

CITY OF NORWICH, CONNECTICUT
COMPREHENSIVE ANNUAL FINANCIAL REPORT



FISCAL YEAR ENDED JUNE 30, 2013
DEPARTMENT OF FINANCE
UNION SQUARE
NORWICH, CONNECTICUT

Comprehensive Annual Financial Report

of the

City of Norwich, Connecticut

Fiscal Year Ended June 30, 2013

Prepared By:

City of Norwich Finance Department

Joshua A. Pothier, CPA
Comptroller

Anthony Madeira
Accountant

CITY OF NORWICH, CONNECTICUT

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Introductory Section



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December 4, 2013

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, 2013. 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 \$1,411 for fiscal year 2011, the ninth 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 premium Ice Cream Stand across the Yantic River at Howard Brown Park. Future expansion plans at the Marina property are multi-phased and improvements are expected to continue over the next few years.
- *Route 82 CVS Drug Store.* A new CVS facility was constructed on the site of the former Olympic Pizza and two adjacent parcels. 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 has been completely redesigned and repurposed to meet today's trends in retail sales and is no longer an enclosed mall.
- *Ponemah Mill Adaptive Reuse Project.* This \$51 million project will convert a 19th century Taftville mill into 237 residential apartment units. The first phase is 113 units and approximately \$24 million which is nearing the completion of finance assembly. The first phase of the 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 corporate standard.
- *Former Friendly's Restaurant next to Marcus Plaza.* Konover Corporation purchased this property and will make site improvements to better facilitate vehicle access to the Plaza. They are also completing a major facelift for the existing center including new signage. They have plans on establishing a new sit-down restaurant on an outer portion of the parking lot in the near future.
- *Philly's Cheesesteak* acquired a lease on a neighboring property and began renovations to expand their facility by a factor of three.
- *US Foods-* Norwich incorporated some operations of facilities out of the greater Boston area, growing their workforce by 100 and their truck fleet by 52.
- *State of Connecticut Small Business Express.* Five small businesses received funding from this program to expand their operations and add eight employees over the next 24 months.
- *The former Decorative Screen Printers* building at 9 Wisconsin Ave in the Business Park was purchased by new owners who have invested approximately \$1 million in upgrades to the property in preparation for new tenants.

- *A walk-in medical center* opened in Staples Plaza and the Plaza owner expanded the parking lot to accommodate the added demand.
- *The Red Cross* opened a new blood drawing center in the Staples Plaza.

Housing Market

The market remains relatively unchanged from last year in terms of total available housing stock, percent of occupied housing units versus vacant units, percent of owner-occupied units versus investor/rental units, and number of construction permits issued.

The median sales prices for homes seasonally adjusted throughout the year and experienced a 0.9% decrease over this same time last year. During 2012, there were 324 residential property sales. In comparison for 2013, the City is experiencing an increase in listings, with a total of 390 active residential properties on the market. From January through August 2013, the City received notice of 64 foreclosure related actions. This represents a slight decrease in foreclosure actions over this time last year.

While construction is traditionally a driver of supply in real estate, foreclosures and short-sales now have a strong impact on inventories. One concern is that rising inventories, through construction and distressed sales, will place downward pressure on the median house value. Fortunately, Norwich maintains a market that is more affordable than most, with median home prices being equal to about 1.6 times resident income. Since the national average for housing costs is at approximately 2.5 times resident income, Norwich's affordability levels make it prime for improved market stability as a stronger economy returns to Connecticut.

State of Connecticut Building & Infrastructure Projects

- *West Town Street/ Washington Street Paving.* The Connecticut Department of Transportation resurfaced a section of these streets in May and June 2013.
- *Bridge No. 02588.* The Department of Transportation completed the replacement of the bridge that carries Route 97 over Byron Brook in the fall of 2012.
- *Three Rivers Community College.* The college was consolidated into its New London Turnpike location in an \$85.6 million, 295,644 square-foot project which was completed in 2009.

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. Incentives comprised strictly of business and projects of five residential units or more, which includes programs for building code correction assistance, commercial lease rebates, and revolving loan fund. The City's designated development agency- Norwich Community Development Corporation is administering the five-year program. The three Downtown Revitalization 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 to date have had 100 applications with a 10% acceptance rate with a payout and encumbered value of over \$800,000. Marketing has expanded throughout the region and is heavily promoted to the brokerage community.

- *Gas Line Extensions.* Norwich Public Utilities (NPU) continues to lead the state in Natural Gas Service expansion with the \$11 million in total bond funding approved by the voters. In FY13 NPU installed over 2.3 miles of gas main and 4 miles of services to 285 new residential and commercial customers. NPU has also partnered with CEFIA (The Clean Energy Finance and Investment Authority) and Smart Power to promote the benefits of Natural Gas to Norwich residents through community based initiatives while providing financing options through local lenders and technical assistance. All of this is funded by the State of Connecticut and is in direct alignment with the Governor’s Comprehensive Energy Strategy.
- *Road Improvements.* The residents of the City of Norwich passed a bond referendum item in November 2013 for \$5 million of infrastructure improvements. The City spent a total of \$1,450,600 of combined bond funds (from a 2009 Road Improvement Bond) and capital funds during fiscal year 2013 to repave or reconstruct 6.8 miles of City roads. In addition, the City also expended \$134,500 in preventative maintenance measures such as crack sealing and chip sealing to extend the expected life of an additional 6.0 miles of moderately deteriorated City roads.
- *Municipal Area Network.* Norwich Public Utilities (NPU) continued to build upon and leverage their Municipal Area Network (MAN). The network consists of 32 miles of 144 strand fiber optic cabling around the city in two “loops.” The fiber provides high-speed data, video and communications connectivity that is 600 times faster than any other data network available in Norwich. NPU has recently connected the fiber across the entirety of the Norwich MAN with the Connecticut Education Network, as part of the Nutmeg Network’s award from the Broadband Technologies Opportunities Program (BTOP) to help improve communications capabilities throughout the State of Connecticut. This implementation has expanded the connectivity opportunities of NPU and the City with a 100% redundancy for internet services and opens the door for improved disaster recovery services and network monitoring. NPU is also using the MAN to support public safety in conjunction with the Norwich Police Department (NPD) with the deployment of four cameras along Central Avenue in Greenville and four cameras in the City’s Intermodal Transportation Center. The MAN provides for high definition resolution video capture from these cameras and subsequent transportation across the network at speeds not possible with copper wire installations. The above camera program has been so successful, that NPU is currently in the process of installing a dozen more cameras across the downtown landscape for the NPD.
- *Drinking Water Infrastructure.* Norwich Public Utilities has embarked on a water infrastructure improvement program. The upgrades will be paid for through a combination of state grants and low interest loans from the Drinking Water Revolving Fund (DWRF). In FY13 design work started on the replacement of the main pumps and control systems at the Deep River Drinking Water Treatment Plant, re-lining of approximately 3,500 ft. of transmission main, construction of two new 0.5 million gallon water storage tanks, and installation a micro-turbine for pressure control.
- *Wastewater Infrastructure.* Norwich Public Utilities has continued the design of a \$96 million wastewater treatment plant upgrade project. As of FY13, the design of the project was at 50% completion. 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
 - 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 local and regional business development needs.

- *American Public Power Association (APPA) Reliable Public Power Program (RP3) Designation.* On May 1, 2013, Norwich Public Utilities (NPU) received APPA's RP3 Platinum Award. The RP3 program recognizes utilities that demonstrate high proficiency in four areas - reliability, safety, work force development and system improvement. Criteria within each of the four RP3 areas are based upon sound business practices and recognized industry best practices. In receiving a Platinum designation, NPU is among a select group of less than 100 utilities out of over 2,000 public power companies nationwide and the only one in the State of Connecticut. Projects completed during FY13 that support our ability to maintain this designation include Electric Distribution System upgrades in Taftville-Occum (Rte 97) and Mahan Drive-Reynolds Road. These upgrades improve safety and reliability, implement back up power from other NPU substations that were not previously available, serve new development, and provide future capacity for additional growth.
- *Low Impact Hydropower Institute (LIHI) Certification.* On March 6, 2013, Norwich Public Utilities's (NPU) Greeneville and Occum hydroelectric facilities were certified by LIHI. The Institute's certification process is intended to protect multiple ecosystems qualities, including river flows, water quality, fish and wildlife, and other environmental indicators of a healthy ecosystem around hydropower facilities and dams, as well as meeting recreation and cultural preservation needs. LIHI's criteria and standards are typically based on the most recent, and most stringent, mitigation measures recommended for the dam by expert state and federal resource agencies. There are thousands of hydropower dams in the U.S. with only about 100 presently certified by LIHI. NPU's holds two of the four certifications in the State of Connecticut. NPU is able to use this certification when marketing its hydro facilities, such as obtaining and selling Renewable Energy Certificates (RECs) to generate additional revenues.
- *City Hall Exterior Stairway Rehabilitation.* The Public Works Department 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 was recently completed at a cost of approximately \$380,000. This project preserves the beauty and distinct architecture of City Hall.
- *City Hall Condition Assessment.* The Public Works Department secured a 50% matching grant, up to a maximum of \$10,000, from the Connecticut Trust for Historic Preservation for a Condition Assessment / Master Plan for the study of our historic City Hall. This will enable the City to move forward with additional grants from the State Historic Preservation Office for the preservation of additional features of our landmark structure.
- *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 currently underway with the Sherman Street bridge project and includes assessment and recommendations for the nearby Upper Falls Dam. The Sunnyside Street bridge is in the study phase and is awaiting input from the Federal Highway Administration.
- *School Initiatives.* Norwich Public Schools is an Alliance School district creating the ability to embark on advanced academic initiatives. Stanton School is a Network School allowing additional academic initiatives. Moriarty School and Wequonnoc School are working on their Magnet School planning and development. Bishop School has become the district's Early Childhood Education Center, allowing greater opportunities for the youngest students in our population. Many full day kindergarten classes have been established throughout the district in order to create early childhood success. All children in Norwich Public Schools now receive free breakfast (universal free breakfast); all children that qualify for reduced or free meals - receive free meals. We are also participating in some innovative farm to school initiatives to help local farmers and bring fresher produce directly to the children.

Long-Term Financial Planning

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

Fund balance - The General Fund unrestricted 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 one 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. In fiscal year 2013-14, the City will be funding 100% of the ARC.

Relevant Financial Policies

Fund Balance - No unrestricted fund balance was used in the 2012-13 adopted budget. The City included the use of \$400,000 of General Fund unrestricted fund balance in the City's 2013-14 adopted budget. The Norwich City Council appropriated an additional \$150,000 of unrestricted fund balance towards the cost of School Resource Officers at the two middle schools on September 3, 2013 with Ordinance 1692.

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, 2012. This was the 20th 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 2013, 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 "Joshua A. Pothier". The signature is written in a cursive style with a large, prominent loop at the end of the word "Pothier".

Joshua A. Pothier, CPA
Comptroller



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

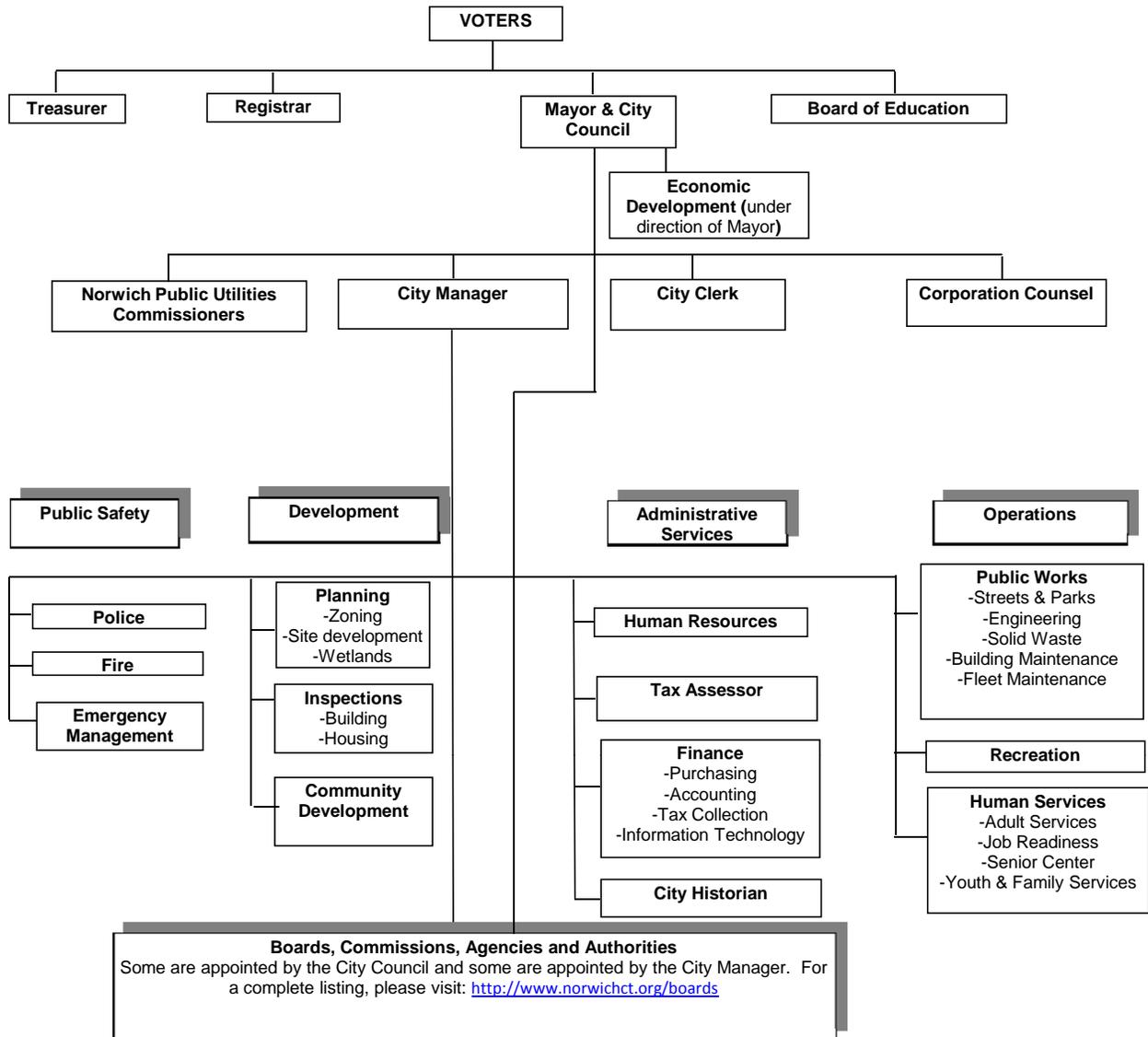
**City of Norwich
Connecticut**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

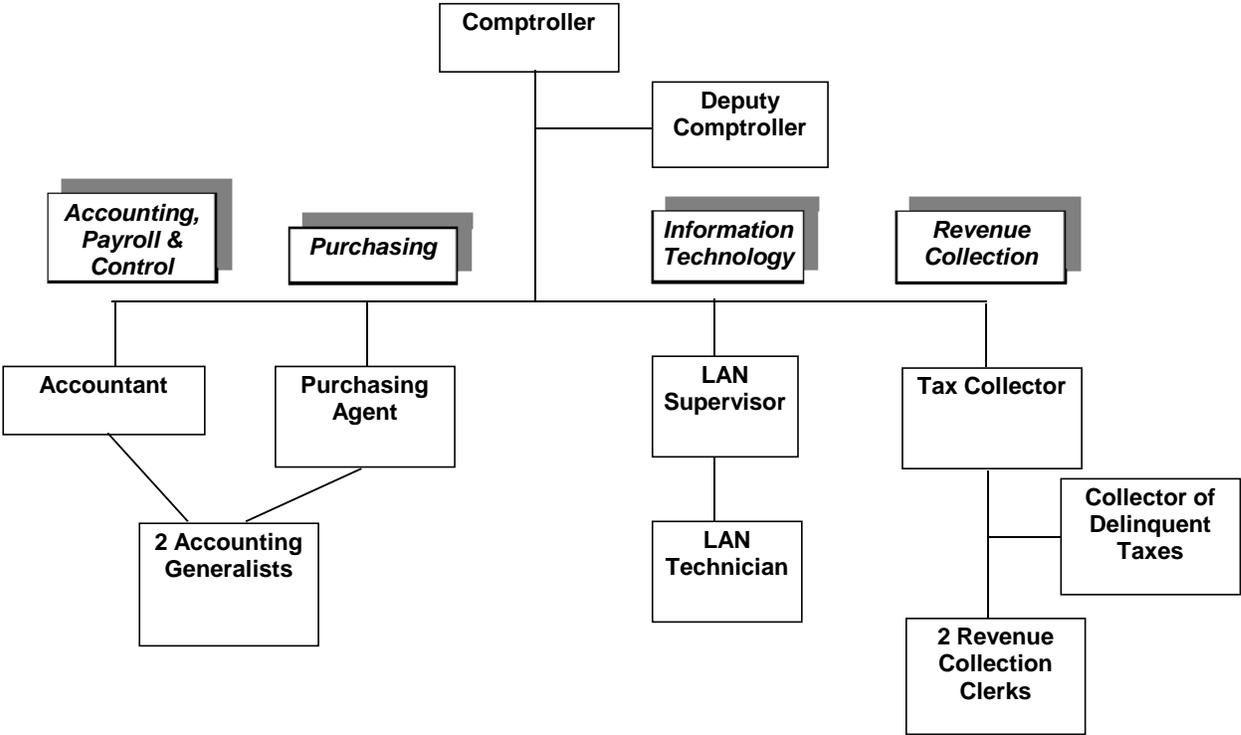
June 30, 2012

Executive Director/CEO

City of Norwich Organization Chart



City of Norwich Finance Department Organization Chart



**DIRECTORY OF ELECTED CITY OFFICIALS
AND NPU COMMISSIONERS
AS OF DECEMBER 4, 2013**

CITY COUNCIL

| | <u>Term Length</u> | <u>Term Expires</u> |
|----------------------------|--------------------|---------------------|
| Deberey Hinchey, Mayor (D) | 4 Years | 12/4/17 |
| Mark Bettencourt (D) | 2 Years | 12/7/15 |
| Peter Desaulniers (D) | 2 Years | 12/7/15 |
| William Eyberse (D) | 2 Years | 12/7/15 |
| William Nash (R) | 2 Years | 12/7/15 |
| Sofee Noblick (R) | 2 Years | 12/7/15 |
| Terell T. Wilson (D) | 2 Years | 12/7/15 |

BOARD OF EDUCATION

| | <u>Term Length</u> | <u>Term Expires</u> |
|---|--------------------|---------------------|
| Dr. Yvette C. Jacaruso, Chairperson (D) | 2 Years | 11/3/15 |
| John P. LeVangie, Vice Chairperson (D) | 2 Years | 11/3/15 |
| Cora Lee Boulware, Secretary (D) | 2 Years | 11/3/15 |
| Robert J. Aldi (D) | 2 Years | 11/3/15 |
| Jesshua Ballaro-Pina (D) | 2 Years | 11/3/15 |
| Aaron Daniels (R) | 2 Years | 11/3/15 |
| Lynn Norris (R) | 2 Years | 11/3/15 |
| Dennis Slopak (R) | 2 Years | 11/3/15 |
| Joyce C. Werden (D) | 2 Years | 11/3/15 |

TREASURER

| | <u>Term Length</u> | <u>Term Expires</u> |
|------------------|--------------------|---------------------|
| Brian Curtin (D) | 2 Years | 12/7/15 |

REGISTRAR OF VOTERS

| | <u>Term Length</u> | <u>Term Expires</u> |
|--------------------|--------------------|---------------------|
| Dianne Daniels (D) | 2 Years | 1/14/15 |
| Dianne Slopak (R) | 2 Years | 1/14/15 |

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 |
| Larry Goldman, Secretary (D) | 5 Years | 3/01/17 |
| Robert Groner, (D) | 5 Years | 3/01/18 |
| Grace Jones (D) * | 5 Years | 2/28/16 |

* Grace Jones was appointed by the Norwich City Council on March 4, 2013 to fill the vacancy on the Board of Public Utilities Commissioners and Sewer Authority created when Alan M. Remondi left.

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WEBSITE: www.norwichct.org

**DIRECTORY OF CITY ADMINISTRATIVE
OFFICIALS
AS OF DECEMBER 4, 2013**

| 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 | 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 | Vacant | (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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Norwich, Connecticut, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the City of Norwich, Connecticut's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Norwich, Connecticut, as of June 30, 2013 and the respective changes in financial position and, where applicable, cash flows thereof, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 11 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, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

The combining and individual nonmajor fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 4, 2013 on our consideration of the City of Norwich, Connecticut's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Norwich, Connecticut's internal control over financial reporting and compliance.

Blum, Shapiro & Company, P.C.

West Hartford, Connecticut
December 4, 2013

CITY OF NORWICH, CONNECTICUT

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2013

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, 2013. 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 position at the close of the fiscal year of \$237.6 million. Total net position for governmental activities at fiscal year-end was \$104.3 million, and total net position for business-type activities was \$133.3 million. Total unrestricted net position at June 30, 2013 was \$28.6 million.
- On a government-wide basis, during the year, the City's net position decreased by \$0.4 million from \$238.0 million to \$237.6 million. Governmental activities net position decreased by \$3.6 million, and net position increased by \$3.2 million for business-type activities. Governmental activities expenses were \$150.2 million, while total revenues including transfers were \$146.7 million.
- At the close of the year, the City's governmental funds reported, on a current financial resource basis, combined ending fund balances of \$11.1 million, a decrease of \$5.5 million from the prior fiscal year. Of the total fund balance as of June 30, 2013, \$8.6 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 \$11.2 million, an increase of \$0.6 million from the prior fiscal year. As of June 30, 2013, \$11.2 million of the total fund balance is unrestricted representing 9.81% of total General Fund actual expenditures and operating transfers on a budgetary basis.
- The City's governmental activities total bonded debt decreased by \$3.9 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 position and the statement of activities (Exhibits I and II, respectively) provide information about the activities of the City as a whole and present a longer-term view of the City's finances. Fund financial statements are presented in 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 position and the statement of activities report information about the City as a whole and about its activities for the current period. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

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

In the statement of net position and the statement of activities, 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 position and the statement of activities) and governmental funds is described in a reconciliation included with the fund financial statements.
- *Proprietary Funds (Exhibits V, VI and VII)* - When the City charges customers for the services it provides, whether to outside customers or to other units of the City, these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the statement of net position and the statement of activities. In fact, the City's enterprise funds (a component of proprietary funds) are the same as the business-type activities reported in the government-wide statements, but provide more detail and additional information, such as cash flows, for proprietary funds.
- *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 position and changes in fiduciary net position. These activities are excluded from the City's other financial statements because the City cannot use these assets to finance its operations. The City is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The City's combined net position decreased from a year ago from \$238.0 million to \$237.6 million. The analysis below focuses on the net position (Table 1) and changes in net position (Table 2) of the City's governmental and business-type activities.

Table 1
NET POSITION
(In Thousands)

| | Governmental Activities | | Business-Type Activities | | Total | |
|----------------------------------|----------------------------|-------------------|-----------------------------|-------------------|-------------------|-------------------|
| | 2013 | 2012 | 2013 | 2012 | 2013 | 2012 |
| Current and other assets | \$ 41,239 | \$ 44,944 | \$ 33,863 | \$ 35,940 | \$ 75,102 | \$ 80,884 |
| Capital assets | 128,901 | 129,710 | 124,629 | 120,243 | 253,530 | 249,953 |
| Total assets | <u>170,140</u> | <u>174,654</u> | <u>158,492</u> | <u>156,183</u> | <u>328,632</u> | <u>330,837</u> |
| Long-term debt outstanding | 52,713 | 55,289 | 15,764 | 16,288 | 68,477 | 71,577 |
| Unearned revenue | 1,905 | 1,621 | 479 | 509 | 2,384 | 2,130 |
| Other liabilities | 11,203 | 9,883 | 8,959 | 9,289 | 20,162 | 19,172 |
| Total liabilities | <u>65,821</u> | <u>66,793</u> | <u>25,202</u> | <u>26,086</u> | <u>91,023</u> | <u>92,879</u> |
| Net Position: | | | | | | |
| Net investment in capital assets | 95,200 | 92,031 | 112,113 | 107,495 | 207,313 | 199,526 |
| Restricted | 1,537 | 1,457 | 188 | 361 | 1,725 | 1,818 |
| Unrestricted | <u>7,582</u> | <u>14,373</u> | <u>20,989</u> | <u>22,241</u> | <u>28,571</u> | <u>36,614</u> |
| Total Net Position | <u>\$ 104,319</u> | <u>\$ 107,861</u> | <u>\$ 133,290</u> | <u>\$ 130,097</u> | <u>\$ 237,609</u> | <u>\$ 237,958</u> |

Net position of the City's governmental activities decreased by \$3.6 million (\$104.3 million compared to \$107.9 million). Unrestricted net position - the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements - changed from \$14.4 million at June 30, 2012 to \$7.6 million at the end of this year. The net position of business-type activities increased by 2.5% (\$133.3 million compared to \$130.1 million) during 2013.

Table 2
CHANGES IN NET POSITION

(In Thousands)

| | <u>Governmental Activities</u> | | <u>Business-Type Activities</u> | | <u>Total</u> | |
|--|--------------------------------|-----------------|---------------------------------|------------------|-----------------|------------------|
| | <u>2013</u> | <u>2012</u> | <u>2013</u> | <u>2012</u> | <u>2013</u> | <u>2012</u> |
| Revenues: | | | | | | |
| Program revenues: | | | | | | |
| Charges for services | \$ 6,220 | \$ 5,377 | \$ 83,799 | \$ 89,107 | \$ 90,019 | \$ 94,484 |
| Operating grants and contributions | 55,684 | 53,139 | | | 55,684 | 53,139 |
| Capital grants and contributions | 791 | 10,749 | 5,423 | 6,798 | 6,214 | 17,547 |
| General revenues: | | | | | | |
| Property taxes | 69,598 | 63,198 | | | 69,598 | 63,198 |
| Grants and contributions not restricted to specific purposes | 5,005 | 4,315 | | | 5,005 | 4,315 |
| Unrestricted investment earnings | 202 | 51 | 6 | 11 | 208 | 62 |
| Other general revenues | 1,126 | 890 | | | 1,126 | 890 |
| Total revenues | <u>138,626</u> | <u>137,719</u> | <u>89,228</u> | <u>95,916</u> | <u>227,854</u> | <u>233,635</u> |
| Program expenses: | | | | | | |
| General government | 11,905 | 10,300 | | | 11,905 | 10,300 |
| Public safety | 22,840 | 20,571 | | | 22,840 | 20,571 |
| Social services | 4,059 | 4,201 | | | 4,059 | 4,201 |
| Public works | 17,245 | 13,444 | | | 17,245 | 13,444 |
| Education | 92,976 | 86,764 | | | 92,976 | 86,764 |
| Interest on long-term debt | 1,232 | 1,109 | | | 1,232 | 1,109 |
| Department of Public Utilities | | | 75,476 | 75,620 | 75,476 | 75,620 |
| Other enterprise funds | | | 2,470 | 2,495 | 2,470 | 2,495 |
| Total program expenses | <u>150,257</u> | <u>136,389</u> | <u>77,946</u> | <u>78,115</u> | <u>228,203</u> | <u>214,504</u> |
| Excess (deficiency) before transfers | (11,631) | 1,330 | 11,282 | 17,801 | (349) | 19,131 |
| Transfers | <u>8,089</u> | <u>7,439</u> | <u>(8,089)</u> | <u>(7,493)</u> | <u>-</u> | <u>(54)</u> |
| Increase (decrease) in Net Position | \$ <u>(3,542)</u> | \$ <u>8,769</u> | \$ <u>3,193</u> | \$ <u>10,308</u> | \$ <u>(349)</u> | \$ <u>19,077</u> |

The City's total revenues were \$227.8 million. The total cost of all programs and services was \$228.2 million. Our analysis below separately considers the operations of governmental and business-type activities.

Governmental Activities

Governmental activities decreased the City's assets by \$3.5 million during the year compared with an increase of \$8.8 million last year. Total revenues of \$138.6 million and \$8.1 million in transfers from the City's business-type activities provided funding for the City's \$150.3 million of governmental program expenses incurred during the year.

The City's revenues increased \$0.9 million (\$138.6 million compared to \$137.7 million). Decreases in capital grants for the Kelly Middle School renovation project and Intermodal Transportation Center were offset by increases in operating grants and property taxes.

Total program expenses were \$150.3 million as compared with \$136.4 million reported last year. The expenses of the Education, Public Safety, and Public Works functions experienced increases primarily attributable to rising pension, OPEB and health insurance.

Property tax revenues increased \$6.4 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 2013 compared with 2012.

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>2013</u> | <u>2012</u> | <u>2013</u> | <u>2012</u> |
| General government | \$ 11,905 | \$ 10,300 | \$ 9,892 | \$ 899 |
| Public safety | 22,840 | 20,571 | 22,385 | 19,881 |
| Social services | 4,059 | 4,201 | 1,516 | 1,383 |
| Public works | 17,245 | 13,444 | 14,516 | 11,707 |
| Education | 92,976 | 86,764 | 38,021 | 32,145 |
| All others | 1,232 | 1,109 | 1,232 | 1,109 |
| Totals | <u>\$ 150,257</u> | <u>\$ 136,389</u> | <u>\$ 87,562</u> | <u>\$ 67,124</u> |

Business-Type Activities

Revenues of the City’s business-type activities (see Table 2) decreased by \$6.7 million during the year (\$89.2 million in 2013 compared to \$95.9 million in 2012) and expenses decreased by \$.1 million. Overall net position increased \$3.2 million in 2013 compared with an increase of \$10.3 million in 2012. The primary cause of the change in net position for business-type activities was the capital contributions from gas line extension projects.

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 \$11.1 million, which is a decrease of \$5.5 million from last year’s total of \$16.6 million. Included in this year’s total change in fund balance is an increase of \$0.6 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 \$7.8 million at June 30, 2013. The fund balance decreased by \$5.1 million during the year. The City will issue bonds during 2014 to replenish the fund.

The other governmental funds have a total fund balance of \$7.7 million - a \$1.0 million decrease from last year.

Proprietary Funds

Net position of the proprietary funds consisting of the Department of Public Utilities were \$123.9 million, as compared to \$120.2 million in the prior year, and City's other nonmajor enterprise funds net position decreased \$541 thousand to \$9.4 million from \$9.9 million.

Unrestricted net position of the Department of Public Utilities was \$21.2 million, and a deficit of \$288 thousand for the other nonmajor enterprise funds. The Department of Public Utilities had operating revenues of \$81.9 million from user fees, and other enterprise funds had \$1.9 million. The total increase in net position for the fiscal year ended June 30, 2013 was \$3.2 million.

General Fund Budgetary Highlights

While there were some interdepartmental budget transfers, the General Fund did not have any supplemental appropriations during 2013.

During the year, actual revenues and other financing sources on a budgetary basis were \$114.6 million, which was \$120 thousand lower than budgetary estimates. The variance was caused primarily by lower than anticipated State of Connecticut Special Education Excess Cost grant revenues (See RSI-1 for additional detail).

Actual expenditures on a budgetary basis and other financing uses totaled \$114.1 million, which were lower than actual revenues and other financing sources on a budgetary basis by \$467 thousand. Actual expenditures on a budgetary basis were \$587 thousand less than budgeted. Lower than budgeted expenditures were experienced in the General Government, Public Safety, Public Works, Social Services, and Education. The variances in Public Safety and Public Works were largely caused by FEMA reimbursements for Hurricane Sandy and Blizzard Charlotte/Nemo. The \$150 thousand variance in Education resulted from an agreement between the City Council and Board of Education to set aside funds from 2013 and re-appropriate them in 2014 for the purpose of paying for School Resource Officers at the two middle schools.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2013, the City had \$253.5 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 \$3.5 million, or 1.4%, over last year.

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

| | Governmental Activities | | Business-Type Activities | | Total | |
|--|------------------------------------|-------------------|-------------------------------------|-------------------|-------------------|-------------------|
| | 2013 | 2012 | 2013 | 2012 | 2013 | 2012 |
| Land | \$ 24,244 | \$ 24,244 | \$ 3,204 | \$ 2,922 | \$ 27,448 | \$ 27,166 |
| Buildings and improvements | 37,548 | 17,812 | 27,105 | 34,193 | 64,653 | 52,005 |
| Vehicles, machinery, equipment, pumping and distributions systems | 6,625 | 6,596 | 83,499 | 61,220 | 90,124 | 67,816 |
| Technology upgrade and road infrastructure | 19,253 | 18,767 | | | 19,253 | 18,767 |
| Construction in progress | 41,231 | 62,291 | 10,821 | 21,908 | 52,052 | 84,199 |
| Totals | <u>\$ 128,901</u> | <u>\$ 129,710</u> | <u>\$ 124,629</u> | <u>\$ 120,243</u> | <u>\$ 253,530</u> | <u>\$ 249,953</u> |

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

| | | |
|--|----|----------------------|
| Gas Line Extensions, Replacements, & Installations | \$ | 5,460 |
| Road Overlays | | 1,957 |
| Wastewater Treatment Plant | | 1,616 |
| Control Room & Data Center | | 1,158 |
| Intermodal Transportation Center | | 597 |
| Kelly Middle School Renovation | | <u>394</u> |
| Total | \$ | <u><u>11,182</u></u> |

The City's fiscal-year 2013-14 capital budget calls for spending \$2.6 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, 2013, the City had total bonds and notes outstanding of \$44.2 million. All of this debt is backed by the full faith and credit of the City. The City's outstanding net debt decreased by \$3.9 million during fiscal 2013.

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

| | Governmental | | Business-Type | | Total | |
|--------------------------|---------------------|------------------|----------------------|------------------|------------------|------------------|
| | Activities | | Activities | | | |
| | <u>2013</u> | <u>2012</u> | <u>2013</u> | <u>2012</u> | <u>2013</u> | <u>2012</u> |
| General obligation bonds | \$ 33,034 | \$ 36,935 | \$ 352 | \$ 394 | \$ 33,386 | \$ 37,329 |
| Serial notes payable | | | <u>10,815</u> | <u>10,768</u> | <u>10,815</u> | <u>10,768</u> |
| Total | <u>\$ 33,034</u> | <u>\$ 36,935</u> | <u>\$ 11,167</u> | <u>\$ 11,162</u> | <u>\$ 44,201</u> | <u>\$ 48,097</u> |

In January 2013, Standard & Poor's affirmed its AA- ratings with a stable outlook. On September 5, 2013, 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 \$485 million. The City's outstanding general obligation debt is at 11.99% of this limitation. Table 9 presents more detailed information about the debt limitation.

Other obligations include net OPEB obligation, accrued vacation pay and sick leave, and risk management claims. 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 2013, the unemployment rate for the Norwich Labor Market Area was 8.8%, down from 9.2% in the prior year. Connecticut's overall unemployment rate stood at 8.1%, compared with 8.4% 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, including negotiation of reductions in OPEB benefits for future employees; and funding its long-term liabilities. The effects of these efforts are exemplified in the initiatives noted in the transmittal letter.

The fiscal year 2014 General Fund budget calls for \$116.5 million in revenues and expenditures, an approximate 1.5% increase in expenditures over fiscal year 2013. On the revenue side, the fiscal year 2014 budgeted tax levy increased 2.67% and the mill rate increased 0.69 mills from 26.54 to 27.23. The increase is largely due to increases in fringe benefit costs. \$400 of unrestricted fund balance was used to balance the original adopted budget. In September 2013, an additional \$150 thousand was appropriated by the City Council to fund School Resource Officers at Norwich's two middle schools.

In the City's business-type activities, the Norwich Public Utilities projects an 4.63% decrease in revenues from fiscal year 2013 from \$91.9 million to \$87.6 million. This decrease is largely due to decreases in gas and electric rates. Norwich Public Utilities budgeted \$22.3 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 POSITION

JUNE 30, 2013

(In Thousands)

| | <u>Governmental Activities</u> | <u>Business-Type Activities</u> | <u>Total</u> |
|------------------------------------|------------------------------------|-------------------------------------|-------------------|
| Assets: | | | |
| Cash and cash equivalents | \$ 16,744 | \$ 13,750 | \$ 30,494 |
| Investments | 2,819 | | 2,819 |
| Receivables, net | 21,250 | 16,619 | 37,869 |
| Internal balances | 135 | (135) | - |
| Inventories | 17 | 2,196 | 2,213 |
| Other assets | 274 | 1,433 | 1,707 |
| Capital assets: | | | |
| Assets not being depreciated | 65,475 | 14,025 | 79,500 |
| Assets being depreciated, net | 63,426 | 110,604 | 174,030 |
| Total assets | <u>170,140</u> | <u>158,492</u> | <u>328,632</u> |
| Liabilities: | | | |
| Accounts and other payables | 10,171 | 8,959 | 19,130 |
| Due to Fiduciary Funds | 1,032 | | 1,032 |
| Unearned revenue | 1,905 | 479 | 2,384 |
| Noncurrent liabilities: | | | |
| Due within one year | 9,275 | 7,195 | 16,470 |
| Due in more than one year | 43,438 | 8,569 | 52,007 |
| Total liabilities | <u>65,821</u> | <u>25,202</u> | <u>91,023</u> |
| Net Position: | | | |
| Net investment in capital assets | 95,200 | 112,113 | 207,313 |
| Restricted for trust purposes: | | | |
| Expendable | 42 | | 42 |
| Permanent | 1,495 | | 1,495 |
| Restricted for energy conservation | | 188 | 188 |
| Unrestricted | 7,582 | 20,989 | 28,571 |
| Total Net Position | <u>\$ 104,319</u> | <u>\$ 133,290</u> | <u>\$ 237,609</u> |

The accompanying notes are an integral part of the financial statements

CITY OF NORWICH, CONNECTICUT

BALANCE SHEET - GOVERNMENTAL FUNDS

JUNE 30, 2013
(In Thousands)

| | General | Bond Expenditure | Nonmajor Governmental Funds | Total Governmental Funds |
|--------------------------------------|------------------|-----------------------------|--|---|
| ASSETS | | | | |
| Cash and cash equivalents | \$ 15,815 | \$ | \$ 929 | \$ 16,744 |
| Investments | 1,975 | | 844 | 2,819 |
| Receivables, net | 9,416 | | 11,373 | 20,789 |
| Due from other funds | 13,444 | | 5,898 | 19,342 |
| Other assets | | | 17 | 17 |
| | <u>40,650</u> | | <u>19,061</u> | <u>59,711</u> |
| Total Assets | \$ <u>40,650</u> | \$ - | \$ <u>19,061</u> | \$ <u>59,711</u> |
| LIABILITIES AND FUND BALANCES | | | | |
| Liabilities: | | | | |
| Accounts and other payables | \$ 7,683 | \$ 267 | \$ 2,047 | \$ 9,997 |
| Due to other funds | 13,320 | 7,506 | 5,425 | 26,251 |
| Deferred revenue | 8,452 | | 3,909 | 12,361 |
| Total liabilities | <u>29,455</u> | <u>7,773</u> | <u>11,381</u> | <u>48,609</u> |
| Fund balances: | | | | |
| Nonspendable | | | 1,484 | 1,484 |
| Restricted | | | 2,193 | 2,193 |
| Committed | | | 4,107 | 4,107 |
| Assigned | 920 | | | 920 |
| Unassigned | 10,275 | (7,773) | (104) | 2,398 |
| Total fund balances | <u>11,195</u> | <u>(7,773)</u> | <u>7,680</u> | <u>11,102</u> |
| Total Liabilities and Fund Balances | \$ <u>40,650</u> | \$ - | \$ <u>19,061</u> | \$ <u>59,711</u> |

(Continued on next page)

CITY OF NORWICH, CONNECTICUT

BALANCE SHEET - GOVERNMENTAL FUNDS (CONTINUED)

JUNE 30, 2013

(In Thousands)

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

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

| | | |
|--|----|--------|
| Fund balances - total governmental funds | \$ | 11,102 |
|--|----|--------|

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

| | | | |
|-------------------------------|----|-----------------|---------|
| Governmental capital assets | \$ | 190,402 | |
| Less accumulated depreciation | | <u>(61,501)</u> | |
| Net capital assets | | | 128,901 |

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 | 3,538 |
| Interest receivable on property taxes | 1,126 |
| Housing rehabilitation loans | 1,939 |
| Receivable from the state for school construction projects | 99 |
| Accounts and other receivables | 3,754 |
| Net pension asset | 208 |
| Deferred bond issuance costs | 66 |

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 position.

(2,743)

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 | (33,090) |
| Deferred charges on refunding | 207 |
| Unamortized bond premium | (151) |
| Interest payable on bonds and notes | (163) |
| Compensated absences | (3,306) |
| Landfill closure | (1,605) |
| Capital lease | (667) |
| Net pension obligation | (91) |
| Net OPEB obligation | <u>(4,805)</u> |

Net Position of Governmental Activities (Exhibit I)

\$ 104,319

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 FUNDS

FOR THE YEAR ENDED JUNE 30, 2013

(In Thousands)

| | <u>General</u> | <u>Bond Expenditure</u> | <u>Nonmajor Governmental Funds</u> | <u>Total Governmental Funds</u> |
|--|------------------|-----------------------------|--|---|
| Revenues: | | | | |
| Property taxes, interest and liens | \$ 64,821 | \$ | \$ 4,539 | \$ 69,360 |
| Intergovernmental revenues | 43,580 | | 17,788 | 61,368 |
| Charges for services | 2,023 | | 2,496 | 4,519 |
| Licenses, permits and fees | 671 | | | 671 |
| Investment income | 32 | | 170 | 202 |
| Other | 1,023 | | 473 | 1,496 |
| Total revenues | <u>112,150</u> | <u>-</u> | <u>25,466</u> | <u>137,616</u> |
| Expenditures: | | | | |
| Current: | | | | |
| General government | 4,901 | | 572 | 5,473 |
| Public safety | 14,730 | | 6,942 | 21,672 |
| Social services | 2,025 | | 1,591 | 3,616 |
| Public works | 9,467 | | 654 | 10,121 |
| Education | 75,394 | | 15,714 | 91,108 |
| Other | 4,943 | | | 4,943 |
| Capital outlay | | 4,933 | 4,223 | 9,156 |
| Debt service | 5,164 | | | 5,164 |
| Total expenditures | <u>116,624</u> | <u>4,933</u> | <u>29,696</u> | <u>151,253</u> |
| Deficiency of Revenues over Expenditures | <u>(4,474)</u> | <u>(4,933)</u> | <u>(4,230)</u> | <u>(13,637)</u> |
| Other Financing Sources (Uses): | | | | |
| Transfers in | 7,690 | | 3,402 | 11,092 |
| Transfers out | <u>(2,656)</u> | <u>(108)</u> | <u>(239)</u> | <u>(3,003)</u> |
| Total other financing sources (uses) | <u>5,034</u> | <u>(108)</u> | <u>3,163</u> | <u>8,089</u> |
| Net Change in Fund Balances | 560 | (5,041) | (1,067) | (5,548) |
| Fund Balances at Beginning of Year | <u>10,635</u> | <u>(2,732)</u> | <u>8,747</u> | <u>16,650</u> |
| Fund Balances at End of Year | <u>\$ 11,195</u> | <u>\$ (7,773)</u> | <u>\$ 7,680</u> | <u>\$ 11,102</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, 2013
(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) | \$ (5,548) |
|---|------------|

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 | 4,530 |
| Depreciation expense | (4,953) |

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 position differs from the change in fund balance by the cost of the assets sold. (386)

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 | 204 |
| Property tax interest and lien revenue - accrual basis change | 34 |
| School building grant receipts | (99) |
| Housing loan repayments | 14 |
| Accounts and other receivables - accrual basis change | 529 |
| Net pension asset | 2 |

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

| | |
|--|-------|
| Bond principal payments | 3,906 |
| Amortization of deferred charge on refunding | (49) |
| Amortization of premiums | 44 |
| Amortization of deferred bond issuance costs | (8) |
| Capital lease issuances | |
| Capital lease payments | 77 |

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 | 24 |
| Accrued interest | 39 |
| Net pension expense | 2 |
| Net OPEB expense | (315) |
| Landfill postclosure care | 42 |

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. (1,631)

| | |
|--|-------------------|
| Change in Net Position of Governmental Activities (Exhibit II) | <u>\$ (3,542)</u> |
|--|-------------------|

The accompanying notes are an integral part of the financial statements

CITY OF NORWICH, CONNECTICUT

STATEMENT OF NET POSITION - PROPRIETARY FUNDS

JUNE 30, 2013

(In Thousands)

| | Business-Type Activities | | | Governmental |
|--|--------------------------------------|---------------------------------|-------------------|------------------------------|
| | Department of Public Utilities | Nonmajor Enterprise Funds | Total | Internal Service Funds |
| Assets: | | | | |
| Current assets: | | | | |
| Cash and cash equivalents | \$ 13,750 | \$ | \$ 13,750 | \$ |
| Receivables, net: | | | | |
| User charges | 15,604 | 114 | 15,718 | |
| Intergovernmental | 355 | | 355 | |
| Other | 546 | | 546 | 461 |
| Due from other funds | | 298 | 298 | 6,012 |
| Inventories | 2,141 | 55 | 2,196 | |
| Other assets | 1,433 | | 1,433 | |
| Total current assets | <u>33,829</u> | <u>467</u> | <u>34,296</u> | <u>6,473</u> |
| Capital assets, net | <u>114,778</u> | <u>9,851</u> | <u>124,629</u> | |
| Total assets | <u>148,607</u> | <u>10,318</u> | <u>158,925</u> | <u>6,473</u> |
| Liabilities: | | | | |
| Current liabilities: | | | | |
| Accounts payable and accrued liabilities | 7,732 | 86 | 7,818 | 11 |
| Due to other funds | 11 | 422 | 433 | |
| Unearned revenue | 292 | 187 | 479 | |
| Notes payable - current | 6,409 | | 6,409 | |
| Bonds payable - current | 41 | 14 | 55 | |
| Capital leases payable - current | 332 | | 332 | |
| Compensated absences - current | 275 | | 275 | |
| Risk management claims - current | 124 | | 124 | 3,311 |
| Total current liabilities | <u>15,216</u> | <u>709</u> | <u>15,925</u> | <u>3,322</u> |
| Noncurrent liabilities: | | | | |
| Customer deposits | 1,141 | | 1,141 | |
| Notes payable | 4,405 | | 4,405 | |
| Bonds payable | 75 | 223 | 298 | |
| Capital leases payable | 1,017 | | 1,017 | |
| Compensated absences | 2,478 | | 2,478 | |
| Risk management claims | 371 | | 371 | 5,894 |
| Total noncurrent liabilities | <u>9,487</u> | <u>223</u> | <u>9,710</u> | <u>5,894</u> |
| Total liabilities | <u>24,703</u> | <u>932</u> | <u>25,635</u> | <u>9,216</u> |
| Net Position: | | | | |
| Net investment in capital assets | 102,499 | 9,614 | 112,113 | |
| Restricted for energy conservation | 188 | | 188 | |
| Unrestricted | <u>21,217</u> | <u>(228)</u> | <u>20,989</u> | <u>(2,743)</u> |
| Total Net Position | <u>\$ 123,904</u> | <u>\$ 9,386</u> | <u>\$ 133,290</u> | <u>\$ (2,743)</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 POSITION - PROPRIETARY FUNDS

FOR THE YEAR ENDED JUNE 30, 2013

(In Thousands)

| | Business-Type Activities | | | Governmental |
|--|--------------------------|-----------------|-------------------|-------------------|
| | Department | Nonmajor | Total | Activities |
| | of Public | Enterprise | | Internal |
| Utilities | Funds | | Service | |
| | | | | Funds |
| Operating Revenues: | | | | |
| Charges for services | \$ 80,670 | \$ 1,882 | \$ 82,552 | \$ 16,655 |
| Use of property | 793 | | 793 | |
| Other services | 454 | | 454 | |
| Total operating revenues | <u>81,917</u> | <u>1,882</u> | <u>83,799</u> | <u>16,655</u> |
| Operating Expenses: | | | | |
| Purchased gas and electric | 36,839 | | 36,839 | |
| General and administrative | 16,272 | | 16,272 | |
| Depreciation | 6,988 | 409 | 7,397 | |
| Operations and maintenance | 11,085 | 2,056 | 13,141 | |
| Customer accounts | 1,690 | | 1,690 | |
| Gross revenue and property taxes | 2,164 | | 2,164 | |
| Claims | | | | 17,067 |
| Premiums and administrative charges | | | | 1,219 |
| Total operating expenses | <u>75,038</u> | <u>2,465</u> | <u>77,503</u> | <u>18,286</u> |
| Operating Income (Loss) | <u>6,879</u> | <u>(583)</u> | <u>6,296</u> | <u>(1,631)</u> |
| Nonoperating Income (Expense): | | | | |
| Interest income | 6 | | 6 | |
| Interest expense | (252) | | (252) | |
| Loss on disposal of capital assets | (186) | (5) | (191) | |
| Total nonoperating expense | <u>(432)</u> | <u>(5)</u> | <u>(437)</u> | <u>-</u> |
| Income (Loss) Before Contributions and Transfers | 6,447 | (588) | 5,859 | (1,631) |
| Capital contributions | 5,423 | | 5,423 | |
| Transfers in | | 47 | 47 | |
| Transfers out | <u>(8,136)</u> | | <u>(8,136)</u> | |
| Change in Net Position | 3,734 | (541) | 3,193 | (1,631) |
| Total Net Position at Beginning of Year | <u>120,170</u> | <u>9,927</u> | <u>130,097</u> | <u>(1,112)</u> |
| Total Net Position at End of Year | <u>\$ 123,904</u> | <u>\$ 9,386</u> | <u>\$ 133,290</u> | <u>\$ (2,743)</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, 2013

(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 | \$ 80,560 | \$ 1,919 | \$ 82,479 | \$ 1,859 |
| Cash receipts for interfund services provided | | | | 15,265 |
| Cash paid to vendors | (54,676) | (967) | (55,643) | (17,124) |
| Cash paid to employees for services | (14,272) | (782) | (15,054) | |
| Net cash provided by operating activities | <u>11,612</u> | <u>170</u> | <u>11,782</u> | <u>-</u> |
| Cash Flows from Noncapital and Related Financing Activities: | | | | |
| Transfers to other funds | (8,136) | | (8,136) | |
| Customer deposits | 180 | | 180 | |
| Advances from other funds | 11 | 42 | 53 | |
| Net cash provided by (used in) noncapital and related financing activities | <u>(7,945)</u> | <u>42</u> | <u>(7,903)</u> | <u>-</u> |
| Cash Flows from Capital and Related Financing Activities: | | | | |
| Capital contributions | 5,423 | | 5,423 | |
| Purchase of capital assets | (11,713) | (214) | (11,927) | |
| Proceeds from long-term debt | 718 | | 718 | |
| Principal payment on bonds and notes | (708) | (3) | (711) | |
| Principal payment on capital leases | (314) | | (314) | |
| Interest payment on debt | (252) | | (252) | |
| Net cash used in capital and related financing activities | <u>(6,846)</u> | <u>(217)</u> | <u>(7,063)</u> | <u>-</u> |
| Cash Flows from Investing Activities: | | | | |
| Income on investments | 6 | | 6 | |
| Net Decrease in Cash and Cash Equivalents | (3,173) | (5) | (3,178) | - |
| Cash and Cash Equivalents at Beginning of Year | 16,923 | 5 | 16,928 | - |
| Cash and Cash Equivalents at End of Year | <u>\$ 13,750</u> | <u>\$ -</u> | <u>\$ 13,750</u> | <u>\$ -</u> |
| Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities: | | | | |
| Operating income (loss) | \$ 6,879 | \$ (583) | \$ 6,296 | \$ (1,631) |
| Adjustments to reconcile operating income (loss) to net cash provided by operating activities: | | | | |
| Depreciation expense | 6,988 | 409 | 7,397 | |
| Provision for uncollectible accounts | 2,124 | | 2,124 | |
| Increase in receivables | (3,116) | (81) | (3,197) | (461) |
| (Increase) decrease in inventories and other assets | (531) | 4 | (527) | |
| Decrease in due from other funds | | 122 | 122 | 930 |
| Increase in due to other funds | | 365 | 365 | |
| Decrease in unearned revenues | (26) | (4) | (30) | |
| Decrease in accounts payable and accrued liabilities | (706) | (62) | (768) | 1,162 |
| Total adjustments | <u>4,733</u> | <u>753</u> | <u>5,486</u> | <u>1,631</u> |
| Net Cash Provided by Operating Activities | <u>\$ 11,612</u> | <u>\$ 170</u> | <u>\$ 11,782</u> | <u>\$ -</u> |

The accompanying notes are an integral part of the financial statements

CITY OF NORWICH, CONNECTICUT

STATEMENT OF FIDUCIARY NET POSITION - FIDUCIARY FUNDS

JUNE 30, 2013
(In Thousands)

| | <u>Pension Trust Funds</u> | <u>Other Post Employment Benefit Trust Fund</u> | <u>Agency Funds</u> |
|--|------------------------------------|---|-------------------------|
| Assets: | | | |
| Cash and cash equivalents | \$ 818 | \$ 31 | \$ 499 |
| Investments: | | | |
| Mutual funds | 125,725 | 9,781 | |
| Common stock | 18,650 | | |
| Other receivables | 31 | | 16 |
| Due from other funds | <u>1,112</u> | | |
| Total assets | <u>146,336</u> | <u>9,812</u> | <u>\$ 515</u> |
| Liabilities: | | | |
| Accounts and other payables | | 49 | \$ |
| Due to other funds | | 80 | |
| Due to student groups and agencies | | | <u>515</u> |
| Total liabilities | | <u>129</u> | <u>\$ 515</u> |
| Net Position: | | | |
| Held in Trust for Pension and Other Benefits | <u>\$ 146,336</u> | <u>\$ 9,683</u> | |

The accompanying notes are an integral part of the financial statements

CITY OF NORWICH, CONNECTICUT

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION - FIDUCIARY FUNDS

FOR THE YEAR ENDED JUNE 30, 2013

(In Thousands)

| | <u>Pension Trust Funds</u> | <u>Other Post Employment Benefit Trust Fund</u> |
|--|--------------------------------|---|
| Additions: | | |
| Contributions: | | |
| Employer | \$ 6,040 | \$ 5,592 |
| Plan members | <u>2,993</u> | <u>1,463</u> |
| Total contributions | <u>9,033</u> | <u>7,055</u> |
| Investment income: | | |
| Net appreciation in fair value of investments | 13,600 | 328 |
| Interest and dividends | <u>652</u> | <u>249</u> |
| Total investment income | 14,252 | 577 |
| Less investment expense | <u>(947)</u> | <u>(40)</u> |
| Net investment income | <u>13,305</u> | <u>537</u> |
| Total additions | <u>22,338</u> | <u>7,592</u> |
| Deductions: | | |
| Benefits | 13,025 | 4,716 |
| Administration | 10 | 320 |
| Lump sum distributions and withdrawals | <u>248</u> | <u></u> |
| Total deductions | <u>13,283</u> | <u>5,036</u> |
| Net Increase | 9,055 | 2,556 |
| Net Position Held in Trust for Pension Benefits at Beginning of Year | <u>137,281</u> | <u>7,127</u> |
| Net Position Held in Trust for Pension and Other Post-Employment Benefits at End of Year | <u>\$ 146,336</u> | <u>\$ 9,683</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 position and the statement of activities) report information on all of the nonfiduciary activities of the City. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

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

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

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

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

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

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

The City reports the following major governmental funds:

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

The 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 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.

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 \$615 has been established as an allowance for uncollected taxes. At June 30, 2013, this represents 14.5% 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 position. 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 Position

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

Net Investment in Capital Assets - This category groups all capital assets, including infrastructure, into one component of net position. 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 Position - This category represents the net position of the City, which is restricted by externally imposed constraints placed on net position by grantors, contributors or laws and regulations of other governments.

Unrestricted Net Position - This category represents the net position of the City, which is 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 the resources to be used to liquidate encumbered purchase orders and amounts appropriated for subsequent budget years. Encumbrances are authorized by an approval process, which includes the department head, the purchasing agent and the Comptroller. Appropriations for subsequent budget years are approved by ordinance by the City Council.

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 has a policy that does not allow unrestricted fund balance to go below 8% of operating expenditures. 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 position deficits at June 30, 2013 as follows:

| | |
|------------------------------|-----------|
| Major Fund: | |
| Bond Expenditure Fund | \$ 7,773* |
| Nonmajor Governmental Funds: | |
| Parking Commission | 71** |
| Dog License | 33*** |
| Nonmajor Enterprise Funds: | |
| Ice Rink Authority | 80*** |
| Internal Service Funds: | |
| Workers' Compensation | 4,497** |

* Deficit will be reduced by future transfers and 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 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*, \$31,880 of the City's bank balance of \$34,216 was exposed to custodial credit risk as follows:

| | | |
|---|----|----------------------|
| Uninsured and uncollateralized | \$ | 28,520 |
| Uninsured and collateral held by the pledging bank's trust department, not in the City's name | | <u>3,360</u> |
| Total Amount Subject to Custodial Credit Risk | \$ | <u><u>31,880</u></u> |

Cash Equivalents

At June 30, 2013, the City's cash equivalents amounted to \$9. 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, 2013, 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 | \$ 1,975 | \$ 1,136 | \$ 839 | \$ _____ |
| Other investments: | | | | | |
| Common stock | | 19,442 | | | |
| Mutual funds | | <u>135,558</u> | | | |
| Total Investments | | \$ <u><u>156,975</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 are 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>Department of Public Utilities</u> | <u>Nonmajor and Other Funds</u> | <u>Total</u> |
|------------------------------------|-----------------|---|---|------------------|
| Receivables: | | | | |
| Taxes | \$ 4,225 | \$ | \$ 388 | \$ 4,613 |
| Accrued interest on taxes | 1,407 | | | 1,407 |
| Intergovernmental | 656 | 355 | 7,668 | 8,679 |
| User charges | | 16,436 | 143 | 16,579 |
| Assessments | 3,628 | | | 3,628 |
| Housing and rehabilitation loans | | | 3,219 | 3,219 |
| Accounts and other | 396 | 546 | 627 | 1,569 |
| Gross receivables | <u>10,312</u> | <u>17,337</u> | <u>12,045</u> | <u>39,694</u> |
| Less allowance for uncollectibles: | | | | |
| Taxes | (615) | | (50) | (665) |
| Accrued interest on taxes | (281) | | | (281) |
| User charges | | (832) | | (832) |
| Total allowance | <u>(896)</u> | <u>(832)</u> | <u>(50)</u> | <u>(1,778)</u> |
| Net Total Receivables | <u>\$ 9,416</u> | <u>\$ 16,505</u> | <u>\$ 11,995</u> | <u>\$ 37,916</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 | \$ 3,239 | \$ | \$ 3,239 |
| Accrued interest on property taxes | 1,126 | | 1,126 |
| Assessments | 3,628 | | 3,628 |
| School building construction grant receivables | 99 | | 99 |
| Other deferred revenues | | 360 | 360 |
| Nonmajor funds: | | | |
| Taxes and accrued interest on delinquent property taxes | 299 | | 299 |
| Housing loans and interest | 1,939 | | 1,939 |
| Lead abatement - unamortized loans | | 1,280 | 1,280 |
| Grant drawdowns prior to meeting all eligibility requirements | | 254 | 254 |
| Other receivables and deferred revenues | 126 | 11 | 137 |
| Total Deferred/Unearned Revenue for Governmental Funds | <u>\$ 10,456</u> | <u>\$ 1,905</u> | <u>\$ 12,361</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, and there are bonded projects in one fund that benefit another fund.

A summary of interfund balances as of June 30, 2013 is presented below.

| <u>Receivable Fund</u> | <u>Payable Fund</u> | <u>Amount</u> |
|------------------------|-------------------------------------|------------------|
| General Fund | Bond Expenditure Fund | \$ 7,506 |
| | Department of Public Utilities | 11 |
| | Nonmajor Governmental | 5,425 |
| | Nonmajor Enterprise | 422 |
| | Other Post Employment Benefit Trust | 80 |
| Nonmajor Governmental | General Fund | 5,898 |
| Nonmajor Enterprise | General Fund | 298 |
| Internal Service Funds | General Fund | 6,012 |
| Pension Trust | General Fund | <u>1,112</u> |
| Total | | <u>\$ 26,764</u> |

A summary of interfund transfers is presented below:

| | <u>Transfers In</u> | | | <u>Total</u> |
|--------------------------------|---------------------|--------------------------------|----------------------------------|------------------|
| | <u>General</u> | <u>Nonmajor Enterprise</u> | <u>Nonmajor Governmental</u> | |
| Transfers out: | | | | |
| General Fund | \$ | \$ 27 | \$ 2,629 | \$ 2,656 |
| Bond Expenditure | | 20 | 88 | 108 |
| Department of Public Utilities | 7,451 | | 685 | 8,136 |
| Nonmajor Governmental | <u>239</u> | | | <u>239</u> |
| Total Transfers Out | <u>\$ 7,690</u> | <u>\$ 47</u> | <u>\$ 3,402</u> | <u>\$ 11,139</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, 2013 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 | \$ 24,244 | \$ 17 | \$ (17) | \$ 24,244 |
| Construction in progress | <u>62,291</u> | <u>1,685</u> | <u>(22,745)</u> | <u>41,231</u> |
| Total capital assets not being depreciated | <u>86,535</u> | <u>1,702</u> | <u>(22,762)</u> | <u>65,475</u> |
| Capital assets being depreciated: | | | | |
| Buildings and improvements | 43,656 | 22,466 | (543) | 65,579 |
| Vehicles, machinery and equipment | 19,435 | 1,150 | (211) | 20,374 |
| Technology upgrade and infrastructure | <u>37,138</u> | <u>1,957</u> | <u>(121)</u> | <u>38,974</u> |
| Total capital assets being depreciated | <u>100,229</u> | <u>25,573</u> | <u>(875)</u> | <u>124,927</u> |
| Less accumulated depreciation for: | | | | |
| Buildings and improvements | (25,844) | (2,416) | 229 | (28,031) |
| Vehicles, machinery and equipment | (12,839) | (1,070) | 160 | (13,749) |
| Technology upgrade and infrastructure | <u>(18,371)</u> | <u>(1,467)</u> | <u>117</u> | <u>(19,721)</u> |
| Total accumulated depreciation | <u>(57,054)</u> | <u>(4,953)</u> | <u>506</u> | <u>(61,501)</u> |
| Total capital assets being depreciated, net | <u>43,175</u> | <u>20,620</u> | <u>(369)</u> | <u>63,426</u> |
| Governmental Activities Capital Assets, Net | <u>\$ 129,710</u> | <u>\$ 22,322</u> | <u>\$ (23,131)</u> | <u>\$ 128,901</u> |
| | <u>Beginning Balance</u> | <u>Increases</u> | <u>Decreases</u> | <u>Ending Balance</u> |
| Business-type activities: | | | | |
| Capital assets not being depreciated: | | | | |
| Land | \$ 3,153 | \$ 51 | \$ | \$ 3,204 |
| Construction in progress | <u>21,908</u> | <u>11,818</u> | <u>(22,905)</u> | <u>10,821</u> |
| Total capital assets not being depreciated | <u>25,061</u> | <u>11,869</u> | <u>(22,905)</u> | <u>14,025</u> |
| Capital assets being depreciated: | | | | |
| Structures and improvements | 49,772 | 3,323 | (281) | 52,814 |
| Machinery, equipment, pumping and distribution systems | <u>177,523</u> | <u>19,682</u> | <u>(908)</u> | <u>196,297</u> |
| Total capital assets being depreciated | <u>227,295</u> | <u>23,005</u> | <u>(1,189)</u> | <u>249,111</u> |
| Less accumulated depreciation for: | | | | |
| Structures and improvements | (24,613) | (1,340) | 244 | (25,709) |
| Machinery, equipment, pumping and distribution systems | <u>(107,500)</u> | <u>(6,057)</u> | <u>759</u> | <u>(112,798)</u> |
| Total accumulated depreciation | <u>(132,113)</u> | <u>(7,397)</u> | <u>1,003</u> | <u>(138,507)</u> |
| Total capital assets being depreciated, net | <u>95,182</u> | <u>15,608</u> | <u>(186)</u> | <u>110,604</u> |
| Business-Type Activities Capital Assets, Net | <u>\$ 120,243</u> | <u>\$ 27,477</u> | <u>\$ (23,091)</u> | <u>\$ 124,629</u> |

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

| | |
|---|-----------------|
| Governmental activities: | |
| General government | \$ 147 |
| Public safety | 839 |
| Social services | 58 |
| Public works | 2,893 |
| Education | <u>1,016</u> |
| Total Depreciation Expense - Governmental Activities | <u>\$ 4,953</u> |
| Business-type activities: | |
| Department of Public Utilities | \$ 6,988 |
| Golf Course Authority | 60 |
| Stadium Authority | 190 |
| Ice Rink Authority | <u>159</u> |
| Total Depreciation Expense - Business-Type Activities | <u>\$ 7,397</u> |

Construction Commitments

The City has active construction projects as of June 30, 2013. At year end, the City's commitments with contractors on active authorizations are as follows:

| Project | Cumulative Authorization | Current Expenditures | Cumulative Expenditures | Balance June 30, 2013 |
|--|-----------------------------|-------------------------|----------------------------|--------------------------|
| Kelly Middle School Renovation | \$ 40,250 | \$ 345 | \$ 40,224 | \$ 26 |
| Intermodal Transportation Center | 21,965 | 605 | 21,816 | 149 |
| Dodd Stadium Capital Improvements | 610 | 27 | 609 | 1 |
| Road Improvements - 2010 bonds | 5,000 | 1,335 | 2,792 | 2,208 |
| Control Room & Data Center Facility - Phase II | 9,500 | 1,157 | 1,274 | 8,226 |
| Greenville Dam Repair | 999 | 127 | 848 | 151 |
| Backus Generation Plant | 200 | 4 | 173 | 27 |
| CNG Station-Otrobando Ave | 1,595 | 33 | 38 | 1,557 |
| LCTP Phase 2 CWF 607 PG | 2,105 | 72 | 2,086 | 19 |
| WWTP 100% Design CWF 625 D | 5,600 | 1,715 | 4,147 | 1,453 |
| New Pumps & Drive | 2,440 | 136 | 185 | 2,255 |
| Stonybrook Backwash Filter | 2,110 | 24 | 119 | 1,991 |
| Deep River Backwash Filter | 280 | 22 | 117 | 163 |
| Deep River Transmission Main | 1,630 | 100 | 110 | 1,520 |
| Stonybrook Buoyant Media | 2,000 | 2 | 2 | 1,998 |
| Royal Oaks Main Replacement | 2,600 | 2 | 2 | 2,598 |
| Mohegan Park Tank Replacement | 2,800 | 2 | 2 | 2,798 |
| North Sections SB Transmission | 2,800 | 2 | 2 | 2,798 |
| South Sections SB Transmission | <u>2,600</u> | <u>2</u> | <u>2</u> | <u>2,598</u> |
| Total | <u>\$ 107,084</u> | <u>\$ 5,712</u> | <u>\$ 74,548</u> | <u>\$ 32,536</u> |

7. LONG-TERM DEBT

Changes in Long-Term Liabilities

Long-term liability activity for the year ended June 30, 2013 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 | \$ 36,996 | \$ | \$ 3,906 | \$ 33,090 | \$ 4,366 |
| Add unamortized premiums | 195 | | 44 | 151 | |
| Less deferred amounts on refunding | (256) | | (49) | (207) | |
| Total bonds payable | <u>36,935</u> | <u>-</u> | <u>3,901</u> | <u>33,034</u> | <u>4,366</u> |
| Compensated absences | 3,330 | 1,416 | 1,440 | 3,306 | 1,496 |
| Landfill closure | 1,647 | | 42 | 1,605 | 25 |
| Capital leases | 744 | | 77 | 667 | 77 |
| Net pension obligation | 93 | 308 | 310 | 91 | |
| Net OPEB obligation | 4,490 | 5,907 | 5,592 | 4,805 | |
| Risk management claims | 8,050 | 18,222 | 17,067 | 9,205 | 3,311 |
| | | | | | |
| Governmental Activities Long-Term Liabilities | <u>\$ 55,289</u> | <u>\$ 25,853</u> | <u>\$ 28,429</u> | <u>\$ 52,713</u> | <u>\$ 9,275</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 | \$ 398 | \$ | \$ 44 | \$ 354 | \$ 55 |
| Less deferred amounts on refunding | (4) | | (2) | (2) | |
| State of Connecticut - serial note | 10,768 | 717 | 670 | 10,815 | 6,409 |
| Total bonds and notes payable | <u>11,162</u> | <u>717</u> | <u>712</u> | <u>11,167</u> | <u>6,464</u> |
| Compensated absences | 2,856 | 183 | 286 | 2,753 | 275 |
| Capital leases | 1,620 | 42 | 313 | 1,349 | 332 |
| Workers' compensation | 650 | 8 | 163 | 495 | 124 |
| | | | | | |
| Business-Type Activities Long-Term Liabilities | <u>\$ 16,288</u> | <u>\$ 950</u> | <u>\$ 1,474</u> | <u>\$ 15,764</u> | <u>\$ 7,195</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, 2013 is presented below:

| Description | Date of Issue | Date of Maturity | Interest Rate (%) | Amount of Original Issue | Balance Outstanding June 30, 2013 |
|--|---------------|------------------|-------------------|--------------------------|-----------------------------------|
| Governmental Activities: | | | | | |
| General purpose bonds payable: | | | | | |
| General purpose - Wauregan Hotel | 04/01/2001 | 04/01/2017 | 5.50-6.75 | \$ 400 | \$ 100 |
| General purpose | 04/15/2004 | 04/15/2015 | 2.00-3.55 | 3,120 | 465 |
| Refunding - (11/15/1997 and 11/01/1999) bonds | 04/15/2004 | 04/15/2019 | 2.0-4.0 | 4,520 | 1,880 |
| General purpose and water main | 03/15/2005 | 09/15/2015 | 3.0-5.0 | 3,520 | 1,050 |
| Refunding - (02/01/1996 and 04/01/2001) bonds | 03/15/2005 | 09/15/2019 | 3.0-4.0 | 8,570 | 4,547 |
| Schools | 12/30/2008 | 12/30/2020 | | 2,940 | 1,960 |
| Refunding - (04/01/2001) bonds | 12/02/2009 | 04/01/2014 | 2.0-3.0 | 4,235 | 1,015 |
| General purpose | 12/02/2009 | 12/01/2029 | 3.0-4.0 | 9,145 | 8,175 |
| Schools | 12/02/2009 | 12/01/2029 | 3.0-4.0 | 2,000 | 1,788 |
| General purpose | 12/13/2011 | 12/01/2022 | 2.0-4.0 | 4,680 | 4,680 |
| Schools | 12/13/2011 | 12/01/2022 | 2.0-4.0 | 5,000 | 5,000 |
| Refunding - (04/15/02) bonds | 02/15/2012 | 04/15/2022 | 2.0 | 2,725 | 2,430 |
| Total | | | | \$ | <u>33,090</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 | \$ 117 |
| Golf course | 12/02/2009 | 12/01/2029 | 3.0-4.0 | 265 | 237 |
| State of Connecticut serial notes payable: | | | | | |
| Clean Water Act 106-C | 10/31/1997 | 10/31/2016 | 2.00 | 3,410 | 663 |
| Clean Water Act 298-C | 06/30/2000 | 06/30/2019 | 2.00 | 1,508 | 452 |
| Clean Water Act 349-C | 12/31/2002 | 12/31/2021 | 2.00 | 881 | 414 |
| Clean Water Act 9714-C | 12/31/2002 | 12/31/2021 | 2.77 | 1,899 | 925 |
| Clean Water Act 200801-C | 07/01/2009 | 07/01/2029 | 2.27 | 450 | 358 |
| Clean Water Act 625-D | 12/31/2012 | 12/31/2031 | 2.00 | 1,865 | 1,733 |
| Drinking Water State Revolving Fund 2010-8005 | 03/31/2010 | 12/31/2029 | 2.06 | 145 | 119 |
| Drinking Water State Revolving Fund 2010-8006 | 03/31/2010 | 06/30/2030 | 2.06 | 326 | 277 |
| State of Connecticut interim notes payable: | | | | | |
| Drinking Water State Revolving Fund 2010-7005 | * | * | * | * | 55 |
| Drinking Water State Revolving Fund 2010-7006 | * | * | * | * | 71 |
| Clean Water Act 495-C | * | * | * | * | 5,748 |
| Total | | | | \$ | <u>11,169</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> |
|-----------------------------|------------------|-----------------|------------------|
| 2014 | \$ 4,366 | \$ 949 | \$ 5,315 |
| 2015 | 3,327 | 832 | 4,159 |
| 2016 | 3,083 | 734 | 3,817 |
| 2017 | 2,566 | 652 | 3,218 |
| 2018 | 2,476 | 576 | 3,052 |
| 2019-2023 | 8,490 | 2,017 | 10,507 |
| 2024-2028 | 5,505 | 1,047 | 6,552 |
| 2029-2032 | <u>3,277</u> | <u>180</u> | <u>3,457</u> |
| Total | \$ <u>33,090</u> | \$ <u>6,987</u> | \$ <u>40,077</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, 2013 was \$99. Additional principal payments aggregating \$99 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> |
|-----------------------------|------------------|-----------------|------------------|
| 2014 | \$ 6,464 | \$ 113 | \$ 6,577 |
| 2015 | 598 | 100 | 698 |
| 2016 | 607 | 86 | 693 |
| 2017 | 441 | 74 | 515 |
| 2018 | 378 | 65 | 443 |
| 2019-2023 | 1,411 | 208 | 1,619 |
| 2024-2028 | 797 | 96 | 893 |
| 2029-2032 | <u>473</u> | <u>16</u> | <u>489</u> |
| Total | \$ <u>11,169</u> | \$ <u>758</u> | \$ <u>11,927</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 2013 fiscal year were \$77. The net undepreciated value of assets purchased by capital lease approximates the principal balances payable of \$667 at June 30, 2013. The following is a summary of capital lease commitments as of June 30, 2013.

| <u>Year Ending June 30,</u> | <u>Governmental Funds</u> |
|-----------------------------|-------------------------------|
| 2014 | \$ 112 |
| 2015 | 112 |
| 2016 | 112 |
| 2017 | 112 |
| 2018 | 112 |
| 2019-2020 | <u>224</u> |
| Total payments | 784 |
| Less interest | <u>(117)</u> |
| Principal Balance | <u><u>\$ 667</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 \$1,349 at June 30, 2013. The following is a summary of capital lease commitments as of June 30, 2013.

| <u>Year Ending June 30,</u> | <u>Enterprise Funds</u> |
|-----------------------------|-----------------------------|
| 2014 | \$ 381 |
| 2015 | 347 |
| 2016 | 337 |
| 2017 | 286 |
| 2018 | <u>118</u> |
| Total payments | 1,469 |
| Less interest | <u>(120)</u> |
| Principal Balance | <u><u>\$ 1,349</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 | \$ | 1,110 |
| Vacation | | 683 |
| Other | | 270 |
| Nonvested: | | |
| Sick | | 1,217 * |
| Other | | 26 * |
| | | <hr/> |
| Total | \$ | <u>3,306</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 postclosure care of \$1,605 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, 2013. 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, 2013 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 | 11,000 | 1,000 | | 10,000 |
| Demolition | 300 | 100 | | 200 |
| Wawecus Street Bridge | 800 | 500 | | 300 |
| Dodd Stadium | 610 | 580 | | 30 |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| Total | \$ <u>60,560</u> | \$ <u>15,420</u> | \$ <u>29,250</u> | \$ <u>15,890</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:

| Category | Debt Limit | Net Indebtedness | Balance |
|-----------------|---------------|---------------------|------------|
| General purpose | \$ 156,069 | \$ 27,364 | \$ 128,705 |
| Schools | 312,138 | 13,410 | 298,728 |
| Sewers | 260,115 | 17,354 | 242,761 |
| Urban renewal | 225,433 | | 225,433 |
| Pension deficit | 208,092 | | 208,092 |

The total of the City's net statutory indebtedness of \$58.1 million does not exceed the legal debt limitation of \$485 million (seven times the base for debt limitation computation).

8. FUND EQUITY

A. Fund Balance

The components of fund balance at June 30, 2013 are as follows:

| | General Fund | Bond Expenditure Fund | Nonmajor Governmental Funds | Total |
|---|-----------------|-----------------------------|-----------------------------------|-----------|
| Fund balances: | | | | |
| Nonspendable: | | | | |
| Inventory | \$ | \$ | \$ 17 | \$ 17 |
| Trust | | | 1,467 | 1,467 |
| Restricted for: | | | | |
| Trust | | | 70 | 70 |
| Grants | | | 587 | 587 |
| Fire districts | | | 1,536 | 1,536 |
| Committed to: | | | | |
| Public safety | | | 30 | 30 |
| Public works | | | 1,932 | 1,932 |
| Social services | | | 832 | 832 |
| General government | | | 161 | 161 |
| Education | | | 1,152 | 1,152 |
| Assigned to: | | | | |
| General government - subsequent year appropriations | 400 | | | 400 |
| General government - encumbrances | 5 | | | 5 |
| Social services - meals on wheels program funding | 15 | | | 15 |
| Public works - encumbrances | 15 | | | 15 |
| Public safety - encumbrances | 59 | | | 59 |
| Education - School resource officer funding | 150 | | | 150 |
| Education - encumbrances | 276 | | | 276 |
| Unassigned | 10,275 | (7,773) | (104) | 2,398 |
| Total Fund Balances | \$ 11,195 | \$ (7,773) | \$ 7,680 | \$ 11,102 |

B. Department of Public Utilities - Restricted Net Position

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 2.5 mills per kilowatt hour in the monthly purchase power costs of wholesale electricity sold to the Department for deposit into the Fund. 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, 2013 on behalf of the Department were \$188. 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 position 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 2013 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 |
| 2012-2013 | 1,177 | 14,259 | 14,056 | 1,380 |
| Workers’ Compensation: | | | | |
| 2011-2012 | 6,087 | 3,632 | 2,846 | 6,873 |
| 2012-2013 | 6,873 | 3,963 | 3,011 | 7,825 |

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 \$495 for estimated unpaid accrued losses on reported claims as of June 30, 2013.

10. EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS

City of Norwich Retirement System

A. Plan Description

The City 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'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 16.51% 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, 2013 were as follows:

| | |
|--|------------------------|
| Annual required contribution | \$ 5,728 |
| Interest on net pension obligation | (17) |
| Adjustment to annual required contribution | <u>17</u> |
| Annual pension cost | 5,728 |
| Contributions made | <u>5,730</u> |
| Increase in net pension asset | (2) |
| Net pension asset, beginning of year | <u>(206)</u> |
| Net Pension Asset, End of Year | <u><u>\$ (208)</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

| <u>Fiscal Year Ended</u> | | <u>Annual Pension Cost (APC)</u> | <u>Percentage of APC Contributed</u> | | <u>Net Pension Obligation (Asset)</u> | | <u>Actual Contribution</u> |
|--------------------------|----|----------------------------------|--------------------------------------|----|---------------------------------------|----|----------------------------|
| 6/30/13 | \$ | 5,728 | 100% | \$ | (208) | \$ | 5,730 |
| 6/30/12 | | 4,714 | 94% | | (206) | | 4,407 |
| 6/30/11 | | 3,645 | 103% | | (513) | | 3,752 |

F. Pension Plan Required Supplemental Information

Schedule of Employer Contributions

| <u>Fiscal Year Ended</u> | | <u>Annual Required Contribution</u> | <u>Percentage Contributed</u> |
|--------------------------|----|-------------------------------------|-------------------------------|
| 2013 | \$ | 5,728 | 100% |
| 2012 | | 4,713 | 94 |
| 2011 | | 3,644 | 103 |
| 2010 | | 2,397 | 116 |
| 2009 | | 3,037 | 106 |
| 2008 | | 2,921 | 106 |

Schedule of Funding Progress

| <u>Actuarial Valuation Date</u> | <u>Actuarial Value of Assets (a)</u> | <u>Actuarial Accrued Liability (AAL) Entry Age (b)</u> | <u>Unfunded Frozen Actuarial Liability (UFAL) (b-a)</u> | <u>Funded Ratio (a/b)</u> | <u>Covered Payroll (c)</u> | <u>UFAL as a % of Covered Payroll ((b-a)/c)</u> |
|---------------------------------|--------------------------------------|--|---|---------------------------|----------------------------|---|
| 7-1-11 | \$ 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 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: There were no plan changes reflected in the last actuarial valuation.

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, 2013 were as follows:

| | |
|--|---------------------|
| Annual required contribution | \$ 309 |
| Interest on net pension obligation | 6 |
| Adjustment to annual required contribution | <u>(7)</u> |
| Annual pension cost | 308 |
| Contributions made | <u>310</u> |
| Decrease in net pension obligation | (2) |
| Net pension obligation, beginning of year | <u>93</u> |
| Net Pension Obligation, End of Year | <u><u>\$ 91</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> |
|--------------------------|----------------------------------|--------------------------------------|-------------------------------|----------------------------|
| 6/30/13 | \$ 308 | 100% | \$ 91 | \$ 310 |
| 6/30/12 | 254 | 111 | 93 | 281 |
| 6/30/11 | 254 | 98 | 120 | 250 |

F. Pension Plan Required Supplemental Information

Schedule of Employer Contributions

| <u>Year Ended</u> | <u>Annual Required Contribution</u> | <u>Percentage Contributed</u> |
|-------------------|-------------------------------------|-------------------------------|
| 2013 | \$ 309 | 100% |
| 2012 | 255 | 110 |
| 2011 | 255 | 98 |
| 2010 | 255 | 98 |
| 2009 | 247 | 101 |
| 2008 | 213 | 100 |

Schedule of Funding Progress*

| <u>Actuarial Valuation Date</u> | <u>Actuarial Value of Assets (a)</u> | <u>Actuarial Accrued 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 position held in trust for pension benefits at June 30, 2013 and the changes in net position for the year then ended.

| | Combining Schedule of Fiduciary Net Position | | |
|------------------------------------|---|------------------|-------------------|
| | City | Volunteer | Total |
| | Employees | Fire | |
| Assets: | | | |
| Cash and cash equivalents | \$ 800 | \$ 18 | \$ 818 |
| Investments: | | | |
| Mutual funds | 123,941 | 1,784 | 125,725 |
| Other receivable | 31 | | 31 |
| Common Stock | 18,650 | | 18,650 |
| Due from other funds | 1,111 | 1 | 1,112 |
| Total assets | <u>144,533</u> | <u>1,803</u> | <u>146,336</u> |
| Net Position: | | | |
| Held in Trust for Pension Benefits | \$ <u>144,533</u> | \$ <u>1,803</u> | \$ <u>146,336</u> |

| | Combining Schedule of Changes in Fiduciary Net Position | | |
|--|--|------------------|-------------------|
| | City | Volunteer | Total |
| | Employees | Fire | |
| Additions: | | | |
| Contributions: | | | |
| Employer | \$ 5,730 | \$ 310 | \$ 6,040 |
| Plan members | 2,978 | 15 | 2,993 |
| Total contributions | <u>8,708</u> | <u>325</u> | <u>9,033</u> |
| Investment income: | | | |
| Net appreciation in fair value of investments | 13,495 | 105 | 13,600 |
| Interest and dividends | 605 | 47 | 652 |
| Total | <u>14,100</u> | <u>152</u> | <u>14,252</u> |
| Less investment expense | (938) | (9) | (947) |
| Net investment income | <u>13,162</u> | <u>143</u> | <u>13,305</u> |
| Total additions | <u>21,870</u> | <u>468</u> | <u>22,338</u> |
| Deductions: | | | |
| Benefits | 12,774 | 251 | 13,025 |
| Administrative expense | 9 | 1 | 10 |
| Lump-sum distributions and withdrawals | 243 | 5 | 248 |
| Total deductions | <u>13,026</u> | <u>257</u> | <u>13,283</u> |
| Net increase | 8,844 | 211 | 9,055 |
| Net Position held in trust for pension benefits, beginning of year | <u>135,689</u> | <u>1,592</u> | <u>137,281</u> |
| Net Position Held in Trust for Pension Benefits, End of Year | \$ <u>144,533</u> | \$ <u>1,803</u> | \$ <u>146,336</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 \$20,357 or 70.0% of the total Board of Education payroll of \$29,106.

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, 2013, the City has recorded in the General Fund (Exhibit IV), intergovernmental revenue and education expenditures in the amount of \$4,023 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. 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 post employment 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, 2013, plan members contributed \$1,463. 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, 2013 totaled \$5,592.

Annual OPEB Cost and Net OPEB Obligations

The City'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):

| | Retiree Health Plan |
|--|--------------------------------|
| Annual required contribution (ARC) | \$ 5,917 |
| Interest on net OPEB obligation | 359 |
| Adjustment to annual required contribution | (369) |
| | <hr/> |
| Annual OPEB cost | 5,907 |
| Contributions made | 5,592 |
| | <hr/> |
| Increase in net OPEB obligation | 315 |
| Net OPEB obligation, beginning of year | 4,490 |
| | <hr/> |
| Net OPEB Obligation, End of Year | \$ 4,805 |

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> |
|-------------------|-------------------------------|----------------------------|--------------------------------------|------------------------|
| 6/30/13 | \$ 5,907 | \$ 5,592 | 95.0% | \$ 4,805 |
| 6/30/12 | 6,174 | 6,114 | 99.0 | 4,490 |
| 6/30/11 | 6,057 | 5,251 | 87.0 | 4,430 |

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, July 1, 2009 and July 1, 2011 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 Accrued 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> |
| 7-1-11 | \$ 4,405 | \$ 57,618 | 7.6% | \$ 50,093 | 106.2% |
| 7-1-09 | 2,594 | 58,239 | 4.7 | 50,374 | 110.5 |
| 7-1-07 | - | 46,595 | 0.0 | 44,921 | 103.7 |

| <u>Schedule of Employer Contributions</u> | | |
|---|-------------------------------------|-------------------------------|
| <u>Year Ended</u> | <u>Annual Required Contribution</u> | <u>Percentage Contributed</u> |
| 6/30/2013 | \$ 5,917 | 95% |
| 6/30/2012 | 6,184 | 99 |
| 6/30/2011 | 6,065 | 87 |
| 6/30/2010 | 5,352 | 69 |
| 6/30/2009 | 5,352 | 63 |
| 6/30/2008 | 5,352 | 100 |

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 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, 2013 was \$32.2 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 2013 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 2013 fiscal year, the Department's contributions to the fund totaled \$221 and drawdowns were \$152. The balance of the Department's funds held by CMEEC for the RGGI was \$74 for the year ended June 30, 2013.

13. COMMITMENTS AND CONTINGENCIES

Connecticut Municipal Electric Energy Cooperative

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

CMEEC supplies power to the Department under a Power Sales Contract that became effective April 25, 2013. 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 three 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 31, 2052.

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 includes 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, 2013 is summarized as follows:

| | |
|---|------------------|
| CMEEC - debt service fixed cost obligation | \$ 25,629 |
| Department - rate stabilization funds on deposit with CMEEC | <u>(8,507)</u> |
| Net Deferred Fixed Cost Obligation | <u>\$ 17,122</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 position. The fixed cost obligation paid by the Department to CMEEC included in the cost to purchase power for the current year was \$3,173.

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

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.

**Combining and Individual
Fund Statements and Schedules**

**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, 2013
(In Thousands)

| | Budgeted Amounts | | Actual | Variance |
|--|------------------|---------------|---------------|--------------|
| | Original | Final | | |
| General property taxes: | | | | |
| Current tax levy | \$ 61,546 | \$ 61,546 | \$ 61,842 | \$ 296 |
| Motor vehicle supplement | 500 | 500 | 553 | 53 |
| Prior years levy | 1,400 | 1,400 | 1,560 | 160 |
| Interest and liens | 750 | 750 | 866 | 116 |
| Total | <u>64,196</u> | <u>64,196</u> | <u>64,821</u> | <u>625</u> |
| Licenses, permits and fees: | | | | |
| Miscellaneous permits and fees | <u>520</u> | <u>520</u> | <u>671</u> | <u>151</u> |
| Intergovernmental revenues: | | | | |
| Building maintenance | 277 | 277 | 280 | 3 |
| City housing | 87 | 87 | 88 | 1 |
| Municipal revenue sharing | 764 | 764 | 741 | (23) |
| Pequot funds | 527 | 527 | 507 | (20) |
| Payment in lieu of taxes | 1,472 | 1,472 | 1,455 | (17) |
| Elderly taxes | 138 | 138 | 128 | (10) |
| Youth Services | 88 | 88 | 88 | - |
| School bond interest | 109 | 109 | 109 | - |
| Federal DCPA match funds | 20 | 20 | 23 | 3 |
| Health services | 123 | 123 | 109 | (14) |
| LOCIP | 317 | 317 | 314 | (3) |
| Transportation | 687 | 687 | 606 | (81) |
| Special education | 1,800 | 1,800 | 1,015 | (785) |
| Education cost sharing | 32,317 | 32,317 | 32,320 | 3 |
| Town aid road | 238 | 238 | 252 | 14 |
| Services to Blind | | | 15 | 15 |
| Telecommunications fund | | | 108 | 108 |
| Total | <u>38,964</u> | <u>38,964</u> | <u>38,158</u> | <u>(806)</u> |
| Charges for services: | | | | |
| Town Clerk - recording fees | 350 | 350 | 363 | 13 |
| Town Clerk - conveyance tax | 390 | 390 | 267 | (123) |
| Land recording capital improvement fee | 16 | 16 | 18 | 2 |
| Probate court | 23 | 23 | 23 | - |
| Landfill | 1,110 | 1,110 | 1,015 | (95) |
| City property - relocation | 80 | 80 | 144 | 64 |
| Police outside services | 170 | 170 | 122 | (48) |
| Senior Citizens Center | 19 | 19 | 20 | 1 |
| Parking commission | 60 | 60 | 60 | - |
| Tuition | 50 | 50 | 173 | 123 |
| Total | <u>2,268</u> | <u>2,268</u> | <u>2,205</u> | <u>(63)</u> |
| Use of money: | | | | |
| Interest from investments | <u>80</u> | <u>80</u> | <u>32</u> | <u>(48)</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, 2013

(In Thousands)

| | <u>Budgeted Amounts</u> | | <u>Actual</u> | <u>Variance</u> |
|----------------------------|-------------------------|-----------------------|--------------------|---------------------|
| | <u>Original</u> | <u>Final</u> | | |
| Other revenue: | | | | |
| Sewer assessments | \$ 520 | \$ 520 | \$ 406 | \$ (114) |
| In lieu of taxes/telephone | 140 | 140 | 137 | (3) |
| NGCA debt service | 32 | 32 | 32 | - |
| Public utilities 10% | 7,451 | 7,451 | 7,451 | - |
| DPU - City service | 92 | 92 | 92 | - |
| Bond and note payments | 130 | 130 | 130 | - |
| Traffic violations | 9 | 9 | 5 | (4) |
| Miscellaneous | 272 | 272 | 413 | 141 |
| Total | <u>8,646</u> | <u>8,646</u> | <u>8,666</u> | <u>20</u> |
| Total revenues | <u>114,674</u> | <u>114,674</u> | <u>114,553</u> | <u>(121)</u> |
| Other financing sources: | | | | |
| Transfers in: | | | | |
| Cemetery Trust | <u>56</u> | <u>56</u> | <u>57</u> | <u>1</u> |
| Total | <u>\$ 114,730</u> | <u>\$ 114,730</u> | 114,610 | <u>\$ (120)</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.

4,023

The Board of Education does not budget for intergovernmental grants, which are credited against education expenditures for budgetary reporting. These amounts are recorded as revenues and expenditures for GAAP financial reporting purposes.

1,399

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

(192)

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

\$ 119,840

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, 2013

(In Thousands)

| | Budgeted Amounts | | Actual | Variance |
|------------------------------------|------------------|---------------|---------------|------------|
| | Original | Final | | |
| General government: | | | | |
| City Manager | \$ 271 | \$ 272 | \$ 266 | \$ 6 |
| Finance | 1,358 | 1,364 | 1,361 | 3 |
| City Treasurer | 218 | 220 | 215 | 5 |
| Assessment | 371 | 374 | 373 | 1 |
| Personnel | 407 | 415 | 415 | - |
| Law | 437 | 492 | 488 | 4 |
| City Clerk | 354 | 356 | 348 | 8 |
| City Council | 372 | 372 | 359 | 13 |
| Election | 117 | 131 | 130 | 1 |
| Planning and Neighborhood Services | 921 | 929 | 929 | - |
| Emergency Management | 70 | 70 | 65 | 5 |
| Total general government | <u>4,896</u> | <u>4,995</u> | <u>4,949</u> | <u>46</u> |
| Public safety: | | | | |
| Police | 12,202 | 12,454 | 12,451 | 3 |
| Fire: | | | | |
| East Great Plain | 118 | 118 | 98 | 20 |
| Laurel Hill | 52 | 52 | 50 | 2 |
| Occum | 61 | 61 | 52 | 9 |
| Taftville | 124 | 124 | 112 | 12 |
| Yantic | 131 | 144 | 144 | - |
| Fire Central | 2,013 | 2,025 | 1,999 | 26 |
| Total public safety | <u>14,701</u> | <u>14,978</u> | <u>14,906</u> | <u>72</u> |
| Social Services: | | | | |
| Recreation | 666 | 670 | 665 | 5 |
| Human services | 627 | 632 | 632 | - |
| Senior Citizens Center | 546 | 551 | 539 | 12 |
| Youth and Family Services | 182 | 193 | 186 | 7 |
| Total social services | <u>2,021</u> | <u>2,046</u> | <u>2,022</u> | <u>24</u> |
| Public works: | | | | |
| Engineering and administration | 546 | 549 | 548 | 1 |
| Fleet maintenance | 1,249 | 1,264 | 1,287 | (23) |
| Solid waste | 2,741 | 2,745 | 2,580 | 165 |
| Maintenance and cleaning | 3,875 | 3,941 | 3,783 | 158 |
| Building maintenance | 1,123 | 1,138 | 1,150 | (12) |
| Parking maintenance | 139 | 141 | 135 | 6 |
| Total public works | <u>9,673</u> | <u>9,778</u> | <u>9,483</u> | <u>295</u> |
| Board of Education | <u>70,385</u> | <u>70,385</u> | <u>70,235</u> | <u>150</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, 2013
(In Thousands)

| | Budgeted Amounts | | Actual | Variance |
|--------------------|------------------|------------|----------|----------|
| | Original | Final | | |
| Other | \$ 7,890 | \$ 7,384 | \$ 7,384 | \$ - |
| Debt Service: | | | | |
| Principal | 3,960 | 3,960 | 3,960 | - |
| Interest | 1,204 | 1,204 | 1,204 | - |
| Total debt service | 5,164 | 5,164 | 5,164 | - |
| Total | \$ 114,730 | \$ 114,730 | 114,143 | \$ 587 |

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.

4,023

The Board of Education does not budget for intergovernmental grants, which are credited against education expenditures for budgetary reporting. These amounts are recorded as revenues and expenditures for GAAP financial reporting purposes.

1,399

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.

(353)

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.

68

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

\$ 119,280

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, 2013 AND 2012

(In Thousands)

| | <u>2013</u> | <u>2012</u> |
|---|------------------|------------------|
| ASSETS | | |
| Cash and cash equivalents | \$ 15,815 | \$ 18,368 |
| Investments | 1,975 | 1,952 |
| Receivables: | | |
| Property taxes receivable, net | 3,610 | 3,490 |
| Property taxes accrued interest receivable, net | 1,126 | 1,092 |
| Intergovernmental receivable: | | |
| School building grants receivable | 99 | 198 |
| Other grants receivable | 557 | 795 |
| Assessment receivable | 3,628 | 3,067 |
| Accounts receivable, net | 396 | 349 |
| Due from other funds | <u>13,444</u> | <u>9,199</u> |
| Total Assets | <u>\$ 40,650</u> | <u>\$ 38,510</u> |
| LIABILITIES AND FUND BALANCES | | |
| Liabilities: | | |
| Accounts payable and accrued expenses | \$ 7,683 | \$ 5,275 |
| Due to other funds | 13,320 | 14,835 |
| Deferred revenue | <u>8,452</u> | <u>7,765</u> |
| Total liabilities | <u>29,455</u> | <u>27,875</u> |
| Fund balances: | | |
| Assigned | 920 | 264 |
| Unassigned | <u>10,275</u> | <u>10,371</u> |
| Total fund balances | <u>11,195</u> | <u>10,635</u> |
| Total Liabilities and Fund Balances | <u>\$ 40,650</u> | <u>\$ 38,510</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 |
| 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 Fund | 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, 2013
(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>Parking Commission</u> | <u>Youth Services</u> | <u>C.O.P.S. Grant</u> |
|--|------------------------|-------------------------------------|-----------------|---------------------------|-----------------------------|----------------------------|-------------------------------|---------------------------|---------------------------|
| ASSETS | | | | | | | | | |
| Cash and cash equivalents | \$ | \$ 323 | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| Investments | | | | | | | | | |
| Receivables, net: | | | | | | | | | |
| Property taxes | | | | 338 | | | | | |
| Intergovernmental | | 376 | | 12 | 1,031 | | | 6 | |
| Loans | | 18 | 98 | | 2 | | 29 | | |
| Other | | | 162 | 1,578 | 969 | 79 | | 80 | 50 |
| Due from other funds | | | | | | | | | |
| Other assets | | 17 | | | | | | | |
| Total Assets | \$ | \$ 734 | \$ 260 | \$ 1,928 | \$ 2,002 | \$ 79 | \$ 29 | \$ 86 | \$ 50 |
| LIABILITIES AND FUND BALANCES | | | | | | | | | |
| Liabilities: | | | | | | | | | |
| Accounts and other payables | \$ 15 | \$ 166 | \$ | \$ 93 | \$ 1,444 | \$ 6 | \$ 7 | \$ 4 | \$ |
| Due to other funds | 18 | | | | | | 65 | | |
| Deferred revenue | | | 98 | 299 | 204 | | 28 | | 50 |
| Total liabilities | <u>33</u> | <u>166</u> | <u>98</u> | <u>392</u> | <u>1,648</u> | <u>6</u> | <u>100</u> | <u>4</u> | <u>50</u> |
| Fund balances: | | | | | | | | | |
| Nonspendable | | 17 | | | | | | | |
| Restricted | | | | 1,536 | | | | | |
| Committed | | 551 | 162 | | 354 | 73 | | 82 | |
| Unassigned | (33) | | | | | | (71) | | |
| Total fund balances | <u>(33)</u> | <u>568</u> | <u>162</u> | <u>1,536</u> | <u>354</u> | <u>73</u> | <u>(71)</u> | <u>82</u> | <u>-</u> |
| Total Liabilities and Fund Balances | \$ | \$ 734 | \$ 260 | \$ 1,928 | \$ 2,002 | \$ 79 | \$ 29 | \$ 86 | \$ 50 |

(Continued on next page)

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

JUNE 30, 2013
(In Thousands)

| | Special Revenue | | | | | | | | |
|--|----------------------------|------------------------------------|-------------------------|----------------------------------|-----------------------|-----------------------------------|-------------------------------|-------------------------------------|---|
| | 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 | Recreation Grants and Programs |
| ASSETS | | | | | | | | | |
| Cash and cash equivalents | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| Investments | | | | | | | | | |
| Receivables, net: | | | | | | | | | |
| Property taxes | | | | | | | | | |
| Intergovernmental | 77 | 8 | 3 | 42 | | | | | |
| Loans | 1,280 | | | | | | | | |
| Other | | | | | | | | | |
| Due from other funds | | 186 | 10 | | 203 | 3 | 118 | 34 | 210 |
| Other assets | | | | | | | | | |
| Total Assets | \$ 1,357 | \$ 194 | \$ 13 | \$ 42 | \$ 203 | \$ 3 | \$ 118 | \$ 34 | \$ 210 |
| LIABILITIES AND FUND BALANCES | | | | | | | | | |
| Liabilities: | | | | | | | | | |
| Accounts and other payables | \$ 4 | \$ 33 | \$ | \$ 6 | \$ 22 | \$ | \$ | \$ 7 | \$ 16 |
| Due to other funds | 22 | | | 36 | | | | | |
| Deferred revenue | 1,280 | | | | 7 | | | | 4 |
| Total liabilities | 1,306 | 33 | - | 42 | 29 | - | - | 7 | 20 |
| Fund balances: | | | | | | | | | |
| Nonspendable | | | | | | | | | |
| Restricted | 51 | | 13 | | | | 118 | | |
| Committed | | 161 | | | 174 | 3 | | 27 | 190 |
| Unassigned | | | | | | | | | |
| Total fund balances | 51 | 161 | 13 | - | 174 | 3 | 118 | 27 | 190 |
| Total Liabilities and Fund Balances | \$ 1,357 | \$ 194 | \$ 13 | \$ 42 | \$ 203 | \$ 3 | \$ 118 | \$ 34 | \$ 210 |

(Continued on next page)

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

JUNE 30, 2013
(In Thousands)

Special Revenue

| | <u>Social Services Grants and Programs</u> | <u>Senior Citizens Programs</u> | <u>Mohegan Park</u> | <u>Sachem Fund</u> | <u>Property Rehabilitation</u> | <u>Brown Park</u> | <u>Total</u> |
|--------------------------------------|--|---|-------------------------|------------------------|------------------------------------|-----------------------|-----------------|
| ASSETS | | | | | | | |
| Cash and cash equivalents | \$ | \$ | \$ | \$ | \$ | \$ | \$ 323 |
| Investments | | | | | | | - |
| Receivables, net: | | | | | | | |
| Property taxes | | | | | | | 338 |
| Intergovernmental | | | | | | | 1,555 |
| Loans | | | | | 1,939 | | 3,219 |
| Other | | 1 | | | | | 148 |
| Due from other funds | 82 | 111 | 119 | 234 | 23 | 42 | 4,293 |
| Other assets | | | | | | | 17 |
| | <u>82</u> | <u>111</u> | <u>119</u> | <u>234</u> | <u>1,962</u> | <u>42</u> | <u>9,893</u> |
| Total Assets | \$ <u>82</u> | \$ <u>112</u> | \$ <u>119</u> | \$ <u>234</u> | \$ <u>1,962</u> | \$ <u>42</u> | \$ <u>9,893</u> |
| LIABILITIES AND FUND BALANCES | | | | | | | |
| Liabilities: | | | | | | | |
| Accounts and other payables | \$ | \$ 9 | \$ | \$ | \$ 1 | \$ | \$ 1,833 |
| Due to other funds | | | | | | | 141 |
| Deferred revenue | | | | | 1,939 | | 3,909 |
| Total liabilities | <u>-</u> | <u>9</u> | <u>-</u> | <u>-</u> | <u>1,940</u> | <u>-</u> | <u>5,883</u> |
| Fund balances: | | | | | | | |
| Nonspendable | | | | | | | 17 |
| Restricted | | | | | | 42 | 1,760 |
| Committed | 82 | 103 | 119 | 234 | 22 | | 2,337 |
| Unassigned | | | | | | | (104) |
| Total fund balances | <u>82</u> | <u>103</u> | <u>119</u> | <u>234</u> | <u>22</u> | <u>42</u> | <u>4,010</u> |
| Total Liabilities and Fund Balances | \$ <u>82</u> | \$ <u>112</u> | \$ <u>119</u> | \$ <u>234</u> | \$ <u>1,962</u> | \$ <u>42</u> | \$ <u>9,893</u> |

(Continued on next page)

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

JUNE 30, 2013
(In Thousands)

| | Capital Projects | | | | | Permanent | | | | Total Nonmajor Governmental Funds |
|--|------------------------|--|--------------------|---------------------|-----------------|---------------------------|------------------------------|-------------------|-----------------|--|
| | Capital Improvement | Intermodal Transportation Center | School Projects | Landfill Closure | Total | Public Parks & Gardens | Fred Abbot Summer Concert | Cemetery Trust | Total | |
| ASSETS | | | | | | | | | | |
| Cash and cash equivalents | \$ | \$ | \$ | \$ | \$ - | \$ | \$ | \$ 606 | \$ 606 | \$ 929 |
| Investments | | | | | - | | | 844 | 844 | 844 |
| Receivables, net: | | | | | | | | | | |
| Property taxes | | | | | - | | | | - | 338 |
| Intergovernmental | 195 | 1,001 | 4,697 | 220 | 6,113 | | | | - | 7,668 |
| Loans | | | | | - | | | | - | 3,219 |
| Other | | | | | - | | | | - | 148 |
| Due from other funds | 1,521 | | | 39 | 1,560 | 40 | | 5 | 45 | 5,898 |
| Other assets | | | | | - | | | | - | 17 |
| Total Assets | <u>\$ 1,716</u> | <u>\$ 1,001</u> | <u>\$ 4,697</u> | <u>\$ 259</u> | <u>\$ 7,673</u> | <u>\$ 40</u> | <u>\$ 5</u> | <u>\$ 1,450</u> | <u>\$ 1,495</u> | <u>\$ 19,061</u> |
| LIABILITIES AND FUND BALANCES | | | | | | | | | | |
| Liabilities: | | | | | | | | | | |
| Accounts and other payables | \$ 205 | \$ 9 | \$ | \$ | \$ 214 | \$ | \$ | \$ | \$ - | \$ 2,047 |
| Due to other funds | | 613 | 4,671 | | 5,284 | | | | - | 5,425 |
| Deferred revenue | | | | | - | | | | - | 3,909 |
| Total liabilities | <u>205</u> | <u>622</u> | <u>4,671</u> | <u>-</u> | <u>5,498</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>11,381</u> |
| Fund balances: | | | | | | | | | | |
| Nonspendable | | | | | - | 12 | | 5 | 1,450 | 1,467 |
| Restricted | | 379 | 26 | | 405 | 28 | | | 28 | 2,193 |
| Committed | 1,511 | | | 259 | 1,770 | | | | - | 4,107 |
| Unassigned | | | | | - | | | | - | (104) |
| Total fund balances | <u>1,511</u> | <u>379</u> | <u>26</u> | <u>259</u> | <u>2,175</u> | <u>40</u> | <u>5</u> | <u>1,450</u> | <u>1,495</u> | <u>7,680</u> |
| Total Liabilities and Fund Balances | <u>\$ 1,716</u> | <u>\$ 1,001</u> | <u>\$ 4,697</u> | <u>\$ 259</u> | <u>\$ 7,673</u> | <u>\$ 40</u> | <u>\$ 5</u> | <u>\$ 1,450</u> | <u>\$ 1,495</u> | <u>\$ 19,061</u> |

CITY OF NORWICH, CONNECTICUT
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2013
(In Thousands)

| | Special Revenue | | | | | | | | |
|---|------------------------|-----------------------------|-----------------|-----------------------|-------------------------|------------------------|---------------------------|-----------------------|-----------------------|
| | Dog License | School Lunch Program | Sidewalk | Fire Districts | Education Grants | Adult Education | Parking Commission | Youth Services | C.O.P.S. Grant |
| Revenues: | | | | | | | | | |
| Property taxes, interest and liens | \$ | \$ | \$ | \$ 4,539 | \$ | \$ | \$ | \$ | \$ |
| Intergovernmental revenues | | 2,300 | | 1,818 | 10,894 | 534 | | 88 | |
| Charges for services | 25 | 289 | 31 | 17 | 314 | 845 | 268 | | |
| Investment income | | | | 3 | | 1 | | | |
| Other | | | | | | | | 108 | |
| Total revenues | <u>25</u> | <u>2,589</u> | <u>31</u> | <u>6,377</u> | <u>11,208</u> | <u>1,380</u> | <u>268</u> | <u>196</u> | <u>-</u> |
| Expenditures: | | | | | | | | | |
| Current: | | | | | | | | | |
| General government | | | | | | | 202 | | |
| Public safety | 42 | | | 6,489 | | | | | |
| Social services | | | | | | | | 193 | |
| Public works | | | 2 | 579 | | | | | |
| Education | | 2,824 | | | 11,321 | 1,382 | | | |
| Capital outlay | | | | | | | | | |
| Total expenditures | <u>42</u> | <u>2,824</u> | <u>2</u> | <u>7,068</u> | <u>11,321</u> | <u>1,382</u> | <u>202</u> | <u>193</u> | <u>-</u> |
| Excess (Deficiency) of Revenues Over Expenditures | <u>(17)</u> | <u>(235)</u> | <u>29</u> | <u>(691)</u> | <u>(113)</u> | <u>(2)</u> | <u>66</u> | <u>3</u> | <u>-</u> |
| Other Financing Sources (Uses): | | | | | | | | | |
| Transfers in | | | | 820 | | 5 | | | |
| Transfer out | | | | | | | (60) | | |
| Total other financing sources (uses) | <u>-</u> | <u>-</u> | <u>-</u> | <u>820</u> | <u>-</u> | <u>5</u> | <u>(60)</u> | <u>-</u> | <u>-</u> |
| Net Change in Fund Balances | (17) | (235) | 29 | 129 | (113) | 3 | 6 | 3 | - |
| Fund Balances at Beginning of Year | <u>(16)</u> | <u>803</u> | <u>133</u> | <u>1,407</u> | <u>467</u> | <u>70</u> | <u>(77)</u> | <u>79</u> | <u>-</u> |
| Fund Balances at End of Year | <u>\$ (33)</u> | <u>\$ 568</u> | <u>\$ 162</u> | <u>\$ 1,536</u> | <u>\$ 354</u> | <u>\$ 73</u> | <u>\$ (71)</u> | <u>\$ 82</u> | <u>\$ -</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, 2013
(In Thousands)

| | Special Revenue | | | | | | | | |
|---|----------------------------|------------------------------------|-------------------------|----------------------------------|-----------------------|-----------------------------------|-------------------------------|-------------------------------------|---|
| | 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 | Recreation Grants and Programs |
| Revenues: | | | | | | | | | |
| Property taxes, interest and liens | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| Intergovernmental revenues | 402 | 94 | 188 | 717 | 145 | 10 | 26 | 33 | 11 |
| Charges for services | | | | | | | | 344 | 208 |
| Investment income | | | | | | | | | |
| Other | | 41 | | | 71 | | | 12 | 20 |
| Total revenues | <u>402</u> | <u>135</u> | <u>188</u> | <u>717</u> | <u>216</u> | <u>10</u> | <u>26</u> | <u>389</u> | <u>239</u> |
| Expenditures: | | | | | | | | | |
| Current: | | | | | | | | | |
| General government | | 140 | 201 | | | | | | |
| Public safety | | 5 | | 98 | | 11 | 42 | 255 | |
| Social services | 355 | 1 | | 334 | | | | | 208 |
| Public works | | | | 56 | | | | | |
| Education | | | | 12 | 175 | | | | |
| Capital outlay | | | | | | | | | |
| Total expenditures | <u>355</u> | <u>146</u> | <u>201</u> | <u>500</u> | <u>175</u> | <u>11</u> | <u>42</u> | <u>255</u> | <u>208</u> |
| Excess (Deficiency) of Revenues Over Expenditures | <u>47</u> | <u>(11)</u> | <u>(13)</u> | <u>217</u> | <u>41</u> | <u>(1)</u> | <u>(16)</u> | <u>134</u> | <u>31</u> |
| Other Financing Sources (Uses): | | | | | | | | | |
| Transfers in | | 22 | 9 | | | | | | |
| Transfer out | | | | (249) | | | | (122) | |
| Total other financing sources (uses) | <u>-</u> | <u>22</u> | <u>9</u> | <u>(249)</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>(122)</u> | <u>-</u> |
| Net Change in Fund Balances | 47 | 11 | (4) | (32) | 41 | (1) | (16) | 12 | 31 |
| Fund Balances at Beginning of Year | <u>4</u> | <u>150</u> | <u>17</u> | <u>32</u> | <u>133</u> | <u>4</u> | <u>134</u> | <u>15</u> | <u>159</u> |
| Fund Balances at End of Year | <u>\$ 51</u> | <u>\$ 161</u> | <u>\$ 13</u> | <u>\$ -</u> | <u>\$ 174</u> | <u>\$ 3</u> | <u>\$ 118</u> | <u>\$ 27</u> | <u>\$ 190</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, 2013
(In Thousands)

Special Revenue

| | Social Services Grants and Programs | Senior Citizens Programs | Mohegan Park | Sachem Fund | Property Rehabilitation | Brown Park | Total |
|---|--|---|-------------------------|------------------------|------------------------------------|-----------------------|-----------------|
| Revenues: | | | | | | | |
| Property taxes, interest and liens | \$ | \$ | \$ | \$ | \$ | \$ | \$ 4,539 |
| Intergovernmental revenues | 71 | 12 | | | | | 17,343 |
| Charges for services | | 69 | | | 86 | | 2,496 |
| Investment income | | | | | | | 4 |
| Other | 82 | 19 | | | | | 353 |
| Total revenues | <u>153</u> | <u>100</u> | <u>-</u> | <u>-</u> | <u>86</u> | <u>-</u> | <u>24,735</u> |
| Expenditures: | | | | | | | |
| Current: | | | | | | | |
| General government | | | | | | | 543 |
| Public safety | | | | | | | 6,942 |
| Social services | 133 | 94 | 3 | 8 | 262 | | 1,591 |
| Public works | | | | | | | 637 |
| Education | | | | | | | 15,714 |
| Capital outlay | | | | | | | - |
| Total expenditures | <u>133</u> | <u>94</u> | <u>3</u> | <u>8</u> | <u>262</u> | <u>-</u> | <u>25,427</u> |
| Excess (Deficiency) of Revenues Over Expenditures | <u>20</u> | <u>6</u> | <u>(3)</u> | <u>(8)</u> | <u>(176)</u> | <u>-</u> | <u>(692)</u> |
| Other Financing Sources (Uses): | | | | | | | |
| Transfers in | | | | 50 | 251 | | 1,157 |
| Transfer out | | | | | | | (431) |
| Total other financing sources (uses) | <u>-</u> | <u>-</u> | <u>-</u> | <u>50</u> | <u>251</u> | <u>-</u> | <u>726</u> |
| Net Change in Fund Balances | 20 | 6 | (3) | 42 | 75 | - | 34 |
| Fund Balances at Beginning of Year | <u>62</u> | <u>97</u> | <u>122</u> | <u>192</u> | <u>(53)</u> | <u>42</u> | <u>3,976</u> |
| Fund Balances at End of Year | <u>\$ 82</u> | <u>\$ 103</u> | <u>\$ 119</u> | <u>\$ 234</u> | <u>\$ 22</u> | <u>\$ 42</u> | <u>\$ 4,010</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, 2013
(In Thousands)

| | Capital Projects | | | | Permanent | | | | Interfund Eliminations | Total Nonmajor Governmental Funds | |
|---|------------------------|--|--------------------|---------------------|-----------------|---------------------------|---------------------------------|-------------------|---------------------------|--|-----------------|
| | Capital Improvement | Intermodal Transportation Center | School Projects | Landfill Closure | Total | Public Parks & Gardens | Fred Abbot Summer Concert | Cemetery Trust | | | Total |
| Revenues: | | | | | | | | | | | |
| Property taxes, interest and liens | \$ | \$ | \$ | \$ | \$ - | \$ | \$ | \$ - | \$ | \$ 4,539 | |
| Intergovernmental revenues | 337 | 63 | 28 | 17 | 445 | | | - | | 17,788 | |
| Charges for services | | | | | - | | | - | | 2,496 | |
| Investment income | | | | | - | | 166 | 166 | | 170 | |
| Other | | 120 | | | 120 | | | - | | 473 | |
| Total revenues | <u>337</u> | <u>183</u> | <u>28</u> | <u>17</u> | <u>565</u> | <u>-</u> | <u>-</u> | <u>166</u> | <u>166</u> | <u>-</u> | <u>25,466</u> |
| Expenditures: | | | | | | | | | | | |
| Current: | | | | | | | | | | | |
| General government | | | | | - | | 29 | 29 | | 572 | |
| Public safety | | | | | - | | | - | | 6,942 | |
| Social services | | | | | - | | | - | | 1,591 | |
| Public works | | | | 17 | 17 | | | - | | 654 | |
| Education | | | | | - | | | - | | 15,714 | |
| Capital outlay | 2,808 | 605 | 810 | | 4,223 | | | - | | 4,223 | |
| Total expenditures | <u>2,808</u> | <u>605</u> | <u>810</u> | <u>17</u> | <u>4,240</u> | <u>-</u> | <u>-</u> | <u>29</u> | <u>29</u> | <u>-</u> | <u>29,696</u> |
| Excess (Deficiency) of Revenues Over Expenditures | <u>(2,471)</u> | <u>(422)</u> | <u>(782)</u> | <u>-</u> | <u>(3,675)</u> | <u>-</u> | <u>-</u> | <u>137</u> | <u>137</u> | <u>-</u> | <u>(4,230)</u> |
| Other Financing Sources (Uses): | | | | | | | | | | | |
| Transfers in | 2,493 | 94 | | | 2,587 | | | - | (342) | 3,402 | |
| Transfer out | (93) | | | | (93) | | (57) | (57) | 342 | (239) | |
| Total other financing sources (uses) | <u>2,400</u> | <u>94</u> | <u>-</u> | <u>-</u> | <u>2,494</u> | <u>-</u> | <u>-</u> | <u>(57)</u> | <u>(57)</u> | <u>-</u> | <u>3,163</u> |
| Net Change in Fund Balances | (71) | (328) | (782) | - | (1,181) | - | - | 80 | 80 | - | (1,067) |
| Fund Balances at Beginning of Year | <u>1,582</u> | <u>707</u> | <u>808</u> | <u>259</u> | <u>3,356</u> | <u>40</u> | <u>5</u> | <u>1,370</u> | <u>1,415</u> | <u>-</u> | <u>8,747</u> |
| Fund Balances at End of Year | <u>\$ 1,511</u> | <u>\$ 379</u> | <u>\$ 26</u> | <u>\$ 259</u> | <u>\$ 2,175</u> | <u>\$ 40</u> | <u>\$ 5</u> | <u>\$ 1,450</u> | <u>\$ 1,495</u> | <u>\$ -</u> | <u>\$ 7,680</u> |

CITY OF NORWICH, CONNECTICUT

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

**FOR THE YEAR ENDED JUNE 30, 2013
(In Thousands)**

| | <u>Budgeted Amounts</u> | | <u>Actual</u> | <u>Variance</u> |
|-------------------------------------|-------------------------|-----------------|-----------------|-----------------|
| | <u>Original</u> | <u>Final</u> | | |
| Taxes, interest and lien fees: | | | | |
| Fire | \$ 3,923 | \$ 3,923 | \$ 3,970 | \$ 47 |
| Volunteer fire | 554 | 554 | 569 | 15 |
| Total taxes, interest and lien fees | <u>4,477</u> | <u>4,477</u> | <u>4,539</u> | <u>62</u> |
| Intergovernmental: | | | | |
| City Housing | 201 | 201 | 201 | - |
| In lieu of taxes - fire | 49 | 49 | 49 | - |
| Elderly reimbursement | 91 | 91 | 91 | - |
| Mashantucket Pequot | 1,477 | 1,477 | 1,477 | - |
| Total intergovernmental | <u>1,818</u> | <u>1,818</u> | <u>1,818</u> | <u>-</u> |
| Charges for services: | | | | |
| Conveyance fees | <u>14</u> | <u>14</u> | <u>17</u> | <u>3</u> |
| Other: | | | | |
| Other fund transfers | <u>820</u> | <u>820</u> | <u>820</u> | <u>-</u> |
| Investment income | <u>7</u> | <u>7</u> | <u>3</u> | <u>(4)</u> |
| Total | <u>\$ 7,136</u> | <u>\$ 7,136</u> | <u>\$ 7,197</u> | <u>\$ 61</u> |

CITY OF NORWICH, CONNECTICUT

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

**FOR THE YEAR ENDED JUNE 30, 2013
(In Thousands)**

| | <u>Budgeted Amounts</u> | | <u>Actual</u> | <u>Variance</u> |
|----------------------------------|-------------------------|-----------------|-----------------|-----------------|
| | <u>Original</u> | <u>Final</u> | | |
| Fire and Refuse: | | | | |
| Employees | \$ 2,902 | \$ 2,902 | \$ 2,850 | \$ 52 |
| Overtime | 80 | 80 | 7 | 73 |
| Replacement costs | 744 | 744 | 805 | (61) |
| Hospitalization | 579 | 579 | 579 | - |
| Fringe benefits | 2,277 | 2,277 | 2,281 | (4) |
| Workers compensation | 159 | 159 | 159 | - |
| Volunteer firefighter tax credit | 85 | 85 | 77 | 8 |
| Volunteer firefighter trust fund | 310 | 310 | 310 | - |
| Total | <u>\$ 7,136</u> | <u>\$ 7,136</u> | <u>\$ 7,068</u> | <u>\$ 68</u> |

CITY OF NORWICH, CONNECTICUT
SCHEDULE OF FIRE DISTRICT TAXES
FOR THE YEAR ENDED JUNE 30, 2013
(In Thousands)

| Grand List | Uncollected Taxes July 1, 2012 | Lawful Corrections | | Transfers to Suspense | Adjusted Taxes Collectible | Collections | | | | Uncollected Taxes June 30, 2013** |
|------------|--------------------------------|--------------------|--------------|---|----------------------------|-----------------|--------------|-------------|-----------------|-----------------------------------|
| | | Additions | Deductions | | | Taxes | Interest | Fees | Total | |
| 2011 | \$ 4,581 | \$ 7 | \$ 26 | \$ | \$ 4,562 | \$ 4,363 | \$ 26 | \$ | \$ 4,389 | \$ 199 |
| 2010 | 179 | | 7 | | 172 | 89 | 20 | | 109 | 83 |
| 2009 | 96 | | 4 | | 92 | 30 | 11 | | 41 | 62 |
| 2008 | 40 | | 1 | 22 | 17 | 7 | 3 | | 10 | 10 |
| 2007 | 9 | | 1 | | 8 | 3 | 1 | | 4 | 5 |
| 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 * | | - | | | | - | - |
| | <u>\$ 4,935</u> | <u>\$ 7</u> | <u>\$ 44</u> | <u>\$ 22</u> | <u>\$ 4,876</u> | <u>4,492</u> | <u>61</u> | | <u>4,553</u> | <u>\$ 384</u> |
| | | | | Suspense collections | | | <u>1</u> | | <u>1</u> | |
| | | | | Total Tax Collections | | <u>\$ 4,492</u> | <u>\$ 62</u> | <u>\$ -</u> | <u>4,554</u> | |
| | | | | Property taxes receivable considered available: | | | | | | |
| | | | | June 30, 2012 | | | | | (53) | |
| | | | | June 30, 2013 | | | | | <u>38</u> | |
| | | | | Total | | | | | <u>\$ 4,539</u> | |

*Operation of law

**Represents gross receivable of \$388 net of overpayments of \$4 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 POSITION
NONMAJOR ENTERPRISE FUNDSJUNE 30, 2013
(In Thousands)

| | Business-Type Activities | | | Totals |
|--|--------------------------|-------------------|--------------------|-----------------|
| | Golf Course Authority | Stadium Authority | Ice Rink Authority | |
| Assets: | | | | |
| Current assets: | | | | |
| Receivables, net: | | | | |
| User charges | \$ 6 | \$ 96 | \$ 12 | \$ 114 |
| Due from other funds | 222 | 76 | | 298 |
| Inventories | | | 55 | 55 |
| Total current assets | <u>228</u> | <u>172</u> | <u>67</u> | <u>467</u> |
| Capital assets, net | <u>2,307</u> | <u>7,241</u> | <u>303</u> | <u>9,851</u> |
| Total assets | <u>2,535</u> | <u>7,413</u> | <u>370</u> | <u>10,318</u> |
| Liabilities: | | | | |
| Current liabilities: | | | | |
| Accounts payable and accrued liabilities | 50 | 8 | 28 | 86 |
| Bonds payable | 14 | | | 14 |
| Due to other funds | | | 422 | 422 |
| Unearned revenue | <u>187</u> | | | <u>187</u> |
| Total current liabilities | <u>251</u> | <u>8</u> | <u>450</u> | <u>709</u> |
| Noncurrent liabilities: | | | | |
| Bonds payable | <u>223</u> | | | <u>223</u> |
| Total liabilities | <u>474</u> | <u>8</u> | <u>450</u> | <u>932</u> |
| Net Position: | | | | |
| Net investment in capital assets | 2,070 | 7,241 | 303 | 9,614 |
| Unrestricted | <u>(9)</u> | <u>164</u> | <u>(383)</u> | <u>(228)</u> |
| Total Net Position | <u>\$ 2,061</u> | <u>\$ 7,405</u> | <u>\$ (80)</u> | <u>\$ 9,386</u> |

CITY OF NORWICH, CONNECTICUT

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES
IN NET POSITION - NONMAJOR ENTERPRISE FUNDS

FOR THE YEAR ENDED JUNE 30, 2013

(In Thousands)

| | Business-Type Activities | | | Totals |
|------------------------------------|--------------------------|-------------------|--------------------|----------|
| | Golf Course Authority | Stadium Authority | Ice Rink Authority | |
| Operating Revenues: | | | | |
| Charges for services | \$ 1,163 | \$ 151 | \$ 568 | \$ 1,882 |
| Operating Expenses: | | | | |
| Operations and maintenance | 1,200 | 103 | 753 | 2,056 |
| Depreciation | 60 | 190 | 159 | 409 |
| Total operating expenses | 1,260 | 293 | 912 | 2,465 |
| Operating Loss | (97) | (142) | (344) | (583) |
| Nonoperating income (expense): | | | | |
| Loss on disposal of capital assets | | | (5) | (5) |
| Net loss before transfers | (97) | (142) | (349) | (588) |
| Transfers in | | 20 | 27 | 47 |
| Change in Net Position | (97) | (122) | (322) | (541) |
| Net Position at Beginning of Year | 2,158 | 7,527 | 242 | 9,927 |
| Net Position at End of Year | \$ 2,061 | \$ 7,405 | \$ (80) | \$ 9,386 |

CITY OF NORWICH, CONNECTICUT

COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS

FOR THE YEAR ENDED JUNE 30, 2013

(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 | \$ 1,275 | \$ 77 | \$ 567 | \$ 1,919 |
| Cash paid to vendors | (753) | 92 | (306) | (967) |
| Cash paid to employees for services | (494) | | (288) | (782) |
| Net cash provided by (used in) operating activities | <u>28</u> | <u>169</u> | <u>(27)</u> | <u>170</u> |
| Cash Flows from Noncapital Financing Activities: | | | | |
| Advances from other funds | | 20 | 22 | 42 |
| Cash Flows from Capital and Related Financing Activities: | | | | |
| Principal payments on long-term debt | (3) | | | (3) |
| Purchase of capital assets | (25) | (189) | | (214) |
| Net cash used in capital and related financing activities | <u>(28)</u> | <u>(189)</u> | <u>-</u> | <u>(217)</u> |
| Net Decrease in Cash and Cash Equivalents | - | - | (5) | (5) |
| Cash and Cash Equivalents at Beginning of Year | - | - | 5 | 5 |
| Cash and Cash Equivalents at End of Year | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| Reconciliation of Operating Loss to Net Cash Provided by (Used in) Operating Activities: | | | | |
| Operating loss | \$ (97) | \$ (142) | \$ (344) | \$ (583) |
| Adjustments to reconcile operating loss to net cash provided by (used in) operating activities: | | | | |
| Depreciation expense | 60 | 190 | 159 | 409 |
| Increase in receivables | (6) | (74) | (1) | (81) |
| Decrease in inventories and other assets | | | 4 | 4 |
| Decrease in due from other funds | 122 | | | 122 |
| Increase in due to other funds | | 208 | 157 | 365 |
| Decrease in unearned revenues | (4) | | | (4) |
| Decrease in accounts payable and accrued liabilities | (47) | (13) | (2) | (62) |
| Total adjustments | <u>125</u> | <u>311</u> | <u>317</u> | <u>753</u> |
| Net Cash Provided by (Used in) Operating Activities | <u>\$ 28</u> | <u>\$ 169</u> | <u>\$ (27)</u> | <u>\$ 170</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 POSITION
INTERNAL SERVICE FUNDSJUNE 30, 2013
(In Thousands)

| | <u>Medical Benefits</u> | <u>Workers' Compensation</u> | <u>Total</u> |
|---------------------------|-----------------------------|----------------------------------|-------------------|
| Assets: | | | |
| Current: | | | |
| Accounts receivable | \$ 461 | \$ | \$ 461 |
| Due from other funds | <u>2,673</u> | <u>3,339</u> | <u>6,012</u> |
| Total assets | <u>3,134</u> | <u>3,339</u> | <u>6,473</u> |
| Liabilities: | | | |
| Current: | | | |
| Accounts payable | | 11 | 11 |
| Risk management claims | <u>1,380</u> | <u>1,931</u> | <u>3,311</u> |
| Total current liabilities | <u>1,380</u> | <u>1,942</u> | <u>3,322</u> |
| Noncurrent: | | | |
| Risk management claims | <u></u> | <u>5,894</u> | <u>5,894</u> |
| Total liabilities | <u>1,380</u> | <u>7,836</u> | <u>9,216</u> |
| Net Position: | | | |
| Unrestricted | <u>\$ 1,754</u> | <u>\$ (4,497)</u> | <u>\$ (2,743)</u> |

CITY OF NORWICH, CONNECTICUT

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

FOR THE YEAR ENDED JUNE 30, 2013

(In Thousands)

| | <u>Medical Benefits</u> | <u>Workers' Compensation</u> | <u>Total</u> |
|--------------------------------------|-----------------------------|----------------------------------|-------------------|
| Operating Revenues: | | | |
| Charges for services | \$ 14,312 | \$ 2,343 | \$ 16,655 |
| Operating Expenses: | | | |
| Claims expense | 14,056 | 3,011 | 17,067 |
| Premiums and administrative expenses | 993 | 226 | 1,219 |
| Total operating expenses | <u>15,049</u> | <u>3,237</u> | <u>18,286</u> |
| Operating Loss | (737) | (894) | (1,631) |
| Net Position at Beginning of Year | <u>2,491</u> | <u>(3,603)</u> | <u>(1,112)</u> |
| Net Position at End of Year | <u>\$ 1,754</u> | <u>\$ (4,497)</u> | <u>\$ (2,743)</u> |

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

FOR THE YEAR ENDED JUNE 30, 2013
(In Thousands)

| | <u>Medical Benefits</u> | <u>Workers' Compensation</u> | <u>Total</u> |
|--|-----------------------------|----------------------------------|-------------------|
| Cash Flows from Operating Activities: | | | |
| Cash received from charges for services | \$ 1,848 | \$ 11 | \$ 1,859 |
| Cash receipts for interfund services provided | 12,998 | 2,267 | 15,265 |
| Cash paid to vendors | <u>(14,846)</u> | <u>(2,278)</u> | <u>(17,124)</u> |
| Net cash provided by operating activities | <u>-</u> | <u>-</u> | <u>-</u> |
| Net Increase in Cash and Cash Equivalents | - | - | - |
| Cash and Cash Equivalents at Beginning of Year | <u>-</u> | <u>-</u> | <u>-</u> |
| Cash and Cash Equivalents at End of Year | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| Reconciliation of Operating Loss to Net Cash Provided by Operating Activities: | | | |
| Operating loss | \$ <u>(737)</u> | \$ <u>(894)</u> | \$ <u>(1,631)</u> |
| Adjustments to reconcile operating loss to net cash provided by operating activities: | | | |
| Increase in receivables | (461) | | (461) |
| Decrease (increase) in due from other funds | 995 | (65) | 930 |
| Increase in accounts payable and accrued liabilities | <u>203</u> | <u>959</u> | <u>1,162</u> |
| Total adjustments | <u>737</u> | <u>894</u> | <u>1,631</u> |
| Net Cash Provided by Operating Activities | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |

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, 2013

(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 | \$ 68 | \$ | \$ | \$ 431 | \$ 499 |
| Other | | <u>2</u> | <u>14</u> | | <u>16</u> |
| Total Assets | <u>\$ 68</u> | <u>\$ 2</u> | <u>\$ 14</u> | <u>\$ 431</u> | <u>\$ 515</u> |
| Liabilities: | | | | | |
| Due to student groups and agencies | <u>\$ 68</u> | <u>\$ 2</u> | <u>\$ 14</u> | <u>\$ 431</u> | <u>\$ 515</u> |

CITY OF NORWICH, CONNECTICUT

AGENCY FUNDS

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

FOR THE YEAR ENDED JUNE 30, 2013

(In Thousands)

| | <u>Balance</u> <u>July 1, 2012</u> | <u>Additions</u> | <u>Deductions</u> | <u>Balance</u> <u>June 30, 2013</u> |
|------------------------------------|---------------------------------------|------------------|-------------------|--|
| Student Activities | | | | |
| Assets: | | | | |
| Cash and cash equivalents | \$ 49 | \$ 139 | \$ 120 | \$ 68 |
| Liabilities: | | | | |
| Due to student groups and agencies | \$ 49 | \$ 139 | \$ 120 | \$ 68 |
| Rehabilitation Deposits | | | | |
| Assets: | | | | |
| Other | \$ 1 | \$ 6 | \$ 5 | \$ 2 |
| Liabilities: | | | | |
| Due to student groups and agencies | \$ 1 | \$ 6 | \$ 5 | \$ 2 |
| Bid Deposit | | | | |
| Assets: | | | | |
| Other | \$ 102 | \$ 177 | \$ 265 | \$ 14 |
| Liabilities: | | | | |
| Due to student groups and agencies | \$ 102 | \$ 177 | \$ 265 | \$ 14 |
| Performance Bonds | | | | |
| Assets: | | | | |
| Cash and cash equivalents | \$ 336 | \$ 147 | \$ 52 | \$ 431 |
| Liabilities: | | | | |
| Due to student groups and agencies | \$ 336 | \$ 147 | \$ 52 | \$ 431 |
| Total - All Funds | | | | |
| Assets: | | | | |
| Cash and cash equivalents | \$ 385 | \$ 286 | \$ 172 | \$ 499 |
| Other | 103 | 183 | 270 | 16 |
| Total | \$ 488 | \$ 469 | \$ 442 | \$ 515 |
| Liabilities: | | | | |
| Due to student groups and agencies | \$ 488 | \$ 469 | \$ 442 | \$ 515 |

Supplemental Schedules

CITY OF NORWICH, CONNECTICUT
SCHEDULE OF BONDS AND SERIAL NOTES PAYABLE
FOR THE YEAR ENDED JUNE 30, 2013
(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 | \$ 125 | \$ | \$ 25 | \$ 100 |
| General purpose | 2.00-3.55 | 04/15/2004 | 04/15/2015 | 3,120 | 700 | | 235 | 465 |
| Refunding - (11/15/1997 and 11/01/1999) bonds | 2.0-4.0 | 04/15/2004 | 04/15/2019 | 4,520 | 2,225 | | 345 | 1,880 |
| General purpose and water main | 3.0-5.0 | 03/15/2005 | 09/15/2015 | 3,520 | 1,400 | | 350 | 1,050 |
| Refunding - (02/01/1996 and 04/01/2001) bonds | 3.0-4.0 | 03/15/2005 | 09/15/2019 | 8,570 | 5,322 | | 775 | 4,547 |
| Schools | - | 12/30/2008 | 12/30/2020 | 2,940 | 2,205 | | 245 | 1,960 |
| Refunding - (04/01/2001) bonds | 2.0-3.0 | 12/02/2009 | 04/01/2014 | 4,235 | 2,060 | | 1,045 | 1,015 |
| General purpose | 3.0-4.0 | 12/02/2009 | 12/01/2029 | 9,145 | 8,659 | | 484 | 8,175 |
| Schools | 3.0-4.0 | 12/02/2009 | 12/01/2029 | 2,000 | 1,895 | | 107 | 1,788 |
| General purpose | 2.0-4.0 | 12/13/2011 | 12/01/2022 | 4,680 | 4,680 | | | 4,680 |
| Schools | 2.0-4.0 | 12/13/2011 | 12/01/2022 | 5,000 | 5,000 | | | 5,000 |
| Refunding - (04/15/02) bonds | 2.0 | 02/15/2012 | 04/15/2022 | 2,725 | 2,725 | | 295 | 2,430 |
| Total | | | | <u>50,855</u> | <u>36,996</u> | <u>-</u> | <u>3,906</u> | <u>33,090</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 | 158 | | 41 | 117 |
| Golf course | 3.0-4.0 | 12/02/2009 | 12/01/2029 | 265 | 240 | | 3 | 237 |
| State of Connecticut serial notes payable: | | | | | | | | |
| Clean Water Act 106-C | 2.00 | 10/31/1997 | 10/31/2016 | 3,410 | 852 | | 189 | 663 |
| Clean Water Act 298-C | 2.00 | 06/30/2000 | 06/30/2019 | 1,508 | 530 | | 78 | 452 |
| Clean Water Act 349-C | 2.00 | 12/31/2002 | 12/31/2021 | 881 | 458 | | 44 | 414 |
| Clean Water Act 9714-C | 2.77 | 12/31/2002 | 12/31/2021 | 1,899 | 1,019 | | 94 | 925 |
| Clean Water Act 200801-C | 2.27 | 07/01/2009 | 07/01/2029 | 450 | 380 | | 22 | 358 |
| Clean Water Act 625-D | 2.00 | 12/31/2012 | 12/31/2031 | 1,865 | 1,864 | | 131 | 1,733 |
| Clean Water Act 495-C* | * | * | * | * | 5,156 | 592 | | 5,748 |
| Drinking Water State Revolving Fund 2010-8005 | 2.06 | 03/31/2010 | 12/31/2029 | 145 | 127 | | 8 | 119 |
| Drinking Water State Revolving Fund 2010-8006 | 2.06 | 03/31/2010 | 06/30/2030 | 326 | 294 | | 17 | 277 |
| Drinking Water State Revolving Fund 2010-7005 | * | * | * | * | | 55 | | 55 |
| Drinking Water State Revolving Fund 2010-7006 | * | * | * | * | | 71 | | 71 |
| Total | | | | <u>11,117</u> | <u>11,078</u> | <u>718</u> | <u>627</u> | <u>11,169</u> |
| Total | | | | <u>\$ 61,972</u> | <u>\$ 48,074</u> | <u>\$ 718</u> | <u>\$ 4,533</u> | <u>\$ 44,259</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, 2013
(In Thousands)**

| Fiscal Year Ending June 30, | <u>Governmental Activities</u> | | <u>Business-Type Activities</u> | | <u>Total Primary Government</u> | |
|--------------------------------------|---------------------------------|-----------------|--|-----------------|-------------------------------------|-----------------|
| | <u>General Obligation Bonds</u> | | <u>General Obligation Bonds And Serial Notes</u> | | <u>Principal</u> | <u>Interest</u> |
| | <u>Principal</u> | <u>Interest</u> | <u>Principal</u> | <u>Interest</u> | | |
| 2014 | \$ 4,366 | \$ 949 | \$ 6,464 | \$ 113 | \$ 10,830 | \$ 1,062 |
| 2015 | 3,327 | 832 | 598 | 100 | 3,925 | 932 |
| 2016 | 3,083 | 734 | 607 | 86 | 3,690 | 820 |
| 2017 | 2,566 | 652 | 441 | 74 | 3,007 | 726 |
| 2018 | 2,476 | 576 | 378 | 65 | 2,854 | 641 |
| 2019 | 2,356 | 504 | 384 | 56 | 2,740 | 560 |
| 2020 | 2,146 | 440 | 314 | 48 | 2,460 | 488 |
| 2021 | 1,576 | 395 | 321 | 41 | 1,897 | 436 |
| 2022 | 1,326 | 358 | 239 | 34 | 1,565 | 392 |
| 2023 | 1,086 | 320 | 154 | 30 | 1,240 | 350 |
| 2024 | 1,086 | 285 | 155 | 26 | 1,241 | 311 |
| 2025 | 1,086 | 249 | 157 | 23 | 1,243 | 272 |
| 2026 | 1,111 | 210 | 159 | 19 | 1,270 | 229 |
| 2027 | 1,111 | 171 | 161 | 16 | 1,272 | 187 |
| 2028 | 1,111 | 132 | 163 | 12 | 1,274 | 144 |
| 2029 | 1,111 | 92 | 164 | 8 | 1,275 | 100 |
| 2030 | 1,111 | 53 | 142 | 5 | 1,253 | 58 |
| 2031 | 525 | 25 | 110 | 2 | 635 | 27 |
| 2032 | 530 | 9 | 58 | | 588 | 9 |
| Total | \$ 33,090 | \$ 6,986 | \$ 11,169 | \$ 758 | \$ 44,259 | \$ 7,744 |

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 POSITION BY COMPONENT

LAST TEN FISCAL YEARS

(In Thousands)

| | FISCAL YEAR | | | | | | | | | |
|---|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 | 2007 | 2006 | 2005 | 2004 |
| Governmental activities: | | | | | | | | | | |
| Net investment in capital assets | \$ 95,200 | \$ 92,031 | \$ 87,252 * | \$ 60,432 | \$ 53,165 | \$ 50,696 | \$ 44,114 | \$ 38,680 | \$ 34,514 | \$ 24,968 |
| Restricted | 1,537 | 1,457 | 1,544 | 1,405 | 1,351 | 1,608 | 1,725 | 1,590 | 1,610 | |
| Unrestricted | 7,582 | 14,373 | 10,296 | 14,414 | 6,088 | 9,884 | 13,808 | 16,460 | 15,074 | 18,077 |
| Total governmental activities net position | <u>104,319</u> | <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> |
| Business-type activities: | | | | | | | | | | |
| Net investment in capital assets | 112,113 | 107,495 | 97,874 * | 88,174 | 87,763 | 84,439 | 83,363 | 83,151 | 81,679 | 79,147 |
| Restricted | 188 | 361 | 334 | 287 | 758 | 758 | 876 | 643 | 279 | |
| Unrestricted | 20,989 | 22,241 | 20,129 | 23,441 | 22,903 | 21,159 | 24,307 | 19,927 | 17,083 | 11,119 |
| Total business-type activities net position | <u>133,290</u> | <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> |
| Primary government: | | | | | | | | | | |
| Net investment in capital assets | 207,313 | 199,526 | 185,126 | 148,606 | 140,928 | 135,135 | 127,477 | 121,831 | 116,193 | 104,115 |
| Restricted | 1,725 | 1,818 | 1,878 | 1,692 | 2,109 | 2,366 | 2,601 | 2,233 | 1,889 | |
| Unrestricted | 28,571 | 36,614 | 30,425 | 37,855 | 28,991 | 31,043 | 38,115 | 36,387 | 32,157 | 29,196 |
| Total Primary Government Net Position | <u>\$ 237,609</u> | <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> |

Notes:

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

* as restated

CITY OF NORWICH, CONNECTICUT

CHANGES IN NET POSITION

LAST TEN FISCAL YEARS
(In Thousands)

| | FISCAL YEAR | | | | | | | | | |
|---|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 | 2007 | 2006 | 2005 | 2004 |
| Expenses: | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| General government | \$ 11,905 | \$ 10,300 | \$ 10,760 | \$ 9,114 | \$ 10,473 | \$ 12,116 | \$ 11,926 | \$ 9,638 | \$ 8,958 | \$ 10,414 |
| Public safety | 22,840 | 20,571 | 20,336 | 18,063 | 20,326 | 18,271 | 16,108 | 15,754 | 14,105 | 13,032 |
| Social services | 4,059 | 4,201 | 4,664 | 5,602 | 4,954 | 4,852 | 3,984 | 4,048 | 3,037 | 1,880 |
| Public works | 17,245 | 13,444 | 9,133 | 9,449 | 15,819 | 11,617 | 11,504 | 11,109 | 13,781 | 10,271 |
| Education | 92,976 | 86,764 | 84,263 | 84,898 | 85,661 | 91,664 | 75,171 | 71,268 | 64,819 | 61,478 |
| Interest on long-term debt | 1,232 | 1,109 | 2,008 | 1,323 | 1,444 | 1,380 | 1,454 | 1,476 | 1,646 | 1,948 |
| Total governmental activities expenses | <u>150,257</u> | <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> |
| Business-type activities: | | | | | | | | | | |
| Department of Public Utilities | 75,476 | 75,620 | 80,977 | 74,716 | 77,192 | 74,114 | 66,885 | 67,275 | 57,133 | 56,062 |
| Other enterprise funds | 2,470 | 2,495 | 2,425 | 2,413 | 2,529 | 2,568 | 2,373 | 2,583 | 2,505 | 2,526 |
| Total business-type activities expenses | <u>77,946</u> | <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> |
| Total primary government expenses | <u>228,203</u> | <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> |
| Program Revenues: | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| Charges for services: | | | | | | | | | | |
| General government | 1,907 | 1,866 | 1,860 | 1,778 | 1,602 | 2,078 | 2,861 | 3,097 | 2,682 | 2,892 |
| Public works | 1,684 | 771 | 1,250 | 819 | 2,962 | 3,017 | 2,994 | 2,730 | 2,988 | 2,866 |
| Education | 1,620 | 1,708 | 1,570 | 2,051 | 2,184 | 1,864 | 1,935 | 1,674 | 1,447 | 900 |
| Other | 1,009 | 1,032 | 1,076 | 1,012 | 1,171 | 970 | 694 | 747 | 717 | 4,649 |
| Operating grants and contributions | 55,684 | 53,139 | 54,051 | 54,424 | 52,034 | 62,359 | 47,469 | 47,561 | 41,727 | 36,509 |
| Capital grants and contributions | 791 | 10,749 | 22,962 | 11,163 | 5,810 | 1,635 | 934 | 1,736 | 1,907 | 4,459 |
| Total governmental activities program revenues | <u>62,695</u> | <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> |
| Business-type activities: | | | | | | | | | | |
| Charges for services: | | | | | | | | | | |
| Gas | 14,893 | 13,370 | 16,282 | 16,508 | 21,596 | 16,961 | 16,612 | 18,999 | 15,099 | 12,911 |
| Electric | 51,396 | 60,151 | 58,283 | 52,303 | 55,152 | 49,265 | 49,607 | 46,158 | 38,706 | 36,089 |
| Water | 8,376 | 6,656 | 6,794 | 6,117 | 6,027 | 5,790 | 5,115 | 5,099 | 4,970 | 4,854 |
| Sewer | 7,252 | 6,876 | 7,185 | 7,580 | 5,536 | 5,641 | 5,340 | 5,384 | 4,077 | 4,030 |
| Other nonmajor enterprise funds | 1,882 | 2,054 | 2,081 | 2,081 | 2,188 | 2,245 | 2,168 | 2,269 | 2,299 | 2,166 |
| Capital grants and contributions | 5,423 | 6,798 | 6,704 | 200 | 1,315 | 1,216 | 1,037 | 1,696 | 2,115 | 141 |
| Total business-type activities program revenues | <u>89,222</u> | <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> |
| Total primary government program revenues | <u>151,917</u> | <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> |
| Net (expense) revenue: | | | | | | | | | | |
| Governmental activities | (87,562) | (67,124) | (48,395) | (57,202) | (72,914) | (67,977) | (63,260) | (55,748) | (54,878) | (46,748) |
| Business-type activities | <u>11,276</u> | <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> |
| Total Primary Government Net Expense | <u>\$ (76,286)</u> | <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> |

(Continued on next page)

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

LAST TEN FISCAL YEARS
(In Thousands)

| | FISCAL YEAR | | | | | | | | | |
|--|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 | 2007 | 2006 | 2005 | 2004 |
| General revenues and other changes in net position: | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| Property taxes | \$ 69,598 | \$ 63,198 | \$ 61,307 | \$ 59,956 | \$ 57,897 | \$ 56,456 | \$ 52,327 | \$ 49,726 | \$ 45,426 | \$ 48,044 |
| Grants and contributions not restricted to specific programs | 5,005 | 4,315 | 4,391 | 4,372 | 5,480 | 5,407 | 5,522 | 4,786 | 5,030 | 5,250 |
| Unrestricted investment earnings | 202 | 51 | 283 | 321 | 262 | 998 | 1,199 | 843 | 488 | 530 |
| Miscellaneous | 1,126 | 890 | 1,414 | 998 | 558 | 631 | 910 | 540 | 1,217 | |
| Transfers | 8,089 | 7,439 | 8,277 | 7,202 | 7,133 | 7,026 | 6,219 | 5,385 | 5,006 | (160) |
| Total governmental activities | <u>84,020</u> | <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> |
| Business-type activities: | | | | | | | | | | |
| Investment earnings | 6 | 11 | 14 | 20 | 108 | 400 | 423 | 318 | 204 | 138 |
| Transfers | (8,089) | (7,493) | (8,277) | (7,202) | (7,133) | (7,026) | (6,219) | (5,385) | (5,006) | 160 |
| Total business-type activities | <u>(8,083)</u> | <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> |
| Total Primary Government | <u>\$ 75,937</u> | <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> |
| Changes in Net Position: | | | | | | | | | | |
| Governmental activities | \$ (3,542) | \$ 8,769 | \$ 27,277 | \$ 15,647 | \$ (1,584) | \$ 2,541 | \$ 2,917 | \$ 5,532 | \$ 2,289 | \$ 6,916 |
| Business-type activities | 3,193 | 10,308 | 5,664 | 478 | 5,068 | (2,190) | 4,825 | 4,680 | 2,826 | 1,901 |
| Total Primary Government | <u>\$ (349)</u> | <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> |

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 | | | | | | | | | |
|------------------------------------|--------------------|------------------|------------------|------------------|-----------------|------------------|------------------|------------------|------------------|-----------------|
| | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 | 2007 | 2006 | 2005 | 2004 |
| General Fund: | | | | | | | | | | |
| Reserved | \$ | \$ | \$ | \$ 268 | \$ 283 | \$ 308 | \$ 425 | \$ 259 | \$ 398 | \$ 415 |
| Unreserved | | | | 9,834 | 9,616 | 10,676 | 11,651 | 11,030 | 10,573 | 9,302 |
| Assigned | 920 | 264 | 178 | | | | | | | |
| Unassigned | <u>10,275</u> | <u>10,371</u> | <u>10,649</u> | | | | | | | |
| Total General Fund | <u>\$ 11,195</u> | <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> |
| All other governmental funds: | | | | | | | | | | |
| Reserved | \$ | \$ | \$ | \$ 1,776 | \$ 1,729 | \$ 2,095 | \$ 3,170 | \$ 3,077 | \$ 2,475 | \$ 2,051 |
| Unreserved, reported in: | | | | | | | | | | |
| Special revenue funds | | | | 2,915 | 2,183 | 2,487 | 2,746 | 2,577 | 2,532 | 3,617 |
| Capital projects funds | | | | 3,911 | (1,898) | (1,493) | (541) | 2,460 | 3,265 | 1,610 |
| Nonspendable | 1,484 | 1,443 | 1,523 | | | | | | | |
| Restricted | 2,193 | 3,179 | 1,421 | | | | | | | |
| Committed | 4,107 | 4,271 | 4,344 | | | | | | | |
| Unassigned | <u>(7,877)</u> | <u>(2,878)</u> | <u>(7,208)</u> | | | | | | | |
| Total All Other Governmental Funds | <u>\$ (93)</u> | <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> |

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 | | | | | | | | | |
|---|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 | 2007 | 2006 | 2005 | 2004 |
| Revenues: | | | | | | | | | | |
| Property taxes, interest and liens | \$ 69,360 | \$ 63,286 | \$ 60,817 | \$ 59,214 | \$ 57,623 | \$ 55,893 | \$ 52,976 | \$ 49,704 | \$ 47,652 | \$ 47,815 |
| Intergovernmental | 61,368 | 68,137 | 81,439 | 69,937 | 63,116 | 69,880 | 53,909 | 53,572 | 48,159 | 46,929 |
| Charges for services, licenses, permits, fees and other | 6,686 | 6,816 | 7,292 | 7,353 | 8,508 | 9,135 | 10,097 | 9,283 | 10,296 | 11,041 |
| Investment income | 202 | 50 | 283 | 321 | 260 | 991 | 1,171 | 813 | 462 | 517 |
| Total revenues | <u>137,616</u> | <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> |
| Expenditures: | | | | | | | | | | |
| General government | 5,473 | 5,008 | 5,822 | 6,466 | 6,716 | 7,339 | 5,782 | 5,290 | 5,262 | 6,665 |
| Public safety | 21,672 | 19,685 | 19,447 | 17,832 | 18,606 | 17,348 | 16,163 | 15,634 | 13,736 | 12,725 |
| Social services | 3,616 | 4,125 | 4,029 | 4,261 | 4,640 | 4,313 | 4,272 | 4,273 | 3,782 | 3,094 |
| Public works | 10,121 | 10,187 | 9,633 | 9,421 | 10,359 | 10,944 | 10,412 | 9,964 | 10,095 | 9,178 |
| Education | 91,108 | 84,067 | 84,690 | 83,893 | 82,866 | 91,194 | 74,223 | 70,592 | 65,363 | 61,880 |
| Other | 4,943 | 4,795 | 3,411 | 3,461 | 3,693 | 4,365 | 4,286 | 3,531 | 3,529 | 2,832 |
| Capital outlay | 9,156 | 16,954 | 34,905 | 18,274 | 10,826 | 6,102 | 6,337 | 3,707 | 3,929 | 2,679 |
| Debt service: | | | | | | | | | | |
| Principal | 3,906 | 3,915 | 3,475 | 3,530 | 2,835 | 3,356 | 3,616 | 3,975 | 3,928 | 4,180 |
| Interest | 1,258 | 1,075 | 1,297 | 713 | 1,199 | 1,342 | 1,425 | 1,631 | 1,759 | 1,998 |
| Total expenditures | <u>151,253</u> | <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> |
| Excess of revenues over (under) expenditures | <u>(13,637)</u> | <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> |
| Other financing sources (uses): | | | | | | | | | | |
| Transfers in | 11,092 | 11,701 | 18,424 | 12,404 | 10,686 | 10,505 | 9,885 | 8,760 | 8,246 | 3,997 |
| Transfers out | (3,003) | (4,262) | (10,147) | (5,202) | (3,553) | (3,479) | (3,666) | (3,375) | (3,240) | (4,157) |
| 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>8,089</u> | <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> |
| Net change in fund balances | (5,548) | 5,743 | (7,797) | 6,791 | (2,160) | (3,378) | (1,952) | 160 | 3,076 | 4,104 |
| Fund Balances at Beginning of Year | 16,650 | 10,907 | 18,704 | 11,913 | 14,073 | 17,451 | 19,403 | 19,243 | 16,167 | * 12,891 |
| Fund Balances at End of Year | <u>\$ 11,102</u> | <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> |
| Debt Service as a Percentage of Noncapital Expenditures | 3.52% | 3.69% | 3.57% | 3.32% | 2.98% | 3.36% | 4.20% | 4.91% | 5.27% | 5.99% |

* 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 | | | | | | | | | | |
| 2013 | 2011 | \$ 454,877 | \$ 1,675,445 | \$ 218,925 | \$ 144,144 | \$ 2,493,391 | \$ 38,323 | \$ 2,455,068 | \$ 69,179 | \$ 28.18 | \$ 3,507,240 | 70.00 % | \$ 2,432,705 |
| 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 | 2008 | 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 | 2007 | 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 | 2006 | 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 | 2005 | 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 | 2004 | 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 | 2003 | 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 | 2002 | 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 |

Source: City of Norwich Assessor's Office; Municipal Fiscal Indicators, Connecticut Office of Policy & Management

Notes:

- (1) 2008 Real property grand list is adjusted to reflect statutory revaluation. The next revaluation will be on the October 1, 2013.
- (2) Property is assessed at approximately 70% of its market value. Assessed Value is 70% of Estimated Actual Value.

TABLE 6

CITY OF NORWICH, CONNECTICUT
PRINCIPAL PROPERTY TAXPAYERS
OCTOBER 1, 2011 AND OCTOBER 1, 2002

| Business Name | Nature of Business | October 1, 2011 | | | October 1, 2002 | | |
|---|---------------------------------------|------------------------|------|--|------------------------|------|--|
| | | 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 | \$ 32,847 | 1 | 1.34% | \$ 12,937 | 2 | 1.11% |
| Bob's Discount Furniture | Retail Store & Distribution Warehouse | 23,912 | 2 | 0.97% | 4,718 | 9 | 0.40% |
| Plaza Enterprises | Shopping Center | 14,782 | 3 | 0.60% | | | |
| Freeport-McMoran (fka Phelps Dodge) | Manufacturing - Copper | 13,770 | 4 | 0.56% | 13,489 | 1 | 1.16% |
| Algonquin Gas Transmissions LLC | Natural Gas Pipeline | 10,869 | 5 | 0.44% | | | |
| Mashantucket Pequot Tribe | Real Estate | 9,915 | 6 | 0.40% | 7,762 | 3 | 0.67% |
| Wal-Mart Stores, Inc. | Department Store | 9,909 | 7 | 0.40% | 5,027 | 7 | 0.43% |
| NorwichTown Commons | Shopping Center | 9,266 | 8 | 0.38% | | | |
| Norwich Community Development Corporation | Office Building | 9,242 | 9 | 0.38% | | | |
| IBM Credit | Leased Equipment | 9,005 | 10 | 0.37% | | | |
| Norwich Mall Realty Associates | Shopping Center | | | | 7,255 | 4 | 0.62% |
| Hamilton Park Wequonnoc Village | Apartments | | | | 6,151 | 5 | 0.53% |
| Kalimian Elias as Trustee | Apartments | | | | 5,447 | 6 | 0.47% |
| Norwich Realty Associates LP | Real Estate | | | | 4,902 | 8 | 0.42% |
| US Foodservice | Food Distributors | | | | 4,530 | 10 | 0.39% |
| Total | | \$ 143,517 | | 5.85% | \$ 72,218 | | 6.19% |

Source: City of Norwich Assessor's Office

Note:

(1) The October 1, 2011 grand list was the base grand list utilized for the tax bills issued July 1, 2012 for the 2013 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 | | | | | | | | | | |
| 2013 | \$ 2,455,068 | 26.54 | \$ 64,618 | \$ 62,401 | 96.57% | \$ - | \$ 62,401 | 96.57% | 31.10 | 26.54 |
| 2012 | 2,394,228 | 24.76 | 59,110 | 57,141 | 96.67% | 1,105 | 58,246 | 98.54% | 28.83 | 25.12 |
| 2011 | 2,408,165 | 24.04 | 57,006 | 54,816 | 96.16% | 1,558 | 56,374 | 98.89% | 28.02 | 24.40 |
| 2010 | 2,378,111 | 23.48 | 55,162 | 53,056 | 96.18% | 1,957 | 55,013 | 99.73% | 27.11 | 23.84 |
| 2009 | 1,876,234 | 29.24 | 54,309 | 52,081 | 95.90% | 2,133 | 54,214 | 99.83% | 34.10 | 29.66 |
| 2008 | 1,819,529 | 28.57 | 51,980 | 50,213 | 96.60% | 1,730 | 51,943 | 99.93% | 33.32 | 28.93 |
| 2007 | 1,791,750 | 27.77 | 49,971 | 48,324 | 96.70% | 1,616 | 49,940 | 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% | 1,291 | 43,972 | 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 |
| City Consolidated District (CCD) Fire Tax | | | | | | | | | | |
| 2013 | \$ 896,123 | 4.56 | \$ 3,995 | \$ 3,809 | 95.34% | \$ - | \$ 3,809 | 95.34% | | |
| 2012 | 870,134 | 4.07 | 3,496 | 3,329 | 95.22% | 88 | 3,417 | 97.74% | | |
| 2011 | 870,134 | 3.98 | 3,426 | 3,251 | 94.89% | 117 | 3,368 | 98.31% | | |
| 2010 | 870,088 | 3.63 | 3,136 | 2,991 | 95.38% | 134 | 3,125 | 99.65% | | |
| 2009 | 650,100 | 4.86 | 3,154 | 2,981 | 94.51% | 168 | 3,149 | 99.84% | | |
| 2008 | 641,583 | 4.75 | 3,064 | 2,930 | 95.63% | 131 | 3,061 | 99.90% | | |
| 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% | 109 | 2,508 | 99.88% | | |
| 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% | | |
| Town Consolidated District (TCD) Volunteer Fire Relief Tax | | | | | | | | | | |
| 2013 | \$ 1,558,945 | 0.36 | \$ 566 | \$ 554 | 97.88% | \$ - | \$ 554 | 97.88% | | |
| 2012 | 1,524,094 | 0.36 | 556 | 544 | 97.84% | 8 | 552 | 99.28% | | |
| 2011 | 1,538,031 | 0.36 | 545 | 537 | 98.53% | 4 | 541 | 99.27% | | |
| 2010 | 1,508,023 | 0.36 | 536 | 525 | 97.95% | 10 | 535 | 99.81% | | |
| 2009 | 1,226,134 | 0.42 | 510 | 491 | 96.27% | 19 | 510 | 99.90% | | |
| 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% | 8 | 233 | 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 ² | Debt Per Capita ² |
| 2013 | \$ 33,034 | \$ 667 | \$ 352 | \$ 10,815 | \$ 1,349 | \$ 46,217 | 1.88% | 4.39% | \$ 1,141 |
| 2012 | 29,951 | 730 | 7,454 | 3,744 | 1,621 | 43,500 | 1.82% | 4.12% | 1,074 |
| 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 |

* Sewer extension bonds converted to business-type activity

Notes:

- (1) 2008 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.

¹ See Property Tax Assessment schedule

² See Demographic Statistics schedule

CITY OF NORWICH, CONNECTICUT

STATEMENT OF DEBT LIMITATION

JUNE 30, 2013

(In Thousands)

| | |
|---|------------------|
| Total Tax Collections, Including Interest and Lien Fees | \$ 64,821 |
| Total Tax Collections, Norwich Fire District | 4,539 |
| Reimbursement for Loss on: | |
| Tax relief for elderly - freeze | <u>4</u> |
| Base | <u>\$ 69,364</u> |

| | <u>General Purpose</u> | <u>Schools</u> | <u>Sewers</u> | <u>Urban Renewal</u> | <u>Pension Deficit</u> |
|--|----------------------------|-------------------|-------------------|--------------------------|----------------------------|
| Debt Limitation: | | | | | |
| 2-1/4 times base | \$ 156,069 | \$ | \$ | \$ | \$ |
| 4-1/2 times base | | 312,138 | | | |
| 3-3/4 times base | | | 260,115 | | |
| 3-1/4 times base | | | | 225,433 | |
| 3 times base | | | | | <u>208,092</u> |
| Total debt limitation | <u>156,069</u> | <u>312,138</u> | <u>260,115</u> | <u>225,433</u> | <u>208,092</u> |
| Indebtedness: | | | | | |
| Bonds and serial notes payable | 13,134 | 12,449 | 16,754 | | |
| Bonds authorized and unissued | 14,230 | 1,060 | 600 | | |
| Grants receivable | | <u>(99)</u> | | | |
| Total indebtedness | <u>27,364</u> | <u>13,410</u> | <u>17,354</u> | <u>-</u> | <u>-</u> |
| Debt Limitation in Excess of Outstanding and Authorized Debt | <u>\$ 128,705</u> | <u>\$ 298,728</u> | <u>\$ 242,761</u> | <u>\$ 225,433</u> | <u>\$ 208,092</u> |

Note 1: In no event shall total debt exceed seven times annual receipts from taxation. The maximum amount permitted would be \$485 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 \$117 and State of Connecticut serial notes payable of \$1,805.

Note 4: School Building Grants totaling \$99 are applicable to outstanding bond issues.

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

| | FISCAL YEAR | | | | | | | | | |
|--|-------------|----------|------------|------------|------------|------------|------------|------------|------------|------------|
| | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 | 2007 | 2006 | 2005 | 2004 |
| Legal Debt Limit: | | | | | | | | | | |
| Seven times taxable base | \$ 485,548 | 443,058 | \$ 427,106 | \$ 416,010 | \$ 416,010 | \$ 391,216 | \$ 369,635 | \$ 348,698 | \$ 333,578 | \$ 329,433 |
| Indebtedness: | | | | | | | | | | |
| Bonds and serial notes payable | 44,259 | 48,173 | 35,909 | 39,596 | 39,631 | 32,528 | 36,958 | 41,639 | 46,764 | 47,499 |
| Bonds authorized and unissued | 15,890 | 7,590 | 18,265 | 17,290 | 15,990 | 7,240 | 2,705 | 2,705 | 2,705 | 4,640 |
| Total indebtedness | 60,149 | 55,763 | 54,174 | 56,886 | 55,621 | 39,768 | 39,663 | 44,344 | 49,469 | 52,139 |
| Less: | | | | | | | | | | |
| Water bonds and serial notes payable | (1,922) | (2,066) | (3,151) | (3,964) | (3,968) | (4,350) | (4,729) | (3,045) | (3,357) | (1,044) |
| School building grants | (99) | (198) | (300) | (402) | (507) | (612) | (722) | (988) | (1,262) | (1,842) |
| Net indebtedness applicable to legal debt limit (1) | 58,128 | 53,499 | 50,723 | 52,520 | 51,146 | 34,806 | 34,212 | 40,311 | 44,850 | 49,253 |
| Debt Limitation in Excess of Outstanding and Authorized Debt (1) | \$ 427,420 | 389,559 | \$ 376,383 | \$ 363,490 | \$ 364,864 | \$ 356,410 | \$ 335,423 | \$ 308,387 | \$ 288,728 | \$ 280,180 |
| Total net debt applicable to the limit as a percentage of debt limit | 11.97% | 12.07% | 11.88% | 12.62% | 12.29% | 8.90% | 9.26% | 11.56% | 13.45% | 14.95% |
| Total indebtedness as a percentage of net taxable assessed value (1) | 2.37% | 2.23% | 2.11% | 2.21% | 2.726% | 1.913% | 1.909% | 2.310% | 2.588% | 4.224% |
| Total indebtedness per capita (1) | \$ 1,435 | 1,321 | \$ 1,253 | \$ 1,433 | \$ 1,406 | \$ 956 | \$ 940 | \$ 1,099 | \$ 1,238 | \$ 1,360 |
| Calculation of Continuing Disclosure Agreement Ratios: | | | | | | | | | | |
| Total indebtedness per legal debt limit calculation | \$ 60,149 | 55,763 | \$ 54,174 | \$ 56,886 | \$ 55,621 | \$ 39,768 | \$ 39,663 | \$ 44,344 | \$ 49,469 | \$ 52,139 |
| Less authorized and unissued debt | (15,890) | (7,590) | (18,265) | (17,290) | (15,990) | (7,240) | (2,705) | (2,705) | (2,705) | (4,640) |
| Total direct debt | 44,259 | 48,173 | 35,909 | 39,596 | 39,631 | 32,528 | 36,958 | 41,639 | 46,764 | 47,499 |
| Less water and sewer indirect self-funding debt | (10,926) | (10,926) | (9,650) | (9,745) | (9,650) | (10,932) | (12,006) | (13,071) | (14,064) | (7,089) |
| Less school building grants | (99) | (198) | (300) | (402) | (507) | (612) | (722) | (988) | (1,262) | (1,842) |
| Total Net Direct Debt | \$ 33,234 | 37,049 | \$ 25,959 | \$ 29,449 | \$ 29,474 | \$ 20,984 | \$ 24,230 | \$ 27,580 | \$ 31,438 | \$ 38,568 |
| Total direct debt as a percentage of State Equalized grand list | 1.819% | 1.637% | 1.141% | 1.164% | 1.096% | 0.914% | 1.029% | 1.271% | 1.868% | 1.891% |
| Total direct debt per capita | \$ 1,093 | 1,189 | \$ 887 | \$ 1,081 | \$ 1,089 | \$ 893 | \$ 1,015 | \$ 1,135 | \$ 1,291 | \$ 1,311 |
| Total net debt as a percentage of State Equalized grand list | 1.366% | 1.259% | 0.825% | 0.866% | 0.815% | 0.590% | 0.674% | 0.842% | 1.256% | 1.535% |
| Total net debt per capita | \$ 820 | 915 | \$ 641 | \$ 804 | \$ 810 | \$ 576 | \$ 666 | \$ 752 | \$ 868 | \$ 1,065 |

(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.

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

| Fiscal Year | Population (1) | (in thousands) Total Personal Income (6) | School Enrollment (2) | Employed (3) | Unemployed (3) | Median Household Income (5) | Percentage Unemployed (3) | | | |
|-------------|----------------|---|--------------------------|--------------|----------------|-----------------------------------|---------------------------|---|-----------------------------|----------------------|
| | | | | | | | City of Norwich (3) | New London/ Norwich Market (3) | State of Connecticut (3) | United States (4) |
| 2013 | 40,502 | \$ 1,052,796 | 5,304 | 19,999 | 1,929 | \$ 51,225 | 8.8% | 8.2% | 8.1% | 7.3% |
| 2012 | 40,502 | 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% |

Sources:

- (1) State of Connecticut Department of Public Health, US Census Bureau
- (2) U.S. Census Bureau, 2000 Census and 2007-2011 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 2007-2011 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 | 1507 | 1 | 7.54% | 1,650 | 1 | 8.36% |
| City of Norwich (incl. NPU & BOE) | Municipality | 948 | 2 | 4.74% | 985 | 2 | 4.99% |
| State of Connecticut | All State agencies | 890 | 3 | 4.45% | | | |
| Bob's Discount Furniture | Distribution Center | 530 | 4 | 2.65% | 202 | 9 | 1.02% |
| Computer Science Corporation | Computer Products & Services | 443 | 5 | 2.22% | 700 | 3 | 3.55% |
| Norwich Free Academy | Quasi-private high school | 275 | 6 | 1.38% | - | | |
| United Community & Family Services | Healthcare & community services | 225 | 7 | 1.13% | - | | |
| The American Group | Ambulance Service and other operations | 187 | 8 | 0.94% | 200 | 10 | 1.01% |
| AC Linen Services | Commercial laundry & dry cleaning | 185 | 9 | 0.93% | - | | |
| Dime Bank | Financial institution | 177 | 10 | 0.89% | | | |
| Spa at Norwich Inn | Spa | | | | 300 | 6 | 1.52% |
| Shop Rite | Grocery Store | | | | 418 | 4 | 2.12% |
| Interim Healthcare of Eastern CT | Healthcare | | | | 400 | 5 | 2.03% |
| US Foodservice | Food Distributors | | | | 223 | 8 | 1.13% |
| Total | | 5,367 | | 26.84% | 5,078 | | 25.72% |

Source: October 2013 Survey by Norwich Finance Department. Not all companies responded.

CITY OF NORWICH, CONNECTICUT

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

LAST TEN FISCAL YEARS

| | FISCAL YEAR | | | | | | | | | |
|--|--------------|--------------|--------------|----------------|----------------|----------------|----------------|--------------|--------------|--------------|
| | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 | 2007 | 2006 | 2005 | 2004 |
| General City: | | | | | | | | | | |
| City Manager | 2.0 | 2.0 | 2.0 | 3.0 | 3.0 | 3.0 | 3.0 | 3.0 | 3.0 | 3.0 |
| Finance | 12.0 | 12.0 | 12.0 | 12.0 | 14.0 | 15.0 | 14.0 | 14.0 | 14.0 | 14.0 |
| 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 | 4.0 | 3.5 | 3.5 | 3.5 |
| Personnel | 4.6 | 3.6 | 4.5 | 4.5 | 4.5 | 4.5 | 4.5 | 4.5 | 4.5 | 4.5 |
| City Clerk | 4.0 | 4.0 | 5.0 | 5.0 | 6.0 | 6.0 | 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 | 107.0 | 100.0 | 94.0 | 96.0 | 98.0 | 98.0 | 100.0 | 100.0 | 101.0 | 100.5 |
| Fire | 62.6 | 59.6 | 59.5 | 59.5 | 59.5 | 59.5 | 55.5 | 55.5 | 55.5 | 55.0 |
| Recreation | 6.0 | 5.5 | 6.0 | 6.0 | 7.0 | 7.0 | 7.0 | 7.0 | 7.0 | 6.0 |
| Human Services | 7.0 | 7.0 | 8.5 | 8.5 | 8.5 | 8.5 | 8.5 | 8.5 | 8.5 | 8.5 |
| Senior Citizens Center | 7.6 | 6.5 | 6.5 | 6.5 | 7.0 | 7.0 | 6.0 | 6.0 | 6.0 | 6.0 |
| Youth Service Bureau | 2.0 | 2.0 | 2.0 | 2.0 | 3.0 | 3.0 | 3.0 | 3.0 | 3.0 | 3.0 |
| PW Engineering and Administration | 5.0 | 5.0 | 6.0 | 6.0 | 6.0 | 6.0 | 6.0 | 7.0 | 7.0 | 6.5 |
| PW Fleet Maintenance | 7.0 | 7.0 | 7.0 | 7.0 | 9.0 | 9.0 | 9.0 | 9.0 | 9.0 | 9.0 |
| PW Solid Waste | 3.0 | 3.0 | 3.0 | 3.0 | 3.0 | 3.0 | 2.0 | 2.0 | 3.0 | 3.0 |
| PW Street Maintenance | 36.0 | 36.0 | 38.0 | 39.0 | 41.0 | 41.0 | 32.0 | 32.0 | 33.0 | 33.0 |
| PW Parks & Cemeteries | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 9.0 | 9.0 | 10.0 | 11.0 |
| PW Building Maintenance | 9.0 | 8.0 | 8.0 | 9.0 | 9.0 | 9.0 | 7.0 | 6.0 | 7.0 | 7.0 |
| PW Parking Maintenance | 1.0 | 1.0 | 1.0 | 1.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 |
| Election | 2.0 | 2.0 | 2.0 | 2.0 | 2.5 | 2.5 | 2.5 | 2.5 | 2.5 | 2.5 |
| Planning and Neighborhood Services | 10.0 | 10.0 | 12.0 | 13.0 | 14.5 | 14.5 | 13.0 | 13.0 | 12.0 | 11.0 |
| 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 | 0.0 | 0.5 | 0.5 | 0.5 | 0.5 | 0.5 | 0.5 |
| Total General City | <u>297.8</u> | <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> |
| Board of Education: | | | | | | | | | | |
| General Fund - funded positions | 358.8 | 342.5 | 286.4 | 392.1 | 406.4 | 387.5 | 384.2 | 373.8 | 386.3 | 375.9 |
| State and federal grant - funded positions | 65.7 | 65.7 | 193.0 | 125.3 | 125.3 | 111.3 | 117.1 | 114.1 | 99.8 | 86.6 |
| School Lunch (state and federal grant) | 37.5 | 37.5 | 46.0 | 30.0 | 30.0 | 39.0 | 39.0 | 39.0 | 39.0 | 40.0 |
| Adult Education (state and federal grant) | 12.0 | 12.0 | 12.0 | 12.0 | 12.0 | 12.0 | 13.0 | 13.0 | 13.0 | 12.0 |
| Family Resource Center (state grant) | 28.5 | 24.5 | 24.5 | 24.5 | 24.5 | 25.5 | 22.0 | 24.0 | 10.0 | 10.0 |
| Total Board of Education | <u>502.5</u> | <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> |
| Norwich Public Utilities | <u>148.0</u> | <u>152.0</u> | <u>142.5</u> | <u>139.5</u> | <u>139.5</u> | <u>137.0</u> | <u>137.0</u> | <u>137.0</u> | <u>137.0</u> | <u>136.5</u> |
| Total | <u>948.3</u> | <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> |

Source: City Adopted Budget documents

CITY OF NORWICH, CONNECTICUT

OPERATING INDICATORS BY FUNCTION/PROGRAM

LAST TEN FISCAL YEARS

| Function | FISCAL YEAR | | | | | | | | | | | | | | | | | |
|--|-------------|---------|---------|---------|---------|---------|---------|--------|--------|--------|----|--------|----|--------|----|-------|----|-------|
| | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 | 2007 | 2006 | 2005 | 2004 | | | | | | | | |
| General Government: | | | | | | | | | | | | | | | | | | |
| Finance: | | | | | | | | | | | | | | | | | | |
| Number of tax and refuse bills mailed + | 40,767 | 50,175 | 49,950 | 50,000 | 68,000 | 68,000 | 68,144 | 68,182 | 67,225 | 66,048 | | | | | | | | |
| Number of internal control reviews performed | 2 | 2 | 2 | 3 | 3 | 3 | 7 | 2 | 7 | 4 | | | | | | | | |
| Assessor: | | | | | | | | | | | | | | | | | | |
| Number of deeds processed | 1,301 | 982 | 1,132 | 1,500 | 2,550 | 1,500 | 1,310 | 2,100 | 1,800 | 1,600 | | | | | | | | |
| Personal property declarations | 1,754 | 1,795 | 1,856 | 1,650 | 1,130 | 1,200 | 1,234 | 1,400 | N/A | N/A | | | | | | | | |
| Board of assessment appeals adjustments | 33 | 37 | 77 | 147 | 100 | 230 | 240 | 150 | 225 | 425 | | | | | | | | |
| Human Resources: | | | | | | | | | | | | | | | | | | |
| Number of applications processed | 1,521 | 1,475 | 476 | 960 | 1,067 | 2,339 | 1,149 | 1,518 | 1,850 | 1,221 | | | | | | | | |
| Vacancies filled through promotion | 12 | 14 | 4 | 6 | 11 | 35 | 15 | 24 | 12 | 28 | | | | | | | | |
| Vacancies filled through new hires | 34 | 19 | 2 | 8 | 21 | 39 | 28 | 23 | 33 | 33 | | | | | | | | |
| Employee turnover rate | 9.5% | 7.0% | 6.0% | 5.6% | 2.0% | 4.6% | 6.0% | 4.2% | 5.4% | 7.1% | | | | | | | | |
| City Clerk: | | | | | | | | | | | | | | | | | | |
| Land records recorded | 7,018 | 6,154 | 5,753 | 6,364 | 6,486 | 7,891 | 9,532 | 11,124 | 11,397 | 11,401 | | | | | | | | |
| Marriage licenses issued | 312 | 301 | 270 | 323 | 326 | 305 | 331 | 357 | 353 | 372 | | | | | | | | |
| Death certificates recorded | 484 | 509 | 520 | 472 | 508 | 458 | 550 | 561 | 638 | 542 | | | | | | | | |
| Birth certificates recorded | 842 | 940 | 884 | 978 | 960 | 1,070 | 1,037 | 998 | 1,210 | 1,594 | | | | | | | | |
| Management Information Systems: | | | | | | | | | | | | | | | | | | |
| Help desk calls | 2,124 | 1,995 | 2,360 | 1,900 | 1,600 | 1,380 | 1,800 | 1,700 | 1,700 | 1,800 | | | | | | | | |
| Website visits | 246,421 | 200,043 | 170,527 | 165,923 | 149,317 | 130,000 | 256,817 | 94,797 | 27,500 | 27,500 | | | | | | | | |
| Election: | | | | | | | | | | | | | | | | | | |
| Voters added | 2,255 | 667 | 1,060 | 438 | 3,289 | 1,202 | 580 | 567 | 1,200 | 1,096 | | | | | | | | |
| Voters removed | 2,786 | 683 | 1,235 | 1,001 | 813 | 964 | 651 | 87 | 800 | 1,058 | | | | | | | | |
| Voter changes | 6,873 | 2,021 | 3,049 | 2,376 | 2,303 | 1,139 | 1,425 | 1,648 | 650 | 927 | | | | | | | | |
| Total voters | 21,005 | 20,474 | 20,951 | 21,126 | 21,689 | 18,129 | 17,891 | 18,346 | 19,000 | 17,987 | | | | | | | | |
| Planning and Neighborhood Services: | | | | | | | | | | | | | | | | | | |
| Site development plans | 7 | 4 | 15 | 7 | 16 | 31 | 27 | 19 | 18 | 21 | | | | | | | | |
| Zoning permit applications | 303 | 672 | 398 | 327 | 370 | 446 | 482 | 503 | 471 | 456 | | | | | | | | |
| Zoning complaints | 84 | 351 | 185 | 167 | 240 | 248 | 170 | 130 | 142 | 138 | | | | | | | | |
| Code violations | 368 | 572 | 1,975 | 1,285 | 1,361 | 1,633 | 250 | 1,170 | 475 | 465 | | | | | | | | |
| Citations issued | 88 | 375 | 225 | 287 | 240 | 180 | 229 | 165 | 119 | 208 | | | | | | | | |
| Education: | | | | | | | | | | | | | | | | | | |
| Average Class Size - Kindergarten | 20.5 | 18.5 | 18.4 | 18.3 | 18.3 | 17.5 | 17.7 | 18.0 | 16.4 | 17.8 | | | | | | | | |
| Average Class Size - Grade 2 | 20.2 | 19.4 | 18.1 | 17.9 | 18.8 | 18.9 | 20.0 | 18.6 | 19.5 | 18.2 | | | | | | | | |
| Average Class Size - Grade 5 | 21.9 | 20.3 | 21.2 | 21.0 | 19.1 | 18.9 | 19.1 | 20.0 | 20.5 | 20.4 | | | | | | | | |
| Average Class Size - Grade 7 | 18.7 | 19.8 | 17.1 | 20.1 | 21.1 | 19.0 | 23.7 | 22.0 | 21.9 | 21.2 | | | | | | | | |
| Total expenditure per student | N/A | N/A | \$ | N/A | \$ | 13,398 | \$ | 13,142 | \$ | 12,616 | \$ | 11,594 | \$ | 10,771 | \$ | 9,816 | \$ | 9,450 |

(Continued on next page)

CITY OF NORWICH, CONNECTICUT

OPERATING INDICATORS BY FUNCTION/PROGRAM (CONTINUED)

LAST TEN FISCAL YEARS

| Function | FISCAL YEAR | | | | | | | | | |
|---|-------------|--------|--------|--------|--------|--------|--------|--------|--------|-------|
| | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 | 2007 | 2006 | 2005 | 2004 |
| Public Safety: | | | | | | | | | | |
| Police: | | | | | | | | | | |
| 911 calls* | 23,663 | 23,064 | 21,825 | 20,548 | 20,291 | 21,330 | 19,212 | 19,160 | 19,575 | N/A |
| Non-emergency calls* | 33,672 | 32,499 | 36,078 | 35,815 | 38,846 | 30,329 | 33,740 | 35,664 | 20,932 | N/A |
| DWI arrests* | 192 | 207 | 241 | 212 | 252 | 158 | 155 | 150 | 188 | N/A |
| Fire: | | | | | | | | | | |
| Central Fire Department Service Calls | 2,460 | 2,422 | 2,330 | 2,659 | 2,442 | 2,627 | 2,629 | 2,942 | 2,503 | 3,088 |
| East Great Plain VFD Service Calls | 904 | 936 | 961 | 855 | 912 | 1,015 | 864 | 866 | 800 | 688 |
| Laurel Hill VFD Service Calls | 91 | 106 | 121 | 85 | 117 | 102 | 75 | 105 | 126 | 93 |
| Occum VFD Service Calls | 184 | N/A | 191 | 182 | 199 | 192 | 202 | 232 | 238 | 325 |
| Taftville VFD Service Calls | 644 | 713 | 706 | 717 | 614 | 698 | 631 | 539 | 538 | 450 |
| Yantic VFD Service Calls | 645 | 621 | 643 | 658 | 544 | 604 | 593 | 580 | 568 | 595 |
| Emergency Management: | | | | | | | | | | |
| Hours of emergency training | 875 | 1,145 | 1,075 | 775 | 725 | 875 | 715 | 870 | 1,250 | 920 |
| Shelters maintained | 16 | 94 | 19 | 19 | 19 | 19 | 19 | 19 | 19 | 19 |
| Flood assistance calls | 1,014 | 642 | 217 | 176 | 74 | 74 | 122 | 73 | 41 | 62 |
| Social Services: | | | | | | | | | | |
| Recreation: | | | | | | | | | | |
| Number of youth registrations | 2,343 | 3,671 | 4,500 | 4,600 | 4,618 | 3,870 | 4,510 | 4,750 | 4,732 | 4,821 |
| Number of youth program hours | 3,526 | 3,530 | 1,900 | 1,900 | 1,980 | 2,045 | 2,205 | 2,000 | 1,970 | 1,971 |
| Adults & Seniors registrations | 115 | 86 | N/R | N/R |
| Adults & Seniors program hours | 384 | 401 | N/R | N/R |
| Human Services: | | | | | | | | | | |
| General Human Services: | | | | | | | | | | |
| Job placements | 259 | 251 | 185 | 206 | 190 | 190 | 243 | 153 | 119 | 133 |
| Individuals relocated due to condemnation | 56 | 50 | 78 | 49 | 77 | 72 | 36 | 30 | 85 | 55 |
| Rent and housing assistance cases | 112 | 107 | 92 | 117 | 139 | 94 | 83 | 79 | 80 | 49 |
| Senior Center: | | | | | | | | | | |
| Preventative health clinic services | 10,000 | 10,059 | 8,560 | 2,500 | 2,550 | 2,500 | 3,450 | 3,206 | 4,500 | 4,900 |
| Outreach services | 851 | 627 | 890 | 970 | 978 | 753 | 976 | 836 | 200 | 280 |
| Youth and Family Services: | | | | | | | | | | |
| Counseling cases | 87 | 95 | 97 | 126 | 130 | 142 | 143 | 117 | 168 | 175 |
| Young parent cases | - | 37 | 18 | 40 | 35 | 78 | 98 | 92 | 107 | 97 |
| Youth employment | 174 | 121 | 152 | 148 | 94 | N/A | N/A | N/A | N/A | N/A |
| Juvenile justice / diversion | 86 | 33 | 37 | 31 | 44 | N/A | N/A | N/A | N/A | N/A |
| Public Works: | | | | | | | | | | |
| Engineering and Administration: | | | | | | | | | | |
| Road miles paved | 6.8 | 4.8 | 6.4 | 4.8 | 6.4 | 4.7 | 5.3 | 4.2 | 3.0 | 6.6 |
| Road miles chip sealed or crack sealed | 6.0 | 3.0 | N/R | N/R |
| Department of Public Utilities: | | | | | | | | | | |
| Gas service calls | 5,230 | 3,989 | 4,131 | 4,229 | 5,004 | 4,967 | 6,136 | 5,552 | 6,294 | 4,740 |
| Electric service calls | 1,106 | 3,570 | 1,771 | 1,640 | 1,830 | 1,508 | 3,125 | 2,406 | 3,010 | 2,672 |
| Water service calls | 982 | 1,910 | 3,053 | 2,988 | 3,653 | 3,440 | 3,434 | 4,717 | 4,542 | 3,580 |
| Sewer service calls | 116 | 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 2013 column, these are the statistics for calendar year 2012.

+ The City stopped sending separate refuse bills in 2009.

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

001

| | FISCAL YEAR | | | | | | | | | |
|------------------------------|-------------|------|------|------|------|------|------|------|------|------|
| | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 | 2007 | 2006 | 2005 | 2004 |
| Education: | | | | | | | | | | |
| School buildings | 13 | 13 | 13 | 13 | 15 | 15 | 15 | 15 | 15 | 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 | 27 | 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 | 16 | 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 | 14 | 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 | 5 | 4 | 4 | 4 | 4 | 4 |
| Public Works: | | | | | | | | | | |
| Street Maintenance: | | | | | | | | | | |
| Dump trucks | 24 | 23 | 23 | 23 | 23 | 23 | 25 | 25 | 25 | 25 |
| Sweepers | 3 | 3 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 |
| Parks and Cemeteries: | | | | | | | | | | |
| Parks | 10 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 |
| Cemeteries | 8 | 8 | 8 | 8 | 8 | 8 | 8 | 8 | 8 | 8 |
| Mowers | 12 | 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 | | | | | | | | | |
|-----------------------------------|--------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 | 2007 | 2006 | 2005 | 2004 |
| Building Maintenance: | | | | | | | | | | |
| Parking lots | 13 | 12 | 12 | 12 | 12 | 12 | 9 | 9 | 9 | 9 |
| Parking garages | 4 | 4 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 |
| Utilities: | | | | | | | | | | |
| Gas: | | | | | | | | | | |
| Gas distribution main (miles) | 124 | 141 | 133 | 133 | 131 | 130 | 129 | 127 | 126 | 122 |
| Electric: | | | | | | | | | | |
| Distribution lines | 233 | 229 | 231 | 230 | 229 | 228 | 228 | 228 | 250 | 250 |
| Street lights | 4292 | 4290 | 4290 | 4,103 | 4,109 | 4,109 | 4,099 | 4,291 | 4,291 | 4,291 |
| Water: | | | | | | | | | | |
| Water distribution system (miles) | 195 | 190 | 194 | 188 | 188 | 187 | 187 | 164 | 150 | 150 |
| Sewer: | | | | | | | | | | |
| Sewer distribution system (miles) | 127 | 121 | 124 | 117 | 119 | 118 | 118 | 118 | 118 | 118 |
| Fiber Optic: | | | | | | | | | | |
| Fiber optic cable (miles) | 72 | 65 | 65 | 68 | 67 | | | | | |

Source: The respective City Departments