrease)	(7,676)	2,722
Net Assets Held in Trust for Pension Benefits at Beginning of Year	<u>144,957</u>	<u>4,405</u>
Net Assets Held in Trust for Pension and Other Post-Employment Benefits at End of Year	<u>\$ 137,281</u>	<u>\$ 7,127</u>

The accompanying notes are an integral part of the financial statements

CITY OF NORWICH, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS

(In Thousands)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City of Norwich, Connecticut (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

The City was incorporated in May 1784. The City and Town consolidated on January 1, 1952. The City covers an area of 27.1 square miles, and is located 40 miles southeast of Hartford. The City operates under a Council/Manager form of government. The City Manager is appointed by the Council and serves as the Chief Executive Officer.

B. Government-Wide and Fund Financial Statements

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

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

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

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

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

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

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

The City reports the following major governmental funds:

The General Fund is the City's primary operating fund. It accounts for all financial resources of the City, except those required to be accounted for in another fund.

The Bond Expenditure Fund accounts for the City's capital projects established pursuant to project bond authorizations. Financial resources include intergovernmental grants, bond proceeds and transfers from the City's General Fund.

The Intermodal Transportation Center Fund accounts for the City's capital project established to account for activity associated with the building of a transportation center. Financial resources include intergovernmental grants, bond proceeds and transfers from the City's General Fund.

The School Projects Fund accounts for the City's capital projects established to account for activity associated with the building of new schools and/or renovations to existing schools. Financial resources include intergovernmental grants, bond proceeds and transfers from the City's General Fund.

The City reports the following major proprietary fund:

The Department of Public Utilities accounts for the operation of the City's water, sewer, electric and gas divisions. It is independent in terms of its relationship to other City functions. Its operations are financed from direct charges to the users of the service 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.

Additionally, the City reports the following fund types:

The Internal Service Fund accounts for employee health insurance provided to other departments of the City and the City's self-insured workers' compensation program.

The Pension Trust Funds account for the activities of the City's two defined benefit pension plans, which accumulate resources for pension benefit payments to qualified retired employees.

The OPEB Trust Fund accounts for the activities of the City's other post employment benefit plan, which accumulate resources for medical and life insurance benefits provided to qualified retired employees.

The Agency Funds account for monies held as a custodian for outside groups and agencies and are used for senior activities, performance bonds and pass-through grants.

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 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 enterprise fund are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

D. Deposits and Investments

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

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

Investments for the City are reported at fair value.

E. Receivables and Payables

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

Property taxes on all property are assessed as of October 1 prior to the beginning of the fiscal year and become legally due and payable on the following July 1 and January 1. If taxes are unpaid as of June 30 following the payable date, a lien is placed on the real property. Property assessments are made at 70% of the market value. Property taxes receivable are recorded on the due date. Taxes not paid within 30 days of the due date are subject to an interest charge of one and one-half percent per month. The City is not a part of any overlapping government which assesses separate property taxes. An amount of \$555 has been established as an allowance for uncollected taxes. At June 30, 2012, this represents 13.7% of property taxes receivable.

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 two 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 is depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	40-50
Building improvements	20
Infrastructure, public domain infrastructure and distribution and collection systems	20-50
Machinery and equipment	5-20

H. Compensated Absences

Employees are paid by a prescribed formula for absences due to vacation or sickness. The obligation for vacation pay vests when earned. Unused sick leave may be accumulated for future absences in accordance with employee contracts and employment policies. Upon retirement, vested sick leave is payable to employees subject to union contract payment provisions. Sick leave and vacation leave expenditures are recognized in the governmental fund financial statements in the current year to the extent they are due (matured). The liability for the remainder of the accrued vacation earned and not due is reported in the government-wide and proprietary fund financial statements.

I. Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, 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. Fund Equity and Net Assets

In the government-wide financial statements and in proprietary fund types, net assets are classified in the following categories:

Invested in Capital Assets, Net of Related Debt and Accumulated Depreciation - This category groups all capital assets, including infrastructure, into one component of net assets. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets reduces this category.

Restricted Net Assets - This category represents the net assets of the City which are restricted by externally imposed constraints placed on the net assets by grantors, contributors or laws and regulations of other governments.

Unrestricted Net Assets - This category represents the net assets of the City which are not restricted for any project or other purpose.

In the fund financial statements, fund balances of governmental funds are classified in five separate categories. The five categories, and their general meanings, are as follows:

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

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

Committed Fund Balance - This represents amounts constrained for a specific purpose by a government using its highest level of decision-making authority (City Council). A fund balance commitment is established, modified, and/or rescinded by ordinance.

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

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

The City does not have a minimum fund balance policy regarding unassigned fund balance. The City is assumed to use restricted resources first if both restricted and unrestricted resources are to be used for the same purpose. In addition, when committed, assigned and unassigned resources are available it is assumed that committed resources are used first, then assigned, and lastly, unassigned.

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

In October, the City Manager, through the Comptroller's Office, distributes budget instructions to department heads. On or before a date set by the City Manager, the head of every department, office or agency must submit a written proposed budget for the following year to the City Manager. The City Manager and Comptroller review these proposals and may revise them as deemed advisable, except in the case of the Department of Education where the City Manager has the authority to revise only the total estimated expenditures. The City Manager and Comptroller compare proposed expenditures to expected revenues and prepare a proposed budget for presentation to the City Council.

As required by City Charter, on or before the first Monday in April, the City Manager submits a balanced annual budget, as well as appropriation and tax levy ordinances to the City Council. Between the presentation of the budget and the first public hearing, department heads are given the opportunity to make presentations in support of their proposed budget. The City Council holds a first public hearing on the budget prior to the third Monday in April, but not sooner than one week after the submission of the budget. This hearing is to listen to citizens' comments on the budget. The Council meets by the second Monday in May to take initial action on the budget. A second public hearing is then held regarding the Council's proposed changes, prior to the third Monday in May.

After the second public hearing, the Council may revise expenditures, except that it may not reduce appropriations for debt service and may revise only the total estimated expenditures for the Department of Education. The Council adopts the budget, appropriation and tax levy ordinances by the second Monday of June; if it fails to do so, the budget as submitted by the City Manager stands.

The General Fund and the Fire Districts nonmajor governmental fund have legally adopted budgets.

The City Manager may transfer unexpended balances within a department, office or agency; the Council may transfer unexpended balances between departments at the City Manager's request within the last three months of the fiscal year. The Comptroller oversees revenues and expenditures according to the budget established by the City Council. The Board of Education may transfer unexpended balances between accounts within its total line appropriation. Additional appropriations may be made upon the City Manager's recommendation, provided the Comptroller certifies the availability of a sufficient General Fund surplus.

Encumbrances are recognized as a valid and proper charge against a budget appropriation in the year in which the purchase order, contract or other commitment is issued and, accordingly, encumbrances outstanding at year-end are reflected in budgetary reports as expenditures of the current year. If an appropriation is not encumbered, it lapses at year-end and may not be used by the department.

B. Deficit Fund Equity

Certain individual funds had fund balance/net asset deficits at June 30, 2011 as follows:

Bond Expenditure Fund	\$	2,732*
Nonmajor Governmental Funds:		
Parking Commission		77**
Property Rehabilitation		53***
Dog License		16****
Internal Service Funds:		
Workers' Compensation		3,603**

- * Deficit will be reduced by future transfers from bond issuances.
- ** Deficit will be reduced by future contributions from the General Fund adopted as part of the budget process.
- *** Deficit will be reduced by future Community Development Fund transfers and property rehab loan payment receipts.
- **** Deficit will be reduced by future operating surpluses or, if necessary, future contributions from the General Fund adopted as part of the budget process.

3. CASH, CASH EQUIVALENTS AND INVESTMENTS

The deposit of public funds is controlled by the Connecticut General Statutes (Section 7-402). Deposits may be made in a "qualified public depository" as defined by Statute or in amounts not exceeding the Federal Deposit Insurance Corporation insurance limit in an "out of state bank," as defined by the Statutes, which is not a "qualified public depository."

The Connecticut General Statutes (Section 7-400) permit municipalities to invest in: 1) obligations of the United States and its agencies, 2) highly rated obligations of any state of the United States or of any political subdivision, authority or agency thereof, and 3) shares or other interests in custodial arrangements or pools maintaining constant net asset values and in highly rated no-load open end money market and mutual funds (with constant or fluctuating net asset values) whose portfolios are limited to obligations of the United States and its agencies, and repurchase agreements fully collateralized by such obligations. Other provisions of the Statutes cover specific municipal funds with particular investment authority. The provisions of the Statutes regarding the investment of municipal pension funds 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.

Deposits

Deposit Custodial Credit Risk - Custodial credit risk is the risk that, in the event of a bank failure, the City's deposit will not be returned. The City has a formal investment policy. Under this policy, the Treasurer shall mitigate concentration of credit risk on deposits by spreading deposits among different financial institutions. Because the benefits of lower fees and higher rates of return often outweigh the attendant risks of carrying large balances with a few financial institutions, the Treasurer will use their judgment rather than target percentages to guide their deposit strategy. For other investments, no more than 10% of the funds covered under this policy may be invested in securities from any one federal, state or local political subdivision or agency. Deposits may be placed with any qualified public depository that has its main place of business in the State of Connecticut. Connecticut General Statutes require that each depository maintain segregated collateral (not required to be based on a security agreement between the depository and the municipality and, therefore, not perfected in accordance with federal law) in an amount equal to a defined percentage of its public deposits based upon the depository's risk based capital ratio.

Based on the criteria described in GASB Statement No. 40, *Deposits and Investment Risk Disclosures*, \$36,704 of the City's bank balance of \$39,073 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 32,838
Uninsured and collateral held by the pledging bank's trust department, not in the City's name	<u>3,866</u>
Total Amount Subject to Custodial Credit Risk	<u><u>\$ 36,704</u></u>

Cash Equivalents

At June 30, 2012, the City's cash equivalents amounted to \$8,877. The following table provides a summary of the City's cash equivalents (excluding U.S. government guaranteed obligations) as rated by nationally recognized statistical rating organizations. The pools all have maturities of less than one year.

	<u>Standard & Poor's</u>
State Short-Term Investment Fund (STIF)	AAA/m

Investments

As of June 30, 2012, the City had the following investments:

<u>Investment Type</u>	<u>Credit Rating</u>	<u>Fair Value</u>	<u>Investment Maturities (Years)</u>		
			<u>Less Than 1</u>	<u>1 - 10</u>	<u>More Than 10</u>
Interest-bearing investments:					
Certificates of deposit*	N/A	\$ <u>1,952</u>	\$ <u>317</u>	\$ <u>1,635</u>	\$ <u> </u>
Other investments:					
Common stock		17,451			
Mutual funds		<u>125,933</u>			
Total Investments		<u><u>\$ 145,336</u></u>			

*Subject to coverage by Federal Depository Insurance and collateralization.

N/A Not applicable

Interest Rate Risk - The Employees' Pension Plan formal investment policy states that for fixed income investments, no issues may be purchased with a maturity that exceeds the maximum maturity in the applicable benchmark index. Maturity duration is managed to remain within plus or minus 25% of the applicable benchmark index. The City does not further limit its other investment maturities as a means of managing its exposure to fair value losses arising from increasing rates.

Credit Risk - Investments - As indicated above, State Statutes limit the investment options of cities and towns. The Employees' Pension Plan formal investment policy does not allow for investment in any company that has filed for bankruptcy without prior Personnel and Pension Board approval. For domestic equities, investments must be with companies that meet a specified minimum capitalization threshold at the date of purchase. For fixed income instruments, the average quality of the portfolio must exceed minimum rating levels at all times as defined in the investment policy. Equity securities that meet or exceed a credit rating of BBB-/Baa3 may be purchased. The City's investment policy governing other investments limits holdings to highly rated fixed income instruments, mutual funds and government investment pools.

Concentration of Credit Risk - The Employees' Pension Plan formal investment policy includes provisions for domestic equities stating that the cost of an individual security in a portfolio at the date of purchase may not exceed 5% of the total market value of that portfolio. Fixed income instruments with a single issuer (excluding U.S. government and government agencies) may not exceed 5% of the market value of that portfolio. The City's investment policy governing other investments does not permit direct equity or fixed income investments in private-sector companies.

Custodial Credit Risk - Custodial credit risk for an investment is the risk that, in the event of the failure of the counterparty (the institution that pledges collateral or repurchase agreement securities to the City or that sells investments to or buys them for the City), the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City has a formal investment policy. Under this policy, the Treasurer shall mitigate concentration of credit risk on deposits by spreading deposits among different financial institutions. Because the benefits of lower fees and higher rates of return often outweigh the attendant risks of carrying large balances with a few financial institutions, the Treasurer will use their judgment rather than target percentages to guide their deposit strategy. For other investments, no more than 10% of the funds covered under this policy may be invested in securities from any one federal, state or local political subdivision or agency. The City's individual investments in U.S. government obligations, equities and corporate bonds are uninsured and unregistered securities held by a counterparty, or by its trust department or agent that are not in the City's name. The City's investments held in open-end mutual funds which, because they are pooled investments rather than separate identifiable securities, are not subject to custodial risk determination. The City will only deposit funds in institutions rated within one of the top three rating categories of any nationally recognized rating service. Financial institutions in which the City deposits funds shall be accepted by City Council resolution. For financial institutions which have not been ranked by a nationally recognized rating service, the Treasurer shall assess the financial capacity and creditworthiness of the institution before recommending it to the City Council for approval.

4. RECEIVABLES

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

	<u>General</u>	<u>Intermodal Transportation Center</u>	<u>School Projects</u>	<u>Department of Public Utilities</u>	<u>Nonmajor and Other Funds</u>	<u>Total</u>
Receivables:						
Taxes	\$ 4,046				\$ 361	\$ 4,407
Accrued interest on taxes	1,365					1,365
Intergovernmental	993	3,505	5,270		1,708	11,476
User charges				16,825	33	16,858
Assessments	3,066					3,066
Housing and rehabilitation loans					2,670	2,670
Accounts and other	349			620	312	1,281
Gross receivables	<u>9,819</u>	<u>3,505</u>	<u>5,270</u>	<u>17,445</u>	<u>5,084</u>	<u>41,123</u>
Less allowance for uncollectibles:						
Taxes	(555)				(48)	(603)
Accrued interest on taxes	(273)					(273)
User charges				(1,932)		(1,932)
Total allowance	<u>(828)</u>	<u>-</u>	<u>-</u>	<u>(1,932)</u>	<u>(48)</u>	<u>(2,808)</u>
Net Total Receivables	<u>\$ 8,991</u>	<u>\$ 3,505</u>	<u>\$ 5,270</u>	<u>\$ 15,513</u>	<u>\$ 5,036</u>	<u>\$ 38,315</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>	<u>Total</u>
General Fund:			
Property taxes	\$ 3,064		\$ 3,064
Accrued interest on property taxes	1,092		1,092
Assessments	3,066		3,066
School building construction grant receivables	198		198
Other deferred revenues		345	345
Intermodal Transportation Center Fund:			
Grant drawdowns prior to meeting all eligibility requirements		62	62
Nonmajor funds:			
Taxes and accrued interest on delinquent property taxes	270		270
Housing loans and interest	1,925		1,925
Lead abatement - unamortized loans		745	745
Grant drawdowns prior to meeting all eligibility requirements		460	460
Other receivables and deferred revenues	<u>159</u>	<u>9</u>	<u>168</u>
Total Deferred/Unearned Revenue for Governmental Funds	<u>\$ 9,774</u>	<u>\$ 1,621</u>	<u>\$ 11,395</u>

5. 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. The City also operates a cash pool in the general fund as well as there are bonded projects in a fund that benefit another fund. A summary of interfund balances as of June 30, 2012 is presented below.

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Bond Expenditure Fund	\$ 2,338
	Intermodal Transportation Center	2,234
	School Projects	3,837
	Nonmajor Governmental	525
	Nonmajor Enterprise	265
Nonmajor Governmental	General Fund	5,806
Nonmajor Enterprise	General Fund	628
Internal Service Funds	General Fund	6,942
Pension Trust	General Fund	49
Other Post Employment Benefit Trust	General Fund	<u>1,410</u>
 Total		 <u>\$ 24,034</u>

A summary of interfund transfers is presented below:

	<u>Transfers In</u>					<u>Total</u>
	<u>General</u>	<u>Intermodal Transportation</u>	<u>School Projects</u>	<u>Nonmajor Enterprise</u>	<u>Nonmajor Governmental</u>	
Transfers out:						
General Fund	\$	\$	\$ 37	\$ 54	\$ 2,611	\$ 2,702
Bond Expenditure			1,163		59	1,222
Department of Public Utilities	6,908				585	7,493
Nonmajor Governmental	<u>314</u>	<u>24</u>				<u>338</u>
 Total Transfers Out	 <u>\$ 7,222</u>	 <u>\$ 24</u>	 <u>\$ 1,200</u>	 <u>\$ 54</u>	 <u>\$ 3,255</u>	 <u>\$ 11,755</u>

Transfers from the General Fund to other nonmajor governmental funds are in support of the City’s capital improvement program, fire services and other special revenue programs accounted for outside of the General Fund. Transfers from nonmajor governmental funds to the General Fund are derived primarily from net income generated from parking services and landfill operations accounted for outside of the General Fund. The Department of Public Utilities annually transfers 10% of gross revenues derived from gas, electric and water sales to the General Fund and the Fire Districts Fund.

6. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2012 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 23,124	\$ 1,120	\$	\$ 24,244
Construction in progress	<u>51,403</u>	<u>10,960</u>	<u>(72)</u>	<u>62,291</u>
Total capital assets not being depreciated	<u>74,527</u>	<u>12,080</u>	<u>(72)</u>	<u>86,535</u>
Capital assets being depreciated:				
Buildings and improvements	43,424	232		43,656
Vehicles, machinery and equipment	18,717	763	(45)	19,435
Technology upgrade and infrastructure	<u>35,707</u>	<u>1,572</u>	<u>(141)</u>	<u>37,138</u>
Total capital assets being depreciated	<u>97,848</u>	<u>2,567</u>	<u>(186)</u>	<u>100,229</u>
Less accumulated depreciation for:				
Buildings and improvements	(24,447)	(1,397)		(25,844)
Vehicles, machinery and equipment	(11,805)	(1,063)	29	(12,839)
Technology upgrade and infrastructure	<u>(17,078)</u>	<u>(1,434)</u>	<u>141</u>	<u>(18,371)</u>
Total accumulated depreciation	<u>(53,330)</u>	<u>(3,894)</u>	<u>170</u>	<u>(57,054)</u>
Total capital assets being depreciated, net	<u>44,518</u>	<u>(1,327)</u>	<u>(16)</u>	<u>43,175</u>
Governmental Activities Capital Assets, Net	<u>\$ 119,045</u>	<u>\$ 10,753</u>	<u>\$ (88)</u>	<u>\$ 129,710</u>
	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 2,922	\$	\$	\$ 2,922
Construction in progress	<u>12,467</u>	<u>18,180</u>	<u>(8,739)</u>	<u>21,908</u>
Total capital assets not being depreciated	<u>15,389</u>	<u>18,180</u>	<u>(8,739)</u>	<u>24,830</u>
Capital assets being depreciated:				
Structures and improvements	75,377	2,479	(555)	77,301
Machinery, equipment, pumping and distribution systems	<u>143,382</u>	<u>7,854</u>	<u>(1,011)</u>	<u>150,225</u>
Total capital assets being depreciated	<u>218,759</u>	<u>10,333</u>	<u>(1,566)</u>	<u>227,526</u>
Less accumulated depreciation for:				
Structures and improvements	(40,220)	(2,888)		(43,108)
Machinery, equipment, pumping and distribution systems	<u>(86,399)</u>	<u>(3,790)</u>	<u>1,184</u>	<u>(89,005)</u>
Total accumulated depreciation	<u>(126,619)</u>	<u>(6,678)</u>	<u>1,184</u>	<u>(132,113)</u>
Total capital assets being depreciated, net	<u>92,140</u>	<u>3,655</u>	<u>(382)</u>	<u>95,413</u>
Business-Type Activities Capital Assets, Net	<u>\$ 107,529</u>	<u>\$ 21,835</u>	<u>\$ (9,121)</u>	<u>\$ 120,243</u>

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities:	
General government	\$ 138
Public safety	831
Social services	53
Public works	1,690
Education	<u>1,182</u>
 Total Depreciation Expense - Governmental Activities	 \$ <u><u>3,894</u></u>
 Business-type activities:	
Department of Public Utilities	\$ 6,279
Golf Course Authority	56
Stadium Authority	182
Ice Rink Authority	<u>161</u>
 Total Depreciation Expense - Business-Type Activities	 \$ <u><u>6,678</u></u>

Construction Commitments

The City has active construction projects as of June 30, 2012. At year end, the City's commitments with contractors on active authorizations are as follows:

<u>Project</u>	<u>Cumulative Authorization</u>	<u>Current Expenditures</u>	<u>Cumulative Expenditures</u>	<u>Balance June 30, 2012</u>
Kelly Middle School Renovation	\$ 40,250	\$ 3,530	\$ 39,879	\$ 371
Intermodal Transportation Center	21,965	6,651	21,211	754
New London Turnpike/Pleasant Bridge	530		305	225
Dodd Stadium Capital Improvements	610	1	582	28
Dog Pound	761		761	
Fire Department Equipment and Improvements	795		783	12
Flyers Drive Sewer Line Extension	1,800	4	1,800	-
Brown Park City Pier	2,020		1,998	22
Newton Street Area Sewer Line Extension	1,600	1,066	1,402	198
Road Improvements - 2010 bonds	5,000	332	1,457	3,543
Gas Line Extensions	<u>3,000</u>	<u>1,995</u>	<u>2,051</u>	<u>949</u>
 Total	 \$ <u><u>78,331</u></u>	 \$ <u><u>13,579</u></u>	 \$ <u><u>72,229</u></u>	 \$ <u><u>6,102</u></u>

7. LONG-TERM DEBT

Changes in Long-Term Liabilities

Long-term liability activity for the year ended June 30, 2012 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities:					
Bonds payable:					
General obligation bonds	\$ 31,176	\$ 12,405	\$ 6,585	\$ 36,996	\$ 3,895
Add unamortized premiums	63	181	49	195	
Less deferred amounts on refunding	(250)	(90)	(84)	(256)	
Total bonds payable	<u>30,989</u>	<u>12,496</u>	<u>6,550</u>	<u>36,935</u>	<u>3,895</u>
Compensated absences	3,424	1,369	1,463	3,330	1,440
Landfill closure	1,753		106	1,647	25
Capital leases	804		60	744	77
Net pension obligation	120	254	281	93	
Net OPEB obligation	4,430	4,174	4,114	4,490	
Risk management claims	7,114	16,121	15,185	8,050	1,823
				<u>8,050</u>	<u>1,823</u>
Governmental Activities Long-Term Liabilities	<u>\$ 48,634</u>	<u>\$ 34,414</u>	<u>\$ 27,759</u>	<u>\$ 55,289</u>	<u>\$ 7,260</u>
	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Business-Type Activities:					
Bonds and notes payable:					
General obligation bonds	\$ 464	\$	\$ 66	\$ 398	\$ 66
Less deferred amounts on refunding	(6)		(2)	(4)	
State of Connecticut - serial note	6,029	5,264	525	10,768	5,825
Total bonds and notes payable	<u>6,487</u>	<u>5,264</u>	<u>589</u>	<u>11,162</u>	<u>5,891</u>
Compensated absences	2,767	366	277	2,856	286
Capital leases	1,717	218	315	1,620	312
Workers' compensation	650	162	162	650	162
				<u>650</u>	<u>162</u>
Business-Type Activities Long-Term Liabilities	<u>\$ 11,621</u>	<u>\$ 6,010</u>	<u>\$ 1,343</u>	<u>\$ 16,288</u>	<u>\$ 6,651</u>

The net pension obligation and the net other post-employment benefits liabilities have primarily been liquidated with General Fund resources.

A schedule of bonds outstanding at June 30, 2012 is presented below:

<u>Description</u>	<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Interest Rate (%)</u>	<u>Amount of Original Issue</u>	<u>Balance Outstanding June 30, 2012</u>
Governmental Activities:					
General purpose bonds payable:					
General purpose - Wauregan Hotel	04/01/2001	04/01/2017	5.50-6.75	\$ 400	\$ 125
General purpose	04/15/2002	04/15/2022	4.0-5.0	6,020	-
General purpose	04/15/2004	04/15/2015	2.00-3.55	3,120	700
Refunding - (11/15/1997 and 11/01/1999) bonds	04/15/2004	04/15/2019	2.0-4.0	4,520	2,225
General purpose and water main	03/15/2005	09/15/2015	3.0-5.0	3,520	1,400
Refunding - (02/01/1996 and 04/01/2001) bonds	03/15/2005	09/15/2019	3.0-4.0	8,570	5,322
Schools	12/30/2008	12/30/2020		2,940	2,205
Refunding - (04/01/2001) bonds	12/02/2009	04/01/2014	2.0-3.0	4,235	2,060
General purpose	12/02/2009	12/01/2029	3.0-4.0	9,145	8,659
Schools	12/02/2009	12/01/2029	3.0-4.0	2,000	1,895
General Purpose	12/13/2011	12/1/2022	2.0-4.0	4,680	4,680
Schools	12/13/2011	12/1/2022	2.0-4.0	5,000	5,000
Refunding - (4/15/02) bonds	2/15/2012	4/15/2022	2.0	2,725	<u>2,725</u>
Total				\$	<u><u>36,996</u></u>
Business-Type Activities:					
General purpose bonds payable:					
Refunding - (02/01/1996) Stony Brook Reservoir	03/15/2005	09/15/2015	3.0-4.0	368	\$ 158
Golf course	12/02/2009	12/01/2029	3.0-4.0	265	240
State of Connecticut serial notes payable:					
Clean Water Act 106-C	10/31/1997	10/31/2016	2.00	3,410	852
Clean Water Act 298-C	06/30/2000	06/30/2019	2.00	1,508	530
Clean Water Act 349-C	12/31/2002	12/31/2021	2.00	881	458
Clean Water Act 9714-C	12/31/2002	12/31/2021	2.77	1,899	1,019
Clean Water Act 200801-C	07/01/2009	07/01/2029	2.27	450	380
Clean Water Act 625-D	12/31/2012	12/31/1931	2.00	1,865	1,864
Clean Water Act 495-C*	*	*	*	*	5,156
Economic Development	07/01/1995	07/01/2012	6.00	1,000	88
Drinking Water State Revolving Fund 2010-8005	03/31/2010	12/31/2029	2.06	145	127
Drinking Water State Revolving Fund 2010-8006	03/31/2010	06/30/2030	2.06	326	<u>294</u>
Total				\$	<u><u>11,166</u></u>

* Loans are not permanently financed at this time.

The annual debt service requirements of the governmental activities bonded indebtedness is as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$ 3,895	\$ 1,190	\$ 5,085
2014	4,355	951	5,306
2015	3,316	835	4,151
2016	3,072	737	3,809
2017	2,555	655	3,210
2018-2022	10,924	2,294	13,218
2023-2027	5,575	1,251	6,826
2028-2032	3,304	314	3,618
Total	<u>\$ 36,996</u>	<u>\$ 8,227</u>	<u>\$ 45,223</u>

The State of Connecticut reimburses the City for eligible principal and interest costs of the portion of the capital improvement bond issue used for school construction. The amount of principal and interest reimbursements for the year ended June 30, 2011 was \$102. Additional principal payments aggregating \$198 are expected to be received through the bonds maturity dates.

The annual debt service requirements of the City's bond and notes payable of business-type activities are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$ 5,891	\$ 130	\$ 6,021
2014	591	110	701
2015	609	100	709
2016	618	84	702
2017	452	71	523
2018-2022	1,693	225	1,918
2023-2027	717	99	816
2028-2031	595	26	621
Total	<u>\$ 11,166</u>	<u>\$ 845</u>	<u>\$ 12,011</u>

Capital Leases

Governmental Activities

The City entered into a multi-year capital lease for the purchase of a fire truck. Principal payments for the 2012 fiscal year were \$60. The net undepreciated value of assets purchased by capital lease approximates the principal balances payable of \$744 at June 30, 2012. The following is a summary of capital lease commitments as of June 30, 2012.

<u>Year Ending June 30,</u>	<u>Governmental Funds</u>
2013	\$ 112
2014	112
2015	112
2016	112
2017	112
2018-2020	<u>336</u>
Total payments	896
Less interest	<u>(152)</u>
Principal Balance	<u><u>\$ 744</u></u>

Business-Type Activities

The Department of Public Utilities has entered into multi-year capital leases for the purchase of various items including equipment, vehicles, financial management systems and a municipal wide-area network. Principal payments for 2011-2012 were \$315. The net undepreciated value of assets purchased by capital lease approximates the principal balances payable of \$1,620 at June 30, 2012. The following is a summary of capital lease commitments as of June 30, 2012.

<u>Year Ending June 30,</u>	<u>Enterprise Funds</u>
2013	\$ 374
2014	363
2015	330
2016	330
2017	286
2018	<u>119</u>
Total payments	1,802
Less interest	<u>(182)</u>
Principal Balance	<u><u>\$ 1,620</u></u>

Compensated Absences - Governmental Activity

Employees can accumulate additional amounts of unused vacation and sick leave (as determined by individual union contracts) payable upon termination of their employment. Compensated absences' liabilities are generally liquidated by the General Fund. The following vested and nonvested estimated liabilities are summarized as follows:

Vested:		
Sick	\$	1,010
Vacation		646
Other		246
Nonvested:		
Sick		1,398 *
Other		30 *
		<u> </u>
Total	\$	<u>3,330</u>

*Based on estimated percentage of total nonvested obligation that potentially will vest in future years

Landfill Closure and Postclosure Care Cost - Governmental Activity

State and federal laws and regulations require that the City place a final cover on its closed landfill and perform certain maintenance and monitoring functions at the landfill site for 30 years after closure. The current estimated total cost of the landfill closure and post closure care of \$1,647 is based on the amount estimated to be paid for all equipment, facilities and services required to close, monitor and maintain the complete landfill site as of June 30, 2012. However, the actual cost of closure and postclosure care may be higher due to inflation, changes in technology or changes in landfill laws and regulations. The City is eligible for approximately \$3,300 in State grants of which \$1,902 has been drawn down.

Bonds Authorized/Unissued

Bonds authorized/unissued with outstanding debt at June 30, 2012 are as follows:

<u>Description</u>	<u>Authorized</u>	<u>Bonded</u>	<u>Grants</u>	<u>Authorized Unissued</u>
Kelly Middle School Renovation*	\$ 40,250	\$ 9,940	\$ 29,250	\$ 1,060
Road Improvements	5,000	1,300		3,700
Sewer Line Extensions	2,600	2,000		600
Gas Line Extensions	3,000	1,000		2,000
Demolition	300	100		200
Dodd Stadium	610	580		30
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total	\$ <u>51,760</u>	\$ <u>14,920</u>	\$ <u>29,250</u>	\$ <u>7,590</u>

* The City expects to receive approximately 77.14% of eligible project costs from the State in the form of progress payments.

Debt Limitations

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

<u>Category</u>	<u>Debt Limit</u>	<u>Net Indebtedness</u>	<u>Balance</u>
General purpose	\$ 142,412	\$ 30,451	\$ 111,961
Schools	284,823	9,962	274,861
Sewers	237,353	13,086	224,267
Urban renewal	205,706		205,706
Pension deficit	189,882		189,882

The total of the City's net statutory indebtedness of \$53.5 million does not exceed the legal debt limitation of \$443 million (seven times the base for debt limitation computation).

8. FUND EQUITY

A. Fund Balance

The components of fund balance at June 30, 2012 are as follows:

	<u>General Fund</u>	<u>Bond Expenditure Fund</u>	<u>Intermodal Transportation Center</u>	<u>School Projects</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
Fund balances:						
Nonspendable:						
Inventory	\$	\$	\$	\$	\$ 56	\$ 56
Trust					1,387	1,387
Restricted for:						
Trust					70	70
Grants			707	808	187	1,702
Fire districts					1,407	1,407
Committed to:						
Public safety					19	19
Public works					1,974	1,974
Social services					238	238
General government					464	464
Education					1,417	1,417
Assigned to:						
General government	36					36
Public works	28					28
Public safety	34					34
Education	163					163
Other	3					3
Unassigned	<u>10,371</u>	<u>(2,732)</u>			<u>(146)</u>	<u>7,493</u>
Total Fund Balances	<u>\$ 10,635</u>	<u>\$ (2,732)</u>	<u>\$ 707</u>	<u>\$ 808</u>	<u>\$ 7,232</u>	<u>\$ 16,650</u>

B. Department of Public Utilities - Restricted Net Assets

Connecticut Municipal Electric Energy Cooperative (CMEEC) administers a Municipal Energy and Load Conservation Fund (the Fund) on behalf of its cooperative members, including the Department. The Fund was established to comply with provisions of House Bill 7501, Public Act No. 05-1 requiring CMEEC to establish and administer the Fund. CMEEC includes a charge of 1.5 mills per kilowatt hour in the monthly purchase power costs of wholesale electricity sold to the Department. Disbursements from the Fund are required to be made pursuant to a comprehensive electric conservation and load management plan. Funds held by CMEEC as of June 30, 2012 on behalf of the Department were \$360. Investment income that is earned on the Department's deposits along with the Fund's authorized expenses is recorded in the Department's statement of activities. The funds held by CMEEC on behalf of the Department are recorded as an asset on the Department's statement of net assets and have been restricted.

9. RISK MANAGEMENT

The City is exposed to various risks of loss related to public official liability, police professional liability, theft or impairment of assets, errors and omissions, injury to employees, natural disasters and owners and contractors protective liability.

It is the policy of the City to self insure for employee health insurance programs. To this end, the City created an internal service fund to which the various City funds "pay premiums" and from which employee medical claims are paid. Claims are accrued as incurred. The City also purchased "stop loss" insurance to limit its losses to \$175 per person in 2012 for hospitalization with a maximum aggregate for all claims of approximately \$15,971.

The City self insures for workers' compensation benefits. The City purchases commercial insurance for claims in excess of coverage provided by the workers' compensation account with an individual claim maximum of \$500 and a \$10,000 aggregate maximum per year.

The workers' compensation costs are funded by the General Fund. Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Claim liabilities are calculated considering the effects of inflation, recent claim settlement trends including frequency and amount of pay-outs and other economic and social factors.

Changes in the balances of claim liabilities during the past two years are as follows:

	Beginning of Fiscal Year Liability	Current Year Claims and Changes in Estimates	Claim Payments	Balance at Fiscal Year End
Medical:				
2011-2012	\$ 1,027	\$ 12,489	\$ 12,339	\$ 1,177
2010-2011	1,170	11,047	11,190	1,027
Workers' Compensation:				
2011-2012	6,087	3,632	2,846	6,873
2010-2011	3,753	7,092	4,758	6,087

The City purchases commercial insurance for all other risks of loss, including blanket and umbrella policies. Settled claims have not exceeded coverage in any of the past three years.

The Department of Public Utilities accounts for the self-insured component of workers' compensation benefits for the Department's employees within the Department of Public Utilities Enterprise Fund. The Department has accrued \$650 for estimated unpaid accrued losses on reported claims as of June 30, 2012.

10. EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS

City of Norwich Retirement System

A. Plan Description

The City of Norwich is the administrator of the City's Consolidated Pension Plan, a single-employer contributory defined benefit public employee retirement system (PERS) established and administered by the City to provide pension benefits to all full-time noncertified employees. The Plan is considered to be part of the City of Norwich's financial reporting entity and is included in the City's financial reports as a pension trust fund. The plan does not issue a stand-alone report.

The City provides all retirement, death and disability benefits through a single employer, contributory defined benefit plan. Under the plan, all full-time salaried City employees, noncertified employees of the Board of Education and all full-time uniformed and investigatory employees classified as Police Officers and Firefighters are eligible after a probationary period. General City employees are 100% vested in a pension to begin at age 60 if they terminate employment after 10 years of continuous service or after 25 years of service and attainment of age 55 or after 34 years of service regardless of age. Also, any employee terminating employment after age 50 with 25 years of service is eligible for a pension. City employees receive a retirement benefit of 2.2% of average final earnings during the highest 3 years out of the last 10 consecutive year period with a maximum of 74.8% of average earnings. Police who retire at normal retirement (after 20 years of service) receive 48% of average annual pay (highest 3 years out of last 10 consecutive years) for the first 20 years of service plus 2.2% of pay in excess of 20 years with a maximum benefit of 70% of average annual pay. Firefighters who retire at normal retirement after 20 years of service regardless of age will receive 48% of average earnings plus 2.2% of average earnings for each year over 20 with a maximum of 70% of pay. Average earnings for firefighters is defined as the average of the highest 3-year period out of the last consecutive 10-year period prior to retirement. If an employee leaves employment or dies before meeting the vesting requirements, accumulated contributions and interest are refunded. Effective benefits and contributions are established by the City as negotiated with the various unions. The General Fund and the Fire Districts Fund are used to liquidate net pension obligations.

At July 1, 2011, the plan members consisted of:

Retirees and beneficiaries currently receiving benefits	497
Terminated employees not yet receiving benefits	43
Active plan members	<u>561</u>
Total	<u><u>1,101</u></u>

B. Summary of Significant Accounting Policies, Plan Changes and Plan Asset Matters

There were no plan changes reflected in the last actuarial valuation.

C. Funding Policy

The contribution requirements of plan members and the City are established and may be amended by the City legislature. Benefits and contributions are established by the City and may be amended only by the City Charter and union negotiation. City employees are required to contribute 8%. Police and firefighter participants are required to contribute 8%. Board of Education participants are required to contribute 7%. The City's funding policy provides for periodic employer contributions at actuarially determined rates. The City's current contribution percentage is 10.95% of covered payroll.

D. Annual Pension Cost and Net Pension Obligations

The City's annual pension cost and net pension obligation to the plan for the year ended June 30, 2012 were as follows:

Annual required contribution	\$ 4,713
Interest on net pension obligation	(42)
Adjustment to annual required contribution	<u>43</u>
Annual pension cost	4,714
Contributions made	<u>4,407</u>
Decrease in net pension asset	307
Net pension asset, beginning of year	<u>(513)</u>
Net Pension Asset, End of Year	<u><u>\$ (206)</u></u>

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

Actuarial valuation date	July 1, 2011
Actuarial cost method	Entry Age Normal
Amortization method	Level Dollar, open
Remaining amortization period	30 years
Asset valuation method	Actuarial Value
Actuarial assumptions:	
Investment rate of return*	8.25%
Projected salary increases*	See graded table below:

<u>General City</u>		<u>Police and Fire</u>	
<u>Age</u>	<u>Rate</u>	<u>Age</u>	<u>Rate</u>
25	10.5%	25	10.5%
35	7.5%	35	7.0%
45	4.0%	45	3.5%
55	4.0%	55	2.5%
65	2.5%	65	2.5%

Contribution rates:	
City	Determined by valuation
Plan member	General City 8%; Police 8%; Fire 8%; BOE 7%
Turnover assumption:	Age 20: 5% males, 7.5% females; Age 30: 3.75% males, 5% females; Age 35: 2.75% males, 3.75% females; Age 40: 1.5% males, 2.5% females; Age 45: .75% males, 1.25% females; Age 50: None
Mortality table:	Actives: 1994 Uninsured Pensioners Mortality Table Projected to 2019 Police and Fire Disabled: RP2000 Healthy Annuitant Mortality Table projected to 2019 General Retirees: RP2000 Healthy Annuitant Mortality Table projected to 2019 Term Vested: RP2000 Healthy Annuitant Mortality Table projected to 2019
Retirement age:	Age 55 with 25 years of service; age 60 with 5 years service, or 34 years of service.
Death benefits:	Liabilities for police and fire employees are included in recognition of in-service death benefits
Disability assumptions:	Age 20: .029% males, .03% females Age 30: .048% males, .08% females Age 40: .12% males, .21% females Age 50: .36% males, .53% females
Expenses:	Estimate based on the prior year's actual expenses
*Inflation rate included	2%

E. Trend Information

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation (Asset)	Actual Contribution
6/30/10	\$ 2,397	116%	\$ (406)	\$ 2,771
6/30/11	3,645	103%	(513)	3,752
6/30/12	4,714	94%	(206)	4,407

F. Pension Plan Required Supplemental Information

Schedule of Employer Contributions

Fiscal Year Ended	Annual Required Contribution	Percentage Contributed
2007	\$ 2,662	106%
2008	2,921	106
2009	3,037	106
2010	2,397	116
2011	3,644	103
2012	4,713	94

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded Frozen Actuarial Liability (UFAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UFAL as a % of Covered Payroll ((b-a)/c)
7-1-11	\$ 148,332	\$ 195,652	\$ 47,321	75.8%	\$ 33,523	141.2%
1-1-10	149,304	184,161	34,857	81.1	32,509	107.2
1-1-09	153,090	175,726	22,636	87.1	31,690	71.4
1-1-08	157,020	165,406	8,386	94.9	30,696	27.3
1-1-07	145,881	167,259	21,378	87.2	24,248	88.2
1-1-06	136,011	156,516	20,505	86.9	24,540	83.6

City of Norwich Volunteer Firefighters' Relief Plan

A. Plan Description

The City of Norwich is the administrator of a Volunteer Firefighters Relief Plan ("Plan"), a single-employer benefit plan established and administered by the City to provide pension benefits to volunteers. The Plan is considered to be a part of the City's financial reporting entity and is included in the financial reports as a Pension Trust Fund. Stand-alone reports are not available for this plan.

The City provides benefits to Volunteer Firefighters who are at least 55 years old and have at least 20 years of credited service. Credited service is defined as a member who has responded to at least 20% of all emergency calls and 20% of all training sessions and drills. "Retirees" from the plan receive a monthly benefit of \$18 multiplied by the years of credited service (to a maximum of 40 years).

The contribution requirements of plan members and the City are established and may be amended by the City legislature. Members are required to contribute \$216 for each calendar year of credited service.

At January 1, 2012, the plan members consisted of:

Retirees and beneficiaries receiving benefits	52
Active plan members	<u>143</u>
Total	<u><u>195</u></u>

B. Summary of Significant Accounting Policies, Plan Changes and Plan Asset Matters

Basis of Accounting: The Plan uses the accrual method of accounting where revenues are recognized when earned and expenses when the liability is incurred.

Plan Changes and Changes in Actuarial Assumptions: In January 2011, there was an ordinance which enhanced the benefits of the plan. The monthly benefits were increased for retirees retiring after January 1, 2011 to \$18 per month per year of credited service. The maximum years of credited service was increased from 35 to 40 years. The contributions from members were increased from \$180 per year to \$216 per year.

Method Used to Value Investments: The plan reports investments at fair value. Investment income is recognized as earned.

Plan Expenses: Expenses of administering the plan are paid for by the City's annual contribution to the plan.

C. Funding Policy

The contribution requirements of plan members and the City are established and may be amended by the City legislature. Members are required to contribute \$216 for each calendar year of credited service.

D. Annual Pension Cost and Net Pension Obligations

The City's annual pension cost and net pension obligation to the Plan for the year ended June 30, 2012 were as follows:

Annual required contribution	\$ 255
Interest on net pension obligation	8
Adjustment to annual required contribution	<u>(9)</u>
Annual pension cost	254
Contributions made	<u>281</u>
Decrease in net pension obligation	(27)
Net pension obligation, beginning of year	<u>120</u>
Net Pension Obligation, End of Year	<u><u>\$ 93</u></u>

The following is a summary of certain significant actuarial assumptions:

Actuarial valuation date	January 1, 2012
Actuarial cost method	Entry Age Normal Cost
Amortization method	Level Dollar, open
Remaining amortization period	30 years
Asset valuation method	Market Value
Actuarial assumptions:	
Investment rate of return	7%
Inflation rate	3%

E. Trend Information

<u>Fiscal Year Ended</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>	<u>Actual Contribution</u>
6/30/10	\$ 254	98%	\$ 116	\$ 250
6/30/11	254	98	120	250
6/30/12	254	111	93	281

F. Pension Plan Required Supplemental Information

Schedule of Employer Contributions

<u>Year Ended</u>	<u>Annual Required Contribution</u>	<u>Percentage Contributed</u>
2012	\$ 255	110%
2011	255	98
2010	255	98
2009	247	101
2008	213	100
2007	213	75

Schedule of Funding Progress*

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Liability (AAL) Entry Age (b)</u>	<u>Unfunded AAL (b-a)</u>	<u>Funded Ratio (a/b)</u>
1-1-12	\$ 1,639	\$ 4,804	\$ 3,165	34.1%
1-1-10	1,404	3,962	2,558	35.4
1-1-08	1,299	3,810	2,511	34.1
1-1-06	1,150	3,305	2,155	34.8
1-1-04	1,057	2,779	1,722	38.0

* Covered payroll is not included in the above schedule as the persons covered are volunteers.

Pension Trust Funds

The City maintains two pension trust funds (City and Volunteer Fire) to account for its fiduciary responsibility. The following schedules present the net assets held in trust for pension benefits at June 30, 2012 and the changes in net assets for the year then ended.

	Combining Schedule of Plan Net Assets		
	City	Volunteer	Total
	Employees	Fire	
Assets:			
Cash and cash equivalents	\$ 854	\$ 16	\$ 870
Investments:			
Mutual funds	118,235	1,581	119,816
Common Stock	16,578		16,578
Due from other funds	48	1	49
Total assets	<u>135,715</u>	<u>1,598</u>	<u>137,313</u>
Liabilities:			
Accounts and other payables	<u>26</u>	<u>6</u>	<u>32</u>
Net Assets:			
Held in Trust for Pension Benefits	<u>\$ 135,689</u>	<u>\$ 1,592</u>	<u>\$ 137,281</u>

	Combining Schedule of Changes in Plan Net Assets		
	City	Volunteer	Total
	Employees	Fire	
Additions:			
Contributions:			
Employer	\$ 4,407	\$ 281	\$ 4,688
Plan members	2,933	15	2,948
Total contributions	<u>7,340</u>	<u>296</u>	<u>7,636</u>
Investment income:			
Net depreciation in fair value of investments	(1,899)	(34)	(1,933)
Interest and dividends	273	41	314
Total	<u>(1,626)</u>	<u>7</u>	<u>(1,619)</u>
Less investment expense	(859)	(7)	(866)
Net investment loss	<u>(2,485)</u>	<u>-</u>	<u>(2,485)</u>
Total additions	<u>4,855</u>	<u>296</u>	<u>5,151</u>
Deductions:			
Benefits	12,164	228	12,392
Administrative expense	26	6	32
Lump-sum distributions and withdrawals	399	4	403
Total deductions	<u>12,589</u>	<u>238</u>	<u>12,827</u>
Net increase (decrease)	(7,734)	58	(7,676)
Net assets held in trust for pension benefits, beginning of year	<u>143,423</u>	<u>1,534</u>	<u>144,957</u>
Net Assets Held in Trust for Pension Benefits, End of Year	<u>\$ 135,689</u>	<u>\$ 1,592</u>	<u>\$ 137,281</u>

Teacher Retirement

The faculty and professional personnel of the Board of Education participate in the State of Connecticut Teachers' Retirement System, a cost-sharing plan with a special funding situation, under Section 10.183 of the General Statutes of the State of Connecticut. This is a multiple employer PERS. A teacher is eligible to receive a normal retirement benefit if he or she has: 1) attained age 60 and has accumulated 20 years of credited service in the public schools of Connecticut, or 2) attained any age and has accumulated 35 years of credited service, at least 25 years of which are service in the public schools of Connecticut.

The Board of Education withholds 7.25% of all teachers' annual salaries and transmits the funds to the State Teachers' Retirement Board. Certified payroll subject to retirement amounted to \$20,019 or 78.5% of the total Board of Education payroll of \$25,494.

The retirement system for teachers is funded by the State based upon the recommendation of the Teachers' Retirement Board. Such contribution includes amortization of the actuarially computed unfunded liability. These obligations are established under the authority of the Connecticut General Statutes. The City does not have any liability for teacher pensions. For the year ended June 30, 2012, the City has recorded in the General Fund (Exhibit IV), intergovernmental revenue and education expenditures in the amount of \$3,961 as payments made by the State of Connecticut on behalf of the City.

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

11. OTHER POST EMPLOYMENT BENEFITS

City of Norwich, Retiree Health Plan

Plan Description

The City, in accordance with various collective bargaining agreements, is committed to provide health and other benefits to eligible retirees and their spouses. The Retiree Health Plan (RHP) is considered to be part of the City's financial reporting entity and is included in the City's financial report as the Other Post Employment Benefits Trust Fund. The plan does not issue a stand-alone financial report. The RHP is a single-employer defined benefit healthcare plan administered by the City of Norwich. The RHP provides medical, dental and life insurance benefits to eligible retirees and their spouses. All employees of the City are eligible to participate in the plan. Benefit provisions are established through negotiations between the City and the various unions representing the employees. The general fund and the Fire Districts fund are used to liquidate net other postemployment benefit obligations.

At July 1, 2011, plan membership consisted of the following:

Active plan members	823
Retired plan members	<u>377</u>
Total Participants	<u><u>1,200</u></u>

Summary of Significant Accounting Policies

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

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

Plan Expenses: Expenses of administering the plan are paid for by the plan from contributions.

Funding Policy

The City has established a funding plan to incrementally increase the City's annual contribution to full funding of the annual required contribution within six years. The City pays the full cost of life insurance premiums. The percentage contribution of plan members and the City for medical benefits are negotiated with the various unions representing the employees. Retired plan members and beneficiaries currently receiving benefits are required to contribute specified percentages towards the cost of receiving benefits under the City's self-insured medical benefits program as follows:

City Retirees

The City funds full cost of insurance for the retiree up to age 67. The retiree must pay 50% of the cost for a participating spouse. Participation in the plan ends at age 67 for both the retiree and the retiree's spouse.

Police Retirees

The City funds full cost of insurance for the retiree up to age 67. The retiree must pay 50% of the cost for a participating spouse. Participation in the plan ends at age 67 for both the retiree and the retiree's spouse.

Fire Retirees

Retiree annually contributes 1% of final compensation up to age 65 for retiree and spousal coverage. Participation in the plan ends at age 65 for both the retiree and the retiree's spouse.

Retired Board of Education Administrators

The City funds full cost of insurance for the retiree and spouse hired before 1998 and 50% of the cost if retiree was hired between 1998 and 2004. City funds full cost for post-65 coverage. Spouse coverage continues on after the death of the retiree up to age 70.

Retired Teachers

The City funds full cost of insurance for the retiree and spouse hired before September 1, 1995 and 50% of the cost if hired between September 1, 1995 and July 1, 2004. Participation in the plan ends at age 70 for both the retiree and the retiree's spouse.

Retired Board of Education Custodians

The City funds full cost of insurance for the retiree and spouse hired before 1998 and 50% of the cost if retiree was hired between 1998 and 2004. Spouse coverage ends upon death of the retiree.

Retired Board of Education Nurses

The City funds 50% of the cost depending on the plan selected. Coverage ends at age 65.

Retired Board of Education Secretaries

The City funds full cost of insurance for the retiree and spouse hired before September 1, 1995 and 50% of the cost if hired between September 1, 1995 and July 1, 2004. City funds full cost for post-65 coverage. Participation in the plan ends at age 70 for both the retiree and the retiree's spouse.

Retired Board of Education Teamsters

The City funds full cost of insurance for the retiree and spouse hired before July 1, 2006 and 50% of the cost if hired after July 1, 2006. Participation in the plan ends at age 65 for both the retiree and the retiree's spouse.

For the year ended June 30, 2012, plan members contributed \$1,444. The City is required to contribute the balance of the current premium cost and may contribute an additional amount as determined by the City in order to prefund benefits.

Employer contributions to the plan for the year ended June 30, 2012 totaled \$4,114.

Annual OPEB Cost and Net OPEB Obligations

The City of Norwich's annual other postemployment benefit (OPEB) cost is calculated based on the annual required contribution (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years. The following table shows the components of the City's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the City's net OPEB obligation (asset):

	<u>Retiree Health Plan</u>
Annual required contribution (ARC)	\$ 6,184
Interest on net OPEB obligation	354
Adjustment to annual required contribution	<u>(364)</u>
Annual OPEB cost	6,174
Contributions made	<u>6,114</u>
Increase in net OPEB obligation	60
Net OPEB obligation, beginning of year	<u>4,430</u>
Net OPEB Obligation, End of Year	<u><u>\$ 4,490</u></u>

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation is presented below.

<u>Year Ended</u>	<u>Annual OPEB Cost (AOC)</u>	<u>Actual Contribution</u>	<u>Percentage of AOC Contributed</u>	<u>OPEB Obligation</u>
6/30/10	\$ 5,347	\$ 3,690	69.0%	\$ 3,624
6/30/11	6,057	5,251	87.0	4,430
6/30/12	6,174	6,114	99.0	4,490

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and Assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as accrual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented below, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits. Data is only presented for July 1, 2007 and July 1, 2009 because they are the only valuations done since implementing the standard.

<u>Schedule of Funding Progress</u>					
<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Liability (AAL) Entry Age (b)</u>	<u>Funded Ratio (a/b)</u>	<u>Covered Payroll (c)</u>	<u>UFAL as a % of Covered Payroll ((b-a)/c)</u>
7-1-07	\$ -	\$ 46,595	0%	\$ 44,921	103.7%
7-1-09	2,594	58,239	4.7	50,374	110.5
7-1-11	4,405	57,618	7.6	50,093	106.2

Schedule of Employer Contributions

<u>Year Ended</u>	<u>Annual Required Contribution</u>	<u>Percentage Contributed</u>
6/30/2008	\$ 5,352	98.8%
6/30/2009	5,352	63.5
6/30/2010	5,352	63.4
6/30/2011	6,065	87.0
6/30/2012	6,184	99.0

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

In the July 1, 2011 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions include an 8.0% investment rate of return, which is the rate of the expected long-term investment returns of plan assets calculated based on the funding policy of the plan at the valuation date. The annual healthcare cost trend rate is 10% initially, decreasing 1% per year to an ultimate rate of 5% for 2016 and later. The dental inflation rate is 5%. The general inflation assumption is 3.0%. The UAAL is being amortized as a level dollar basis. The amortization period at July 1, 2011 was 30 years.

12. JOINTLY GOVERNED AND RELATED ORGANIZATIONS

Connecticut Municipal Electric Energy Cooperative (CMEEC)

CMEEC is a public corporation organized in 1976 under Connecticut Public Act 75-634, subsequently enacted as Title 7-233, Chapter 101a of the General Statutes of Connecticut, as amended. It is empowered to undertake the planning, financing, acquisition, construction and operation of facilities for the generation and transmission of electric power and energy for its member utilities, including the City of Norwich, Department of Public Utilities and others. CMEEC may issue bonds in its own name. Under the bylaws of CMEEC, a Board of Directors comprised of representatives from the participating members was established. The bylaws were amended in 1995 to allow for participation of representation from the Town of Wallingford on the Board of Directors. CMEEC's Board is comprised of nineteen (19) representatives and officers. The governing board consists of representatives appointed by each of the participating members and assumes all the management decisions. Two representatives from the City of Norwich, Department of Public Utilities serve on the Board. The CMEEC Board acts as a regulatory body in that it reviews and approves recovery of costs in rates on an annual basis.

CMEEC has entered into power sales contracts with each of the members including the City of Norwich Department of Public Utilities. Under the contracts, each of the member utilities have agreed to purchase essentially all of its electric power required for resale from CMEEC, with CMEEC's electric revenues to consist of billings for resale of power. The contracts obligate each member utility to pay for their share of CMEEC's fixed costs, which consist primarily of debt service and CMEEC administrative and general costs on a take or pay basis. The member utilities maintain this fixed cost obligation whether or not they take any power from CMEEC. The amount of power purchased from CMEEC for the fiscal year ended June 30, 2012 was \$34.0 million.

On July 1, 2006, the City of Norwich, Department of Public Utilities entered into a contract for the sale of Pierce Project Electric Power & Energy (the Pierce Contract). Under the terms of the Pierce Contract, the City of Norwich, Department of Public Utilities receives its allocable share of all electric products and benefits and pays its share of all costs associated with the project.

During the 2012 fiscal year, CMEEC and its members became participants in the Regional Greenhouse Gas Initiative Fund (RGGI), which is an initiative that implements the carbon dioxide (CO₂) cap and trading program as proposed by the RGGI in Connecticut. During the 2012 fiscal year, the Department's contributions to the fund totaled \$56 and drawdowns were 67. The balance of the Department's funds held by CMEEC for the RGGI was \$5 for the year ended June 30, 2012.

13. COMMITMENTS AND CONTINGENCIES

Connecticut Municipal Electric Energy Cooperative

Power Sales Contract - Norwich Department of Public Utilities (Department)

Connecticut Municipal Electric Energy Cooperative (CMEEC) supplies power to the Department under a Power Sales Contract that became effective January 1, 2000. The contract obligates the Department to pay a percentage of CMEEC's fixed costs obligations, including debt service and administrative and general costs. Under the power sales agreement, the Department is required to pay its percentage of CMEEC's fixed cost obligations whether or not they purchase power from CMEEC. The contract will remain in effect until the date when all of the indebtedness and fixed cost obligations of CMEEC have been paid in full and thereafter until terminated by either party following not less than two (2) years prior written notice to the other party of its intention to terminate; provided, however, CMEEC shall not incur or issue any indebtedness with a maturity date later than December 1, 2029.

An Amended and Restated Power Sales Contract was executed on July 1, 2006 (Amendment No. 2) to allow greater flexibility to CMEEC and the Department in their respective utility operations and in order to preserve the security provided CMEEC for the payment of its fixed costs pursuant to the original contract.

The Department has rate stabilization funds held by CMEEC that were previously collected in conjunction with the purchase of energy to stabilize the price of energy. The Department's current rate structure to purchase power from CMEEC does not include a rate stabilization component. Under the rate stabilization premise, the principal repayment of debt service is deferred and amortized over the life of the related debt and recoverable from future billings. Under this premise, the shortfall between the current rate stabilization funds held by CMEEC and the percentage of unfunded CMEEC debt allocated to the Department represents an unfunded debt obligation recoverable by future billings. The Department's current rate structure for its customers includes an annual amortized cost recovery component to pay the annual fixed charged cost obligation for the Department's percentage of CMEEC's annual debt service.

The Department's net deferred debt fixed cost obligation to CMEEC as of June 30, 2012 is summarized as follows:

CMEEC - debt service fixed cost obligation	\$ 31,094
Department - rate stabilization funds on deposit with CMEEC	<u>(13,183)</u>
Net Deferred Fixed Cost Obligation	<u>\$ 17,911</u>

The rate stabilization funds held by CMEEC and the allocated percentage of CMEEC's debt obligation are not reported on the Department's statement of net assets. The fixed cost obligation paid by the Department to CMEEC included in the cost to purchase power for the current year was \$2,463.

All payments due to CMEEC under the Power Sales Contract may not be subordinated to any other obligation of the City.

Pierce Plant Special Project - Connecticut Municipal Electric Energy Cooperative (CMEEC)

Pursuant to Section 5 “New Projects” of the Amended and Restated Power Sales Contract, dated July 1, 2006, the Department authorized CMEEC to include the Department’s entitlement allocation in a project to construct a peaking electric generating facility. The Pierce Repowering Project is considered a “New Project” under terms of the Power Sales Contract, for which the Department is obligated to a new fixed cost obligation. CMEEC issued \$42.5 million of revenue bonds to finance the project. The Department’s entitlement allocation was authorized to be no less than 18.65% and no more than 21.67%. In January 2008, the Pierce Plant became operational and a monthly net benefit for the Department’s estimated annual entitlement allocation was set by CMEEC. The initial benefit rate was established at 1.48 per MWH of electric power purchased by the Department from CMEEC. For the fiscal year ended June 30, 2012, the Department realized a net loss of \$927 from the Pierce Plant Project recognized as credit to the Department’s purchase power expense.

Municipal Solid Waste Management Services Contract

The City has entered into the municipal solid waste management services contract, as amended (the service contract) with the Southeastern Connecticut Regional Resources Recovery Authority (the Authority) pursuant to which it participates with ten other Connecticut Municipalities (the eleven constituting the Contracting Municipalities), in the Southeastern Connecticut System (the System). The System consists of a mass-burn solid waste disposal and electric generation facility located in the Town of Preston (the Facility) and various improvements and facilities related thereto, including landfills. The Facility is complete and presently receiving waste from Contracting Municipalities.

Under the service contract, the City is required to deliver, or cause to be delivered, to the System solid waste generated within its boundaries up to its minimum commitment of 23 thousand tons per year and to pay a uniform per ton disposal service payment (the service payment). The aggregate minimum commitment of the eleven Contracting Municipalities is approximately 154 thousand tons per year.

The service payment applicable in any contract year is calculated by estimating the net cost of operation, which is the cost of operation less revenues other than service payments, as such terms are defined in the service contract. The sum of all service payments and other payments from the Contracting Municipalities are required to be sufficient to pay or provide for the net cost of operations.

Service payments shall be payable so long as the system is accepting solid waste delivered by or on behalf of the City, whether or not such solid waste is processed at the facility. The City has pledged its full faith and credit to the payment of service payments and has also agreed to enforce or levy and collect all taxes, cost sharing or other assessments or charges and take all such other action as may be necessary to provide for the payment of the service payments.

14. LITIGATION

There are several lawsuits pending against the City. The outcome and eventual liability of the City, if any, in these cases is not known at this time. Based upon consultation with legal counsel, the City’s management estimates that potential claims against the City, not covered by insurance, resulting from such litigation would not have a material adverse effect on the financial position of the City.

15. PRIOR PERIOD ADJUSTMENT - RESTATEMENT OF NET ASSETS

The Department of Public Utilities Fund had historically recorded the bonds payable for the 1997 and 1999 general obligation bonds. In 2012, it was determined that this debt should be accounted for in the Governmental Activities opinion unit. The balance of the bonds payable as of June 30, 2011 was \$4,436. The Department of Public Utilities Fund received \$1,756 in clean water loan funds from the state of Connecticut in 2011 which were recorded as capital contributions. In 2012 the beginning balance of notes payable was adjusted to account for these loan proceeds. In the current year it was determined that there was an asset acquired several years prior in the Department of Public Utilities Fund which was not reflected in the financial statements. The value of the asset is \$2,904 with accumulated depreciation of \$1,452 resulting in a net increase to net assets of \$1,452.

The following represents the effects of these restatements:

	<u>Opinion Unit</u>			
	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Department of Public Utilities</u>	<u>Total</u>
Net assets as reported in 2011 financial statements	\$ 103,528	\$ 115,657	\$ 105,340	\$ 324,525
Prior period adjustment - reclassification of general obligation debt	(4,436)	4,436	4,436	
Prior period adjustment - recognition of clean water loan proceeds as debt		(1,756)	(1,756)	
Prior period adjustment - recognition of capital asset acquisition acquired in a previous period		<u>1,452</u>	<u>1,452</u>	
Net Assets, Beginning of the Year, as Restated	<u>\$ 99,092</u>	<u>\$ 119,789</u>	<u>\$ 109,472</u>	<u>\$ 324,525</u>

**Required Supplementary
Information**

CITY OF NORWICH, CONNECTICUT

GENERAL FUND

SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)FOR THE YEAR ENDED JUNE 30, 2012
(In Thousands)

	Budgeted Amounts		Actual	Variance Favorable (Unfavorable)
	Original	Final		
General property taxes:				
Current tax levy	\$ 56,517	\$ 56,517	\$ 56,617	\$ 100
Motor vehicle supplement	500	500	474	(26)
Prior years levy	1,375	1,375	1,378	3
Interest and liens	750	750	775	25
Total	<u>59,142</u>	<u>59,142</u>	<u>59,244</u>	<u>102</u>
Licenses, permits and fees:				
Miscellaneous permits and fees	<u>500</u>	<u>500</u>	<u>495</u>	<u>(5)</u>
Intergovernmental revenues:				
Building maintenance	245	245	317	72
City housing	83	83	87	4
Municipal revenue sharing	272	272	113	(159)
Pequot funds	581	581	607	26
Total disability	3	3	3	-
Payment in lieu of taxes	1,459	1,459	1,457	(2)
Elderly taxes	154	154	154	-
Youth Services	88	88	88	-
School bond interest	117	117	117	-
Veterans exemptions	10	10	10	-
Federal DCPA match funds	19	19	18	(1)
Health services	165	165	123	(42)
LOCIP	295	295	317	22
Transportation	687	687	727	40
Special education	2,100	2,100	2,241	141
Education cost sharing	32,317	32,317	32,111	(206)
Town aid road	237	237	238	1
Services to Blind			14	14
Total	<u>38,832</u>	<u>38,832</u>	<u>38,742</u>	<u>(90)</u>
Charges for services:				
Town Clerk - recording fees	350	350	351	1
Town Clerk - conveyance tax	263	263	363	100
Land recording capital improvement fee	25	25	15	(10)
Probate court	22	22	22	-
Landfill	1,085	1,085	1,026	(59)
City property - relocation	70	70	109	39
Police outside services	120	120	167	47
Senior Citizens Center	22	22	17	(5)
Parking commission	90	90	90	-
Tuition	75	75	109	34
Total	<u>2,122</u>	<u>2,122</u>	<u>2,269</u>	<u>147</u>
Use of money:				
Interest from investments	<u>80</u>	<u>80</u>	<u>7</u>	<u>(73)</u>

(Continued on next page)

CITY OF NORWICH, CONNECTICUT

GENERAL FUND

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

**FOR THE YEAR ENDED JUNE 30, 2012
(In Thousands)**

	Budgeted Amounts		Actual	Variance Favorable (Unfavorable)
	Original	Final		
Other revenue:				
Sewer assessments	\$ 500	\$ 500	\$ 529	\$ 29
In lieu of taxes/telephone	10	10	140	130
NGCA debt service	33	33	33	-
Public utilities 10%	6,908	6,908	6,908	-
DPU - City service	88	88	88	-
Bond and note payments	92	92	92	-
Traffic violations	12	12	7	(5)
Miscellaneous	233	233	263	30
Total	<u>7,876</u>	<u>7,876</u>	<u>8,060</u>	<u>184</u>
Total revenues	<u>108,552</u>	<u>108,552</u>	<u>108,817</u>	<u>265</u>
Other financing sources:				
Transfers in:				
Cemetery Trust	<u>57</u>	<u>57</u>	<u>57</u>	<u>-</u>
Total	<u>\$ 108,609</u>	<u>\$ 108,609</u>	<u>108,874</u>	<u>\$ 265</u>

Budgetary revenues are different than GAAP revenues because:

State of Connecticut on-behalf contributions to the Connecticut State Teachers' Retirement System for City teachers are not budgeted.

3,961

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

(17)

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

\$ 112,818

CITY OF NORWICH, CONNECTICUT

GENERAL FUND

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

FOR THE YEAR ENDED JUNE 30, 2012

(In Thousands)

	Budgeted Amounts		Actual	Variance Favorable (Unfavorable)
	Original	Final		
General government:				
City Manager	\$ 264	\$ 264	\$ 261	\$ 3
Finance	1,270	1,270	1,266	4
City Treasurer	204	204	203	1
Assessment	361	361	356	5
Personnel	370	370	367	3
Law	420	420	413	7
City Clerk	341	364	360	4
City Council	347	392	366	26
Election	110	109	107	2
Planning and Neighborhood Services	895	896	889	7
Emergency Management	51	56	55	1
Total general government	<u>4,633</u>	<u>4,706</u>	<u>4,643</u>	<u>63</u>
Public safety:				
Police	11,040	11,249	11,224	25
Fire:				
East Great Plain	110	110	90	20
Laurel Hill	46	47	46	1
Occum	63	63	54	9
Taftville	115	121	115	6
Yantic	114	122	121	1
Fire Central	1,827	1,827	1,814	13
Total public safety	<u>13,315</u>	<u>13,539</u>	<u>13,464</u>	<u>75</u>
Social Services:				
Recreation	551	604	594	10
Human services	601	601	598	3
Senior Citizens Center	503	506	498	8
Youth and Family Services	178	178	170	8
Total social services	<u>1,833</u>	<u>1,889</u>	<u>1,860</u>	<u>29</u>
Public works:				
Engineering and administration	515	521	501	20
Fleet maintenance	1,170	1,194	1,171	23
Solid waste	2,687	2,707	2,698	9
Maintenance and cleaning	3,571	3,381	3,392	(11)
Building maintenance	991	1,083	1,080	3
Parking maintenance	117	119	125	(6)
Total public works	<u>9,051</u>	<u>9,005</u>	<u>8,967</u>	<u>38</u>
Board of Education	<u>68,163</u>	<u>68,163</u>	<u>68,163</u>	<u>-</u>

(Continued on next page)

CITY OF NORWICH, CONNECTICUT

GENERAL FUND

SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) (CONTINUED)FOR THE YEAR ENDED JUNE 30, 2012
(In Thousands)

	Budgeted Amounts		Actual	Variance
	Original	Final		Favorable (Unfavorable)
Other	\$ 7,343	\$ 7,099	\$ 7,147	\$ (48)
Debt Service:				
Principal	3,970	3,970	3,970	-
Interest	1,001	938	938	-
Total debt service	4,971	4,908	4,908	-
Total	\$ 109,309	\$ 109,309	109,152	\$ 157

Budgetary expenditures are different than GAAP expenditures because:

State of Connecticut on-behalf payments to the Connecticut State Teachers' Retirement System for City teachers are not budgeted.

3,961

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.

(256)

Encumbrances for purchases and commitments ordered in the previous year that were received and liquidated in the current year are reported for financial statement reporting purposes.

153

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

\$ 113,010

**Combining and Individual
Fund Statements and Schedules**

General Fund

GENERAL FUND

The General Fund is used to account for resources traditionally associated with government which are not required legally or by sound financial management to be accounted for in another fund.

CITY OF NORWICH, CONNECTICUT

GENERAL FUND

COMPARATIVE BALANCE SHEET

JUNE 30, 2012 AND 2011

(In Thousands)

	<u>2012</u>	<u>2011</u>
ASSETS		
Cash and cash equivalents	\$ 18,368	\$ 11,292
Investments	1,952	3,193
Receivables:		
Property taxes receivable, net	3,490	3,600
Property taxes accrued interest receivable, net	1,092	1,122
Intergovernmental receivable:		
School building grants receivable	198	300
Other grants receivable	795	13
Assessment receivable	3,067	3,451
Accounts receivable, net	349	357
Due from other funds	<u>9,199</u>	<u>15,507</u>
Total Assets	<u>\$ 38,510</u>	<u>\$ 38,835</u>
LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts payable and accrued expenses	\$ 5,275	\$ 4,639
Due to other funds	14,835	15,255
Deferred revenue	<u>7,765</u>	<u>8,114</u>
Total liabilities	<u>27,875</u>	<u>28,008</u>
Fund balance:		
Assigned	264	178
Unassigned	<u>10,371</u>	<u>10,649</u>
Total fund balance	<u>10,635</u>	<u>10,827</u>
Total Liabilities and Fund Balance	<u>\$ 38,510</u>	<u>\$ 38,835</u>

**Nonmajor
Governmental Funds**

NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

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

Fund	Funding Source	Function
Dog License	License fees	Operation of dog pound
School Lunch Program	State and Federal grants, program income	Operations of the school lunch program
Sidewalk	Charges for service and City appropriation	Sidewalk replacement
Fire Districts	Taxes, charges for service and State grants	Fire and refuse services
Education Grants	Federal and State grants	Specific education programs
Adult Education	Federal and State grants	Adult Education programs
Emergency Management Grants	Federal grants	Emergency management activities
Parking Commission	Charges for service and fees	City parking authority
Youth Services	Federal and State grants, contributions and charges for service	Youth Service Bureau
C.O.P.S. Grant	Federal grant	Public safety
Lead Paint Abatement	Federal grant and program income	Removal and disposal of lead paint
Other Grants and Programs	Various	Miscellaneous activities
Economic Development	Contributions	Economic development
Community Development	Federal grant and program income	Social services
Education Programs	State grants and contributions	Miscellaneous education activities
Fire Grants and Programs	Federal grants	Fire equipment and supplies
Police Asset Forfeiture	Federal and State grants	Drug enforcement and education
Police Grants and Programs	Federal and State grants and contributions	Police equipment and enforcement
Recreation Grants and Programs	Charges for service	Recreational programs and activities
Social Services Grants and Programs	Federal and State grants and contributions	Health and welfare assistance
Senior Citizens Programs	Charges for service and contributions	Senior Citizens functions and activities
Mohegan Park	Charges for service, state grant and investment income	Mohegan Park improvements and programs
Sachem Fund	Transfers in from other funds and donations	Economic and cultural improvement
Property Rehabilitation	Transfers in from other funds and program income	Housing assistance
Brown Park	Trust and investment income	Maintenance and improvement of Brown Park

Capital Projects Funds

Capital Projects Funds are established in the City of Norwich pursuant to local resolutions authorizing specific capital projects. Funding sources are generally comprised of City appropriated transfers from the General Fund, the receipt of intergovernmental grants and proceeds from the sale of bonds. Expenditures relate to the expansion, improvement or replacement of the City's capital assets.

Permanent Funds

Permanent funds are used to report resources that are legally restricted to the extent that only earnings, not principal, may be used for purposes that support the reporting government's programs.

CITY OF NORWICH, CONNECTICUT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS

JUNE 30, 2012
(In Thousands)

Special Revenue

		<u>Dog License</u>	<u>School Lunch Program</u>	<u>Sidewalk</u>	<u>Fire Districts</u>	<u>Education Grants</u>	<u>Adult Education</u>	<u>Emergency Management Grants</u>	<u>Parking Commission</u>	<u>Youth Services</u>
ASSETS										
Cash and cash equivalents	\$		\$ 609	\$	\$	\$	\$	\$	\$	\$
Investments										
Receivables, net:										
Property taxes					313					
Intergovernmental			335		61	334				7
Loans				128					34	
Other				133	1,376	1,158	70	1		76
Due from other funds										
Other assets			56							
Total Assets	\$	-	\$ 1,000	\$ 261	\$ 1,750	\$ 1,492	\$ 70	\$ 1	\$ 34	\$ 83
LIABILITIES AND FUND BALANCES										
Liabilities:										
Accounts and other payables	\$	15	\$ 188	\$	73	\$ 637	\$	1	\$ 14	\$ 4
Due to other funds		1							66	
Deferred revenue			9	128	270	388			31	
Total liabilities		16	197	128	343	1,025	-	1	111	4
Fund balance:										
Nonspendable			56							
Restricted					1,407					
Committed			747	133		467	70			79
Unassigned		(16)							(77)	
Total fund balance		(16)	803	133	1,407	467	70	-	(77)	79
Total Liabilities and Fund Balances	\$	-	\$ 1,000	\$ 261	\$ 1,750	\$ 1,492	\$ 70	\$ 1	\$ 34	\$ 83

(Continued on next page)

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

JUNE 30, 2012
(In Thousands)

Special Revenue

	C.O.P.S. Grant	Lead Paint Abatement	Other Grants and Programs	Economic Development	Community Development Fund	Education Programs	Fire Grants and Programs	Police Asset Forfeiture	Police Grants and Programs
ASSETS									
Cash and cash equivalents	\$	\$	\$	\$	\$	\$	\$	\$	\$
Investments									
Receivables, net:									
Property taxes									
Intergovernmental	9	19	349	30	327				21
Loans		745							
Other									
Due from other funds	41			1		151	4	134	117
Other assets									
Total Assets	\$ 50	\$ 764	\$ 349	\$ 31	\$ 327	\$ 151	\$ 4	\$ 134	\$ 138
LIABILITIES AND FUND BALANCES									
Liabilities:									
Accounts and other payables	\$	\$ 2	\$ 67	\$ 14	\$ 78	\$ 18	\$	\$	\$ 101
Due to other funds		13	132		217				
Deferred revenue	50	745							22
Total liabilities	<u>50</u>	<u>760</u>	<u>199</u>	<u>14</u>	<u>295</u>	<u>18</u>	<u>-</u>	<u>-</u>	<u>123</u>
Fund balance:									
Nonspendable									
Restricted		4		17	32			134	
Committed			150			133	4		15
Unassigned									
Total fund balance	<u>-</u>	<u>4</u>	<u>150</u>	<u>17</u>	<u>32</u>	<u>133</u>	<u>4</u>	<u>134</u>	<u>15</u>
Total Liabilities and Fund Balances	\$ 50	\$ 764	\$ 349	\$ 31	\$ 327	\$ 151	\$ 4	\$ 134	\$ 138

(Continued on next page)

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

JUNE 30, 2012
(In Thousands)

Special Revenue

	Recreation Grants and Programs	Social Services Grants and Programs	Senior Citizens Programs	Mohegan Park	Sachem Fund	Property Rehabilitation	Brown Park	Total
ASSETS								
Cash and cash equivalents	\$	\$	\$	\$	\$	\$	\$	\$ 609
Investments								-
Receivables, net:								
Property taxes								313
Intergovernmental								1,492
Loans						1,925		2,670
Other								162
Due from other funds	167	62	99	122	192	26	42	3,972
Other assets								56
Total Assets	<u>\$ 167</u>	<u>\$ 62</u>	<u>\$ 99</u>	<u>\$ 122</u>	<u>\$ 192</u>	<u>\$ 1,951</u>	<u>\$ 42</u>	<u>\$ 9,274</u>
LIABILITIES AND FUND BALANCES								
Liabilities:								
Accounts and other payables	\$ 8	\$	\$ 2	\$	\$	\$ 36	\$	\$ 1,258
Due to other funds						43		472
Deferred revenue						1,925		3,568
Total liabilities	<u>8</u>	<u>-</u>	<u>2</u>	<u>-</u>	<u>-</u>	<u>2,004</u>	<u>-</u>	<u>5,298</u>
Fund balance:								
Nonspendable								56
Restricted							42	1,636
Committed	159	62	97	122	192			2,430
Unassigned						(53)		(146)
Total fund balance	<u>159</u>	<u>62</u>	<u>97</u>	<u>122</u>	<u>192</u>	<u>(53)</u>	<u>42</u>	<u>3,976</u>
Total Liabilities and Fund Balances	<u>\$ 167</u>	<u>\$ 62</u>	<u>\$ 99</u>	<u>\$ 122</u>	<u>\$ 192</u>	<u>\$ 1,951</u>	<u>\$ 42</u>	<u>\$ 9,274</u>

(Continued on next page)

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

JUNE 30, 2012
(In Thousands)

	Capital Projects			Permanent			Total Nonmajor Governmental Funds	
	Capital Improvement	Landfill Closure	Total	Public Parks & Gardens	Fred Abbot Summer Concert	Cemetery Trust		Total
ASSETS								
Cash and cash equivalents	\$	\$	\$ -	\$	\$	\$ 103	\$ 103	\$ 712
Investments			-			1,320	1,320	1,320
Receivables, net:								
Property taxes			-				-	313
Intergovernmental	13	203	216				-	1,708
Loans			-				-	2,670
Other			-				-	162
Due from other funds	1,733	56	1,789	40	5		45	5,806
Other assets			-				-	56
Total Assets	<u>\$ 1,746</u>	<u>\$ 259</u>	<u>\$ 2,005</u>	<u>\$ 40</u>	<u>\$ 5</u>	<u>\$ 1,423</u>	<u>\$ 1,468</u>	<u>\$ 12,747</u>
LIABILITIES AND FUND BALANCES								
Liabilities:								
Accounts and other payables	\$ 164	\$	\$ 164	\$	\$	\$	\$ -	\$ 1,422
Due to other funds			-			53	53	525
Deferred revenue			-				-	3,568
Total liabilities	<u>164</u>	<u>-</u>	<u>164</u>	<u>-</u>	<u>-</u>	<u>53</u>	<u>53</u>	<u>5,515</u>
Fund balance:								
Nonspendable			-	12	5	1,370	1,387	1,443
Restricted			-	28			28	1,664
Committed	1,582	259	1,841				-	4,271
Unassigned			-				-	(146)
Total fund balance	<u>1,582</u>	<u>259</u>	<u>1,841</u>	<u>40</u>	<u>5</u>	<u>1,370</u>	<u>1,415</u>	<u>7,232</u>
Total Liabilities and Fund Balances	<u>\$ 1,746</u>	<u>\$ 259</u>	<u>\$ 2,005</u>	<u>\$ 40</u>	<u>\$ 5</u>	<u>\$ 1,423</u>	<u>\$ 1,468</u>	<u>\$ 12,747</u>

CITY OF NORWICH, CONNECTICUT
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2012
(In Thousands)

67

	<u>Special Revenue</u>								
	<u>Dog License</u>	<u>School Lunch Program</u>	<u>Sidewalk</u>	<u>Fire Districts</u>	<u>Education Grants</u>	<u>Adult Education</u>	<u>Emergency Management Grants</u>	<u>Parking Commission</u>	<u>Youth Services</u>
Revenues:									
Property taxes, interest and liens	\$	\$	\$	\$ 4,042	\$	\$	\$	\$	\$
Intergovernmental revenues		2,187		1,724	7,579	607	6		129
Charges for services	28	414	35	9	368	817		284	
Investment income				7		3			
Other									121
Total revenues	<u>28</u>	<u>2,601</u>	<u>35</u>	<u>5,782</u>	<u>7,947</u>	<u>1,427</u>	<u>6</u>	<u>284</u>	<u>250</u>
Expenditures:									
Current:									
General government								215	
Public safety	39			5,696			6		
Social services									241
Public works			5	543					
Education		2,435			8,076	1,454			
Capital outlay									
Total expenditures	<u>39</u>	<u>2,435</u>	<u>5</u>	<u>6,239</u>	<u>8,076</u>	<u>1,454</u>	<u>6</u>	<u>215</u>	<u>241</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(11)</u>	<u>166</u>	<u>30</u>	<u>(457)</u>	<u>(129)</u>	<u>(27)</u>	<u>-</u>	<u>69</u>	<u>9</u>
Other Financing Sources (Uses):									
Transfers in				751		10			
Transfer out								(90)	
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>751</u>	<u>-</u>	<u>10</u>	<u>-</u>	<u>(90)</u>	<u>-</u>
Net Change in Fund Balances	(11)	166	30	294	(129)	(17)	-	(21)	9
Fund Balance at Beginning of Year	(5)	637	103	1,113	596	87	-	(56)	70
Fund Balance at End of Year	<u>\$ (16)</u>	<u>\$ 803</u>	<u>\$ 133</u>	<u>\$ 1,407</u>	<u>\$ 467</u>	<u>\$ 70</u>	<u>\$ -</u>	<u>\$ (77)</u>	<u>\$ 79</u>

(Continued on next page)

CITY OF NORWICH, CONNECTICUT
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES (CONTINUED)
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2012
(In Thousands)

	Special Revenue								
	C.O.P.S. Grant	Lead Paint Abatement	Other Grants and Programs	Economic Development	Community Development Fund	Education Programs	Fire Grants and Programs	Police Asset Forfeiture	Police Grants and Programs
Revenues:									
Property taxes, interest and liens	\$	\$	\$	\$	\$	\$	\$	\$	\$
Intergovernmental revenues	44	505	447	84	1,093	53	19	21	126
Charges for services									429
Investment income						1			
Other			88			54	18		4
Total revenues	<u>44</u>	<u>505</u>	<u>535</u>	<u>84</u>	<u>1,093</u>	<u>108</u>	<u>37</u>	<u>21</u>	<u>559</u>
Expenditures:									
Current:									
General government			126	113					
Public safety	44				144		36	24	418
Social services		532	70		450				
Public works			425		226				
Education						81			
Capital outlay									
Total expenditures	<u>44</u>	<u>532</u>	<u>621</u>	<u>113</u>	<u>820</u>	<u>81</u>	<u>36</u>	<u>24</u>	<u>418</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>-</u>	<u>(27)</u>	<u>(86)</u>	<u>(29)</u>	<u>273</u>	<u>27</u>	<u>1</u>	<u>(3)</u>	<u>141</u>
Other Financing Sources (Uses):									
Transfers in			92	27					
Transfer out					(292)				(167)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>92</u>	<u>27</u>	<u>(292)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(167)</u>
Net Change in Fund Balances	-	(27)	6	(2)	(19)	27	1	(3)	(26)
Fund Balance at Beginning of Year	-	31	144	19	51	106	3	137	41
Fund Balance at End of Year	<u>\$ -</u>	<u>\$ 4</u>	<u>\$ 150</u>	<u>\$ 17</u>	<u>\$ 32</u>	<u>\$ 133</u>	<u>\$ 4</u>	<u>\$ 134</u>	<u>\$ 15</u>

(Continued on next page)

CITY OF NORWICH, CONNECTICUT
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES (CONTINUED)
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2012
(In Thousands)

	Special Revenue							Total
	Recreation Grants and Programs	Social Services Grants and Programs	Senior Citizens Programs	Mohegan Park	Sachem Fund	Property Rehabilitation	Brown Park	
Revenues:								
Property taxes, interest and liens	\$	\$	\$	\$	\$	\$	\$	\$ 4,042
Intergovernmental revenues		63	9					14,696
Charges for services	149		100			76		2,709
Investment income					1			12
Other	21	85	24		50			465
Total revenues	<u>170</u>	<u>148</u>	<u>133</u>	<u>-</u>	<u>51</u>	<u>76</u>	<u>-</u>	<u>21,924</u>
Expenditures:								
Current:								
General government								454
Public safety								6,407
Social services	164	139	111	3	153	404		2,267
Public works								1,199
Education								12,046
Capital outlay								-
Total expenditures	<u>164</u>	<u>139</u>	<u>111</u>	<u>3</u>	<u>153</u>	<u>404</u>	<u>-</u>	<u>22,373</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>6</u>	<u>9</u>	<u>22</u>	<u>(3)</u>	<u>(102)</u>	<u>(328)</u>	<u>-</u>	<u>(449)</u>
Other Financing Sources (Uses):								
Transfers in	20	5			50	321		1,276
Transfer out					(18)			(567)
Total other financing sources (uses)	<u>20</u>	<u>5</u>	<u>-</u>	<u>-</u>	<u>32</u>	<u>321</u>	<u>-</u>	<u>709</u>
Net Change in Fund Balances	26	14	22	(3)	(70)	(7)	-	260
Fund Balance at Beginning of Year	<u>133</u>	<u>48</u>	<u>75</u>	<u>125</u>	<u>262</u>	<u>(46)</u>	<u>42</u>	<u>3,716</u>
Fund Balance at End of Year	<u>\$ 159</u>	<u>\$ 62</u>	<u>\$ 97</u>	<u>\$ 122</u>	<u>\$ 192</u>	<u>\$ (53)</u>	<u>\$ 42</u>	<u>\$ 3,976</u>

(Continued on next page)

CITY OF NORWICH, CONNECTICUT
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2012
(In Thousands)

	<u>Capital Projects</u>			<u>Permanent</u>				<u>Total Nonmajor Governmental Funds</u>	
	<u>Capital Improvement</u>	<u>Landfill Closure</u>	<u>Total</u>	<u>Public Parks & Gardens</u>	<u>Fred Abbot Summer Concert</u>	<u>Cemetery Trust</u>	<u>Total</u>		<u>Interfund Eliminations</u>
Revenues:									
Property taxes, interest and liens	\$	\$	\$ -	\$	\$	\$	\$ -	\$	4,042
Intergovernmental revenues	12	32	44				-		14,740
Charges for services			-				-		2,709
Investment income			-	1		30	31		43
Other			-			-	-		465
Total revenues	<u>12</u>	<u>32</u>	<u>44</u>	<u>1</u>	<u>-</u>	<u>30</u>	<u>31</u>	<u>-</u>	<u>21,999</u>
Expenditures:									
Current:									
General government			-			61	61		515
Public safety			-				-		6,407
Social services			-				-		2,267
Public works		33	33				-		1,232
Education			-				-		12,046
Capital outlay	2,398		2,398				-		2,398
Total expenditures	<u>2,398</u>	<u>33</u>	<u>2,431</u>	<u>-</u>	<u>-</u>	<u>61</u>	<u>61</u>	<u>-</u>	<u>24,865</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(2,386)</u>	<u>(1)</u>	<u>(2,387)</u>	<u>1</u>	<u>-</u>	<u>(31)</u>	<u>(30)</u>	<u>-</u>	<u>(2,866)</u>
Other Financing Sources (Uses):									
Transfers in	2,373		2,373				-	(394)	3,255
Transfer out	(108)		(108)			(57)	(57)	394	(338)
Total other financing sources (uses)	<u>2,265</u>	<u>-</u>	<u>2,265</u>	<u>-</u>	<u>-</u>	<u>(57)</u>	<u>(57)</u>	<u>-</u>	<u>2,917</u>
Net Change in Fund Balances	(121)	(1)	(122)	1	-	(88)	(87)	-	51
Fund Balance at Beginning of Year	<u>1,703</u>	<u>260</u>	<u>1,963</u>	<u>39</u>	<u>5</u>	<u>1,458</u>	<u>1,502</u>	<u>-</u>	<u>7,181</u>
Fund Balance at End of Year	<u>\$ 1,582</u>	<u>\$ 259</u>	<u>\$ 1,841</u>	<u>\$ 40</u>	<u>\$ 5</u>	<u>\$ 1,370</u>	<u>\$ 1,415</u>	<u>\$ -</u>	<u>\$ 7,232</u>

CITY OF NORWICH, CONNECTICUT

**FIRE DISTRICTS FUND REVENUES
BUDGETARY BASIS - BUDGET AND ACTUAL**

**FOR THE YEAR ENDED JUNE 30, 2012
(In Thousands)**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Taxes, interest and lien fees:				
Fire	\$ 3,470	\$ 3,470	\$ 3,482	\$ 12
Volunteer fire	536	536	560	24
Total taxes, interest and lien fees	<u>4,006</u>	<u>4,006</u>	<u>4,042</u>	<u>36</u>
Intergovernmental:				
City Housing	202	202	202	-
In lieu of taxes - fire	50	50	50	-
Elderly reimbursement	75	75	75	-
Mashantucket Pequot	1,397	1,397	1,397	-
Total intergovernmental	<u>1,724</u>	<u>1,724</u>	<u>1,724</u>	<u>-</u>
Charges for services:				
Conveyance fees	<u>12</u>	<u>12</u>	<u>9</u>	<u>(3)</u>
Other:				
Other fund transfers	<u>701</u>	<u>701</u>	<u>751</u>	<u>50</u>
Investment income	<u>4</u>	<u>4</u>	<u>7</u>	<u>3</u>
Total	<u>\$ 6,447</u>	<u>\$ 6,447</u>	<u>\$ 6,533</u>	<u>\$ 86</u>

CITY OF NORWICH, CONNECTICUT

**FIRE DISTRICTS FUND EXPENDITURES
BUDGETARY BASIS - BUDGET AND ACTUAL**

**FOR THE YEAR ENDED JUNE 30, 2012
(In Thousands)**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		<u>Favorable (Unfavorable)</u>
Fire and Refuse:				
Employees	\$ 2,846	\$ 2,846	\$ 2,669	\$ 177
Overtime	80	80	3	77
Replacement costs	744	744	793	(49)
Hospitalization	543	543	543	-
Fringe benefits	1,697	1,697	1,707	(10)
Workers compensation	170	170	172	(2)
Volunteer firefighter tax credit	85	85	71	14
Volunteer firefighter trust fund	281	281	281	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total	\$ 6,446	\$ 6,446	\$ 6,239	\$ 207

CITY OF NORWICH, CONNECTICUT
SCHEDULE OF FIRE DISTRICT TAXES
FOR THE YEAR ENDED JUNE 30, 2012
(In Thousands)

Grand List	Uncollected Taxes July 1, 2011	Lawful Corrections		Transfers to Suspense	Adjusted Taxes Collectible	Collections				Uncollected Taxes June 30, 2012**
		Additions	Deductions			Taxes	Interest	Fees	Total	
2010	\$ 4,076	\$ 7	\$ 31	\$	\$ 4,052	\$ 3,873	\$ 24	\$	\$ 3,897	\$ 179
2009	189	1	13		177	81	20		101	96
2008	72		20		52	12	8		20	40
2007	47		1	34	12	3	2		5	9
2006	3				3				-	3
2005	3				3				-	3
2004	3				3				-	3
2003	4				4				-	4
2002	1				1				-	1
2001	3				3				-	3
2000	1				1				-	1
1999	2				2				-	2
1998	5				5				-	5
1997	5				5				-	5
1996	4		4 *		-				-	-
	<u>\$ 4,418</u>	<u>\$ 8</u>	<u>\$ 69</u>	<u>\$ 34</u>	<u>\$ 4,323</u>	<u>3,969</u>	<u>54</u>	<u></u>	<u>4,023</u>	<u>\$ 354</u>
				Suspense collections			<u>7</u>		<u>7</u>	
				Total Tax Collections		<u>\$ 3,969</u>	<u>\$ 61</u>	<u>\$ -</u>	<u>4,030</u>	
				Property taxes receivable considered available:						
				June 30, 2011					(43)	
				June 30, 2012					<u>53</u>	
				Total					<u>\$ 4,040</u>	

*Operation of law

**Represents gross receivable of \$361 net of overpayments of \$7 recorded as a liability

**Nonmajor
Enterprise Funds**

NONMAJOR ENTERPRISE FUNDS

Enterprise Funds are used to account for ongoing organizations and activities which are similar to those found in the private sector.

Golf Course Authority - is used to account for the operations of the City's public golf course.

Stadium Authority - is used to account for the operations of Senator Thomas Dodd Stadium.

Ice Rink Authority - is used to account for the operations of the City's ice skating facility.

CITY OF NORWICH, CONNECTICUT

COMBINING STATEMENT OF NET ASSETS
NONMAJOR ENTERPRISE FUNDSJUNE 30, 2012
(In Thousands)

	Business-Type Activities			Totals
	Golf Course Authority	Stadium Authority	Ice Rink Authority	
Assets:				
Current assets:				
Cash and cash equivalents	\$	\$	\$ 5	\$ 5
Receivables, net:				
User charges		22	11	33
Due from other funds	344	284		628
Inventories			59	59
Total current assets	<u>344</u>	<u>306</u>	<u>75</u>	<u>725</u>
Capital assets, net	<u>2,342</u>	<u>7,242</u>	<u>462</u>	<u>10,046</u>
Total assets	<u>2,686</u>	<u>7,548</u>	<u>537</u>	<u>10,771</u>
Liabilities:				
Current liabilities:				
Accounts payable and accrued liabilities	97	21	30	148
Bonds payable	25			25
Due to other funds			265	265
Unearned revenue	<u>191</u>			<u>191</u>
Total current liabilities	<u>313</u>	<u>21</u>	<u>295</u>	<u>629</u>
Noncurrent liabilities:				
Bonds payable	<u>215</u>			<u>215</u>
Total liabilities	<u>528</u>	<u>21</u>	<u>295</u>	<u>844</u>
Net Assets:				
Invested in capital assets, net of related debt	2,102	7,242	462	9,806
Unrestricted	<u>56</u>	<u>285</u>	<u>(220)</u>	<u>121</u>
Total Net Assets	<u>\$ 2,158</u>	<u>\$ 7,527</u>	<u>\$ 242</u>	<u>\$ 9,927</u>

CITY OF NORWICH, CONNECTICUT

**COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES
IN FUND NET ASSETS - NONMAJOR ENTERPRISE FUNDS**

FOR THE YEAR ENDED JUNE 30, 2012

(In Thousands)

	Business-Type Activities			Totals
	Golf Course Authority	Stadium Authority	Ice Rink Authority	
Operating Revenues:				
Charges for services	\$ 1,236	\$ 152	\$ 666	\$ 2,054
Operating Expenses:				
Operations and maintenance	1,166	144	786	2,096
Depreciation	56	182	161	399
Total operating expenses	1,222	326	947	2,495
Operating Income (Loss)	14	(174)	(281)	(441)
Nonoperating income (expense):				
Interest income	1	1		2
Loss on disposal of capital assets			(5)	(5)
Net income (loss) before transfers	15	(173)	(286)	(444)
Transfers in			54	54
Change in Net Assets	15	(173)	(232)	(390)
Net Assets at Beginning of Year	2,143	7,700	474	10,317
Net Assets at End of Year	\$ 2,158	\$ 7,527	\$ 242	\$ 9,927

CITY OF NORWICH, CONNECTICUT

COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS

FOR THE YEAR ENDED JUNE 30, 2012

(In Thousands)

	Business-Type Activities			Totals
	Golf Course Authority	Stadium Authority	Ice Rink Authority	
Cash Flows from Operating Activities:				
Cash received from charges for services	\$ 1,228	\$ 196	\$ 721	\$ 2,145
Cash paid to vendors	(585)	(197)	(409)	(1,191)
Cash paid to employees for services	(527)		(357)	(884)
Net cash provided by (used in) operating activities	<u>116</u>	<u>(1)</u>	<u>(45)</u>	<u>70</u>
Cash Flows from Noncapital Financing Activities:				
Advances to (from) other funds	(35)		44	9
Cash Flows from Capital and Related Financing Activities:				
Principal payments on long-term debt	(25)			(25)
Loss on disposal of property and equipment			5	5
Purchase of capital assets	(58)		(8)	(66)
Net cash used in capital and related financing activities	<u>(83)</u>	<u>-</u>	<u>(3)</u>	<u>(86)</u>
Cash Flows from Investing Activities:				
Income on investments	<u>1</u>	<u>1</u>		<u>2</u>
Net Decrease in Cash and Cash Equivalents	(1)	-	(4)	(5)
Cash and Cash Equivalents at Beginning of Year	<u>1</u>	<u>-</u>	<u>9</u>	<u>10</u>
Cash and Cash Equivalents at End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5</u>	<u>\$ 5</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities:				
Operating income (loss)	\$ <u>14</u>	\$ <u>(174)</u>	\$ <u>(281)</u>	\$ <u>(441)</u>
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation expense	56	182	161	399
Decrease in receivables		44	55	99
Decrease in inventories and other assets			10	10
Increase in due from other funds		(59)		(59)
Decrease in unearned revenues	(8)			(8)
Increase in accounts payable and accrued liabilities	54	6	10	70
Total adjustments	<u>102</u>	<u>173</u>	<u>236</u>	<u>511</u>
Net Cash Provided by (used in) Operating Activities	<u>\$ 116</u>	<u>\$ (1)</u>	<u>\$ (45)</u>	<u>\$ 70</u>

Internal Service Funds

INTERNAL SERVICE FUNDS

Internal Service Funds are used to account for and finance the City's uninsured risks of loss for Medical Benefits and Workers' Compensation (including heart and hypertension).

Medical Benefits Fund - is used to pay health insurance claims and to purchase administrative services and stop loss insurance for the City's health care plans. The City, Board of Education and Department of Public Utilities contribute into this fund for health insurance.

Workers' Compensation Fund - accounts for General Fund funding reserves and accrued loss liabilities on incurred claims for workers' compensation and heart and hypertension open claims.

CITY OF NORWICH, CONNECTICUT

COMBINING STATEMENT OF NET ASSETS
INTERNAL SERVICE FUNDSJUNE 30, 2012
(In Thousands)

	<u>Medical Benefits</u>	<u>Workers' Compensation</u>	<u>Total</u>
Assets:			
Current:			
Accounts receivable	\$	\$	\$ -
Due from other funds	<u>3,668</u>	<u>3,274</u>	<u>6,942</u>
Total assets	<u>3,668</u>	<u>3,274</u>	<u>6,942</u>
Liabilities:			
Current:			
Accounts payable		4	4
Risk management claims	<u>1,177</u>	<u>646</u>	<u>1,823</u>
Total current liabilities	<u>1,177</u>	<u>650</u>	<u>1,827</u>
Noncurrent:			
Risk management claims	<u></u>	<u>6,227</u>	<u>6,227</u>
Total liabilities	<u>1,177</u>	<u>6,877</u>	<u>8,054</u>
Net Assets:			
Unrestricted	<u>\$ 2,491</u>	<u>\$ (3,603)</u>	<u>\$ (1,112)</u>

CITY OF NORWICH, CONNECTICUT

**COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES
IN FUND NET ASSETS
INTERNAL SERVICE FUNDS**

FOR THE YEAR ENDED JUNE 30, 2012

(In Thousands)

	<u>Medical Benefits</u>	<u>Workers' Compensation</u>	<u>Total</u>
Operating Revenues:			
Charges for services	\$ 11,335	\$ 3,711	\$ 15,046
Operating Expenses:			
Claims expense	12,339	2,846	15,185
Premiums and administrative expenses	816	239	1,055
Total operating expenses	<u>13,155</u>	<u>3,085</u>	<u>16,240</u>
Operating Income (Loss)	(1,820)	626	(1,194)
Net Assets at Beginning of Year	<u>4,311</u>	<u>(4,229)</u>	<u>82</u>
Net Assets at End of Year	<u>\$ 2,491</u>	<u>\$ (3,603)</u>	<u>\$ (1,112)</u>

CITY OF NORWICH, CONNECTICUT
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS

FOR THE YEAR ENDED JUNE 30, 2012
(In Thousands)

	Medical Benefits	Workers' Compensation	Total
Cash Flows from Operating Activities:			
Cash received from charges for services	\$ 2,152	\$ 261	\$ 2,413
Cash receipts for interfund services provided	10,853	2,034	12,887
Cash paid to vendors	(13,005)	(2,295)	(15,300)
Net cash provided by operating activities	-	-	-
Net Increase in Cash and Cash Equivalents	-	-	-
Cash and Cash Equivalents at Beginning of Year	-	-	-
Cash and Cash Equivalents at End of Year	\$ -	\$ -	\$ -
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities:			
Operating income (loss)	\$ (1,820)	\$ 626	\$ (1,194)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:			
Decrease in receivables	42		42
Increase in due from other funds	1,628	(1,416)	212
Increase (decrease) in accounts payable and accrued liabilities	150	790	940
Total adjustments	1,820	(626)	1,194
Net Cash Provided by Operating Activities	\$ -	\$ -	\$ -

Fiduciary Funds

FIDUCIARY FUNDS

Fiduciary Funds are used to account for assets held in a trustee capacity for others and include Agency Funds.

Agency Funds - utilize the accrual basis of accounting. Agency funds are custodial in nature (assets equal liabilities) and are used to account for student activities and performance/bid bonds.

The City's Agency Funds are listed below:

Student Activities

Rehabilitation Deposits

Bid Deposit

Performance Bonds

CITY OF NORWICH, CONNECTICUT

AGENCY FUNDS

COMBINING BALANCE SHEET

JUNE 30, 2012

(In Thousands)

	<u>Student Activities</u>	<u>Rehabilitation Deposits</u>	<u>Bid Deposit</u>	<u>Performance Bonds</u>	<u>Totals</u>
Assets:					
Cash and cash equivalents	\$ 49	\$	\$	\$ 336	\$ 385
Other		<u>1</u>	<u>102</u>		<u>103</u>
Total Assets	<u>\$ 49</u>	<u>\$ 1</u>	<u>\$ 102</u>	<u>\$ 336</u>	<u>\$ 488</u>
Liabilities:					
Due to student groups and agencies	<u>\$ 49</u>	<u>\$ 1</u>	<u>\$ 102</u>	<u>\$ 336</u>	<u>\$ 488</u>

CITY OF NORWICH, CONNECTICUT

AGENCY FUNDS

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

FOR THE YEAR ENDED JUNE 30, 2012

(In Thousands)

	<u>Balance July 1, 2011</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2012</u>
Student Activities				
Assets:				
Cash and cash equivalents	\$ <u>64</u>	\$ <u>122</u>	\$ <u>137</u>	\$ <u>49</u>
Liabilities:				
Due to student groups and agencies	\$ <u>64</u>	\$ <u>122</u>	\$ <u>137</u>	\$ <u>49</u>
Rehabilitation Deposits				
Assets:				
Other	\$ <u>1</u>	\$ <u>7</u>	\$ <u>7</u>	\$ <u>1</u>
Liabilities:				
Due to student groups and agencies	\$ <u>1</u>	\$ <u>7</u>	\$ <u>7</u>	\$ <u>1</u>
Bid Deposit				
Assets:				
Other	\$ <u>62</u>	\$ <u>285</u>	\$ <u>245</u>	\$ <u>102</u>
Liabilities:				
Due to student groups and agencies	\$ <u>62</u>	\$ <u>285</u>	\$ <u>245</u>	\$ <u>102</u>
Performance Bonds				
Assets:				
Cash and cash equivalents	\$ <u>316</u>	\$ <u>123</u>	\$ <u>103</u>	\$ <u>336</u>
Liabilities:				
Due to student groups and agencies	\$ <u>316</u>	\$ <u>123</u>	\$ <u>103</u>	\$ <u>336</u>
Total - All Funds				
Assets:				
Cash and cash equivalents	\$ 380	\$ 245	\$ 240	\$ 385
Other	<u>63</u>	<u>292</u>	<u>252</u>	<u>103</u>
Total	\$ <u>443</u>	\$ <u>537</u>	\$ <u>492</u>	\$ <u>488</u>
Liabilities:				
Due to student groups and agencies	\$ <u>443</u>	\$ <u>537</u>	\$ <u>492</u>	\$ <u>488</u>

Supplemental Schedules

CITY OF NORWICH, CONNECTICUT
SCHEDULE OF BONDS AND SERIAL NOTES PAYABLE
FOR THE YEAR ENDED JUNE 30, 2012
(In Thousands)

Description	Interest Rate (%)	Issue Date	Maturity Date	Original Amount Issued	Balance Beginning of Year	Issued During Year	Paid During Year	Balance End of Year
Governmental Activities:								
General purpose bonds payable:								
General purpose - Wauregan Hotel	5.50-6.75	04/01/2001	04/01/2017	\$ 400	\$ 150	\$	\$ 25	\$ 125
General purpose	4.0-5.0	04/15/2002	04/15/2022	6,020	2,940		2,940	-
General purpose	2.00-3.55	04/15/2004	04/15/2015	3,120	935		235	700
Refunding - (11/15/1997 and 11/01/1999) bonds	2.0-4.0	04/15/2004	04/15/2019	4,520	2,575		350	2,225
General purpose and water main	3.0-5.0	03/15/2005	09/15/2015	3,520	1,750		350	1,400
Refunding - (02/01/1996 and 04/01/2001) bonds	3.0-4.0	03/15/2005	09/15/2019	8,570	6,091		769	5,322
Schools	-	12/30/2008	12/30/2020	2,940	2,450		245	2,205
Refunding - (04/01/2001) bonds	2.0-3.0	12/02/2009	04/01/2014	4,235	3,140		1,080	2,060
General purpose	3.0-4.0	12/02/2009	12/01/2029	9,145	9,145		486	8,659
Schools	3.0-4.0	12/02/2009	12/01/2029	2,000	2,000		105	1,895
General Purpose	2.0-4.0	12/13/2011	12/1/2022	4,680		4,680		4,680
Schools	2.0-4.0	12/13/2011	12/1/2022	5,000		5,000		5,000
Refunding - (4/15/02) bonds	2.0	2/15/2012	4/15/2022	2,725		2,725		2,725
Total				<u>56,875</u>	<u>31,176</u>	<u>12,405</u>	<u>6,585</u>	<u>36,996</u>
Business-Type Activities:								
General purpose bonds payable:								
Refunding - (02/01/1996) Stony Brook Reservoir	3.0-4.0	03/15/2005	09/15/2015	368	199		41	158
Golf course	3.0-4.0	12/02/2009	12/01/2029	265	265		25	240
State of Connecticut serial notes payable:								
Clean Water Act 106-C	2.00	10/31/1997	10/31/2016	3,410	1,038		186	852
Clean Water Act 298-C	2.00	06/30/2000	06/30/2019	1,508	605		75	530
Clean Water Act 349-C	2.00	12/31/2002	12/31/2021	881	501		43	458
Clean Water Act 9714-C	2.77	12/31/2002	12/31/2021	1,899	1,112		93	1,019
Clean Water Act 200801-C	2.27	07/01/2009	07/01/2029	450	403		23	380
Clean Water Act 625-D	2.00	12/31/2012	12/31/1931	1,865	499	1,365		1,864
Clean Water Act 495-C*	*	*	*	*	1,257	3,899		5,156
Economic Development	6.00	07/01/1995	07/01/2012	1,000	170		82	88
Drinking Water State Revolving Fund 2010-8005	2.06	03/31/2010	12/31/2029	145	134		7	127
Drinking Water State Revolving Fund 2010-8006	2.06	03/31/2010	06/30/2030	326	310		16	294
Total				<u>12,117</u>	<u>6,493</u>	<u>5,264</u>	<u>591</u>	<u>11,166</u>
Total				<u>\$ 68,992</u>	<u>\$ 37,669</u>	<u>\$ 17,669</u>	<u>\$ 7,176</u>	<u>\$ 48,162</u>

* Loans are not permanently financed at this time.

CITY OF NORWICH, CONNECTICUT

BOND AND SERIAL NOTES PAYABLE
SCHEDULE OF ANNUAL DEBT SERVICE REQUIREMENTS

FOR THE YEAR ENDED JUNE 30, 2012
(In Thousands)

Fiscal Year Ending June 30,	Governmental Activities		Business-Type Activities		Total Primary Government	
	General Obligation Bonds		General Obligation Bonds And Serial Notes		Principal	Interest
	Principal	Interest	Principal	Interest		
2013	\$ 3,895	\$ 1,190	\$ 5,891	\$ 130	\$ 9,786	\$ 1,320
2014	4,355	951	591	110	4,946	1,061
2015	3,316	835	609	100	3,925	935
2016	3,072	737	618	84	3,690	821
2017	2,555	655	452	71	3,007	726
2018	2,465	580	389	62	2,854	642
2019	2,340	508	400	52	2,740	560
2020	2,130	444	331	45	2,461	489
2021	1,560	399	337	37	1,897	436
2022	1,329	363	236	29	1,565	392
2023	1,100	324	140	25	1,240	349
2024	1,100	289	142	23	1,242	312
2025	1,100	252	143	20	1,243	272
2026	1,125	213	145	17	1,270	230
2027	1,125	173	147	14	1,272	187
2028	1,125	133	150	11	1,275	144
2029	1,125	93	150	8	1,275	101
2030	1,125	54	128	5	1,253	59
2031	525	25	109	2	634	27
2032	529	9	58		587	9
Total	\$ 36,996	\$ 8,227	\$ 11,166	\$ 845	\$ 48,162	\$ 9,072

Statistical Section

Statistical Section Information

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

Statistical section information is presented in the following categories:

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

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

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

CITY OF NORWICH, CONNECTICUT

NET ASSETS BY COMPONENT

LAST TEN FISCAL YEARS
(In Thousands)

	FISCAL YEAR									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Governmental activities:										
Invested in capital assets, net of related debt	\$ 92,031	\$ 87,252 *	\$ 60,432	\$ 53,165	\$ 50,696	\$ 44,114	\$ 38,680	\$ 34,514	\$ 24,968	\$ 25,716
Restricted	1,457	1,544	1,405	1,351	1,608	1,725	1,590	1,610		
Unrestricted	14,373	10,296	14,414	6,088	9,884	13,808	16,460	15,074	18,077	10,412
Total governmental activities net assets	<u>107,861</u>	<u>99,092</u>	<u>76,251</u>	<u>60,604</u>	<u>62,188</u>	<u>59,647</u>	<u>56,730</u>	<u>51,198</u>	<u>43,045</u>	<u>36,128</u>
Business-type activities:										
Invested in capital assets, net of related debt	107,495	97,874 *	88,174	87,763	84,439	83,363	83,151	81,679	79,147	80,094
Restricted	361	334	287	758	758	876	643	279		
Unrestricted	22,241	20,129	23,441	22,903	21,159	24,307	19,927	17,083	11,119	8,272
Total business-type activities net assets	<u>130,097</u>	<u>118,337</u>	<u>111,902</u>	<u>111,424</u>	<u>106,356</u>	<u>108,546</u>	<u>103,721</u>	<u>99,041</u>	<u>90,266</u>	<u>88,366</u>
Primary government:										
Invested in capital assets, net of related debt	199,526	185,126	148,606	140,928	135,135	127,477	121,831	116,193	104,115	105,810
Restricted	1,818	1,878	1,692	2,109	2,366	2,601	2,233	1,889		
Unrestricted	36,614	30,425	37,855	28,991	31,043	38,115	36,387	32,157	29,196	18,684
Total Primary Government Net Assets	<u>\$ 237,958</u>	<u>\$ 217,429</u>	<u>\$ 188,153</u>	<u>\$ 172,028</u>	<u>\$ 168,544</u>	<u>\$ 168,193</u>	<u>\$ 160,451</u>	<u>\$ 150,239</u>	<u>\$ 133,311</u>	<u>\$ 124,494</u>

Notes:

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

* as restated

CITY OF NORWICH, CONNECTICUT

CHANGES IN NET ASSETS

LAST TEN FISCAL YEARS
(In Thousands)

	FISCAL YEAR									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Expenses:										
Governmental activities:										
General government	\$ 10,300	\$ 10,760	\$ 9,114	\$ 10,473	\$ 12,116	\$ 11,926	\$ 9,638	\$ 8,958	\$ 10,414	\$ 11,597
Public safety	20,571	20,336	18,063	20,326	18,271	16,108	15,754	14,105	13,032	14,109
Social services	4,201	4,664	5,602	4,954	4,852	3,984	4,048	3,037	1,880	2,432
Public works	13,444	9,133	9,449	15,819	11,617	11,504	11,109	13,781	10,271	6,752
Education	86,764	84,263	84,898	85,661	91,664	75,171	71,268	64,819	61,478	61,797
Interest on long-term debt	1,109	2,008	1,323	1,444	1,380	1,454	1,476	1,646	1,948	2,222
Total governmental activities expenses	<u>136,389</u>	<u>131,164</u>	<u>128,449</u>	<u>138,677</u>	<u>139,900</u>	<u>120,147</u>	<u>113,293</u>	<u>106,346</u>	<u>99,023</u>	<u>98,909</u>
Business-type activities:										
Department of Public Utilities	75,620	80,977	74,716	77,192	74,114	66,885	67,275	57,133	56,062	53,171
Other enterprise funds	2,495	2,425	2,413	2,529	2,568	2,373	2,583	2,505	2,526	2,636
Total business-type activities expenses	<u>78,115</u>	<u>83,402</u>	<u>77,129</u>	<u>79,721</u>	<u>76,682</u>	<u>69,258</u>	<u>69,858</u>	<u>59,638</u>	<u>58,588</u>	<u>55,807</u>
Total primary government expenses	<u>214,504</u>	<u>214,566</u>	<u>205,578</u>	<u>218,398</u>	<u>216,582</u>	<u>189,405</u>	<u>183,151</u>	<u>165,984</u>	<u>157,611</u>	<u>154,716</u>
Program Revenues:										
Governmental activities:										
Charges for services:										
General government	1,866	1,860	1,778	1,602	2,078	2,861	3,097	2,682	2,892	5,690
Public works	771	1,250	819	2,962	3,017	2,994	2,730	2,988	2,866	1,813
Education	1,708	1,570	2,051	2,184	1,864	1,935	1,674	1,447	900	1,120
Other	1,032	1,076	1,012	1,171	970	694	747	717	4,649	1,270
Operating grants and contributions	53,139	54,051	54,424	52,034	62,359	47,469	47,561	41,727	36,509	35,923
Capital grants and contributions	10,749	22,962	11,163	5,810	1,635	934	1,736	1,907	4,459	2,903
Total governmental activities program revenues	<u>69,265</u>	<u>82,769</u>	<u>71,247</u>	<u>65,763</u>	<u>71,923</u>	<u>56,887</u>	<u>57,545</u>	<u>51,468</u>	<u>52,275</u>	<u>48,719</u>
Business-type activities:										
Charges for services:										
Gas	13,370	16,282	16,508	21,596	16,961	16,612	18,999	15,099	12,911	12,724
Electric	60,151	58,283	52,303	55,152	49,265	49,607	46,158	38,706	36,089	32,142
Water	6,656	6,794	6,117	6,027	5,790	5,115	5,099	4,970	4,854	4,971
Sewer	6,876	7,185	7,580	5,536	5,641	5,340	5,384	4,077	4,030	3,826
Other nonmajor enterprise funds	2,054	2,081	2,081	2,188	2,245	2,168	2,269	2,299	2,166	2,275
Capital grants and contributions	6,798	6,704	200	1,315	1,216	1,037	1,696	2,115	141	75
Total business-type activities program revenues	<u>95,905</u>	<u>97,329</u>	<u>84,789</u>	<u>91,814</u>	<u>81,118</u>	<u>79,879</u>	<u>79,605</u>	<u>67,266</u>	<u>60,191</u>	<u>56,013</u>
Total primary government program revenues	<u>165,170</u>	<u>180,098</u>	<u>156,036</u>	<u>157,577</u>	<u>153,041</u>	<u>136,766</u>	<u>137,150</u>	<u>118,734</u>	<u>112,466</u>	<u>104,732</u>
Net (expense) revenue:										
Governmental activities	(67,124)	(48,395)	(57,202)	(72,914)	(67,977)	(63,260)	(55,748)	(54,878)	(46,748)	(50,190)
Business-type activities	<u>17,790</u>	<u>13,927</u>	<u>7,660</u>	<u>12,093</u>	<u>4,436</u>	<u>10,621</u>	<u>9,747</u>	<u>7,628</u>	<u>1,603</u>	<u>206</u>
Total Primary Government Net Expense	<u>\$ (49,334)</u>	<u>\$ (34,468)</u>	<u>\$ (49,542)</u>	<u>\$ (60,821)</u>	<u>\$ (63,541)</u>	<u>\$ (52,639)</u>	<u>\$ (46,001)</u>	<u>\$ (47,250)</u>	<u>\$ (45,145)</u>	<u>\$ (49,984)</u>

(Continued on next page)

CITY OF NORWICH, CONNECTICUT
CHANGES IN NET ASSETS (CONTINUED)

LAST TEN FISCAL YEARS
(In Thousands)

	FISCAL YEAR									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
General revenues and other changes in net assets:										
Governmental activities:										
Property taxes	\$ 63,198	\$ 61,307	\$ 59,956	\$ 57,897	\$ 56,456	\$ 52,327	\$ 49,726	\$ 45,426	\$ 48,044	\$ 46,923
Unrestricted grants and contributions	4,315	4,391	4,372	5,480	5,407	5,522	4,786	5,030	5,250	9,643
Investment earnings	51	283	321	262	998	1,199	843	488	530	354
Other general revenues	890	1,414	998	558	631	910	540	1,217		
Transfers	7,439	8,277	7,202	7,133	7,026	6,219	5,385	5,006	(160)	
Total governmental activities	<u>75,893</u>	<u>75,672</u>	<u>72,849</u>	<u>71,330</u>	<u>70,518</u>	<u>66,177</u>	<u>61,280</u>	<u>57,167</u>	<u>53,664</u>	<u>56,920</u>
Business-type activities:										
Investment earnings	11	14	20	108	400	423	318	204	138	171
Transfers	(7,493)	(8,277)	(7,202)	(7,133)	(7,026)	(6,219)	(5,385)	(5,006)	160	
Total business-type activities	<u>(7,482)</u>	<u>(8,263)</u>	<u>(7,182)</u>	<u>(7,025)</u>	<u>(6,626)</u>	<u>(5,796)</u>	<u>(5,067)</u>	<u>(4,802)</u>	<u>298</u>	<u>171</u>
Total Primary Government	<u>\$ 68,411</u>	<u>\$ 67,409</u>	<u>\$ 65,667</u>	<u>\$ 64,305</u>	<u>\$ 63,892</u>	<u>\$ 60,381</u>	<u>\$ 56,213</u>	<u>\$ 52,365</u>	<u>\$ 53,962</u>	<u>\$ 57,091</u>
Changes in Net Assets:										
Governmental activities	\$ 8,769	\$ 27,277	\$ 15,647	\$ (1,584)	\$ 2,541	\$ 2,917	\$ 5,532	\$ 2,289	\$ 6,916	\$ 6,730
Business-type activities	<u>10,308</u>	<u>5,664</u>	<u>478</u>	<u>5,068</u>	<u>(2,190)</u>	<u>4,825</u>	<u>4,680</u>	<u>2,826</u>	<u>1,901</u>	<u>377</u>
Total Primary Government	<u>\$ 19,077</u>	<u>\$ 32,941</u>	<u>\$ 16,125</u>	<u>\$ 3,484</u>	<u>\$ 351</u>	<u>\$ 7,742</u>	<u>\$ 10,212</u>	<u>\$ 5,115</u>	<u>\$ 8,817</u>	<u>\$ 7,107</u>

Notes:

- (1) Schedule prepared on the accrual basis of accounting.
- (2) 10% of sales contribution from the Department of Public Utilities to the General Fund is classified as a transfer starting in fiscal year 2005. Before that, it was included in charges for services.

CITY OF NORWICH, CONNECTICUT
FUND BALANCES, GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS
(In Thousands)

	FISCAL YEAR									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
General Fund:										
Reserved	\$	\$	\$ 268	\$ 283	\$ 308	\$ 425	\$ 259	\$ 398	\$ 415	\$ 305
Unreserved			9,834	9,616	10,676	11,651	11,030	10,573	9,302	8,771
Assigned	264	178								
Unassigned	<u>10,371</u>	<u>10,649</u>								
Total General Fund	<u>\$ 10,635</u>	<u>\$ 10,827</u>	<u>\$ 10,102</u>	<u>\$ 9,899</u>	<u>\$ 10,984</u>	<u>\$ 12,076</u>	<u>\$ 11,289</u>	<u>\$ 10,971</u>	<u>\$ 9,717</u>	<u>\$ 9,076</u>
All other governmental funds:										
Reserved	\$	\$	\$ 1,776	\$ 1,729	\$ 2,095	\$ 3,170	\$ 3,077	\$ 2,475	\$ 2,051	\$ 2,679
Unreserved, reported in:										
Special revenue funds			2,915	2,183	2,487	2,746	2,577	2,532	3,617	514
Capital projects funds			3,911	(1,898)	(1,493)	(541)	2,460	3,265	1,610	622
Nonspendable	1,443	1,523								
Restricted	3,179	1,421								
Committed	4,271	4,344								
Unassigned	<u>(2,878)</u>	<u>(7,208)</u>								
Total All Other Governmental Funds	<u>\$ 6,015</u>	<u>\$ 80</u>	<u>\$ 8,602</u>	<u>\$ 2,014</u>	<u>\$ 3,089</u>	<u>\$ 5,375</u>	<u>\$ 8,114</u>	<u>\$ 8,272</u>	<u>\$ 7,278</u>	<u>\$ 3,815</u>

Notes:

- (1) Schedule prepared on the modified accrual basis of accounting.
- (2) Fund balance classifications were modified beginning in year 2011 with the adoption of GASB Statement 54.

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

	FISCAL YEAR									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Revenues:										
Property taxes, interest and liens	\$ 63,286	\$ 60,817	\$ 59,214	\$ 57,623	\$ 55,893	\$ 52,976	\$ 49,704	\$ 47,652	\$ 47,815	\$ 45,326
Intergovernmental	68,137	81,439	69,937	63,116	69,880	53,909	53,572	48,159	46,929	49,490
Charges for services, licenses, permits, fees and other	6,816	7,292	7,353	8,508	9,135	10,097	9,283	10,296	11,041	10,321
Investment income	50	283	321	260	991	1,171	813	462	517	379
Total revenues	<u>138,289</u>	<u>149,831</u>	<u>136,825</u>	<u>129,507</u>	<u>135,899</u>	<u>118,153</u>	<u>113,372</u>	<u>106,569</u>	<u>106,302</u>	<u>105,516</u>
Expenditures:										
General government	5,008	5,822	6,466	6,716	7,339	5,782	5,290	5,262	6,665	8,651
Public safety	19,685	19,447	17,832	18,606	17,348	16,163	15,634	13,736	12,725	12,646
Social services	4,125	4,029	4,261	4,640	4,313	4,272	4,273	3,782	3,094	2,319
Public works	10,187	9,633	9,421	10,359	10,944	10,412	9,964	10,095	9,178	7,399
Education	84,067	84,690	83,893	82,866	91,194	74,223	70,592	65,363	61,880	60,521
Other	4,795	3,411	3,461	3,693	4,365	4,286	3,531	3,529	2,832	1,720
Capital outlay	16,954	34,905	18,274	10,826	6,102	6,337	3,707	3,929	2,679	5,508
Debt service:										
Principal	3,915	3,475	3,530	2,835	3,356	3,616	3,975	3,928	4,180	4,135
Interest	1,075	1,297	713	1,199	1,342	1,425	1,631	1,759	1,998	2,517
Total expenditures	<u>149,811</u>	<u>166,709</u>	<u>147,851</u>	<u>141,740</u>	<u>146,303</u>	<u>126,516</u>	<u>118,597</u>	<u>111,383</u>	<u>105,231</u>	<u>105,416</u>
Excess of revenues over (under) expenditures	<u>(11,522)</u>	<u>(16,878)</u>	<u>(11,026)</u>	<u>(12,233)</u>	<u>(10,404)</u>	<u>(8,363)</u>	<u>(5,225)</u>	<u>(4,814)</u>	<u>1,071</u>	<u>100</u>
Other financing sources (uses):										
Transfers in	11,701	18,424	12,404	10,686	10,505	9,885	8,760	8,246	3,997	3,498
Transfers out	(4,262)	(10,147)	(5,202)	(3,553)	(3,479)	(3,666)	(3,375)	(3,240)	(4,157)	(3,498)
Issuance of capital leases		804				192				
Bonds issued	9,680		10,545	2,940				2,810	3,120	
Bond premium	181		125							
Refunding bonds issued	2,725		4,240					8,202	4,575	
Payment to refunding bond escrow agent	(2,760)		(4,295)					(8,128)	(4,502)	
Total other financing sources	<u>17,265</u>	<u>9,081</u>	<u>17,817</u>	<u>10,073</u>	<u>7,026</u>	<u>6,411</u>	<u>5,385</u>	<u>7,890</u>	<u>3,033</u>	<u>-</u>
Net change in fund balances	5,743	(7,797)	6,791	(2,160)	(3,378)	(1,952)	160	3,076	4,104	100
Fund Balances at Beginning of Year	10,907	18,704	11,913	14,073	17,451	19,403	19,243	16,167	* 12,891	12,791
Fund Balances at End of Year	<u>\$ 16,650</u>	<u>\$ 10,907</u>	<u>\$ 18,704</u>	<u>\$ 11,913</u>	<u>\$ 14,073</u>	<u>\$ 17,451</u>	<u>\$ 19,403</u>	<u>\$ 19,243</u>	<u>\$ 16,995</u>	<u>\$ 12,891</u>
Debt Service as a Percentage of Noncapital Expenditures	3.69%	3.57%	3.32%	2.98%	3.36%	4.20%	4.91%	5.27%	5.99%	6.66%

* as restated

Notes:

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

CITY OF NORWICH, CONNECTICUT

ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY

LAST TEN FISCAL YEARS
(In Thousands)

Fiscal Year	Grand List Year	Real Property		Motor Vehicle	Personal Property	Gross Taxable Grand List	Less Tax Exempt Property	Net Taxable Grand List	Total Adjusted Tax Levy (General Fund, CCD Fire Taxes and TCD Taxes)	Average Direct Rate (In Mills)	Estimated Actual Taxable Value	Taxable Assessed Value as a Percentage of Actual Taxable Value	State Equalized Net Grand List
		Industrial and Commercial	Residential										
2012	2010	\$ 453,611	\$ 1,663,064	\$ 186,880	\$ 132,490	\$ 2,436,045	\$ 41,816	\$ 2,394,229	\$ 63,162	\$ 26.38	\$ 3,420,327	70.00 %	\$ 2,942,694
2011	2009	467,731	1,656,685	202,209	118,062	2,444,687	36,522	2,408,165	60,982	25.32	3,440,236	70.00	3,147,981
	2010	433,291	1,666,402	194,403	114,906	2,409,002	30,891	2,378,111	58,839	24.74	3,397,301	70.00	3,400,922
	2009	344,640	1,235,104	208,756	112,575	1,901,075	24,841	1,876,234	57,972	30.90	2,680,334	70.00	3,615,569
	2008	341,360	1,225,489	183,186	92,878	1,842,913	23,384	1,819,529	55,469	30.49	2,599,327	70.00	3,559,366
	2007	326,636	1,213,923	177,323	93,706	1,811,588	19,898	1,791,690	53,057	29.61	2,559,557	70.00	3,592,741
	2006	326,235	1,190,123	165,690	90,463	1,772,511	27,325	1,745,186	49,389	28.30	2,493,123	70.00	3,276,807
	2005	408,784	1,095,366	153,492	100,570	1,758,212	24,916	1,733,296	46,563	26.86	2,476,137	70.00	2,502,936
	2004	273,991	679,020	154,864	83,388	1,191,263	25,168	1,166,095	45,234	38.79	1,665,850	70.00	2,512,264
	2003	270,108	669,398	152,670	82,207	1,174,383	28,500	1,145,883	43,449	37.92	1,636,976	70.00	2,155,512

Source: City of Norwich, Assessor's Office, Connecticut Office of Policy and Management

Notes:

- (1) 2008 and 2003 Real property grand list is adjusted to reflect statutory revaluation.
- (2) Assessed Value is 70% of Estimated Actual Value.

TABLE 6

CITY OF NORWICH, CONNECTICUT

PRINCIPAL PROPERTY TAXPAYERS

OCTOBER 1, 2010 AND OCTOBER 1, 2001

Business Name	Nature of Business	October 1, 2010			October 1, 2001		
		Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Computer Science Corporation	Computer Products & Services	\$ 32,494	1	1.36%	\$ 12,547	2	1.09%
Bob's Discount Furniture	Retail Store & Distribution Warehouse	25,397	2	1.06%	4,837	8	0.42%
Plaza Enterprises	Shopping Center	14,782	3	0.62%			
Freeport-McMoran (fka Phelps Dodge)	Manufacturing - Copper	14,064	4	0.59%	13,790	1	1.20%
Mashantucket Pequot Tribe	Real Estate	10,045	5	0.42%	7,639	3	0.67%
Wal-Mart Stores, Inc.	Department Store	10,010	6	0.42%	4,482	9	0.39%
Dime Savings Bank	Bank	9,506	7	0.40%			
SEA Norwich LLC	Shopping Center	9,164	8	0.38%			
Algonquin Gas Transmissions LLC	Natural Gas Pipeline	9,007	9	0.38%			
Norwich Community Development Corporation	Office Building	8,870	10	0.37%			
Norwich Mall Realty Associates	Shopping Center				7,255	4	0.63%
Hamilton Park Wequonnoc Village	Apartments				6,151	5	0.54%
Kalimian Elias as Trustee	Apartments				5,189	6	0.45%
Norwich Realty Associates LP	Real Estate				4,902	7	0.43%
US Foodservice	Food Distributors				4,138	10	0.36%
Total		\$ 143,339		5.99%	\$ 70,930		6.19%

Source: City of Norwich Assessor's Office

Note:

(1) The October 1, 2010 grand list was the base grand list utilized for the tax bills issued July 1, 2011 for the 2012 fiscal year.

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

Fiscal Year Ended June 30,	Net Taxable Grand List	Mill Rate	Adjusted Tax Levy	Collections Within the Fiscal Year of Levy		Tax Collections In Subsequent Years	Tax Collections To Date		Total Direct Rates	
				Amount	Percentage of Levy		Amount	Percentage of Levy	City Consolidated District	Town Consolidated District
General Fund										
2012	\$ 2,394,228	24.76	\$ 59,110	\$ 57,141	96.67%	\$ -	\$ 57,141	96.67%	28.83	25.12
2011	2,408,165	24.04	57,006	54,816	96.16%	1,192	56,008	98.25%	28.02	24.40
2010	2,378,111	23.48	55,162	53,056	96.18%	1,524	54,580	98.94%	27.11	23.84
2009	1,876,234	29.24	54,309	52,081	95.90%	2,100	54,181	99.76%	34.10	29.66
2008	1,819,529	28.57	51,980	50,213	96.60%	1,722	51,935	99.91%	33.32	28.93
2007	1,791,750	27.77	49,971	48,324	96.70%	1,615	49,939	99.94%	32.02	28.08
2006	1,745,186	26.72	46,541	44,977	96.64%	1,530	46,507	99.93%	30.75	27.02
2005	1,733,296	25.69	43,999	42,681	97.00%	1,290	43,971	99.94%	29.53	25.90
2004	1,166,095	36.47	42,774	41,136	96.17%	1,621	42,757	99.96%	42.11	36.77
2003	1,145,883	35.62	41,064	39,438	96.04%	1,610	41,048	99.96%	41.11	35.92
City Consolidated District (CCD) Fire Tax										
2012	\$ 870,134	4.07	\$ 3,496	\$ 3,329	95.22%	\$ -	\$ 3,329	95.22%		
2011	870,134	3.98	3,426	3,251	94.89%	85	3,336	97.37%		
2010	870,088	3.63	3,136	2,991	95.38%	106	3,097	98.76%		
2009	650,100	4.86	3,154	2,981	94.51%	165	3,146	99.75%		
2008	641,583	4.75	3,064	2,930	95.63%	130	3,060	99.87%		
2007	633,603	4.25	2,724	2,595	95.26%	126	2,721	99.89%		
2006	620,505	4.03	2,511	2,399	95.54%	110	2,509	99.92%		
2005	614,657	3.84	2,332	2,233	95.75%	96	2,329	99.87%		
2004	392,560	5.64	2,227	2,142	96.18%	83	2,225	99.91%		
2003	390,492	5.49	2,157	2,072	96.06%	83	2,155	99.91%		
Town Consolidated District (TCD) Volunteer Fire Relief Tax										
2012	\$ 1,524,094	0.36	\$ 556	\$ 544	97.84%	\$ -	\$ 544	97.84%		
2011	1,538,031	0.36	545	537	98.53%	8	545	100.00%		
2010	1,508,023	0.36	536	525	97.95%	11	536	100.00%		
2009	1,226,134	0.42	510	491	96.27%	18	509	99.80%		
2008	1,177,946	0.36	424	411	96.93%	13	424	100.00%		
2007	1,158,147	0.31	361	351	97.23%	10	361	100.00%		
2006	1,124,681	0.30	337	326	96.74%	11	337	100.00%		
2005	1,118,639	0.21	232	226	97.41%	6	232	100.00%		
2004	773,535	0.30	233	225	96.57%	9	234	100.43%		
2003	755,391	0.30	228	219	96.05%	9	228	100.00%		

CITY OF NORWICH, CONNECTICUT
RATIOS OF OUTSTANDING DEBT BY TYPE

LAST TEN FISCAL YEARS
(In Thousands)

Fiscal Year	Governmental Activities		Business-Type Activities			Total Debt			
	General Obligation Bonds	Capital Leases	General Obligation Bonds	Notes	Capital Leases	Total Primary Government	Ratio of Debt to Taxable Assessed Value	Ratio of Debt to Total Personal Income	Debt Per Capita
	2012	\$ 29,951	\$ 730	\$ 7,454	\$ 3,744	\$ 1,621	\$ 43,500	1.82%	4.12%
2011	26,736	804	4,904	4,269	1,717	38,430	1.60%	4.00%	949
2010	29,582	42	5,264	4,481	2,020	34,355	1.44%	4.75%	1,127
2009	21,936	80	5,624	4,027	2,688	34,355	1.83%	3.58%	944
2008	21,596	115	5,937	4,995	3,174	35,817	1.97%	4.78%	983
2007	24,952	146	6,576	5,430	1,402	38,506	2.15%	5.14%	1,058
2006	28,568		7,217	5,854	1,617	43,256	2.48%	5.76%	1,176
2005	32,700 *		7,795 *	6,269	2,222	48,986	2.83%	6.54%	1,352
2004	40,325		555	6,619	1,641	49,140	4.21%	6.56%	1,357
2003	40,945		630	7,019	1,806	50,400	4.40%	6.73%	1,415

* Sewer extension bonds converted to business-type activity

Notes:

- (1) 2008 and 2003 Real property taxable assessed value adjusted to reflect statutory revaluation.
- (2) Details regarding the City's outstanding debt can be found in the notes to the financial statements.

CITY OF NORWICH, CONNECTICUT

STATEMENT OF DEBT LIMITATION

JUNE 30, 2012

(In Thousands)

Total Tax Collections, Including Interest and Lien Fees					\$	59,244
Total Tax Collections, Norwich Fire District						4,040
Reimbursement for Loss on:						
Tax relief for elderly - freeze						<u>10</u>
Base					\$	<u><u>63,294</u></u>
		General				
		Purpose	Schools	Sewers	Urban	Pension
					Renewal	Deficit
Debt Limitation:						
2-1/4 times base	\$	142,412	\$		\$	
4-1/2 times base			284,823			
3-3/4 times base				237,353		
3-1/4 times base					205,706	
3 times base						189,882
		<u>142,412</u>	<u>284,823</u>	<u>237,353</u>	<u>205,706</u>	<u>189,882</u>
Total debt limitation		<u>142,412</u>	<u>284,823</u>	<u>237,353</u>	<u>205,706</u>	<u>189,882</u>
Indebtedness:						
Bonds and serial						
notes payable		24,521	9,100	12,486		
Bonds authorized and						
unissued		5,930	1,060	600		
Grants receivable			(198)			
		<u>30,451</u>	<u>9,962</u>	<u>13,086</u>	<u>-</u>	<u>-</u>
Total indebtedness		<u>30,451</u>	<u>9,962</u>	<u>13,086</u>	<u>-</u>	<u>-</u>
Debt Limitation in						
Excess of Outstanding						
and Authorized Debt	\$	<u>111,961</u>	\$	<u>274,861</u>	\$	<u>224,267</u>
					\$	<u>205,706</u>
					\$	<u>189,882</u>

Note 1: In no event shall total debt exceed seven times annual receipts from taxation. The maximum amount permitted would be \$443 million.

Note 2: Bonds authorized and unissued represent bond authorizations for which bonds have been issued to partially finance the project or interim financing has been issued.

Note 3: Bonds and serial notes payable do not include Water bonds of \$158 and State of Connecticut serial notes payable of \$1,908.

Note 4: School Building Grants totaling \$198 are applicable to outstanding bond issues.

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

	FISCAL YEAR									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Legal Debt Limit:										
Seven times taxable base	\$ 443,058	\$ 427,106	\$ 416,010	\$ 416,010	\$ 391,216	\$ 369,635	\$ 348,698	\$ 333,578	\$ 329,433	\$ 320,343
Indebtedness:										
Bonds and serial notes payable	48,173	35,909	39,596	39,631	32,528	36,958	41,639	46,764	47,499	50,400
Bonds authorized and unissued	7,590	18,265	17,290	15,990	7,240	2,705	2,705	2,705	4,640	4,455
Total indebtedness	55,763	54,174	56,886	55,621	39,768	39,663	44,344	49,469	52,139	54,855
Less:										
Water bonds and serial notes payable	(2,066)	(3,151)	(3,964)	(3,968)	(4,350)	(4,729)	(3,045)	(3,357)	(1,044)	(1,139)
School building grants	(198)	(300)	(402)	(507)	(612)	(722)	(988)	(1,262)	(1,842)	(1,943)
Net indebtedness applicable to legal debt limit (1)	53,499	50,723	52,520	51,146	34,806	34,212	40,311	44,850	49,253	51,773
Debt Limitation in Excess of Outstanding and Authorized Debt (1)	\$ 389,559	\$ 376,383	\$ 363,490	\$ 364,864	\$ 356,410	\$ 335,423	\$ 308,387	\$ 288,728	\$ 280,180	\$ 268,570
Total net debt applicable to the limit as a percentage of debt limit	12.07%	11.88%	12.62%	12.29%	8.90%	9.26%	11.56%	13.45%	14.95%	16.16%
Total indebtedness as a percentage of net taxable assessed value (1)	2.23%	2.11%	2.21%	2.726%	1.913%	1.909%	2.310%	2.588%	4.224%	4.518%
Total indebtedness per capita (1)	\$ 1,321	\$ 1,253	\$ 1,433	\$ 1,406	\$ 956	\$ 940	\$ 1,099	\$ 1,238	\$ 1,360	\$ 1,453
Calculation of Continuing Disclosure Agreement Ratios:										
Total indebtedness per legal debt limit calculation	\$ 55,763	\$ 54,174	\$ 56,886	\$ 55,621	\$ 39,768	\$ 39,663	\$ 44,344	\$ 49,469	\$ 52,139	\$ 54,855
Less authorized and unissued debt	(7,590)	(18,265)	(17,290)	(15,990)	(7,240)	(2,705)	(2,705)	(2,705)	(4,640)	(4,455)
Total direct debt	48,173	35,909	39,596	39,631	32,528	36,958	41,639	46,764	47,499	50,400
Less water and sewer indirect self-funding debt	(10,926)	(9,650)	(9,745)	(9,650)	(10,932)	(12,006)	(13,071)	(14,064)	(7,089)	(6,079)
Less school building grants	(198)	(300)	(402)	(507)	(612)	(722)	(988)	(1,262)	(1,842)	(1,943)
Total Net Direct Debt	\$ 37,049	\$ 25,959	\$ 29,449	\$ 29,474	\$ 20,984	\$ 24,230	\$ 27,580	\$ 31,438	\$ 38,568	\$ 42,378
Total direct debt as a percentage of State Equalized grand list	1.637%	1.141%	1.164%	1.096%	0.914%	1.029%	1.271%	1.868%	1.891%	2.338%
Total direct debt per capita	\$ 1,190	\$ 887	\$ 1,081	\$ 1,089	\$ 893	\$ 1,015	\$ 1,135	\$ 1,291	\$ 1,311	\$ 1,415
Total net debt as a percentage of State Equalized grand list	1.259%	0.825%	0.866%	0.815%	0.590%	0.674%	0.842%	1.256%	1.535%	1.966%
Total net debt per capita	\$ 915	\$ 641	\$ 804	\$ 810	\$ 576	\$ 666	\$ 752	\$ 868	\$ 1,065	\$ 1,189

(1) Total and net indebtedness calculated in accordance with Connecticut General Statutes.

(2) The City has no overlapping debt.

(3) The Equalized Net Grand List is calculated annually by the State of Connecticut Office of Policy & Management. The latest available figures are for grant list 10/1/2008.

CITY OF NORWICH, CONNECTICUT
DEMOGRAPHIC AND EMPLOYMENT STATISTICS
LAST TEN FISCAL YEARS

Fiscal Year	Population (1)	(in thousands)		School Enrollment (2)	Employed (3)	Unemployed (3)	Median Household Income (5)	Percentage Unemployed (3)			
		Total Personal Income (6)						City of Norwich (3)	New London/ Norwich Market (3)	State of Connecticut (3)	United States (4)
2012	40,493	\$ 1,055,463		5,330	20,719	2,110	\$ 52,186	9.2%	8.6%	8.4%	8.2%
2011	40,493	960,133		5,356	19,386	2,177	N/A	10.1%	8.7%	9.0%	9.1%
2010	36,639	960,133		5,449	19,315	2,090	47,851	9.8%	8.6%	8.9%	9.6%
2009	36,388	960,133		5,519	19,231	1,858	48,505	8.8%	7.6%	7.9%	9.5%
2008	36,408	749,139		5,544	19,706	1,448	48,064	6.8%	5.9%	5.9%	6.0%
2007	36,408	749,139		5,531	20,083	1,033	46,907	4.9%	4.2%	4.4%	4.6%
2006	36,693	749,139		5,645	20,284	1,044	43,608	4.9%	4.2%	4.4%	4.6%
2005	36,218	749,139		5,425	20,033	1,248	42,656	5.9%	4.9%	5.3%	4.9%
2004	36,218	749,139		5,507	19,745	1,207	42,075	5.8%	4.3%	4.8%	5.8%
2003	35,628	749,139		5,491	19,561	1,239	42,113	6.0%	4.6%	5.2%	6.5%

Sources:

- (1) State of Connecticut Department of Public Health, US Census Bureau
- (2) U.S. Census Bureau, 2000 Census and 2006-2010 American Community Survey
- (3) School enrollment includes Norwich students attending the quasi-private high school, Norwich Free Academy.
- (4) Labor Department, State of Connecticut.
- (5) U.S. Department of Labor Bureau of Labor Statistics
- (6) Connecticut Economic Resource Center, Inc. and 2006-2010 American Community Survey

CITY OF NORWICH, CONNECTICUT

PRINCIPAL EMPLOYERS

CURRENT YEAR AND 2003

Business Name	Nature of Business	2012			2003		
		Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
William W. Backus Hospital	Medical Center	1,687	1	8.14%	1,537	1	7.86%
City of Norwich (incl. NPU & BOE)	Municipality	991	2	4.78%	944	2	4.83%
State of Connecticut	All State agencies	966	3	4.66%	166	7	0.85%
Bob's Discount Furniture	Retail Store & Warehouse	530	4	2.56%			
Electric Boat	Engineering for submarines	485	5	2.34%			
Interim Healthcare of Eastern CT	Healthcare	400	6	1.93%			
The American Group	Ambulance Service and other operations	303	7	1.46%	200	5	1.02%
ShopRite	Grocery Store	268	8	1.29%			
Norwich Free Academy	Quasi-private high school	264	9	1.27%			
Computer Science Corporation	Computer Products & Services	250	10	1.21%	476	3	2.43%
US Foodservice	Food Distributors				250	4	1.28%
Phelps Dodge	Manufacturing - Copper				177	6	0.90%
Ortronics	Communication Technology				160	8	0.82%
Gunther International	Light Machinery Assembly				150	9	0.77%
Total		6,144		29.65%	4,060		20.76%

Source: Norwich Community Development Corporation

CITY OF NORWICH, CONNECTICUT

BUDGETED FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM

LAST TEN FISCAL YEARS

	FISCAL YEAR									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
General City:										
City Manager	2.0	2.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
Finance	12.0	12.0	12.0	14.0	15.0	14.0	14.0	14.0	14.0	15.0
Treasurer	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
Assessment	4.0	4.0	4.0	4.0	4.0	4.0	3.5	3.5	3.5	4.0
Personnel	3.6	4.5	4.5	4.5	4.5	4.5	4.5	4.5	4.5	5.5
City Clerk	4.0	5.0	5.0	6.0	6.0	5.0	5.0	5.0	5.0	5.0
City Council	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Police	100.0	94.0	96.0	98.0	98.0	100.0	100.0	101.0	100.5	102.5
Fire	59.6	59.5	59.5	59.5	59.5	55.5	55.5	55.5	55.0	55.5
Recreation	5.5	6.0	6.0	7.0	7.0	7.0	7.0	7.0	6.0	9.0
Human Services	7.0	8.5	8.5	8.5	8.5	8.5	8.5	8.5	8.5	10.5
Senior Citizens Center	6.5	6.5	6.5	7.0	7.0	6.0	6.0	6.0	6.0	7.0
Youth Service Bureau	2.0	2.0	2.0	3.0	3.0	3.0	3.0	3.0	3.0	5.0
PW Engineering and Administration	5.0	6.0	6.0	6.0	6.0	6.0	7.0	7.0	6.5	8.0
PW Fleet Maintenance	7.0	7.0	7.0	9.0	9.0	9.0	9.0	9.0	9.0	10.0
PW Solid Waste	3.0	3.0	3.0	3.0	3.0	2.0	2.0	3.0	3.0	3.0
PW Street Maintenance	36.0	38.0	39.0	41.0	41.0	32.0	32.0	33.0	33.0	35.0
PW Parks & Cemeteries	0.0	0.0	0.0	0.0	0.0	9.0	9.0	10.0	11.0	12.0
PW Building Maintenance	8.0	8.0	9.0	9.0	9.0	7.0	6.0	7.0	7.0	8.0
PW Parking Maintenance	1.0	1.0	1.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Election	2.0	2.0	2.0	2.5	2.5	2.5	2.5	2.5	2.5	3.0
Planning and Neighborhood Services	10.0	12.0	13.0	14.5	14.5	13.0	13.0	12.0	11.0	12.5
Economic Development	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Emergency Management	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Tourism	0.0	0.0	0.0	0.5	0.5	0.5	0.5	0.5	0.5	0.5
Total General City	<u>284.2</u>	<u>287.0</u>	<u>293.0</u>	<u>308.0</u>	<u>309.0</u>	<u>299.5</u>	<u>299.0</u>	<u>303.0</u>	<u>300.5</u>	<u>322.0</u>
Board of Education:										
General Fund - funded positions	342.5	286.4	392.1	406.4	387.5	384.2	373.8	386.3	375.9	392.1
State and federal grant - funded positions	65.7	193.0	125.3	125.3	111.3	117.1	114.1	99.8	86.6	74.7
School Lunch (state and federal grant)	37.5	46.0	30.0	30.0	39.0	39.0	39.0	39.0	40.0	42.0
Adult Education (state and federal grant)	12.0	12.0	12.0	12.0	12.0	13.0	13.0	13.0	12.0	11.0
Family Resource Center (state grant)	24.5	24.5	24.5	24.5	25.5	22.0	24.0	10.0	10.0	10.0
Total Board of Education	<u>482.2</u>	<u>561.9</u>	<u>583.9</u>	<u>598.2</u>	<u>575.3</u>	<u>575.3</u>	<u>563.9</u>	<u>548.0</u>	<u>524.5</u>	<u>529.8</u>
Norwich Public Utilities	152.0	142.5	139.5	139.5	137.0	137.0	137.0	137.0	136.5	138.0
Total	<u>918.4</u>	<u>991.4</u>	<u>1,016.4</u>	<u>1,045.7</u>	<u>1,021.3</u>	<u>1,011.8</u>	<u>999.9</u>	<u>988.0</u>	<u>961.5</u>	<u>989.8</u>

Source: City Adopted Budget documents

CITY OF NORWICH, CONNECTICUT

OPERATING INDICATORS BY FUNCTION/PROGRAM

LAST TEN FISCAL YEARS

Function	FISCAL YEAR									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
General Government:										
Finance:										
Number of tax and refuse bills mailed	50,175	49,950	50,000	68,000	68,000	68,144	68,182	67,225	66,048	65,643
Number of internal control reviews performed	2	2	3	3	3	7	2	7	4	-
Assessor:										
Number of deeds processed	982	1,132	1,500	2,550	1,500	1,310	2,100	1,800	1,600	998
Personal property declarations	1,795	1,856	1,650	1,130	1,200	1,234	1,400	N/A	N/A	N/A
Board of assessment appeals adjustments	37	77	147	100	230	240	150	225	425	249
Human Resources:										
Number of applications processed	1,475	476	960	1,067	2,339	1,149	1,518	1,850	1,221	1,801
Vacancies filled through promotion	14	4	6	11	35	15	24	12	28	20
Vacancies filled through new hires	19	2	8	21	39	28	23	33	33	22
Employee turnover rate	7.0%	6.0%	5.6%	2.0%	4.6%	6.0%	4.2%	5.4%	7.1%	3.7%
City Clerk:										
Land records recorded	6,154	5,753	6,364	6,486	7,891	9,532	11,124	11,397	11,401	9,882
Marriage licenses issued	301	270	323	326	305	331	357	353	372	265
Death certificates recorded	509	520	472	508	458	550	561	638	542	579
Birth certificates recorded	940	884	978	960	1,070	1,037	998	1,210	1,594	1,220
Management Information Systems:										
Help desk calls	1,995	2,360	1,900	1,600	1,380	1,800	1,700	1,700	1,800	1,250
Website visits	200,043	170,527	165,923	149,317	130,000	256,817	94,797	27,500	27,500	12,000
Election:										
Voters added	667	1,060	438	3,289	1,202	580	567	1,200	1,096	1,273
Voters removed	683	1,235	1,001	813	964	651	87	800	1,058	1,249
Voter changes	2,021	3,049	2,376	2,303	1,139	1,425	1,648	650	927	1,324
Total voters	20,474	20,951	21,126	21,689	18,129	17,891	18,346	19,000	17,987	17,863
Planning and Neighborhood Services:										
Site development plans	4	15	7	16	31	27	19	18	21	8
Zoning permit applications	672	398	327	370	446	482	503	471	456	137
Zoning complaints	351	185	167	240	248	170	130	142	138	57
Code violations	572	1,975	1,285	1,361	1,633	250	1,170	475	465	169
Citations issued	375	225	287	240	180	229	165	119	208	94
Education:										
Average Class Size - Kindergarten	18.5	18.4	18.3	18.3	17.5	17.7	18.0	16.4	17.8	N/A
Average Class Size - Grade 2	19.4	18.1	17.9	18.8	18.9	20.0	18.6	19.5	18.2	N/A
Average Class Size - Grade 5	20.3	21.2	21.0	19.1	18.9	19.1	20.0	20.5	20.4	N/A
Average Class Size - Grade 7	19.8	17.1	20.1	21.1	19.0	23.7	22.0	21.9	21.2	N/A
Total expenditure per student	N/A \$	N/A \$	13,398 \$	13,142 \$	12,616 \$	11,594 \$	10,771 \$	9,816 \$	9,450 \$	9,219

(Continued on next page)

CITY OF NORWICH, CONNECTICUT

OPERATING INDICATORS BY FUNCTION/PROGRAM (CONTINUED)

LAST TEN FISCAL YEARS

Function	FISCAL YEAR									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Public Safety:										
Police:										
911 calls*	23,064	21,825	20,548	20,291	21,330	19,212	19,160	19,575	N/A	N/A
Non-emergency calls*	32,499	36,078	35,815	38,846	30,329	33,740	35,664	20,932	N/A	N/A
DWI arrests*	207	241	212	252	158	155	150	188	N/A	N/A
Fire:										
Central Fire Department Service Calls	2,422	2,330	2,659	2,442	2,627	2,629	2,942	2,503	3,088	2,571
East Great Plain VFD Service Calls	936	961	855	912	1,015	864	866	800	688	688
Laurel Hill VFD Service Calls	106	121	85	117	102	75	105	126	93	102
Occum VFD Service Calls	N/A	191	182	199	192	202	232	238	325	207
Taftville VFD Service Calls	713	706	717	614	698	631	539	538	450	495
Yantic VFD Service Calls	621	643	658	544	604	593	580	568	595	530
Emergency Management:										
Hours of emergency training	N/A	1,075	775	725	875	715	870	1,250	920	70
Shelters maintained	N/A	19	19	19	19	19	19	19	19	18
Flood assistance calls	N/A	217	176	74	74	122	73	41	62	N/A
Social Services:										
Recreation:										
Number of youth registrations	3,671	4,500	4,600	4,618	3,870	4,510	4,750	4,732	4,821	4,235
Number of youth program hours	3,530	1,900	1,900	1,980	2,045	2,205	2,000	1,970	1,971	N/A
Adults & Seniors registrations	86	N/R	N/R	N/R						
Adults & Seniors program hours	401	N/R	N/R	N/R						
Human Services:										
General Human Services:										
Job placements	251	185	206	190	190	243	153	119	133	989
Individuals relocated due to condemnation	50	78	49	77	72	36	30	85	55	74
Rent and housing assistance cases	107	92	117	139	94	83	79	80	49	139
Senior Center:										
Preventative health clinic services	10,059	8,560	2,500	2,550	2,500	3,450	3,206	4,500	4,900	4,260
Outreach services	627	890	970	978	753	976	836	200	280	490
Youth and Family Services:										
Counseling cases	95	97	126	130	142	143	117	168	175	135
Young parent cases	37	18	40	35	78	98	92	107	97	68
Youth employment	121	152	148	94	N/A	N/A	N/A	N/A	N/A	N/A
Juvenile justice / diversion	33	37	31	44	N/A	N/A	N/A	N/A	N/A	N/A
Public Works:										
Engineering and Administration:										
Road miles paved	4.8	6.4	4.8	6.4	4.7	5.3	4.2	3.0	6.6	6.0
Road miles chip sealed or crack sealed	3.0	N/R	N/R	N/R						
Department of Public Utilities:										
Gas service calls	3,989	4,131	4,229	5,004	4,967	6,136	5,552	6,294	4,740	5,328
Electric service calls	3,570	1,771	1,640	1,830	1,508	3,125	2,406	3,010	2,672	1,606
Water service calls	1,910	3,053	2,988	3,653	3,440	3,434	4,717	4,542	3,580	3,125
Sewer service calls	120	80	78	164	402	423	341	250	237	-

N/A - not available

* Statistics are reported on a calendar year basis. For example, in the fiscal year 2006 column, these are the statistics for calendar year 2005.

Source: The respective City Departments

N/A - not available

N/R - Not reported previously

CITY OF NORWICH, CONNECTICUT
CAPITAL ASSET STATISTICS BY FUNCTION
LAST TEN FISCAL YEARS

	FISCAL YEAR									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Education:										
School buildings	13	13	13	15	15	15	15	15	14	14
Administrative buildings	1	1	1	1	1	1	1	1	1	1
Public Safety:										
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Vehicles	39	39	39	39	39	39	39	39	39	39
Fire:										
Firefighting/rescue vehicles	27	27	27	27	26	26	26	26	26	26
Other vehicles	11	11	11	11	11	11	11	11	11	11
Fire stations	7	7	7	7	7	7	7	7	7	7
Social Services:										
Recreation:										
Number of basketball courts	16	16	16	16	16	16	16	16	15	15
Number of football fields	1	1	1	1	1	1	1	1	1	1
Number of multi-use fields	15	15	15	15	15	15	15	15	15	15
Number of playgrounds	14	14	14	14	14	14	14	14	13	13
Number of soccer fields	4	4	4	4	4	4	4	4	4	4
Number of softball fields	5	5	5	5	5	5	5	5	5	5
Number of tennis courts	10	10	10	10	10	10	10	10	10	10
Mowers	5	5	5	5	5	5	5	5	5	5
Other vehicles	5	5	5	5	4	4	4	4	4	4
Public Works:										
Street Maintenance:										
Dump trucks	23	23	23	23	23	25	25	25	25	25
Sweepers	3	4	4	4	4	4	4	4	4	4
Parks and Cemeteries:										
Parks	7	7	7	7	7	7	7	7	7	7
Cemeteries	8	8	8	8	8	8	8	8	8	8
Mowers	11	10	10	10	10	8	8	7	6	-

(Continued on next page)

CITY OF NORWICH, CONNECTICUT
CAPITAL ASSET STATISTICS BY FUNCTION (CONTINUED)
LAST TEN FISCAL YEARS

	FISCAL YEAR									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Building Maintenance:										
Parking lots	12	12	12	12	12	9	9	9	9	9
Parking garages	4	3	3	3	3	3	3	3	3	3
Utilities:										
Gas:										
Gas distribution main (miles)	141	133	133	131	130	129	127	126	122	122
Electric:										
Distribution lines	229	231	230	229	228	228	228	250	250	250
Street lights	4290	4290	4,103	4,109	4,109	4,099	4,291	4,291	4,291	4,291
Water:										
Water distribution system (miles)	190	194	188	188	187	187	164	150	150	150
Sewer:										
Sewer distribution system (miles)	121	124	117	119	118	118	118	118	118	118
Fiber Optic:										
Fiber optic cable (miles)	65	65	68	67						

Source: The respective City Departments