

CITY OF NORWICH, CONNECTICUT
COMPREHENSIVE ANNUAL FINANCIAL REPORT



FISCAL YEAR ENDED JUNE 30, 2011
DEPARTMENT OF FINANCE
UNION SQUARE
NORWICH, CONNECTICUT

Comprehensive Annual Financial Report

of the

City of Norwich, Connecticut

Fiscal Year Ended June 30, 2011

Prepared By:

City of Norwich Finance Department

Joseph A. Ruffo, CPA
Comptroller

Joshua A. Pothier, CPA
Deputy Comptroller

Anthony Madeira
Accountant

CITY OF NORWICH, CONNECTICUT

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Introductory Section



CITY OF NORWICH
CONNECTICUT

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COMPTROLLER
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100 Broadway Room 105
Norwich, CT 06360-4431

December 19, 2011

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, 2011. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the City. To the best of our knowledge and belief, the enclosed data are accurate in all material respects and are reported in a manner to present fairly the financial position and results of operations of the City. All disclosures necessary to enable the reader to gain an understanding of the City’s financial activities have been included.

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

State Statute and the City Charter require an annual audit by an independent certified public accountant. The statute further prescribes that each municipality’s annual report shall be prepared in accordance with accounting principles generally accepted in the United States of America. This report has been prepared according to these standards. The auditors’ unqualified opinion is included in this report.

The City is required to undergo an annual single audit in conformity with the provisions of the Federal Single Audit Act and U.S. Office of Management and Budget Circular A-133, “Audits of States, Local Governments and Non-Profit Organizations.” Information related to this single audit, including the schedule of expenditures of federal awards, findings and recommendations, and auditors’ reports on the internal control over financial reporting and compliance with applicable laws and regulations, are issued under separate cover and are not included in this report. The City is also required to undergo a State single audit. Information related to this State single audit will be issued separately.

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

Profile of Government

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

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

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

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

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

Local Economy

The City aggressively pursues economic and physical stabilization and revitalization. The City has maintained the quality of services to its citizens while having one of the lowest per capita tax burdens in the State at \$1,359 for fiscal year 2010, the 7th lowest in the State. Through the direction of the Mayor and

the assistance of the Norwich Community Development Corporation, the City attempts to attract and retain the best combination of business and industry to meet the needs of the City and its citizens. Consequently, the City is involved with projects which will improve both the tax base and quality of life in Norwich.

Commercial/Industrial Activity

- *CSC Facility in the Industrial Park.* In November 2008, Electric Boat began leasing an additional 62,000 square-foot facility and bringing roughly 480 high-tech jobs to the City.
- *Route 82 Retail Center.* A \$3 million, 21,000 square-foot retail center was completed in spring 2009, and is currently home to a new Goodwill Store.
- *Backus Hospital Business-Technology Center.* In April 2010, the William W. Backus Hospital purchased the Daticon building in the Norwich Business Park for \$3.75 million for use as a business and technology center with training facilities.
- *Ponemah Mill Adaptive Reuse Project.* This \$51 million project will convert a 19th century Taftville mill into 237 residential apartment units. This project is expected to be finished in 2015.

Housing Market

- Despite the economic downturn, the number and dollar value of residential building permits are above the levels from 2003 and earlier.

State of Connecticut Building & Infrastructure Projects

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

Major City Initiatives

- *Downtown Revitalization Initiative.* The residents of the City of Norwich passed a bond referendum item in November 2010 for \$3.38 million for downtown revitalization. Comprised strictly of business incentives including programs for building code correction assistance, commercial lease rebates, and revolving loan fund. The City's designated development agency-Norwich Community Development Corporation is designing and administering the five-year plan. The three programs are designed to both prepare long time vacant spaces for occupancy as well as stimulate the growth of business activity in the downtown area. The programs launched in August 2011 are expected to net investment in downtown of over \$10 million.
- *Gas Line Extensions.* The residents of the City of Norwich passed a bond referendum item in November 2010 for \$3.0 of natural gas line extensions. The debt service on the gas line extensions will be met with the revenue stream from Norwich Public Utilities' gas customers. Only projects that meet this criteria will be considered.

- *Road Improvements.* The residents of the City of Norwich passed a bond referendum item in November 2009 for \$5 million of road improvements. The City spent \$817 thousand of these bond funds during fiscal year 2011 in addition to other funds budgeted for road improvements to repave or reconstruct 6.4 miles of road.
- *Thomas J. Dodd Memorial Stadium.* City officials negotiated a lease with the Single A Oneota Tigers to replace the Connecticut Defenders, who terminated their lease with the City in September 2009. The Connecticut Tigers (a feeder team to the Detroit Tigers) opened in June of 2010 and are in their second season in Norwich. In addition, Dodd Stadium was selected to host an NCAA regional baseball tournament in June 2010.
- *Howard T. Brown Memorial Park Waterfront Rehabilitation.* The City of Norwich recently completed an approximate \$1.8 million construction project for the replacement of a seawall and City-owned dock at Norwich Harbor. The City dock was completed in June 2009 and the seawall was finished in June 2010. The project was supported by \$1 million Connecticut Department of Economic & Community Development Urban Action Funds.
- *Clean Rivers, Clean Harbor, Sound Norwich.* Norwich Public Utilities is in the planning phase of a \$100 million project which is expected to take 15-20 years to complete. The project involves expansion and improvement to the wastewater treatment facilities, elimination of the 15 remaining combined sewer overflows (points at which the storm drain network combines with sewer mains), and upgrading the pumping stations. The project will be partially funded with state and federal grants and low-interest loan programs. The remainder of the cost will be covered by Sewer Capital Connection Fees and increases in the sewer rates. These infrastructure improvements will:
 - Bring Norwich current with state and federal environmental mandates
 - Upgrade the city's aging wastewater infrastructure to reduce treatment plant odors
 - Eliminate the discharge of untreated waste into local rivers during wet weather
 - Reduce nitrogen from sewage discharge, making our rivers, harbor and Long Island Sound cleaner
 - Power the sewer plant using recaptured methane gas, reducing Norwich's energy costs
 - Prepare Norwich to meet current growth and future business development needs.

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

- *Newton Street Area and Flyers Drive Area Sewer Extension Projects.* The Norwich City Council approved \$3.4 million in bonding in 2008 and 2009 for the Norwich Public Utilities to extend the sanitary sewer system in the Newton Street and Flyers Drive areas.
- *Municipal Area Network.* Norwich Public Utilities constructed a network consisting of 32 miles of 144 strand fiber optic cabling around the city in two "loops." The cable will provide high-speed data, video and communications connectivity that is 600 times faster than any other data network available in Norwich. Some of the benefits include: the ability of NPU to quickly detect issues with its electric, water, natural gas and sewer infrastructure through its Supervisory Control and Data Acquisition (SCADA) system and the ability to link all city departments with unprecedented speed and reliability. This network currently provides high speed connectivity to over 66 NPU and City of Norwich sites with plans to connect over 118 sites city wide.

- *Smart Grid DOE Grant.* Through the Connecticut Municipal Electric Energy Cooperative (CMEEC), Norwich Public Utilities obtained a \$4.0 million DOE award for a Smart Grid pilot program to design and install over 8,000 smart electric meters and associated network infrastructure. Over 1,000 meters have been installed to date. This system will provide enhanced customer service, improved system reliability and troubleshooting, improved outage response time and reduced customer cost once fully implemented. In addition, Norwich Public Utilities has commenced a pilot program to install 2,000 smart gas and water meters to leverage the smart technology.
- *Kelly Middle School Renovations.* On November 6, 2007, Norwich voters approved \$40.2 million renovations and improvements to Kelly Middle School on Mahan Drive. The project will be funded by \$29.4 million of State of Connecticut School Construction Grants, \$2.9 million of Qualified Zone Academy Bonds and \$7.9 million of general obligation bonds. The project is expected to be completed in January 2012 and includes: adding classrooms, updating utilities, asbestos abatement and adding an 800-seat auditorium.
- *Norwich Dog Pound.* The Public Works Department recently completed a renovation project that converted the former Parks & Cemeteries administration building in Mohegan Park into a new dog pound facility. Construction activities began in March 2010 and was completed in December 2010. The project cost \$785,000, which was primarily funded by a \$600,000 bond ordinance adopted in April 2008. By retrofitting an existing building the City saved approximately 25-40% in construction costs, as compared to new construction.
- *Intermodal Transportation Center.* This \$22,014,589 project was conceived in the mid-1990's. Construction began in July 2010 and is scheduled to be completed in April 2012. The project is supported by \$11,557,598 of Federal Transit Authority and Highway Administration grants, \$7.2 million of Connecticut bonding grants, \$1,064,000 of Connecticut Department of Economic & Community Development grants, and \$1,525,000 of City funding. The transportation center will be located on Falls Avenue and will have a 162-space parking garage; will provide indoor retail and ticketing services for SEAT bus riders; and is located to accommodate future passenger ferry traffic and passenger rail on the New England Central Corridor rail line. Taxis, trolleys and inter-regional private busses will also be accommodated.
- *Norwich Public Schools Systems Redesign and Facilities Study.* On September 20, 2010, the Norwich City Council approved a \$132,000 contract with Project LEARN to conduct a comprehensive study of school facilities. This study should help the City plan for future facilities needs.
- *Sherman Street Bridge and Sunnyside Street Bridge Rehabilitations.* The Public Works Department recently secured approximately \$5 million in Federal and State grant money to pursue rehabilitation projects to both the Sherman Street bridges (2) and the Sunnyside Street bridge. Both projects are in the preliminary design phases and construction on one or both bridges is expected to begin in 2013.

Long-Term Financial Planning

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

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

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

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

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

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

Relevant Financial Policies

Fund Balance - the City included the use of \$700,000 of General Fund unrestricted fund balance in the City's 2011-12 adopted budget.

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, 2010. This was the 18th 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.

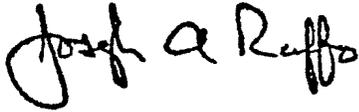
A Certificate of Achievement is valid for a period of one year only. I believe that our current comprehensive annual financial report continues to conform to the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

For fiscal years beginning July 1, 2000 through 2011, the GFOA awarded the City a "Distinguished Budget Presentation Award" for its adopted budget. The budgets submitted had to satisfy four different criteria: the budget as a Policy Document, the budget as a Financial Plan, the budget as an Operations Guide and the budget as a Communications Device. The award earned by the City is the highest form of recognition in the area of budgeting.

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

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

Respectfully submitted,

A handwritten signature in black ink that reads "Joseph A. Ruffo". The signature is written in a cursive style with a large initial "J" and "R".

Joseph A. Ruffo, CPA
Comptroller

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Norwich
Connecticut

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2010

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



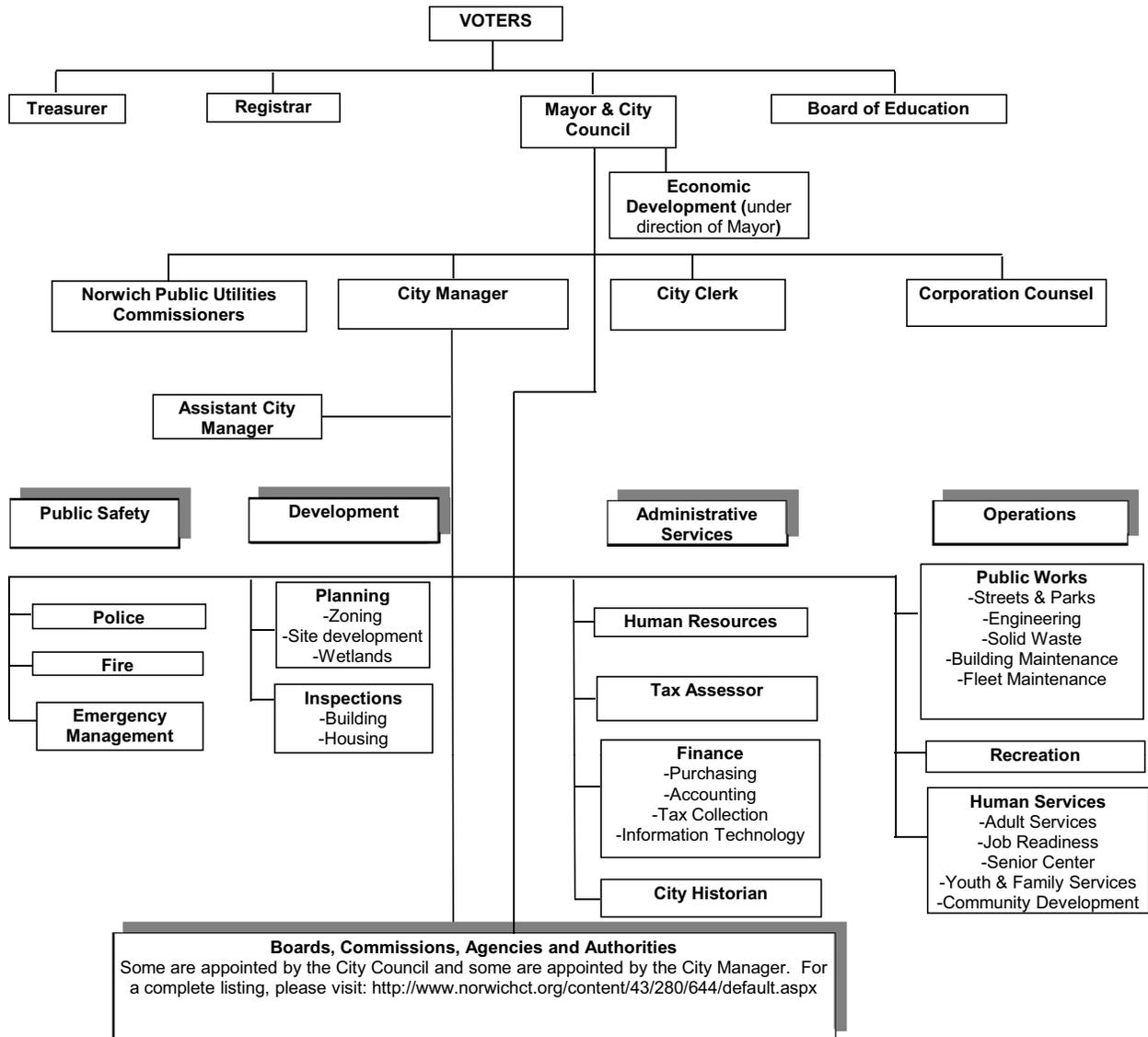
Linda C. Danison

President

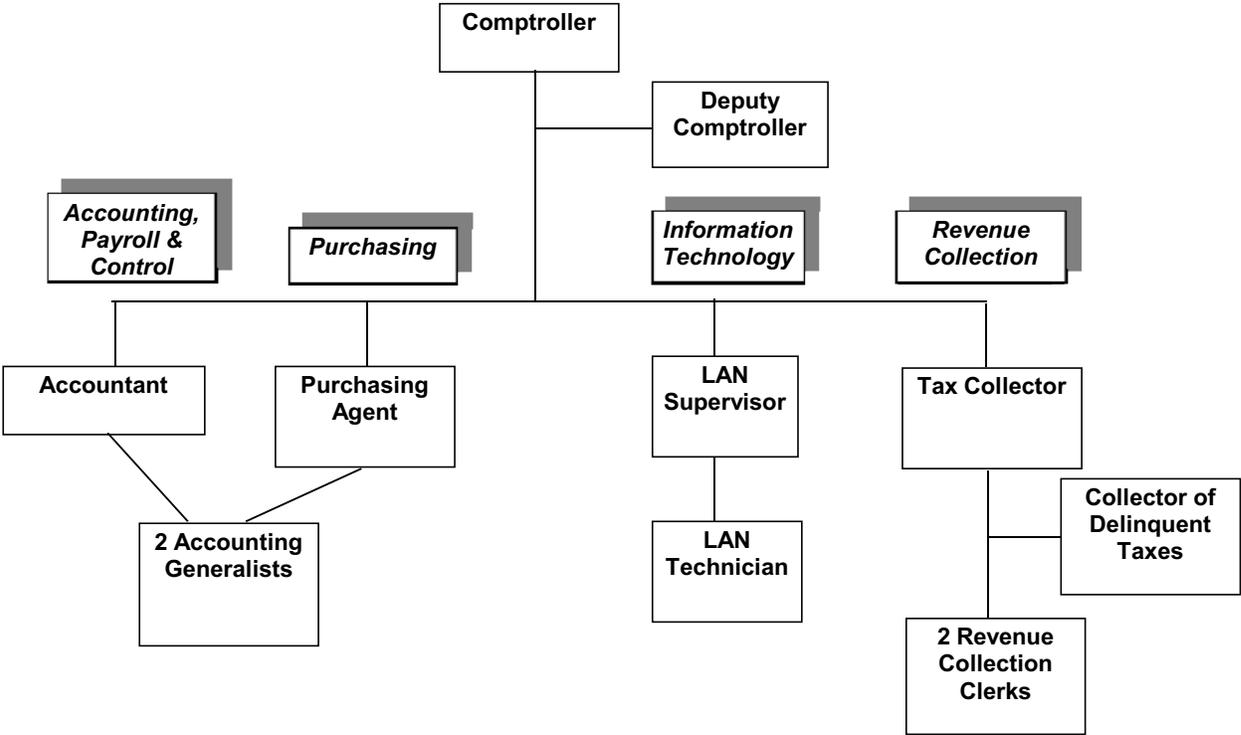
Jeffrey R. Enew

Executive Director

City of Norwich Organization Chart



City of Norwich Finance Department Organization Chart



DIRECTORY OF ELECTED CITY OFFICIALS AND NPU COMMISSIONERS

CITY COUNCIL

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

BOARD OF EDUCATION

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

TREASURER

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

REGISTRAR OF VOTERS

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

APPOINTED NPU COMMISSIONERS

	<u>Term Length</u>	<u>Term Expires</u>
James M. Sullivan, Chair (D)	5 Years	3/01/14
Diana Boisclair, Vice Chair (R)	5 Years	3/01/15
Frank Demicco, Secretary (D)	5 Years	3/01/13
Larry Goldman (D) **	5 Years	3/01/12
Alan M. Remondi (D)	5 Years	2/28/16

** Larry Goldman was appointed by the Norwich City Council on December 21, 2009 to fill the vacancy on the Board of Public Utilities Commissioners and Sewer Authority created when Stanley Israelite resigned.

CITY OF NORWICH
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**DIRECTORY OF CITY ADMINISTRATIVE
OFFICIALS**

City Manager	Alan H. Bergren
Assessor	Donna Ralston
Building Inspector	James Troeger
City Clerk	Vacant
Comptroller	Joseph Ruffo
Deputy Comptroller	joshua pothier
Corporation Counsel.....	Michael E. Driscoll
Emergency Management Director.....	Gene M. Arters
Engineer.....	Patrick McLaughlin
Fire Chief.....	Ken Scandariato
Health Director.....	Patrick McCormack, MPH
Housing Authority Director.....	Charles Whitty
Human Resources Director.....	Brigid Marks
Human Services Director.....	Beverly Goulet
LAN Supervisor.....	Leon Barnowski
Parking Administrator.....	Judy Rizzuto
Planning & Development Director.....	Peter Davis
Police Chief.....	Louis Fusaro
Public Utilities Manager.....	John Bilda
Public Works Director.....	Barry Ellison
Purchasing Agent.....	William R. Block
Recreation Director	Vacant
Senior Center Director	Michael Wolak
Superintendent of Schools	Abby I. Dolliver
Tax Collector.....	Katherine Daley
Volunteer Fire Chiefs	
East Great Plain.....	Patrick Daley
Laurel Hill.....	Aaron Westervelt
Occum	Robert Patton
Taftville	Timothy Jencks
Yantic.....	Frank Blanchard
Zoning Enforcement Officer.....	Tianne Curtis

Financial Section



Accounting | Tax | Business Consulting

Independent Auditors' Report

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

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

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 19, 2011 on our consideration of the City of Norwich, Connecticut's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts 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* and should be considered in assessing the results of our audit.

Management's discussion and analysis on pages 3 through 10 and the budgetary comparison information on pages 55 through 58 are not required parts of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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

Blum, Shapiro & Company, P.C.

December 19, 2011

CITY OF NORWICH, CONNECTICUT

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2011

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

FINANCIAL HIGHLIGHTS

- On a government-wide basis, the assets of the City exceeded its liabilities, resulting in total net assets at the close of the fiscal year of \$219.2 million. Total net assets for governmental activities at fiscal year-end were \$103.5 million, and total net assets for business-type activities were \$115.7 million. Total unrestricted net assets at June 30, 2011 were \$30.4 million.
- On a government-wide basis, during the year, the City's net assets increased by \$31.0 million from \$188.2 million to \$219.2 million. Governmental activities net assets increased by \$27.2 million, and net assets increased by \$3.8 million for business-type activities. Governmental activities expenses were \$131.2 million, while total revenues including transfers were \$158.4 million.
- At the close of the year, the City's governmental funds reported, on a current financial resource basis, combined ending fund balances of \$10.9 million, a decrease of \$7.8 million from the prior fiscal year. Of the total fund balance as of June 30, 2011, \$8.5 million represents the combined unrestricted fund balance in the General Fund, Special Revenue Funds and Capital Projects Funds.
- At the end of the current fiscal year, the total fund balance for the General Fund was \$10.8 million, an increase of \$0.7 million from the prior fiscal year. The 2012 fiscal year includes an appropriation of \$700 thousand. As of June 30, 2011, \$10.8 million of the total fund balance is unrestricted representing 10.1% of total General Fund actual expenditures and operating transfers on a budgetary basis.
- The City's governmental activities total bonded debt decreased by \$3.4 million during the current fiscal year.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-Wide Financial Statements

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

These two statements report the City's net assets and changes in them. The City's net assets, the difference between assets and liabilities, is one way to measure the City's financial health, or financial position. Over time, increases or decreases in the City's net assets are one indicator of whether its financial health is improving or

deteriorating. The reader needs to consider other nonfinancial factors, however, such as changes in the City's property tax base and the condition of the City's capital assets, to assess the overall health of the City.

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

- *Governmental Activities* - Most of the City's basic services are reported here, including education, public safety, sanitation, social services, public works and general administration. Property taxes, charges for services and state and federal grants finance most of these activities.
- *Business-Type Activities* - The City charges a fee to customers to help it cover all or most of the cost of certain services it provides. The City's Department of Public Utilities, Golf Course Authority, Stadium Authority and Ice Rink Authority are reported here.

Fund Financial Statements

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

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The City's combined net assets increased from a year ago from \$188.2 million to \$219.2 million. The analysis below focuses on the net assets (Table 1) and changes in net assets (Table 2) of the City's governmental and business-type activities.

Table 1
NET ASSETS
(In Thousands)

	Governmental Activities		Business-Type Activities		Total	
	2011	2010	2011	2010	2011	2010
Current and other assets	\$ 47,599	\$ 50,909	\$ 34,043	\$ 36,241	\$ 81,642	\$ 87,150
Capital assets	119,045	89,725	106,077	100,309	225,122	190,034
Total assets	<u>166,644</u>	<u>140,634</u>	<u>140,120</u>	<u>136,550</u>	<u>306,764</u>	<u>277,184</u>
Long-term debt outstanding	44,198	43,404	14,301	15,189	58,499	58,593
Unearned revenue	7,542	9,597	534	649	8,076	10,246
Other liabilities	11,376	11,382	9,628	8,810	21,004	20,192
Total liabilities	<u>63,116</u>	<u>64,383</u>	<u>24,463</u>	<u>24,648</u>	<u>87,579</u>	<u>89,031</u>
Net Assets:						
Invested in capital assets, net of debt	91,688	60,432	95,194	88,174	186,882	148,606
Restricted	1,544	1,405	334	287	1,878	1,692
Unrestricted	<u>10,296</u>	<u>14,414</u>	<u>20,129</u>	<u>23,441</u>	<u>30,425</u>	<u>37,855</u>
Total Net Assets	<u>\$ 103,528</u>	<u>\$ 76,251</u>	<u>\$ 115,657</u>	<u>\$ 111,902</u>	<u>\$ 219,185</u>	<u>\$ 188,153</u>

Net assets of the City's governmental activities increased by \$27.2 million (\$103.5 million compared to \$76.3 million). Unrestricted net assets - the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements - changed from \$14.4 million at June 30, 2010 to \$10.3 million at the end of this year. The net assets of business-type activities increased by 3.4% (\$115.7 million compared to \$111.9 million) during 2011.

Table 2
CHANGES IN NET ASSETS
(In Thousands)

	<u>Governmental</u>		<u>Business-Type</u>		<u>Total</u>	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Revenues:						
Program revenues:						
Charges for services	\$ 5,756	\$ 5,660	\$ 90,625	\$ 84,589	\$ 96,381	\$ 90,249
Operating grants and contributions	54,051	54,424			54,051	54,424
Capital grants and contributions	22,962	11,163	6,704	200	29,666	11,363
General revenues:						
Property taxes	61,307	59,956			61,307	59,956
Grants and contributions not restricted to specific purposes	4,391	4,372			4,391	4,372
Unrestricted investment earnings	283	321	14	20	297	341
Other general revenues	1,414	998			1,414	998
Total revenues	<u>150,164</u>	<u>136,894</u>	<u>97,343</u>	<u>84,809</u>	<u>247,507</u>	<u>221,703</u>
Program expenses:						
General government	10,760	9,114			10,760	9,114
Public safety	20,336	18,063			20,336	18,063
Social services	4,664	5,602			4,664	5,602
Public works	9,133	9,449			9,133	9,449
Education	84,263	84,898			84,263	84,898
Interest on long-term debt	2,008	1,323			2,008	1,323
Department of Public Utilities			80,977	74,716	80,977	74,716
Other enterprise funds			2,425	2,413	2,425	2,413
Total program expenses	<u>131,164</u>	<u>128,449</u>	<u>83,402</u>	<u>77,129</u>	<u>214,566</u>	<u>205,578</u>
Excess before transfers	19,000	8,445	13,941	7,680	32,941	16,125
Transfers	<u>8,277</u>	<u>7,202</u>	<u>(8,277)</u>	<u>(7,202)</u>	<u>-</u>	<u>-</u>
Increase in Net Assets	<u>\$ 27,277</u>	<u>\$ 15,647</u>	<u>\$ 5,664</u>	<u>\$ 478</u>	<u>\$ 32,941</u>	<u>\$ 16,125</u>

The City's total revenues were \$247.5 million. The total cost of all programs and services was \$214.6 million. Our analysis below separately considers the operations of governmental and business-type activities.

Governmental Activities

Governmental activities increased the City's assets by \$27.2 million during the year compared with an increase of \$15.6 million last year. Total revenues of \$150.2 million and \$8.3 million in transfers from the City's business-type activities provided funding for the City's \$131.2 million of governmental program expenses incurred during the year.

The City's revenues increased \$13.3 million (\$150.2 million compared to \$136.9 million). Included in this year's total revenue was the recognition of capital grants for the Kelly Middle School renovation project and Intermodal Transportation Center of \$14.1 million and \$8.4 million, respectively, compared with \$9.8 million and \$0.7 million, respectively, in 2010.

Total program expenses were \$131.2 million as compared with \$128.4 million reported last year. The expenses of the General Government and Public Safety functions experienced increases primarily attributable to increased pension, OPEB and health insurance.

Property tax revenues increased \$1.4 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 2011 compared with 2010.

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)

	Total Cost of Services		Net Cost of Services	
	2011	2010	2011	2010
General government	\$ 10,760	\$ 9,114	\$ 353	\$ 5,680
Public safety	20,336	18,063	19,079	17,210
Social services	4,664	5,602	1,688	2,937
Public works	9,133	9,449	7,166	7,354
Education	84,263	84,898	18,101	22,698
All others	2,008	1,323	2,008	1,323
Totals	\$ 131,164	\$ 128,449	\$ 48,395	\$ 57,202

Business-Type Activities

Revenues of the City's business-type activities (see Table 2) increased by \$12.5 million during the year (\$97.3 million in 2011 compared to \$84.8 million in 2010) and expenses increased by \$6.3 million. Overall net assets increased \$5.7 million in 2011 compared with an increase of \$0.5 million in 2010. The primary cause of the change in net assets for business-type activities was the capital grants for sewer plant improvements and sewer line extensions. Because of these grants, the assets of the Department of Public Utilities Sewer Division increased \$6.2 million.

CITY FUNDS FINANCIAL ANALYSIS

Governmental Funds

As the City completed the year, its governmental funds (as presented in the balance sheet - Exhibit III) reported a combined fund balance of \$10.9 million, which is a decrease of \$7.8 million from last year's total of \$18.7 million. Included in this year's total change in fund balance is an increase of \$0.7 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 \$7.1 million at June 30, 2011. The fund balance decreased by \$9.9 million during the year. The City issued \$9.7 million in capital projects bonds in December 2011 to replenish the Fund.

The Intermodal Transportation Center Fund reported a fund balance of \$-0- at June 30, 2011. The fund balance increased by \$290 thousand during the year as the City spends down the local share of the total project cost of the planning and construction of the Intermodal Transportation Center on Hollyhock Island.

The School Projects Fund reported a deficit fund balance of \$-0- at June 30, 2011. The fund balance increased by \$838 thousand during the year as a result of Connecticut School Construction Grant receivables.

The other governmental funds have a total fund balance of \$7.2 million, increasing \$0.9 million during the year. The increase is primarily due to favorable budget variances in the Fire Districts Fund (see Exhibits B-3 and B-4) and an excess of operating transfers into the Capital Improvements Fund over current year expenditures.

Proprietary Funds

Net assets of the proprietary funds consisting of the Department of Public Utilities were \$105.3 million, as compared to \$99.3 million in the prior year, and City's other nonmajor enterprise funds net assets decreased \$342 thousand to \$10.3 million from \$10.7 million.

Unrestricted net assets of the Department of Public Utilities was \$19.9 million, and \$198 thousand for the other nonmajor enterprise funds. The Department of Public Utilities had operating revenues of \$88.5 million from user fees, and other enterprise funds had \$2.1 million. The total increase in net assets for the fiscal year ended June 30, 2011 was \$5.6 million.

General Fund Budgetary Highlights

While there were some interdepartmental budget transfers, the General Fund did not have any supplemental appropriations during 2011.

During the year, actual revenues and other financing sources on a budgetary basis were \$103.2 million, which was \$597 thousand higher than budgetary estimates. The variance was caused primarily by greater than anticipated sewer assessment collections (See RSI-1 for additional detail).

Actual expenditures on a budgetary basis and other financing uses totaled \$102.4 million, which were lower than actual revenues and other financing sources on a budgetary basis by \$754 thousand. Actual expenditures on a budgetary basis were \$218 thousand less than budgeted. Lower than budgeted expenditures were experienced in the General Government, Public Safety, Public Works, and Other as a result of a concerted effort to contain spending.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2011, the City had \$225.1 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 \$35.1 million, or 18.5%, over last year.

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

	Governmental		Business-Type		Total	
	Activities		Activities			
	2011	2010	2011	2010	2011	2010
Land	\$ 23,124	\$ 22,411	\$ 2,922	\$ 2,922	\$ 26,046	\$ 25,333
Buildings and improvements	18,977	17,862	33,705	34,660	52,682	52,522
Vehicles, machinery, equipment, pumping and distributions systems	6,912	6,005	56,983	55,230	63,895	61,235
Technology upgrade and road infrastructure	18,629	18,676			18,629	18,676
Construction in progress	51,403	24,771	12,467	7,497	63,870	32,268
Totals	\$ 119,045	\$ 89,725	\$ 106,077	\$ 100,309	\$ 225,122	\$ 190,034

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

Kelly Middle School Renovation	\$ 20,476
Intermodal Transportation Center	8,722
Flyers Drive Sewer Construction	1,702
Road Overlays	1,135
Wastewater Treatment Plant	1,075
SmartGrid	999
100' Ladder Truck	874
Total	\$ 34,983

The City's fiscal-year 2011-12 capital budget calls for spending \$2.3 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, 2011, the City had total bonds and notes outstanding of \$35.7 million. All of this debt is backed by the full faith and credit of the City. The City's outstanding net debt decreased by \$3.6 million during fiscal 2011.

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

	Governmental		Business-Type		Total	
	2011	2010	2011	2010	2011	2010
General obligation bonds	\$ 26,553	\$ 29,293	\$ 4,894	\$ 5,521	\$ 31,447	\$ 34,814
Serial notes payable			4,273	4,482	4,273	4,482
Total	\$ <u>26,553</u>	\$ <u>29,293</u>	\$ <u>9,167</u>	\$ <u>10,003</u>	\$ <u>35,720</u>	\$ <u>39,296</u>

In November 2009, Standard & Poor's and Fitch Ratings affirmed their AA- ratings with a stable outlook. On November 15, 2011, Moody's assigned an Aa2 rating to Norwich's 2011 \$9.6 million General Obligation 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 \$425 million. The City's outstanding general obligation debt is at 8.4% of this limitation.

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

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

As of June 2011, the unemployment rate for the Norwich Labor Market Area was 10.1%, up from 9.8% in the prior year. Connecticut's overall unemployment rate stood at 9.0%, compared with 8.9% for the same time last year. The State of Connecticut's education and non-education formula grants have not kept pace with inflation. This, coupled with increased employee benefit costs, creates a challenge for Norwich. The City, however, is poised to overcome such challenges with its commitments to economic development, cost reduction and funding its long-term liabilities. The effects of these efforts are exemplified in the initiatives noted in the transmittal letter.

The fiscal year 2012 General Fund budget calls for \$108.6 million in revenues and \$109.3 million in expenditures, an approximate 6.5% increase in expenditures over fiscal year 2011. On the revenue side, the fiscal year 2012 budgeted tax levy increased 3.4% and the mill rate increased 0.72 mills from 24.04 to 24.76, a 3.00% increase. The City has not implemented any new programs or services.

In the City's business-type activities, the Norwich Public Utilities projects an 3.79% decrease in revenues from fiscal year 2011 from \$95.3 million to \$91.7 million. This increase is largely due to a decrease in gas and electric rates. Norwich Public Utilities budgeted \$10.5 million in capital improvements to bolster its infrastructure and operational efficiency.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide citizens, taxpayers, customers, investors and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Office of the Comptroller, 100 Broadway, Norwich, Connecticut 06360-4431.

Basic Financial Statements

CITY OF NORWICH, CONNECTICUT

STATEMENT OF NET ASSETS

JUNE 30, 2011
(In Thousands)

	<u>Governmental</u> <u>Activities</u>	<u>Business-Type</u> <u>Activities</u>	<u>Total</u>
Assets:			
Cash and cash equivalents	\$ 19,490	\$ 16,276	\$ 35,766
Investments	4,575		4,575
Receivables, net	22,941	15,000	37,941
Internal balances	31	(31)	-
Inventories		1,818	1,818
Other assets	562	980	1,542
Capital assets:			
Assets not being depreciated	74,527	15,389	89,916
Assets being depreciated, net	44,518	90,688	135,206
Total assets	<u>166,644</u>	<u>140,120</u>	<u>306,764</u>
Liabilities:			
Accounts and other payables	10,270	9,628	19,898
Due to Fiduciary Funds	1,106		1,106
Unearned revenue	7,542	534	8,076
Noncurrent liabilities:			
Due within one year	6,800	2,338	9,138
Due in more than one year	37,398	11,963	49,361
Total liabilities	<u>63,116</u>	<u>24,463</u>	<u>87,579</u>
Net Assets:			
Invested in capital assets, net of related debt	91,688	95,194	186,882
Restricted for trust purposes:			
Expendable	42		42
Permanent	1,502		1,502
Restricted for energy conservation		334	334
Unrestricted	10,296	20,129	30,425
Total Net Assets	<u>\$ 103,528</u>	<u>\$ 115,657</u>	<u>\$ 219,185</u>

The accompanying notes are an integral part of the financial statements

CITY OF NORWICH, CONNECTICUT

BALANCE SHEET - GOVERNMENTAL FUNDS

JUNE 30, 2011
(In Thousands)

	<u>General</u>	<u>Bond Expenditure</u>	<u>Intermodal Transportation Center</u>	<u>School Projects</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS						
Cash and cash equivalents	\$ 11,292	\$	\$ 7,785	\$	\$ 413	\$ 19,490
Investments	3,193				1,382	4,575
Receivables, net	8,843		2,424	6,802	4,830	22,899
Due from other funds	15,507				6,360	21,867
Other assets					49	49
Total Assets	<u>\$ 38,835</u>	<u>\$ -</u>	<u>\$ 10,209</u>	<u>\$ 6,802</u>	<u>13,034</u>	<u>\$ 68,880</u>
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts and other payables	\$ 4,639	\$ 111	\$ 846	\$ 2,483	2,062	\$ 10,141
Due to other funds	15,255	6,990	3,048	4,319	484	30,096
Deferred revenue	8,114		6,315		3,307	17,736
Total liabilities	<u>28,008</u>	<u>7,101</u>	<u>10,209</u>	<u>6,802</u>	<u>5,853</u>	<u>57,973</u>
Fund balances:						
Nonspendable					1,523	1,523
Restricted					1,421	1,421
Committed					4,344	4,344
Assigned	178					178
Unassigned	10,649	(7,101)			(107)	3,441
Total fund balances	<u>10,827</u>	<u>(7,101)</u>	<u>-</u>	<u>-</u>	<u>7,181</u>	<u>10,907</u>
Total Liabilities and Fund Balances	<u>\$ 38,835</u>	<u>\$ -</u>	<u>\$ 10,209</u>	<u>\$ 6,802</u>	<u>13,034</u>	<u>\$ 68,880</u>

(Continued on next page)

CITY OF NORWICH, CONNECTICUT

BALANCE SHEET - GOVERNMENTAL FUNDS (CONTINUED)

JUNE 30, 2011
(In Thousands)

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

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

Fund balances - total governmental funds	\$	10,907
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Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:

Governmental capital assets	\$	172,375	
Less accumulated depreciation		<u>(53,330)</u>	
Net capital assets			119,045

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	3,392
Interest receivable on property taxes	1,122
Housing rehabilitation loans	1,766
Receivable from the state for school construction projects	300
Accounts and other receivables	3,614
Net pension asset	513

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

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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	(26,740)
Deferred charges on refunding	250
Unamortized bond premium	(63)
Interest payable on bonds and notes	(129)
Compensated absences	(3,424)
Landfill closure	(1,753)
Capital lease	(804)
Net pension obligation	(120)
Net OPEB obligation	<u>(4,430)</u>

Net Assets of Governmental Activities (Exhibit I)

\$ 103,528

The accompanying notes are an integral part of the financial statements

CITY OF NORWICH, CONNECTICUT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDSFOR THE YEAR ENDED JUNE 30, 2011
(In Thousands)

	General	Bond Expenditure	Intermodal Transportation Center	School Projects	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:						
Property taxes, interest and liens	\$ 56,857	\$	\$	\$	\$ 3,960	\$ 60,817
Intergovernmental revenues	38,103		8,437	14,095	20,804	81,439
Charges for services	1,978				2,587	4,565
Licenses, permits and fees	624					624
Investment income	47				236	283
Other	1,727				376	2,103
Total revenues	<u>99,336</u>	<u>-</u>	<u>8,437</u>	<u>14,095</u>	<u>27,963</u>	<u>149,831</u>
Expenditures:						
Current:						
General government	5,350				472	5,822
Public safety	12,608				6,839	19,447
Social services	1,775				2,254	4,029
Public works	9,091				542	9,633
Education	67,160				17,530	84,690
Other	3,411					3,411
Capital outlay	804	2,751	8,727	20,476	2,147	34,905
Debt service	4,772					4,772
Total expenditures	<u>104,971</u>	<u>2,751</u>	<u>8,727</u>	<u>20,476</u>	<u>29,784</u>	<u>166,709</u>
Deficiency of Revenues over Expenditures	<u>(5,635)</u>	<u>(2,751)</u>	<u>(290)</u>	<u>(6,381)</u>	<u>(1,821)</u>	<u>(16,878)</u>
Other Financing Sources (Uses):						
Transfers in	8,091	51		7,219	3,063	18,424
Transfers out	(2,535)	(7,219)			(393)	(10,147)
Proceeds from capital lease issuance	804					804
Total other financing sources	<u>6,360</u>	<u>(7,168)</u>	<u>-</u>	<u>7,219</u>	<u>2,670</u>	<u>9,081</u>
Net Change in Fund Balances	725	(9,919)	(290)	838	849	(7,797)
Fund Balances at Beginning of Year	<u>10,102</u>	<u>2,818</u>	<u>290</u>	<u>(838)</u>	<u>6,332</u>	<u>18,704</u>
Fund Balances at End of Year	<u>\$ 10,827</u>	<u>\$ (7,101)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,181</u>	<u>\$ 10,907</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, 2011
(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)	\$ (7,797)
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Governmental funds report capital outlays as expenditures. In the statement of activities, the cost of those
assets is allocated over their estimated useful lives and reported as depreciation expense:

Capital outlay	33,167
Depreciation expense	(3,650)

In the statement of activities, only the gain on the sale of capital assets is reported. However,
in the governmental funds, the proceeds from the sale increase financial resources. Thus the change in
net assets differs from the change in fund balance by the cost of the assets sold. (197)

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	450
Property tax interest and lien revenue - accrual basis change	40
School building grant receipts	(102)
Housing loan repayments	(197)
Accounts and other receivables - accrual basis change	3,101
Net pension asset	107

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

Bond principal payments	2,846
Amortization of deferred charge on refunding	(137)
Amortization of premiums	31
Capital lease issuances	(804)
Capital lease payments	42

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	(100)
Accrued interest	24
Net pension expense	(4)
Net OPEB expense	(512)
Landfill postclosure care	35

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.

934

Change in Net Assets of Governmental Activities (Exhibit II)	\$ <u>27,277</u>
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The accompanying notes are an integral part of the financial statements

CITY OF NORWICH, CONNECTICUT

STATEMENT OF NET ASSETS - PROPRIETARY FUNDS

JUNE 30, 2011
(In Thousands)

	<u>Business-Type Activities</u>			<u>Governmental</u>
	<u>Department of Public Utilities</u>	<u>Nonmajor Enterprise Funds</u>	<u>Total</u>	<u>Internal Service Funds</u>
Assets:				
Current assets:				
Cash and cash equivalents	\$ 16,266	\$ 10	\$ 16,276	
Receivables, net:				
User charges	14,045	132	14,177	
Intergovernmental				
Other	823		823	42
Due from other funds		534	534	7,154
Inventories	1,749	69	1,818	
Other assets	980		980	
Total current assets	<u>33,863</u>	<u>745</u>	<u>34,608</u>	<u>7,196</u>
Capital assets, net	<u>95,693</u>	<u>10,384</u>	<u>106,077</u>	
Total assets	<u>129,556</u>	<u>11,129</u>	<u>140,685</u>	<u>7,196</u>
Liabilities:				
Current liabilities:				
Accounts payable and accrued liabilities	8,648	78	8,726	
Due to other funds	295	270	565	
Unearned revenue	335	199	534	
Notes payable - current	946		946	
Bonds payable - current	650	25	675	
Capital leases payable - current	278		278	
Compensated absences - current	277		277	
Risk management claims - current	162		162	1,949
Total current liabilities	<u>11,591</u>	<u>572</u>	<u>12,163</u>	<u>1,949</u>
Noncurrent liabilities:				
Customer deposits	902		902	
Notes payable	3,327		3,327	
Bonds payable	3,979	240	4,219	
Capital leases payable	1,439		1,439	
Compensated absences	2,490		2,490	
Risk management claims	488		488	5,165
Total noncurrent liabilities	<u>12,625</u>	<u>240</u>	<u>12,865</u>	<u>5,165</u>
Total liabilities	<u>24,216</u>	<u>812</u>	<u>25,028</u>	<u>7,114</u>
Net Assets:				
Invested in capital assets, net of related debt	85,075	10,119	95,194	
Restricted for energy conservation	334		334	
Unrestricted	19,931	198	20,129	82
Total Net Assets	<u>\$ 105,340</u>	<u>\$ 10,317</u>	<u>\$ 115,657</u>	<u>\$ 82</u>

The accompanying notes are an integral part of the financial statements

CITY OF NORWICH, CONNECTICUT

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

FOR THE YEAR ENDED JUNE 30, 2011

(In Thousands)

	Business-Type Activities			Governmental
	Department	Nonmajor	Total	Activities
	of Public	Enterprise		Internal
Utilities	Funds		Service	
				Funds
Operating Revenues:				
Charges for services	\$ 86,166	\$ 2,081	\$ 88,247	\$ 18,006
Use of property	1,753		1,753	
Other services	625		625	
Total operating revenues	<u>88,544</u>	<u>2,081</u>	<u>90,625</u>	<u>18,006</u>
Operating Expenses:				
Purchased gas and electric	43,123		43,123	
General and administrative	13,905		13,905	
Depreciation	5,698	390	6,088	
Operations and maintenance	10,674	2,035	12,709	
Customer accounts	1,898		1,898	
Bad debt expense	3,579		3,579	
Gross revenue and property taxes	1,870		1,870	
Claims				15,948
Premiums and administrative charges				1,124
Total operating expenses	<u>80,747</u>	<u>2,425</u>	<u>83,172</u>	<u>17,072</u>
Operating Income (Loss)	<u>7,797</u>	<u>(344)</u>	<u>7,453</u>	<u>934</u>
Nonoperating Income (Expense):				
Interest income	12	2	14	
Interest expense	(230)		(230)	
Total nonoperating income (expense)	<u>(218)</u>	<u>2</u>	<u>(216)</u>	<u>-</u>
Income (Loss) Before Contributions and Transfers	7,579	(342)	7,237	934
Capital Contributions	6,704		6,704	
Transfers Out	<u>(8,277)</u>		<u>(8,277)</u>	
Change in Net Assets	6,006	(342)	5,664	934
Total Net Assets at Beginning of Year, as Restated*	<u>99,334</u> *	<u>10,659</u>	<u>109,993</u>	<u>(852)</u>
Total Net Assets at End of Year	<u>\$ 105,340</u>	<u>\$ 10,317</u>	<u>\$ 115,657</u>	<u>\$ 82</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, 2011

(In Thousands)

	Business-Type Activities			Governmental
	Department of Public Utilities	Nonmajor Enterprise Funds	Total	Internal Service Funds
Cash Flows from Operating Activities:				
Cash received from charges for services	\$ 86,577	\$ 2,082	\$ 88,659	\$
Cash paid to vendors	(59,422)	(988)	(60,410)	
Cash paid to employees for services	(13,041)	(990)	(14,031)	
Net cash provided by operating activities	<u>14,114</u>	<u>104</u>	<u>14,218</u>	<u>-</u>
Cash Flows from Noncapital and Related Financing Activities:				
Transfers to other funds	(8,277)		(8,277)	
Customer deposits	(28)		(28)	
Advances from other funds	(33)	(141)	(174)	
Net cash used in noncapital and related financing activities	<u>(8,338)</u>	<u>(141)</u>	<u>(8,479)</u>	<u>-</u>
Cash Flows from Capital and Related Financing Activities:				
Cash advance to CMEEC and other funds	(111)		(111)	
Capital contributions	6,704		6,704	
Purchase of capital assets	(11,764)	(93)	(11,857)	
Proceeds from long-term debt	306		306	
Principal payment on bonds and notes	(1,143)		(1,143)	
Principal payment on capital leases	(303)		(303)	
Interest payment on debt	(230)		(230)	
Net cash used in capital and related financing activities	<u>(6,541)</u>	<u>(93)</u>	<u>(6,634)</u>	<u>-</u>
Cash Flows from Investing Activities:				
Income on investments	<u>12</u>	<u>2</u>	<u>14</u>	
Net Decrease in Cash and Cash Equivalents	(753)	(128)	(881)	-
Cash and Cash Equivalents at Beginning of Year	<u>17,019</u>	<u>138</u>	<u>17,157</u>	<u>-</u>
Cash and Cash Equivalents at End of Year	<u>\$ 16,266</u>	<u>\$ 10</u>	<u>\$ 16,276</u>	<u>\$ -</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities:				
Operating income (loss)	\$ 7,797	\$ (344)	\$ 7,453	\$ 934
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation expense	5,698	390	6,088	
Provision for uncollectible accounts	3,579		3,579	
(Increase) decrease in receivables	(4,468)	(7)	(4,475)	107
Decrease in inventories and other assets	394	2	396	
(Increase) decrease in due from other funds		81	81	(3,150)
Increase (decrease) in unearned revenues	(122)	8	(114)	
Increase (decrease) in accounts payable and accrued liabilities	1,236	(26)	1,210	2,109
Total adjustments	<u>6,317</u>	<u>448</u>	<u>6,765</u>	<u>(934)</u>
Net Cash Provided by Operating Activities	<u>\$ 14,114</u>	<u>\$ 104</u>	<u>\$ 14,218</u>	<u>\$ -</u>

The accompanying notes are an integral part of the financial statements

CITY OF NORWICH, CONNECTICUT

STATEMENT OF FIDUCIARY NET ASSETS - FIDUCIARY FUNDS

JUNE 30, 2011
(In Thousands)

	<u>Pension Trust Funds</u>	<u>Other Post Employment Benefit Trust Fund</u>	<u>Agency Funds</u>
Assets:			
Cash and cash equivalents	\$ 75	\$ 12	\$ 380
Investments:			
Mutual funds	145,003	3,166	
Other receivables	1	67	63
Due from other funds		<u>1,207</u>	
 Total assets	 <u>145,079</u>	 <u>4,452</u>	 <u>\$ 443</u>
Liabilities:			
Accounts and other payables	21	47	\$
Due to other funds	101		
Due to student groups and agencies			<u>443</u>
 Total liabilities	 <u>122</u>	 <u>47</u>	 <u>\$ 443</u>
Net Assets:			
Held in Trust for Pension and Other Benefits	\$ <u>144,957</u>	\$ <u>4,405</u>	

The accompanying notes are an integral part of the financial statements

CITY OF NORWICH, CONNECTICUT

STATEMENT OF CHANGES IN PLAN NET ASSETS - FIDUCIARY FUNDS

FOR THE YEAR ENDED JUNE 30, 2011

(In Thousands)

	<u>Pension Trust Funds</u>	<u>Other Post Employment Benefit Trust Fund</u>
Additions:		
Contributions:		
Employer	\$ 4,002	\$ 5,251
Plan members	2,818	1,444
Total contributions	<u>6,820</u>	<u>6,695</u>
Investment income:		
Net appreciation in fair value of investments	25,906	312
Interest and dividends	62	94
Total investment income	<u>25,968</u>	<u>406</u>
Less investment expense	<u>(847)</u>	<u>(19)</u>
Net investment income	<u>25,121</u>	<u>387</u>
Total additions	<u>31,941</u>	<u>7,082</u>
Deductions:		
Benefits	11,695	5,139
Administration	29	332
Lump sum distributions and withdrawals	128	
Total deductions	<u>11,852</u>	<u>5,471</u>
Net Increase	20,089	1,611
Net Assets Held in Trust for Pension Benefits at Beginning of Year	<u>124,868</u>	<u>2,794</u>
Net Assets Held in Trust for Pension Benefits at End of Year	<u>\$ 144,957</u>	<u>\$ 4,405</u>

The accompanying notes are an integral part of the financial statements

CITY OF NORWICH, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS

(In Thousands)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

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

B. Government-Wide and Fund Financial Statements

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

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

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

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

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

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

The City reports the following major governmental funds:

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

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

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

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

The City reports the following major proprietary fund:

The Department of Public Utilities accounts for the operation of the City's water, sewer, electric and gas divisions. It is independent in terms of its relationship to other City functions. Its operations are financed from direct charges to the users of the service for operations that are financed in a manner similar to private business enterprises, where the intent is that costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

Additionally, the City reports the following fund types:

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

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

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

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

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

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

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

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

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

D. Deposits and Investments

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

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

Investments for the City are reported at fair value.

E. Receivables and Payables

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

Property taxes on all property are assessed as of October 1 prior to the beginning of the fiscal year and become legally due and payable on the following July 1 and January 1. If taxes are unpaid as of June 30 following the payable date, a lien is placed on the real property. Property assessments are made at 70% of the market value. Property taxes receivable are recorded on the due date. Taxes not paid within 30 days of the due date are subject to an interest charge of one and one-half percent per month. The City is not a part of any overlapping government which assesses separate property taxes. An amount of \$646 has been

established as an allowance for uncollected taxes. At June 30, 2011, this represents 15.2% of property taxes receivable.

F. Inventories and Prepaid Items

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

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

G. Capital Assets

Capital assets, which include property, plant, equipment and infrastructure, assets (e.g., roads, bridges, sidewalks and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Property, plant and equipment of the primary government is depreciated using the straight-line method over the following estimated useful lives:

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

H. Compensated Absences

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

I. Long-Term Obligations

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

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

J. Fund Equity and Net Assets

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

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

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

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

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

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

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

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

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

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

The City does not have a minimum fund balance policy regarding unassigned fund balance.

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

In October, the City Manager, through the Comptroller's Office, distributes budget instructions to department heads. On or before a date set by the City Manager, the head of every department, office or agency must submit a written proposed budget for the following year to the City Manager. The City Manager and Comptroller review these proposals and may revise them as deemed advisable, except in the

case of the Department of Education where the City Manager has the authority to revise only the total estimated expenditures. The City Manager and Comptroller compare proposed expenditures to expected revenues and prepare a proposed budget for presentation to the City Council.

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

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

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

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

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

B. Deficit Fund Equity

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

Bond Expenditure Fund	\$ 7,101*
Nonmajor Governmental Funds:	
Parking Commission	56**
Property Rehabilitation	46***
Dog License	5****
Internal Service Funds:	
Workers' Compensation	4,229**

* Deficit will be reduced by future transfers from bond issuances.

** Deficit will be reduced by future contributions from the General Fund adopted as part of the budget process.

*** Deficit will be reduced by future Community Development Fund transfers and property rehab loan payment receipts.

**** Deficit will be reduced by future operating surpluses or, if necessary, future contributions from the General Fund adopted as part of the budget process.

3. CASH, CASH EQUIVALENTS AND INVESTMENTS

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

The Connecticut General Statutes (Section 7-400) permit municipalities to invest in: 1) obligations of the United States and its agencies, 2) highly rated obligations of any state of the United States or of any political subdivision, authority or agency thereof, and 3) shares or other interests in custodial arrangements or pools maintaining constant net asset values and in highly rated no-load open end money market and mutual funds (with constant or fluctuating net asset values) whose portfolios are limited to obligations of the United States and its agencies, and repurchase agreements fully collateralized by such obligations. Other provisions of the Statutes cover specific municipal funds with particular investment authority. The provisions of the Statutes regarding the investment of municipal pension funds does not specify permitted investments. Therefore, investment of such funds is generally controlled by the laws applicable to fiduciaries and the provisions of the applicable plan.

The Statutes (Sections 3-24f and 3-27f) also provide for investment in shares of the State Short-Term Investment Fund (STIF) and the State Tax Exempt Proceeds Fund (TEPF). These investment pools are under the control of the State Treasurer, with oversight provided by the Treasurer’s Cash Management Advisory Board, and are regulated under the State Statutes and subject to annual audit by the Auditors of Public Accounts. Investment yields are accounted for on an amortized-cost basis with an investment portfolio that is designed to attain a market-average rate of return throughout budgetary and economic cycles. Investors accrue interest daily based on actual earnings, less expenses and transfers to the designated surplus reserve, and the fair value of the position in the pool is the same as the value of the pool shares.

Deposits

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

Based on the criteria described in GASB Statement No. 40, *Deposits and Investment Risk Disclosures*, \$28,075 of the City’s bank balance of \$30,049 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$	25,117
Uninsured and collateral held by the pledging bank’s trust department, not in the City’s name		<u>2,958</u>
Total Amount Subject to Custodial Credit Risk	\$	<u><u>28,075</u></u>

Cash Equivalents

At June 30, 2011, the City's cash equivalents amounted to \$7,794. 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 Tax Exempt Proceeds Fund*	
State Short-Term Investment Fund (STIF)	AAA/m

*Not rated

Investments

As of June 30, 2011, 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	\$ 3,193	\$	3,193	\$
Federal agency securities	AAA	52		52	
Corporate bonds	AA to A+	433		433	
Total		3,678	\$	-	\$
Other investments:					
Common stock		897			
Mutual funds		148,169			
Total Investments		\$ 152,744			

*Subject to coverage by Federal Depository Insurance and collateralization.

N/A Not applicable

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

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

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

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

4. RECEIVABLES

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

	<u>General</u>	<u>Intermodal Transportation Center</u>	<u>School Projects</u>	<u>Department of Public Utilities</u>	<u>Nonmajor and Other Funds</u>	<u>Total</u>
Receivables:						
Taxes	\$ 4,246				\$ 349	\$ 4,595
Accrued interest on taxes	1,403					1,403
Intergovernmental	313	2,424	6,802		1,729	11,268
User charges	357			15,376		15,733
Assessments	3,451					3,451
Housing and rehabilitation loans					2,601	2,601
Accounts and other				823	739	1,562
Gross receivables	<u>9,770</u>	<u>2,424</u>	<u>6,802</u>	<u>16,199</u>	<u>5,418</u>	<u>40,613</u>
Less allowance for uncollectibles:						
Taxes	(646)				(55)	(701)
Accrued interest on taxes	(281)					(281)
User charges				(1,331)		(1,331)
Accounts					(228)	(228)
Total allowance	<u>(927)</u>	<u>-</u>	<u>-</u>	<u>(1,331)</u>	<u>(283)</u>	<u>(2,541)</u>
Net Total Receivables	<u>\$ 8,843</u>	<u>\$ 2,424</u>	<u>\$ 6,802</u>	<u>\$ 14,868</u>	<u>\$ 5,135</u>	<u>\$ 38,072</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	\$ 3,141	\$	\$ 3,141
Accrued interest on property taxes	1,122		1,122
Assessments	3,451		3,451
School building construction			
grant receivables	300		300
Other deferred revenues		100	100
Intermodal Transportation Center Fund:			
Grant drawdowns prior to meeting all			
eligibility requirements		6,315	6,315
Nonmajor funds:			
Taxes and accrued interest on delinquent			
property taxes	251		251
Housing loans and interest	1,766		1,766
Lead abatement - unamortized loans		835	835
Grant drawdowns prior to meeting all			
eligibility requirements		283	283
Other receivables and deferred revenues	<u>163</u>	<u>9</u>	<u>172</u>
Total Deferred/Unearned Revenue for			
Governmental Funds	<u>\$ 10,194</u>	<u>\$ 7,542</u>	<u>\$ 17,736</u>

5. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

During the course of operations, transactions are processed through a fund on behalf of another fund. Additionally, revenues received in one fund are transferred to another fund. The City also operates a cash pool in the general fund as well as there are bonded projects in a fund that benefit another fund. A summary of interfund balances as of June 30, 2011 is presented below.

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Bond Expenditure Fund	\$ 6,990
	Intermodal Transportation Center	3,048
	School Projects	4,319
	Pension Trust	101
	Nonmajor Governmental	484
	Nonmajor Enterprise	270
	Department of Public Utilities	295
Nonmajor Governmental	General Fund	6,360
Nonmajor Enterprise	General Fund	534
Internal Service Funds	General Fund	7,154
Other Post Employment Benefit Trust	General Fund	<u>1,207</u>
Total		<u>\$ 30,762</u>

A summary of interfund transfers is presented below:

	<u>Transfers In</u>				<u>Total</u>
	<u>General</u>	<u>Bond Expenditure</u>	<u>School Projects</u>	<u>Nonmajor Governmental</u>	
Transfers out:					
General Fund	\$	\$	\$	\$ 2,535	\$ 2,535
Bond Expenditure			7219		7,219
Department of Public Utilities	7,749			528	8,277
Nonmajor Governmental	<u>342</u>	<u>51</u>			<u>393</u>
Total Transfers Out	<u>\$ 8,091</u>	<u>\$ 51</u>	<u>\$ 7,219</u>	<u>\$ 3,063</u>	<u>\$ 18,424</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, 2011 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 22,411	\$ 713	\$	\$ 23,124
Construction in progress	24,771	29,831	(3,199)	51,403
Total capital assets not being depreciated	<u>47,182</u>	<u>30,544</u>	<u>(3,199)</u>	<u>74,527</u>
Capital assets being depreciated:				
Buildings and improvements	41,044	2,385	(5)	43,424
Vehicles, machinery and equipment	17,054	1,984	(321)	18,717
Technology upgrade and infrastructure	34,854	1,453	(600)	35,707
Total capital assets being depreciated	<u>92,952</u>	<u>5,822</u>	<u>(926)</u>	<u>97,848</u>
Less accumulated depreciation for:				
Buildings and improvements	(23,182)	(1,268)	3	(24,447)
Vehicles, machinery and equipment	(11,049)	(1,026)	270	(11,805)
Technology upgrade and infrastructure	(16,178)	(1,356)	456	(17,078)
Total accumulated depreciation	<u>(50,409)</u>	<u>(3,650)</u>	<u>729</u>	<u>(53,330)</u>
Total capital assets being depreciated, net	<u>42,543</u>	<u>2,172</u>	<u>(197)</u>	<u>44,518</u>
Governmental Activities Capital Assets, Net	<u>\$ 89,725</u>	<u>\$ 32,716</u>	<u>\$ (3,396)</u>	<u>\$ 119,045</u>
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 2,922	\$	\$	\$ 2,922
Construction in progress	7,497	11,761	(6,791)	12,467
Total capital assets not being depreciated	<u>10,419</u>	<u>11,761</u>	<u>(6,791)</u>	<u>15,389</u>
Capital assets being depreciated:				
Structures and improvements	70,951	1,522		72,473
Machinery, equipment, pumping and distribution systems	139,108	5,365	(1,091)	143,382
Total capital assets being depreciated	<u>210,059</u>	<u>6,887</u>	<u>(1,091)</u>	<u>215,855</u>
Less accumulated depreciation for:				
Structures and improvements	(36,291)	(2,477)		(38,768)
Machinery, equipment, pumping and distribution systems	(83,878)	(3,612)	1,091	(86,399)
Total accumulated depreciation	<u>(120,169)</u>	<u>(6,089)</u>	<u>1,091</u>	<u>(125,167)</u>
Total capital assets being depreciated, net	<u>89,890</u>	<u>798</u>	<u>-</u>	<u>90,688</u>
Business-Type Activities Capital Assets, Net	<u>\$ 100,309</u>	<u>\$ 12,559</u>	<u>\$ (6,791)</u>	<u>\$ 106,077</u>

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

Governmental activities:	
General government	\$ 144
Public safety	765
Social services	55
Public works	1,569
Education	<u>1,117</u>
 Total Depreciation Expense - Governmental Activities	 \$ <u><u>3,650</u></u>
Business-type activities:	
Department of Public Utilities	\$ 5,699
Golf Course Authority	49
Stadium Authority	180
Ice Rink Authority	<u>161</u>
 Total Depreciation Expense - Business-Type Activities	 \$ <u><u>6,089</u></u>

Construction Commitments

The City has active construction projects as of June 30, 2011. At year end, the City's commitments with contractors on active authorizations are as follows:

Project	Cumulative Authorization	Current Expenditures	Cumulative Expenditures	Encumbered	Balance June 30, 2011
Kelly Middle School Renovation	\$ 40,250	\$ 20,476	\$ 36,349	\$	\$ 3,901
Intermodal Transportation Center	21,965	8,728	14,560		7,405
New London Turnpike/Pleasant Bridge	530	12	305		225
Dodd Stadium Capital Improvements	610		581		29
Dog Pound	761	116	761		
Fire Department Equipment and Improvements	795	6	783		12
Flyers Drive Sewer Line Extension	1,800	348	1,796		4
Brown Park City Pier	2,020	45	1,998		22
Newton Street Area Sewer Line Extension	1,600	238	336		1,264
Road Improvements - 2010 bonds	5,000	817	1,125		3,875
Gas Line Extensions	<u>3,000</u>	<u>56</u>	<u>56</u>		<u>2,944</u>
 Total	 \$ <u><u>78,331</u></u>	 \$ <u><u>30,842</u></u>	 \$ <u><u>58,650</u></u>	 \$ <u><u>-</u></u>	 \$ <u><u>19,681</u></u>

7. LONG-TERM DEBT

Changes in Long-Term Liabilities

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities:					
Bonds payable:					
General obligation bonds	\$ 29,586	\$	\$ 2,846	\$ 26,740	\$ 3,289
Add unamortized premiums	94		31	63	
Less deferred amounts on refunding	(387)		(137)	(250)	
Total bonds payable	<u>29,293</u>	<u>-</u>	<u>2,740</u>	<u>26,553</u>	<u>3,289</u>
Compensated absences	3,324	1,488	1,388	3,424	1,463
Landfill closure	1,788		35	1,753	25
Capital leases	42	804	42	804	74
Net pension obligation	116	254	250	120	
Net OPEB obligation	3,918	5,763	5,251	4,430	
Risk management claims	<u>4,923</u>	<u>18,139</u>	<u>15,948</u>	<u>7,114</u>	<u>1,949</u>
Governmental Activities Long-Term Liabilities	<u>\$ 43,404</u>	<u>\$ 26,448</u>	<u>\$ 25,654</u>	<u>\$ 44,198</u>	<u>\$ 6,800</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	\$ 5,529	\$	\$ 629	\$ 4,900	\$ 675
Less deferred amounts on refunding	(8)		(2)	(6)	
State of Connecticut - serial note	<u>4,482</u>	<u>308</u>	<u>517</u>	<u>4,273</u>	<u>946</u>
Total bonds and notes payable	10,003	308	1,144	9,167	1,621
CMEEC loan	111		111	-	
Compensated absences	2,658	375	266	2,767	277
Capital leases	2,021		304	1,717	278
Workers' compensation	<u>396</u>	<u>353</u>	<u>99</u>	<u>650</u>	<u>162</u>
Business-Type Activities Long-Term Liabilities	<u>\$ 15,189</u>	<u>\$ 1,036</u>	<u>\$ 1,924</u>	<u>\$ 14,301</u>	<u>\$ 2,338</u>

A schedule of bonds outstanding at June 30, 2011 is presented below:

<u>Description</u>	<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Interest Rate (%)</u>	<u>Amount of Original Issue</u>	<u>Balance Outstanding June 30, 2011</u>
Governmental Activities					
General purpose bonds payable:					
General purpose - Wauregan Hotel	4/1/2001	4/1/2017	5.50-6.75	\$ 400	\$ 150
General purpose	4/15/2002	4/15/2022	4.0-5.0	3,345	1,491
General purpose	4/15/2004	4/15/2015	2.00-3.55	1,175	160
Refunding - (11/15/1997 and 11/01/1999) bonds	4/15/2004	4/15/2019	2.0-4.0	2,195	1,308
General purpose and water main	3/15/2005	9/15/2015	3.0-5.0	2,810	1,405
Refunding - (02/01/1996 and 04/01/2001) bonds	3/15/2005	9/15/2019	3.0-4.0	8,570	6,091
Schools	12/30/2008	12/30/2020	-	2,940	2,450
General purpose - refunding	12/2/2009	4/1/2014	2.0-3.0	4,235	3,140
General purpose	12/2/2009	12/1/2029	3.0-4.0	8,545	8,545
Schools	12/2/2009	12/1/2029	3.0-4.0	2,000	2,000
Total					\$ 26,740
Business-Type Activities					
General purpose bonds payable:					
Sewers	4/15/2002	4/15/2022	4.0-5.0	\$ 2,675	\$ 1,449
Sewers	4/15/2004	4/15/2015	2.00-3.55	1,945	775
Refunding - (11/15/1997 and 11/01/1999) Sewers	4/15/2004	4/15/2019	2.0-4.0	2,325	1,267
Refunding - (02/01/1996) Stony Brook Reservoir	3/15/2005	9/15/2015	3.0-4.0	368	199
Sewers	3/15/2005	9/15/2015	3.0-5.0	710	345
Sewers	12/2/2009	12/1/2029	3.0-4.0	600	600
Golf course	12/2/2009	12/1/2029	3.0-4.0	265	265
State of Connecticut serial notes payable:					
Clean Water Act 106-C	10/31/1997	10/31/2016	2.00	3,410	1,038
Clean Water Act 298-C	6/30/2000	6/30/2019	2.00	1,508	605
Clean Water Act 349-C	12/31/2002	12/31/2021	2.00	881	501
Clean Water Act 9714-C	12/31/2002	12/31/2021	2.77	1,899	1,112
Clean Water Act 200801-C	7/1/2009	7/1/2029	2.27	450	403
Drinking Water State Revolving Fund 2010-8005	12/2/2009	12/1/2029	2.06	129	134
Drinking Water State Revolving Fund 2010-8006	12/2/2009	12/1/2029	2.06	34	310
Economic Development	7/1/1995	7/1/2012	6.00	1,000	170
Total					\$ 9,173

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>
2012	\$ 3,289	\$ 889	\$ 4,178
2013	3,265	774	4,039
2014	3,221	659	3,880
2015	2,188	543	2,731
2016	2,133	474	2,607
2017-2021	7,394	1,558	8,952
2022-2026	2,978	737	3,715
2027-2030	2,272	181	2,453
Total	\$ 26,740	\$ 5,815	\$ 32,555

The State of Connecticut reimburses the City for eligible principal and interest costs of the portion of the capital improvement bond issue used for school construction. The amount of principal and interest reimbursements for the year ended June 30, 2011 was \$102. Additional principal payments aggregating \$300 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>
2012	\$ 1,621	\$ 210	\$ 1,831
2013	1,184	195	1,379
2014	1,105	181	1,286
2015	1,109	173	1,282
2016	934	138	1,072
2017-2021	2,534	359	2,893
2022-2026	487	81	568
2027-2030	199	17	216
	<hr/>	<hr/>	<hr/>
Total	\$ <u>9,173</u>	\$ <u>1,354</u>	\$ <u>10,527</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 2011 fiscal year were \$70. The net undepreciated value of assets purchased by capital lease approximates the principal balances payable of \$804 at June 30, 2011. The following is a summary of capital lease commitments as of June 30, 2011.

<u>Year Ending June 30,</u>	<u>Governmental Funds</u>
2012	\$ 112
2013	112
2014	112
2015	112
2016	112
2017-2020	447
	<hr/>
Total payments	1,007
Less interest	(203)
	<hr/>
Principal Balance	\$ <u>804</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 2010-2011 were \$304. The net undepreciated value of assets purchased by capital lease approximates the principal balances payable of \$1,717 at June 30, 2011. The following is a summary of capital lease commitments as of June 30, 2011.

<u>Year Ending June 30,</u>	<u>Enterprise Funds</u>
2012	\$ 345
2013	326
2014	315
2015	282
2016	282
2017-2018	<u>401</u>
Total payments	1,951
Less interest	<u>(234)</u>
Principal Balance	<u><u>\$ 1,717</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	\$	1,011
Vacation		644
Other		293
Nonvested:		
Sick		1,440 *
Other		<u>36 *</u>
Total	\$	<u><u>3,424</u></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 \$1,753 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, 2011. 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, 2011 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	\$ 4,940	\$ 29,250	\$ 6,060
Sewer Line Extensions	1,800	600		1,200
Dodd Stadium	<u>610</u>	<u>500</u>		<u>110</u>
Total	<u>\$ 42,660</u>	<u>\$ 6,040</u>	<u>\$ 29,250</u>	<u>\$ 7,370</u>

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

Debt Limitations

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

<u>Category</u>	<u>Debt Limit</u>	<u>Net Indebtedness</u>	<u>Balance</u>
General purpose	\$ 136,861	\$ 25,054	\$ 111,807
Schools	273,722	15,318	258,404
Sewers	228,101	8,226	219,875
Urban renewal	197,688		197,688
Pension deficit	182,481		182,481

The total of the City's net statutory indebtedness of \$48.6 million does not exceed the legal debt limitation of \$425 million (seven times the base for debt limitation computation).

8. FUND EQUITY

A. Fund Balance

The components of fund balance at June 30, 2011 are as follows:

	<u>General Fund</u>	<u>Bond Expenditure Fund</u>	<u>Intermodal Transportation Center</u>	<u>School Projects</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
Fund balances:						
Nonspendable:						
Inventory	\$	\$	\$	\$	\$ 49	\$ 49
Trust					1,474	1,474
Restricted for:						
Trust					70	70
Grants					238	238
Fire districts					1,113	1,113
Committed to:						
Public safety					44	44
Public works					2,066	2,066
Social services					713	713
General government					144	144
Education					1,377	1,377
Assigned to:						
General government	13					13
Public works	31					31
Public safety	16					16
Education	97					97
Other	21					21
Unassigned	<u>10,649</u>	<u>(7,101)</u>			<u>(107)</u>	<u>3,441</u>
Total Fund Balances	<u>\$ 10,827</u>	<u>\$ (7,101)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,181</u>	<u>\$ 10,907</u>

B. Department of Public Utilities - Restricted Net Assets

Connecticut Municipal Electric Energy Cooperative (CMEEC) administers a Municipal Energy and Load Conservation Fund (the Fund) on behalf of its cooperative members, including the Department. The Fund was established to comply with provisions of House Bill 7501, Public Act No. 05-1 requiring CMEEC to establish and administer the Fund. CMEEC includes a charge of 1.5 mills per kilowatt hour in the monthly purchase power costs of wholesale electricity sold to the Department. Disbursements from the Fund are required to be made pursuant to a comprehensive electric conservation and load management plan. Funds held by CMEEC as of June 30, 2011 on behalf of the Department were \$334. Investment income that is earned on the Department's deposits along with the Fund's authorized expenses is recorded in the Department's statement of activities. The funds held by CMEEC on behalf of the Department are recorded as an asset on the Department's statement of net assets and have been restricted.

9. RISK MANAGEMENT

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

It is the policy of the City to self insure for employee health insurance programs. To this end, the City created an internal service fund to which the various City funds "pay premiums" and from which employee medical claims are paid. Claims are accrued as incurred. The City also purchased "stop loss" insurance to

limit its losses to \$175 per person in 2011 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:				
2009-2010	\$ 1,310	\$ 11,566	\$ 11,706	\$ 1,170
2010-2011	1,170	11,047	11,190	1,027
Workers' Compensation:				
2009-2010	5,124	652	2,023	3,753
2010-2011	3,753	7,092	4,758	6,087

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

The Department of Public Utilities accounts for the self-insured component of workers' compensation benefits for the Department's employees within the Department of Public Utilities Enterprise Fund. The Department has accrued \$650 for estimated unpaid accrued losses on reported claims as of June 30, 2011.

10. EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS

City of Norwich Retirement System

A. Plan Description

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

The City provides all retirement, death and disability benefits through a single employer, contributory defined benefit plan. Under the plan, all full-time salaried City employees, noncertified employees of the Board of Education and all full-time uniformed and investigatory employees classified as Police Officers and Firefighters are eligible after a probationary period. General City employees are 100% vested in a pension to begin at age 60 if they terminate employment after 10 years of continuous service or after 25 years of service and attainment of age 55 or after 34 years of service regardless of age. Also, any employee terminating employment after age 50 with 25 years of service is eligible for a pension. City employees receive a retirement benefit of 2.2% of average final earnings during the highest 3 years out of the last 10 consecutive year period with a maximum of 74.8% of average earnings. Police who retire at normal retirement (after 20 years of service) receive 48% of average annual pay (highest 3 years out of last 10 consecutive years) for the

first 20 years of service plus 2.2% of pay in excess of 20 years with a maximum benefit of 70% of average annual pay. Firefighters who retire at normal retirement after 20 years of service regardless of age will receive 48% of average earnings plus 2.2% of average earnings for each year over 20 with a maximum of 70% of pay. Average earnings for firefighters is defined as the average of the highest 3-year period out of the last consecutive 10-year period prior to retirement. If an employee leaves employment or dies before meeting the vesting requirements, accumulated contributions and interest are refunded. Effective benefits and contributions are established by the City as negotiated with the various unions. The General Fund and the Fire Districts Fund are used to liquidate net pension obligations.

At January 1, 2010, the plan members consisted of:

Retirees and beneficiaries currently receiving benefits	479
Terminated employees not yet receiving benefits	32
Active plan members	<u>557</u>
 Total	 <u><u>1,068</u></u>

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

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

C. Funding Policy

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

D. Annual Pension Cost and Net Pension Obligations

The City’s annual pension cost and net pension obligation to the plan for the year ended June 30, 2011 were as follows:

Annual required contribution	\$ 3,644
Interest on net pension obligation	(33)
Adjustment to annual required contribution	<u>34</u>
 Annual pension cost	 3,645
Contributions made	<u>3,752</u>
 Increase in net pension asset	 (107)
Net pension asset, beginning of year	<u>(406)</u>
 Net Pension Asset, End of Year	 <u><u>\$ (513)</u></u>

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

Actuarial valuation date	January 1, 2010
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
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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
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Retirement age:	Age 55 with 25 years of service; age 60 with 5 years service, or 34 years of service.
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Death benefits:	Liabilities for police and fire employees are included in recognition of in-service death benefits
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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
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Expenses:	Estimate based on the prior year's actual expenses
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*Inflation rate included 2%

E. Trend Information

Fiscal Year Ended		Annual Pension Cost (APC)	Percentage of APC Contributed		Net Pension Obligation (Asset)		Actual Contribution
6/30/09	\$	3,037	106%	\$	(32)	\$	3,216
6/30/10		2,397	116%		(406)		2,771
6/30/11		3,645	103%		(513)		3,752

F. Pension Plan Required Supplemental Information

Schedule of Employer Contributions

Fiscal Year Ended		Annual Required Contribution	Percentage Contributed
2006	\$	1,862	108%
2007		2,662	106
2008		2,921	106
2009		3,037	106
2010		2,397	116
2011		3,644	103

Schedule of Funding Progress

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

City of Norwich Volunteer Firefighters' Relief Plan

A. Plan Description

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

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

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

At January 1, 2010, the plan members consisted of:

Retirees and beneficiaries receiving benefits	50
Active plan members	<u>143</u>
Total	<u><u>193</u></u>

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

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

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

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

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

C. Funding Policy

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

D. Annual Pension Cost and Net Pension Obligations

The City's annual pension cost and net pension obligation to the Plan for the year ended June 30, 2011 were as follows:

Annual required contribution	\$ 255
Interest on net pension obligation	8
Adjustment to annual required contribution	<u>(9)</u>
Annual pension cost	254
Contributions made	<u>250</u>
Increase in net pension obligation	4
Net pension obligation, beginning of year	<u>116</u>
Net Pension Obligation, End of Year	<u><u>\$ 120</u></u>

The following is a summary of certain significant actuarial assumptions:

Actuarial valuation date	January 1, 2010
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>
6/30/09	\$ 247	101 %	\$ 112	\$ 250
6/30/10	254	98	116	250
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>
2011	\$ 255	98%
2010	255	98
2009	247	101
2008	213	100
2007	213	75
2006	151	79

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>
1-1-10	\$ 1,404	\$ 3,962	\$ 2,558	35.4%
1-1-08	1,299	3,810	2,511	34.1
1-1-06	1,150	3,305	2,155	34.8
1-1-04	1,057	2,779	1,722	38.0

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

Pension Trust Funds

The City maintains two pension trust funds (City and Volunteer Fire) to account for its fiduciary responsibility. The following schedules present the net assets held in trust for pension benefits at June 30, 2011 and the changes in net assets for the year then ended.

	Combining Schedule of Plan Net Assets		
	City	Volunteer	Total
	Employees	Fire	
Assets:			
Cash and cash equivalents	\$	\$ 75	\$ 75
Investments:			
Mutual funds	143,521	1,482	145,003
Other receivable	1		1
Due from other funds			
Total assets	<u>143,522</u>	<u>1,557</u>	<u>145,079</u>
Liabilities:			
Accounts and other payables		21	21
Due to other funds	99	2	101
Total liabilities	<u>99</u>	<u>23</u>	<u>122</u>
Net Assets:			
Held in Trust for Pension Benefits	<u>\$ 143,423</u>	<u>\$ 1,534</u>	<u>\$ 144,957</u>

	Combining Schedule of Changes in Plan Net Assets		
	City	Volunteer	Total
	Employees	Fire	
Additions:			
Contributions:			
Employer	\$ 3,752	\$ 250	\$ 4,002
Plan members	2,793	25	2,818
Total contributions	<u>6,545</u>	<u>275</u>	<u>6,820</u>
Investment income:			
Net appreciation in fair value of investments	25,699	207	25,906
Interest and dividends	18	44	62
Total	<u>25,717</u>	<u>251</u>	<u>25,968</u>
Less investment expense	(840)	(7)	(847)
Net investment income	<u>24,877</u>	<u>244</u>	<u>25,121</u>
Total additions	<u>31,422</u>	<u>519</u>	<u>31,941</u>
Deductions:			
Benefits	11,461	234	11,695
Administrative expense	27	2	29
Lump-sum distributions and withdrawals	124	4	128
Total deductions	<u>11,612</u>	<u>240</u>	<u>11,852</u>
Net increase	19,810	279	20,089
Net assets held in trust for pension benefits, beginning of year	<u>123,613</u>	<u>1,255</u>	<u>124,868</u>
Net Assets Held in Trust for Pension Benefits, End of Year	<u>\$ 143,423</u>	<u>\$ 1,534</u>	<u>\$ 144,957</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 \$19,749 or 71.2% of the total Board of Education payroll of \$27,741.

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, 2011, the City has recorded in the General Fund (Exhibit IV), intergovernmental revenue and education expenditures in the amount of \$3,072 as payments made by the State of Connecticut on behalf of the City.

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

11. OTHER POST EMPLOYMENT BENEFITS

City of Norwich, Retiree Health Plan

Plan Description

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

At July 1, 2009, plan membership consisted of the following:

Active plan members	877
Retired plan members	<u>376</u>
Total Participants	<u><u>1,253</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, 2011, plan members contributed \$1,444. The City is required to contribute the balance of the current premium cost and may contribute an additional amount as determined by the City in order to prefund benefits.

Employer contributions to the plan for the year ended June 30, 2011 totaled \$5,251.

Annual OPEB Cost and Net OPEB Obligations

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

	Retiree Health Plan
Annual required contribution (ARC)	\$ 6,065
Interest on net OPEB obligation	290
Adjustment to annual required contribution	(298)
	<hr/>
Annual OPEB cost	6,057
Contributions made	5,251
	<hr/>
Increase in net OPEB obligation	806
Net OPEB obligation, beginning of year*	3,624
	<hr/>
Net OPEB Obligation, End of Year	\$ 4,430

* June 30, 2010 NOO reduced by \$294,601 to reflect City payment of ASO fees.

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>
6/30/09	\$ 5,352	\$ 3,399	63.5%	\$ 1,966
6/30/10	5,347	3,690	69.0	3,624
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 and July 1, 2009 because they are the only valuations done since implementing the standard.

<u>Schedule of Funding Progress</u>					
<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial 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>
7-1-07	\$ -	\$ 46,595	0%	\$ 44,921	103.7%
7-1-09	2,594	58,239	4.7	50,374	110.5

Schedule of Employer Contributions

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

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, 2009 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 2014 and later. The dental inflation rate is 5%. The general inflation assumption is 3.0%. The actuarial value of assets will be determined in the next valuation. The UAAL is being amortized as a level dollar basis. The remaining amortization period at July 1, 2009 was 30 years.

12. JOINTLY GOVERNED AND RELATED ORGANIZATIONS

Connecticut Municipal Electric Energy Cooperative (CMEEC)

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

CMEEC has entered into power sales contracts with each of the members including the City of Norwich Department of Public Utilities. Under the contracts, each of the member utilities have agreed to purchase essentially all of its electric power required for resale from CMEEC, with CMEEC's electric revenues to consist of billings for resale of power. The contracts obligate each member utility to pay for their share of CMEEC's fixed costs, which consist primarily of debt service and CMEEC administrative and general costs on a take or pay basis. The member utilities maintain this fixed cost obligation whether or not they take any power from CMEEC. The amount of power purchased from CMEEC for the fiscal year ended June 30, 2011 was \$36.7 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 2011 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 2011 fiscal year, the Department's contributions to the fund totaled \$148. There were no drawdowns during the fiscal year. The balance of the Department's funds held by CMEEC for the RGGI was \$16 for the year ended June 30, 2011.

13. COMMITMENTS AND CONTINGENCIES

Connecticut Municipal Electric Energy Cooperative

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

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

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

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

The Department's net deferred debt fixed cost obligation to CMEEC as of June 30, 2011 is summarized as follows:

CMEEC - debt service fixed cost obligation	\$ 31,868
Department - rate stabilization funds on deposit with CMEEC	<u>(13,033)</u>
Net Deferred Fixed Cost Obligation	<u>\$ 18,835</u>

The rate stabilization funds held by CMEEC and the allocated percentage of CMEEC's debt obligation are not reported on the Department's statement of net assets. The fixed cost obligation paid by the Department to CMEEC included in the cost to purchase power for the current year was \$2,386.

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

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

Pursuant to Section 5 "New Projects" of the Amended and Restated Power Sales Contract, dated July 1, 2006, the Department authorized CMEEC to include the Department's entitlement allocation in a project to construct a peaking electric generating facility. The Pierce Repowering Project is considered a "New Project" under terms of the Power Sales Contract, for which the Department is obligated to a new fixed cost obligation. CMEEC issued \$42.5 million of revenue bonds to finance the project. The Department's entitlement allocation was authorized to be no less than 18.65% and no more than 21.67%. In January

2008, the Pierce Plant became operational and a monthly net benefit for the Department's estimated annual entitlement allocation was set by CMEEC. The initial benefit rate was established at 1.48 per MWH of electric power purchased by the Department from CMEEC. For the fiscal year ended June 30, 2011, the Department realized a net loss of \$268 from the Pierce Plant Project recognized as credit to the Department's purchase power expense.

Municipal Solid Waste Management Services Contract

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

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

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

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

14. LITIGATION

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

15. PRIOR PERIOD ADJUSTMENT - RESTATEMENT OF NET ASSETS

The City and the Department of Public Utilities had historically been accounting for sewer assessment collections in excess of budget and capital contributions through the use of interfund accounts. The elimination of the interfund activity in the Department of Public Utilities fund resulted in a decrease to the beginning net asset balance in the amount of \$1,909 from \$101,243 to \$99,334.

**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, 2011
(In Thousands)

	Budgeted Amounts		Actual	Variance Favorable (Unfavorable)
	Original	Final		
General property taxes:				
Current tax levy	\$ 54,657	\$ 54,657	\$ 54,183	\$ (474)
Motor vehicle supplement	475	475	446	(29)
Prior years levy	1,065	1,065	1,373	308
Interest and liens	650	650	855	205
Total	<u>56,847</u>	<u>56,847</u>	<u>56,857</u>	<u>10</u>
Licenses, permits and fees:				
Miscellaneous permits and fees	<u>400</u>	<u>400</u>	<u>624</u>	<u>224</u>
Intergovernmental revenues:				
Building maintenance	250	250	289	39
City housing	33	33	195	162
Fish and game license				-
New manufacturers machinery	149	149	154	5
Pequot funds	435	435	437	2
Total disability	3	3	3	-
Payment in lieu of taxes	1,483	1,483	1,506	23
Elderly taxes	161	161	151	(10)
Youth Services	88	88	88	-
School bond interest	121	121	121	-
Veterans exemptions	8	8	12	4
Federal DCPA match funds	17	17	17	-
Health services	120	120	165	45
LOCIP	288	288	295	7
Transportation	895	895	724	(171)
Special education	2,100	2,100	1,885	(215)
Education cost sharing	27,706	27,706	27,537	(169)
Town aid road	237	237	237	-
COPS grant	187	187	71	(116)
Services to Blind	50	50	10	(40)
Total	<u>34,331</u>	<u>34,331</u>	<u>33,897</u>	<u>(434)</u>
Charges for services:				
Town Clerk - recording fees	320	320	344	24
Town Clerk - conveyance tax	230	230	274	44
Land recording capital improvement fee	25	25	17	(8)
Probate court	21	21	21	-
Landfill	1,162	1,162	1,120	(42)
City property - relocation			74	74
Police outside services	120	120	156	36
Senior Citizens Center	42	42	25	(17)
Parking commission	115	115	90	(25)
Tuition	100	100	103	3
Total	<u>2,135</u>	<u>2,135</u>	<u>2,224</u>	<u>89</u>
Use of money:				
Interest from investments	<u>200</u>	<u>200</u>	<u>47</u>	<u>(153)</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, 2011
(In Thousands)

	Budgeted Amounts		Actual	Variance Favorable (Unfavorable)
	Original	Final		
Other revenue:				
Sewer assessments	\$ 275	\$ 275	\$ 736	\$ 461
In lieu of taxes/telephone	120	120	141	21
Public utilities 10%	7,749	7,749	7,749	-
DPU - City service	88	88	88	-
Bond and note payments	94	94	94	-
Traffic violations	10	10	13	3
Miscellaneous	311	311	665	354
Total	<u>8,683</u>	<u>8,683</u>	<u>9,498</u>	<u>815</u>
Total revenues	<u>102,596</u>	<u>102,596</u>	<u>103,147</u>	<u>551</u>
Other financing sources:				
Transfers in:				
Cemetery Trust	50	50	60	10
Other grants and programs			36	36
Total	<u>50</u>	<u>50</u>	<u>96</u>	<u>46</u>
Total	<u>\$ 102,646</u>	<u>\$ 102,646</u>	103,243	<u>\$ 597</u>

Budgetary revenues are different than GAAP revenues because:

State of Connecticut on-behalf contributions to the Connecticut State Teachers'

Retirement System for City teachers are not budgeted.

3,072

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.

1,134

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

(22)

The City does not budget for capital lease issuances in the general fund. These amounts are recorded as revenues and expenditures for GAAP financial reporting purposes.

804Total Revenues and Other Financing Sources as Reported on the Statement of Revenues,
Expenditures and Changes in Fund Balances - Governmental Funds - Exhibit IV\$ 108,231

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, 2011
(In Thousands)

	Budgeted Amounts		Actual	Variance Favorable (Unfavorable)
	Original	Final		
General government:				
City Manager	\$ 258	\$ 258	\$ 253	\$ 5
Finance	1,234	1,234	1,231	3
City Treasurer	204	204	203	1
Assessment	358	350	349	1
Personnel	387	363	358	5
Law	420	420	417	3
City Clerk	380	361	359	2
City Council	112	118	118	-
Street lighting	580	700	686	14
Election	117	128	128	-
Planning and Neighborhood Services	1,021	1,035	1,031	4
Economic Development	243	243	243	-
Emergency Management	52	52	52	-
Total general government	5,366	5,466	5,428	38
Public safety:				
Police	10,433	10,526	10,472	54
Fire:				
East Great Plain	112	112	82	30
Laurel Hill	50	52	47	5
Occum	68	68	62	6
Taftville	113	119	116	3
Yantic	114	114	110	4
Fire Central	1,704	1,743	1,742	1
Total public safety	12,594	12,734	12,631	103
Social Services:				
Recreation	557	561	560	1
Human services	576	576	572	4
Senior Citizens Center	482	483	473	10
Youth and Family Services	170	170	170	-
Total social services	1,785	1,790	1,775	15
Public works:				
Engineering and administration	504	521	517	4
Fleet maintenance	1,147	1,225	1,209	16
Solid waste	2,781	2,612	2,600	12
Maintenance and cleaning	3,622	3,623	3,588	35
Building maintenance	978	1,076	1,070	6
Parking maintenance	116	116	116	-
Total public works	9,148	9,173	9,100	73
Board of Education	62,953	62,953	62,953	-

(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, 2011
(In Thousands)**

	Budgeted Amounts		Actual	Variance Favorable (Unfavorable)
	Original	Final		
Other	\$ 6,225	\$ 5,758	\$ 5,769	\$ (11)
Debt Service:				
Principal	3,475	3,475	3,475	-
Interest	1,100	1,297	1,297	-
Total debt service	4,575	4,772	4,772	-
Total	\$ 102,646	\$ 102,646	102,428	\$ 218

Budgetary expenditures are different than GAAP expenditures because:

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

3,072

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.

1,134

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.

(155)

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.

223

The City does not budget for capital lease issuances in the general fund. These amounts are recorded as revenues and expenditures for GAAP financial reporting purposes.

804

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

\$ 107,506

**Combining and Individual
Fund Statements and Schedules**

General Fund

GENERAL FUND

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

CITY OF NORWICH, CONNECTICUT

GENERAL FUND

COMPARATIVE BALANCE SHEET

JUNE 30, 2011 AND 2010

(In Thousands)

	<u>2011</u>	<u>2010</u>
ASSETS		
Cash and cash equivalents	\$ 11,292	\$ 15,173
Investments	3,193	724
Receivables:		
Property taxes receivable, net	3,600	3,274
Property taxes accrued interest receivable, net	1,122	1,082
Intergovernmental receivable:		
School building grants receivable	300	402
Other grants receivable	3,464	177
Accounts receivable, net	357	515
Due from other funds	<u>15,507</u>	<u>8,947</u>
Total Assets	<u>\$ 38,835</u>	<u>\$ 30,294</u>
LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts payable and accrued expenses	\$ 4,639	\$ 4,312
Due to other funds	15,255	11,366
Deferred revenue	<u>8,114</u>	<u>4,514</u>
Total liabilities	<u>28,008</u>	<u>20,192</u>
Fund balance:		
Assigned	178	268
Unassigned	<u>10,649</u>	<u>9,834</u>
Total fund balance	<u>10,827</u>	<u>10,102</u>
Total Liabilities and Fund Balance	<u>\$ 38,835</u>	<u>\$ 30,294</u>

**Nonmajor
Governmental Funds**

NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

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

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

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, 2011
(In Thousands)**

Special Revenue

	<u>Dog License</u>	<u>School Lunch Program</u>	<u>Sidewalk</u>	<u>Fire Districts</u>	<u>Education Grants</u>	<u>Adult Education</u>	<u>Emergency Management Grants</u>	<u>Parking Commission</u>	<u>Youth Services</u>
ASSETS									
Cash and cash equivalents	\$	\$ 337	\$	\$	\$	\$	\$	\$	\$
Investments									
Receivables, net:									
Property taxes				294					
Intergovernmental		335			452	5			32
Loans									
Other		25	133	1	1	7	5	32	
Due from other funds	10		103	1,134	1,720	198			42
Other assets		49							
Total Assets	<u>\$ 10</u>	<u>\$ 746</u>	<u>\$ 236</u>	<u>\$ 1,429</u>	<u>\$ 2,173</u>	<u>\$ 210</u>	<u>\$ 5</u>	<u>\$ 32</u>	<u>\$ 74</u>
LIABILITIES AND FUND BALANCES									
Liabilities:									
Accounts and other payables	\$ 15	\$ 100	\$	\$ 65	\$ 1,359	\$ 123	\$ 1	\$ 9	\$ 4
Due to other funds							4	49	
Deferred revenue		9	133	251	218			30	
Total liabilities	<u>15</u>	<u>109</u>	<u>133</u>	<u>316</u>	<u>1,577</u>	<u>123</u>	<u>5</u>	<u>88</u>	<u>4</u>
Fund balance:									
Nonspendable		49							
Restricted				1,113					
Committed		588	103		596	87			70
Unassigned	(5)							(56)	
Total fund balance	<u>(5)</u>	<u>637</u>	<u>103</u>	<u>1,113</u>	<u>596</u>	<u>87</u>	<u>-</u>	<u>(56)</u>	<u>70</u>
Total Liabilities and Fund Balances	<u>\$ 10</u>	<u>\$ 746</u>	<u>\$ 236</u>	<u>\$ 1,429</u>	<u>\$ 2,173</u>	<u>\$ 210</u>	<u>\$ 5</u>	<u>\$ 32</u>	<u>\$ 74</u>

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

JUNE 30, 2011
(In Thousands)

Special Revenue

	C.O.P.S. Grant	Lead Paint Abatement	Other Grants and Programs	Economic Development	Community Development Fund	Education Programs	Fire Grants and Programs	Police Asset Forfeiture	Police Grants and Programs
ASSETS									
Cash and cash equivalents	\$	\$	\$	\$	\$	\$	\$	\$	\$
Investments									
Receivables, net:									
Property taxes									
Intergovernmental	12	55			250				344
Loans		835							
Other						1			
Due from other funds		1	152	19		106	3	137	
Other assets									
Total Assets	<u>\$ 12</u>	<u>\$ 891</u>	<u>\$ 152</u>	<u>\$ 19</u>	<u>\$ 250</u>	<u>\$ 107</u>	<u>\$ 3</u>	<u>\$ 137</u>	<u>\$ 344</u>
LIABILITIES AND FUND BALANCES									
Liabilities:									
Accounts and other payables	\$	\$ 25	\$ 8	\$	\$ 5	\$ 1	\$	\$	\$ 40
Due to other funds	12				194				198
Deferred revenue		835							65
Total liabilities	<u>12</u>	<u>860</u>	<u>8</u>	<u>-</u>	<u>199</u>	<u>1</u>	<u>-</u>	<u>-</u>	<u>303</u>
Fund balance:									
Nonspendable									
Restricted		31		19	51			137	
Committed			144			106	3		41
Unassigned									
Total fund balance	<u>-</u>	<u>31</u>	<u>144</u>	<u>19</u>	<u>51</u>	<u>106</u>	<u>3</u>	<u>137</u>	<u>41</u>
Total Liabilities and Fund Balances	<u>\$ 12</u>	<u>\$ 891</u>	<u>\$ 152</u>	<u>\$ 19</u>	<u>\$ 250</u>	<u>\$ 107</u>	<u>\$ 3</u>	<u>\$ 137</u>	<u>\$ 344</u>

(Continued on next page)

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

JUNE 30, 2011
(In Thousands)

Special Revenue

	Recreation Grants and Programs	Social Services Grants and Programs	Senior Citizens Programs	Mohegan Park	Sachem Fund	Property Rehabilitation	Brown Park	Esther Gilbert	Total
ASSETS									
Cash and cash equivalents	\$	\$	\$	\$	\$	\$	\$	\$	\$ 337
Investments									-
Receivables, net:									
Property taxes									294
Intergovernmental									1,485
Loans						1,766			2,601
Other			1						206
Due from other funds	143	48	77	125	264		42		4,324
Other assets									49
Total Assets	\$ 143	\$ 48	\$ 78	\$ 125	\$ 264	\$ 1,766	\$ 42	\$ -	\$ 9,296
LIABILITIES AND FUND BALANCES									
Liabilities:									
Accounts and other payables	\$ 10	\$	\$ 3	\$	\$ 2	\$ 19	\$	\$	\$ 1,789
Due to other funds						27			484
Deferred revenue						1,766			3,307
Total liabilities	10	-	3	-	2	1,812	-	-	5,580
Fund balance:									
Nonspendable									49
Restricted							42		1,393
Committed	133	48	75	125	262				2,381
Unassigned						(46)			(107)
Total fund balance	133	48	75	125	262	(46)	42	-	3,716
Total Liabilities and Fund Balances	\$ 143	\$ 48	\$ 78	\$ 125	\$ 264	\$ 1,766	\$ 42	\$ -	\$ 9,296

(Continued on next page)

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

JUNE 30, 2011
(In Thousands)

	Capital Projects			Permanent				Total Nonmajor Governmental Funds
	Capital Improvement	Landfill Closure	Total	Public Parks & Gardens	Fred Abbot Summer Concert	Cemetery Trust	Total	
ASSETS								
Cash and cash equivalents	\$	\$	\$ -	\$	\$	\$ 76	\$ 76	\$ 413
Investments			-			1,382	1,382	1,382
Receivables, net:								
Property taxes			-				-	294
Intergovernmental		244	244				-	1,729
Loans			-				-	2,601
Other			-				-	206
Due from other funds	1,961	31	1,992	39	5		44	6,360
Other assets			-				-	49
Total Assets	<u>\$ 1,961</u>	<u>\$ 275</u>	<u>\$ 2,236</u>	<u>\$ 39</u>	<u>\$ 5</u>	<u>\$ 1,458</u>	<u>\$ 1,502</u>	<u>\$ 13,034</u>
LIABILITIES AND FUND BALANCES								
Liabilities:								
Accounts and other payables	\$ 258	\$ 15	\$ 273	\$	\$	\$	\$ -	\$ 2,062
Due to other funds			-				-	484
Deferred revenue			-				-	3,307
Total liabilities	<u>258</u>	<u>15</u>	<u>273</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,853</u>
Fund balance:								
Nonspendable			-	11	5	1,458	1,474	1,523
Restricted			-	28			28	1,421
Committed	1,703	260	1,963				-	4,344
Unassigned			-				-	(107)
Total fund balance	<u>1,703</u>	<u>260</u>	<u>1,963</u>	<u>39</u>	<u>5</u>	<u>1,458</u>	<u>1,502</u>	<u>7,181</u>
Total Liabilities and Fund Balances	<u>\$ 1,961</u>	<u>\$ 275</u>	<u>\$ 2,236</u>	<u>\$ 39</u>	<u>\$ 5</u>	<u>\$ 1,458</u>	<u>\$ 1,502</u>	<u>\$ 13,034</u>

CITY OF NORWICH, CONNECTICUT
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2011
(In Thousands)

	<u>Special Revenue</u>								
	<u>Dog License</u>	<u>School Lunch Program</u>	<u>Sidewalk</u>	<u>Fire Districts</u>	<u>Education Grants</u>	<u>Adult Education</u>	<u>Emergency Management Grants</u>	<u>Parking Commission</u>	<u>Youth Services</u>
Revenues:									
Property taxes, interest and liens	\$	\$	\$	\$ 3,960	\$	\$	\$	\$	\$
Intergovernmental revenues		2,007		1,773	13,363	670	101		174
Charges for services	28	239	28	21	358	870		273	
Investment income				8		2			
Other									125
Total revenue	<u>28</u>	<u>2,246</u>	<u>28</u>	<u>5,762</u>	<u>13,721</u>	<u>1,542</u>	<u>101</u>	<u>273</u>	<u>299</u>
Expenditures:									
Current:									
General government								190	
Public safety	41			5,701			101		
Social services									253
Public works			59	373					
Education		2,310			13,625	1,531			
Capital outlay									
Total expenditures	<u>41</u>	<u>2,310</u>	<u>59</u>	<u>6,074</u>	<u>13,625</u>	<u>1,531</u>	<u>101</u>	<u>190</u>	<u>253</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(13)</u>	<u>(64)</u>	<u>(31)</u>	<u>(312)</u>	<u>96</u>	<u>11</u>	<u>-</u>	<u>83</u>	<u>46</u>
Other Financing Sources (Uses):									
Transfers in				644		15			
Transfer out								(90)	
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>644</u>	<u>-</u>	<u>15</u>	<u>-</u>	<u>(90)</u>	<u>-</u>
Net Change in Fund Balances	(13)	(64)	(31)	332	96	26	-	(7)	46
Fund Balance at Beginning of Year	<u>8</u>	<u>701</u>	<u>134</u>	<u>781</u>	<u>500</u>	<u>61</u>	<u>-</u>	<u>(49)</u>	<u>24</u>
Fund Balance at End of Year	<u>\$ (5)</u>	<u>\$ 637</u>	<u>\$ 103</u>	<u>\$ 1,113</u>	<u>\$ 596</u>	<u>\$ 87</u>	<u>\$ -</u>	<u>\$ (56)</u>	<u>\$ 70</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, 2011
(In Thousands)

	Special Revenue								
	C.O.P.S. Grant	Lead Paint Abatement	Other Grants and Programs	Economic Development	Community Development Fund	Education Programs	Fire Grants and Programs	Police Asset Forfeiture	Police Grants and Programs
Revenues:									
Property taxes, interest and liens	\$	\$	\$	\$	\$	\$	\$	\$	\$
Intergovernmental revenues	57	665	162	92	1,130	35		69	400
Charges for services									503
Investment income									
Other			40			40	3		5
Total revenue	<u>57</u>	<u>665</u>	<u>202</u>	<u>92</u>	<u>1,130</u>	<u>75</u>	<u>3</u>	<u>69</u>	<u>908</u>
Expenditures:									
Current:									
General government			182	89					
Public safety	57				199			6	734
Social services		639	7		571				
Public works					78				
Education					3	61			
Capital outlay									
Total expenditures	<u>57</u>	<u>639</u>	<u>189</u>	<u>89</u>	<u>851</u>	<u>61</u>	<u>-</u>	<u>6</u>	<u>734</u>
Excess (Deficiency) of Revenues Over Expenditures	-	26	13	3	279	14	3	63	174
Other Financing Sources (Uses):									
Transfers in			17						
Transfer out			(36)		(278)				(156)
Total other financing sources (uses)	-	-	<u>(19)</u>	-	<u>(278)</u>	-	-	-	<u>(156)</u>
Net Change in Fund Balances	-	26	(6)	3	1	14	3	63	18
Fund Balance at Beginning of Year	-	5	150	16	50	92	-	74	23
Fund Balance at End of Year	<u>\$ -</u>	<u>\$ 31</u>	<u>\$ 144</u>	<u>\$ 19</u>	<u>\$ 51</u>	<u>\$ 106</u>	<u>\$ 3</u>	<u>\$ 137</u>	<u>\$ 41</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, 2011
(In Thousands)

	Special Revenue								
	Recreation Grants and Programs	Social Services Grants and Programs	Senior Citizens Programs	Mohegan Park	Sachem Fund	Property Rehabilitation	Brown Park	Esther Gilbert	Total
Revenues:									
Property taxes, interest and liens	\$	\$	\$	\$	\$	\$	\$	\$	\$ 3,960
Intergovernmental revenues		80	10						20,788
Charges for services	111		71	1		84			2,587
Investment income					1				11
Other	20	66	25		50				374
Total revenue	<u>131</u>	<u>146</u>	<u>106</u>	<u>1</u>	<u>51</u>	<u>84</u>	<u>-</u>	<u>-</u>	<u>27,720</u>
Expenditures:									
Current:									
General government									461
Public safety									6,839
Social services	127	167	106	1	26	340		17	2,254
Public works									510
Education									17,530
Capital outlay									-
Total expenditures	<u>127</u>	<u>167</u>	<u>106</u>	<u>1</u>	<u>26</u>	<u>340</u>	<u>-</u>	<u>17</u>	<u>27,594</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>4</u>	<u>(21)</u>	<u>-</u>	<u>-</u>	<u>25</u>	<u>(256)</u>	<u>-</u>	<u>(17)</u>	<u>126</u>
Other Financing Sources (Uses):									
Transfers in	16	(6)			50	247			983
Transfer out									(560)
Total other financing sources (uses)	<u>16</u>	<u>(6)</u>	<u>-</u>	<u>-</u>	<u>50</u>	<u>247</u>	<u>-</u>	<u>-</u>	<u>423</u>
Net Change in Fund Balances	20	(27)	-	-	75	(9)	-	(17)	549
Fund Balance at Beginning of Year	<u>113</u>	<u>75</u>	<u>75</u>	<u>125</u>	<u>187</u>	<u>(37)</u>	<u>42</u>	<u>17</u>	<u>3,167</u>
Fund Balance at End of Year	<u>\$ 133</u>	<u>\$ 48</u>	<u>\$ 75</u>	<u>\$ 125</u>	<u>\$ 262</u>	<u>\$ (46)</u>	<u>\$ 42</u>	<u>\$ -</u>	<u>\$ 3,716</u>

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CITY OF NORWICH, CONNECTICUT
**COMBINING STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2011
 (In Thousands)**

	Capital Projects			Permanent				Interfund Eliminations	Total Nonmajor Governmental Funds
	Capital Improvement	Landfill Closure	Total	Public Parks & Gardens	Fred Abbot Summer Concert	Cemetery Trust	Total		
Revenues:									
Property taxes, interest and liens	\$	\$	\$ -	\$	\$	\$	\$ -	\$	\$ 3,960
Intergovernmental revenues		16	16				-		20,804
Charges for services			-				-		2,587
Investment income			-			225	225		236
Other			-			2	2		376
Total revenue	-	16	16	-	-	227	227	-	27,963
Expenditures:									
Current:									
General government			-			11	11		472
Public safety			-				-		6,839
Social services			-				-		2,254
Public works		32	32				-		542
Education			-				-		17,530
Capital outlay	2,147		2,147				-		2,147
Total expenditures	2,147	32	2,179	-	-	11	11	-	29,784
Excess (Deficiency) of Revenues Over Expenditures	(2,147)	(16)	(2,163)	-	-	216	216	-	(1,821)
Other Financing Sources (Uses):									
Transfers in	2,358		2,358				-	(278)	3,063
Transfer out	(51)		(51)			(60)	(60)	278	(393)
Total other financing sources (uses)	2,307	-	2,307	-	-	(60)	(60)	-	2,670
Net Change in Fund Balances	160	(16)	144	-	-	156	156	-	849
Fund Balance at Beginning of Year	1,543	276	1,819	39	5	1,302	1,346	-	6,332
Fund Balance at End of Year	\$ 1,703	\$ 260	\$ 1,963	\$ 39	\$ 5	\$ 1,458	\$ 1,502	\$ -	\$ 7,181

CITY OF NORWICH, CONNECTICUT

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

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

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Taxes, interest and lien fees:				
Fire	\$	\$ 3,381	\$ 3,410	\$ 29
Volunteer fire		519	550	31
Total taxes, interest and lien fees		<u>519</u>	<u>3,960</u>	<u>60</u>
Intergovernmental:				
City Housing		94	94	-
In lieu of taxes - fire		54	54	-
Elderly reimbursement		78	78	-
Mashantucket Pequot		1,547	1,547	-
Total intergovernmental		<u>1,773</u>	<u>1,773</u>	<u>-</u>
Charges for services:				
Conveyance fees		<u>14</u>	<u>21</u>	<u>7</u>
Other:				
Other fund transfers		<u>644</u>	<u>644</u>	<u>-</u>
Investment income		<u>4</u>	<u>8</u>	<u>4</u>
Total	\$	<u>2,954</u>	<u>6,406</u>	<u>71</u>

CITY OF NORWICH, CONNECTICUT

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

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

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Fire and Refuse:				
Employees	\$ 2,746	\$ 2,746	\$ 2,582	\$ 164
Overtime	166	166	30	136
Replacement costs	650	650	681	(31)
Hospitalization	373	373	373	-
Fringe benefits	1,882	1,882	1,894	(12)
Workers compensation	184	184	184	-
Volunteer firefighter tax credit	85	85	80	5
Volunteer firefighter trust fund	250	250	250	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total	\$ <u>6,336</u>	\$ <u>6,336</u>	\$ <u>6,074</u>	\$ <u>262</u>

CITY OF NORWICH, CONNECTICUT
SCHEDULE OF FIRE DISTRICT TAXES
FOR THE YEAR ENDED JUNE 30, 2011
(In Thousands)

Grand List	Uncollected Taxes July 1, 2010	Lawful Corrections		Transfers to Suspense	Adjusted Taxes Collectible	Collections				Uncollected Taxes June 30, 2011**
		Additions	Deductions			Taxes	Interest	Fees	Total	
2009	\$ 4,004	\$ 6	\$ 34		\$ 3,976	\$ 3,787	\$ 23		\$ 3,810	\$ 189
2008	160		12		148	76	19		95	72
2007	72		3		69	22	8		30	47
2006	40		1	33	6	3	2		5	3
2005	3				3				-	3
2004	5		2		3				-	3
2003	6		2		4				-	4
2002	1				1				-	1
2001	3				3				-	3
2000	1				1				-	1
1999	2				2				-	2
1998	5				5				-	5
1997	5				5				-	5
1996	4				4				-	4
1995	5		4 *		1	1	2		3	-
	<u>\$ 4,316</u>	<u>\$ 6</u>	<u>\$ 58</u>	<u>\$ 33</u>	<u>\$ 4,231</u>	<u>3,889</u>	<u>54</u>	<u>-</u>	<u>3,943</u>	<u>\$ 342</u>
				Suspense collections			<u>18</u>		<u>18</u>	
				Total Tax Collections		<u>\$ 3,889</u>	<u>\$ 72</u>	<u>\$ -</u>	<u>3,961</u>	
				Property taxes receivable considered available:						
				June 30, 2010					(44)	
				June 30, 2011					<u>43</u>	
				Total					<u>\$ 3,960</u>	

*Operation of law

**Represents gross receivable of \$349 net of overpayments of \$7 recorded as a liability

**Nonmajor
Enterprise Funds**

NONMAJOR ENTERPRISE FUNDS

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

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

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

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

CITY OF NORWICH, CONNECTICUT

COMBINING STATEMENT OF NET ASSETS
NONMAJOR ENTERPRISE FUNDSJUNE 30, 2011
(In Thousands)

	Business-Type Activities			Totals
	Golf Course Authority	Stadium Authority	Ice Rink Authority	
Assets:				
Current assets:				
Cash and cash equivalents	\$ 1	\$	\$ 9	\$ 10
Receivables, net:				
User charges		66	66	132
Due from other funds	309	225		534
Inventories			69	69
Total current assets	<u>310</u>	<u>291</u>	<u>144</u>	<u>745</u>
Capital assets, net	<u>2,340</u>	<u>7,424</u>	<u>620</u>	<u>10,384</u>
Total assets	<u>2,650</u>	<u>7,715</u>	<u>764</u>	<u>11,129</u>
Liabilities:				
Current liabilities:				
Accounts payable and accrued liabilities	43	15	20	78
Bonds payable	25			25
Due to other funds			270	270
Unearned revenue	199			199
Total current liabilities	<u>267</u>	<u>15</u>	<u>290</u>	<u>572</u>
Noncurrent liabilities:				
Bonds payable	<u>240</u>			<u>240</u>
Total liabilities	<u>507</u>	<u>15</u>	<u>290</u>	<u>812</u>
Net Assets:				
Invested in capital assets, net of related debt	2,075	7,424	620	10,119
Unrestricted	<u>68</u>	<u>276</u>	<u>(146)</u>	<u>198</u>
Total Net Assets	<u>\$ 2,143</u>	<u>\$ 7,700</u>	<u>\$ 474</u>	<u>\$ 10,317</u>

CITY OF NORWICH, CONNECTICUT

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

FOR THE YEAR ENDED JUNE 30, 2011

(In Thousands)

	Business-Type Activities			Totals
	Golf Course Authority	Stadium Authority	Ice Rink Authority	
Operating Revenues:				
Charges for services	\$ 1,146	\$ 181	\$ 754	\$ 2,081
Operating Expenses:				
Operations and maintenance	1,090	171	774	2,035
Depreciation	49	180	161	390
Total operating expenses	1,139	351	935	2,425
Operating Income (Loss)	7	(170)	(181)	(344)
Nonoperating Income:				
Interest income	1	1		2
Change in Net Assets	8	(169)	(181)	(342)
Net Assets at Beginning of Year	2,135	7,869	655	10,659
Net Assets at End of Year	\$ 2,143	\$ 7,700	\$ 474	\$ 10,317

CITY OF NORWICH, CONNECTICUT

COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS

FOR THE YEAR ENDED JUNE 30, 2011

(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	\$ 1,158	\$ 141	\$ 783	\$ 2,082
Cash paid to vendors	(475)	(114)	(399)	(988)
Cash paid to employees for services	(619)		(371)	(990)
Net cash provided by operating activities	<u>64</u>	<u>27</u>	<u>13</u>	<u>104</u>
Cash Flows from Noncapital Financing Activities:				
Advances to other funds	(6)		(135)	(141)
Cash Flows from Capital and Related Financing Activities:				
Purchase of capital assets	(59)	(28)	(6)	(93)
Cash Flows from Investing Activities:				
Income on investments	1	1		2
Net Decrease in Cash and Cash Equivalents	-	-	(128)	(128)
Cash and Cash Equivalents at Beginning of Year	1	-	137	138
Cash and Cash Equivalents at End of Year	<u>\$ 1</u>	<u>\$ -</u>	<u>\$ 9</u>	<u>\$ 10</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities:				
Operating income (loss)	\$ 7	\$ (170)	\$ (181)	\$ (344)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation expense	49	180	161	390
(Increase) decrease in receivables	4	(40)	29	(7)
Decrease in inventories and other assets			2	2
Decrease in due from other funds		81		81
Increase in unearned revenues	8			8
Increase (decrease) in accounts payable and accrued liabilities	(4)	(24)	2	(26)
Total adjustments	<u>57</u>	<u>197</u>	<u>194</u>	<u>448</u>
Net Cash Provided by Operating Activities	<u>\$ 64</u>	<u>\$ 27</u>	<u>\$ 13</u>	<u>\$ 104</u>

Internal Service Funds

INTERNAL SERVICE FUNDS

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

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

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

CITY OF NORWICH, CONNECTICUT

COMBINING STATEMENT OF NET ASSETS
INTERNAL SERVICE FUNDSJUNE 30, 2011
(In Thousands)

	<u>Medical Benefits</u>	<u>Workers' Compensation</u>	<u>Total</u>
Assets:			
Current:			
Accounts receivable	\$ 42	\$	\$ 42
Due from other funds	<u>5,296</u>	<u>1,858</u>	<u>7,154</u>
Total assets	<u>5,338</u>	<u>1,858</u>	<u>7,196</u>
Liabilities:			
Current:			
Risk management claims	1,027	922	1,949
Noncurrent:			
Risk management claims	<u> </u>	<u>5,165</u>	<u>5,165</u>
Total liabilities	<u>1,027</u>	<u>6,087</u>	<u>7,114</u>
Net Assets:			
Unrestricted	<u>\$ 4,311</u>	<u>\$ (4,229)</u>	<u>\$ 82</u>

CITY OF NORWICH, CONNECTICUT

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

FOR THE YEAR ENDED JUNE 30, 2011

(In Thousands)

	<u>Medical Benefits</u>	<u>Workers' Compensation</u>	<u>Total</u>
Operating Revenues:			
Charges for services	\$ 14,586	\$ 3,420	\$ 18,006
Operating Expenses:			
Claims expense	11,190	4,758	15,948
Premiums and administrative expenses	919	205	1,124
Total operating expenses	<u>12,109</u>	<u>4,963</u>	<u>17,072</u>
Operating Income (Loss)	2,477	(1,543)	934
Net Assets at Beginning of Year	<u>1,834</u>	<u>(2,686)</u>	<u>(852)</u>
Net Assets at End of Year	<u>\$ 4,311</u>	<u>\$ (4,229)</u>	<u>\$ 82</u>

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

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

	<u>Medical Benefits</u>	<u>Workers' Compensation</u>	<u>Total</u>
Cash Flows from Noncapital Financing Activities:			
Advances to other funds	\$ _____	\$ _____	\$ _____ -
Net Increase in Cash and Cash Equivalents	-	-	-
Cash and Cash Equivalents at Beginning of Year	_____ -	_____ -	_____ -
Cash and Cash Equivalents at End of Year	\$ _____ -	\$ _____ -	\$ _____ -
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities:			
Operating income (loss)	\$ _____ 2,477	\$ _____ (1,543)	\$ _____ 934
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:			
Decrease in receivables	83	24	107
Increase in due from other funds	(2,372)	(778)	(3,150)
Increase (decrease) in accounts payable and accrued liabilities	(188)	2,297	2,109
Total adjustments	(2,477)	1,543	(934)
Net Cash Provided by Operating Activities	\$ _____ -	\$ _____ -	\$ _____ -

Fiduciary Funds

FIDUCIARY FUNDS

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

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

The City's Agency Funds are listed below:

Student Activities

Rehabilitation Deposits

Bid Deposit

Performance Bonds

CITY OF NORWICH, CONNECTICUT

AGENCY FUNDS

COMBINING BALANCE SHEET

JUNE 30, 2011

(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	\$ 64	\$	\$	\$ 316	\$ 380
Other		<u>1</u>	<u>62</u>		<u>63</u>
Total Assets	<u>\$ 64</u>	<u>\$ 1</u>	<u>\$ 62</u>	<u>\$ 316</u>	<u>\$ 443</u>
Liabilities:					
Due to student groups and agencies	<u>\$ 64</u>	<u>\$ 1</u>	<u>\$ 62</u>	<u>\$ 316</u>	<u>\$ 443</u>

CITY OF NORWICH, CONNECTICUT

AGENCY FUNDS

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

FOR THE YEAR ENDED JUNE 30, 2011

(In Thousands)

	<u>Balance July 1, 2010</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2011</u>
Student Activities				
Assets:				
Cash and cash equivalents	\$ <u>57</u>	\$ <u>151</u>	\$ <u>144</u>	\$ <u>64</u>
Liabilities:				
Due to student groups and agencies	\$ <u>57</u>	\$ <u>151</u>	\$ <u>144</u>	\$ <u>64</u>
Rehabilitation Deposits				
Assets:				
Other	\$ <u>3</u>	\$ <u> </u>	\$ <u>2</u>	\$ <u>1</u>
Liabilities:				
Due to student groups and agencies	\$ <u>3</u>	\$ <u> </u>	\$ <u>2</u>	\$ <u>1</u>
Bid Deposit				
Assets:				
Other	\$ <u>17</u>	\$ <u>118</u>	\$ <u>73</u>	\$ <u>62</u>
Liabilities:				
Due to student groups and agencies	\$ <u>17</u>	\$ <u>118</u>	\$ <u>73</u>	\$ <u>62</u>
Performance Bonds				
Assets:				
Cash and cash equivalents	\$ <u>284</u>	\$ <u>103</u>	\$ <u>71</u>	\$ <u>316</u>
Liabilities:				
Due to student groups and agencies	\$ <u>284</u>	\$ <u>103</u>	\$ <u>71</u>	\$ <u>316</u>
Total - All Funds				
Assets:				
Cash and cash equivalents	\$ 341	\$ 254	\$ 215	\$ 380
Other	<u>20</u>	<u>118</u>	<u>75</u>	<u>63</u>
Total	\$ <u>361</u>	\$ <u>372</u>	\$ <u>290</u>	\$ <u>443</u>
Liabilities:				
Due to student groups and agencies	\$ <u>361</u>	\$ <u>372</u>	\$ <u>290</u>	\$ <u>443</u>

Supplemental Schedules

CITY OF NORWICH, CONNECTICUT
SCHEDULE OF BONDS AND SERIAL NOTES PAYABLE
FOR THE YEAR ENDED JUNE 30, 2011
(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	\$ 175		\$ 25	\$ 150
General purpose	4.0-5.0	04/15/2002	04/15/2022	3,345	1,630		139	1,491
General purpose	2.00-3.55	04/15/2004	04/15/2015	1,175	200		40	160
Refunding - (11/15/1997 and 11/01/1999) bonds	2.0-4.0	04/15/2004	04/15/2019	2,195	1,475		167	1,308
General purpose and water main	3.0-5.0	03/15/2005	09/15/2015	2,810	1,686		281	1,405
Refunding - (02/01/1996 and 04/01/2001) bonds	3.0-4.0	03/15/2005	09/15/2019	8,570	6,945		854	6,091
Schools	-	12/30/2008	12/30/2020	2,940	2,695		245	2,450
Refunding - (04/01/2001) bonds	2.0-3.0	12/02/2009	04/01/2014	4,235	4,235		1,095	3,140
General purpose	3.0-4.0	12/02/2009	12/01/2029	8,545	8,545			8,545
Schools	3.0-4.0	12/02/2009	12/01/2029	2,000	2,000			2,000
Total				<u>36,215</u>	<u>29,586</u>	<u>-</u>	<u>2,846</u>	<u>26,740</u>
Business-Type Activities:								
General purpose bonds payable:								
Sewers	4.0-5.0	04/15/2002	04/15/2022	2,675	1,585		136	1,449
Sewers	2.00-3.55	04/15/2004	04/15/2015	1,945	970		195	775
Refunding - (11/15/1997 and 11/15/1999) Sewers	2.0-4.0	04/15/2004	04/15/2019	2,325	1,455		188	1,267
Refunding - (02/01/1996) Stony Brook Reservoir	3.0-4.0	03/15/2005	09/15/2015	368	240		41	199
Sewers	3.0-5.0	03/15/2005	09/15/2015	710	414		69	345
Sewers	3.0-4.0	12/02/2009	12/01/2029	600	600			600
Golf course	3.0-4.0	12/02/2009	12/01/2029	265	265			265
State of Connecticut serial notes payable:								
Clean Water Act 106-C	2.00	10/31/1997	10/31/2016	3,410	1,220		182	1,038
Clean Water Act 298-C	2.00	06/30/2000	06/30/2019	1,508	680		75	605
Clean Water Act 349-C	2.00	12/31/2002	12/31/2021	881	543		42	501
Clean Water Act 9714-C	2.77	12/31/2002	12/31/2021	1,899	1,202		90	1,112
Economic Development	6.00	07/01/1995	07/01/2012	1,000	248		78	170
Clean Water Act 200801-C	2.27	07/01/2009	07/01/2029	450	426		23	403
Drinking Water State Revolving Fund 2010-8005	2.06	03/31/2010	12/31/2029*	145	129	16	11	134
Drinking Water State Revolving Fund 2010-8006	2.06	03/31/2010	06/30/2030*	326	34	292	16	310
Total				<u>18,507</u>	<u>10,011</u>	<u>308</u>	<u>1,146</u>	<u>9,173</u>
Total				<u>\$ 54,722</u>	<u>\$ 39,597</u>	<u>\$ 308</u>	<u>\$ 3,992</u>	<u>\$ 35,913</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, 2011
(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>		
2012	\$ 3,289	\$ 889	\$ 1,621	\$ 210	\$ 4,910	\$ 1,099
2013	3,265	774	1,184	195	4,449	969
2014	3,221	659	1,105	181	4,326	840
2015	2,188	543	1,109	173	3,297	716
2016	2,133	474	934	138	3,067	612
2017	1,682	413	708	111	2,390	524
2018	1,667	360	575	88	2,242	448
2019	1,652	309	483	67	2,135	376
2020	1,476	256	382	53	1,858	309
2021	917	220	386	40	1,303	260
2022	706	195	269	27	975	222
2023	568	168	54	17	622	185
2024	568	147	55	15	623	162
2025	568	125	54	12	622	137
2026	568	102	55	10	623	112
2027	568	79	54	8	622	87
2028	568	57	55	5	623	62
2029	568	34	52	3	620	37
2030	568	11	38	1	606	12
Total	\$ 26,740	\$ 5,815	\$ 9,173	\$ 1,354	\$ 35,913	\$ 7,169

Statistical Section

Statistical Section Information

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

Statistical section information is presented in the following categories:

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

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

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

CITY OF NORWICH, CONNECTICUT

NET ASSETS BY COMPONENT

LAST TEN FISCAL YEARS

(In Thousands)

	FISCAL YEAR									
	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Governmental activities:										
Invested in capital assets, net of related debt	\$ 91,688	\$ 60,432	\$ 53,165	\$ 50,696	\$ 44,114	\$ 38,680	\$ 34,514	\$ 24,968	\$ 25,716	\$ 17,812
Restricted	1,544	1,405	1,351	1,608	1,725	1,590	1,610			
Unrestricted	10,296	14,414	6,088	9,884	13,808	16,460	15,074	18,077	10,412	11,586
Total governmental activities net assets	<u>103,528</u>	<u>76,251</u>	<u>60,604</u>	<u>62,188</u>	<u>59,647</u>	<u>56,730</u>	<u>51,198</u>	<u>43,045</u>	<u>36,128</u>	<u>29,398</u>
Business-type activities:										
Invested in capital assets, net of related debt	95,194	88,174	87,763	84,439	83,363	83,151	81,679	79,147	80,094	80,269
Restricted	334	287	758	758	876	643	279			
Unrestricted	20,129	23,441	22,903	21,159	24,307	19,927	17,083	11,119	8,272	7,720
Total business-type activities net assets	<u>115,657</u>	<u>111,902</u>	<u>111,424</u>	<u>106,356</u>	<u>108,546</u>	<u>103,721</u>	<u>99,041</u>	<u>90,266</u>	<u>88,366</u>	<u>87,989</u>
Primary government:										
Invested in capital assets, net of related debt	186,882	148,606	140,928	135,135	127,477	121,831	116,193	104,115	105,810	98,081
Restricted	1,878	1,692	2,109	2,366	2,601	2,233	1,889			
Unrestricted	30,425	37,855	28,991	31,043	38,115	36,387	32,157	29,196	18,684	19,306
Total Primary Government Net Assets	<u>\$ 219,185</u>	<u>\$ 188,153</u>	<u>\$ 172,028</u>	<u>\$ 168,544</u>	<u>\$ 168,193</u>	<u>\$ 160,451</u>	<u>\$ 150,239</u>	<u>\$ 133,311</u>	<u>\$ 124,494</u>	<u>\$ 117,387</u>

Notes:

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

CITY OF NORWICH, CONNECTICUT

CHANGES IN NET ASSETS

LAST TEN FISCAL YEARS
(In Thousands)

	FISCAL YEAR									
	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Expenses:										
Governmental activities:										
General government	\$ 10,760	\$ 9,114	\$ 10,473	\$ 12,116	\$ 11,926	\$ 9,638	\$ 8,958	\$ 10,414	\$ 11,597	\$ 11,810
Public safety	20,336	18,063	20,326	18,271	16,108	15,754	14,105	13,032	14,109	13,604
Social services	4,664	5,602	4,954	4,852	3,984	4,048	3,037	1,880	2,432	2,699
Public works	9,133	9,449	15,819	11,617	11,504	11,109	13,781	10,271	6,752	10,429
Education	84,263	84,898	85,661	91,664	75,171	71,268	64,819	61,478	61,797	60,404
Interest on long-term debt	2,008	1,323	1,444	1,380	1,454	1,476	1,646	1,948	2,222	2,236
Total governmental activities expenses	<u>131,164</u>	<u>128,449</u>	<u>138,677</u>	<u>139,900</u>	<u>120,147</u>	<u>113,293</u>	<u>106,346</u>	<u>99,023</u>	<u>98,909</u>	<u>101,182</u>
Business-type activities:										
Department of Public Utilities	80,977	74,716	77,192	74,114	66,885	67,275	57,133	56,062	53,171	48,003
Other enterprise funds	2,425	2,413	2,529	2,568	2,373	2,583	2,505	2,526	2,636	2,413
Total business-type activities expenses	<u>83,402</u>	<u>77,129</u>	<u>79,721</u>	<u>76,682</u>	<u>69,258</u>	<u>69,858</u>	<u>59,638</u>	<u>58,588</u>	<u>55,807</u>	<u>50,416</u>
Total primary government expenses	<u>214,566</u>	<u>205,578</u>	<u>218,398</u>	<u>216,582</u>	<u>189,405</u>	<u>183,151</u>	<u>165,984</u>	<u>157,611</u>	<u>154,716</u>	<u>151,598</u>
Program Revenues:										
Governmental activities:										
Charges for services:										
General government	1,860	1,778	1,602	2,078	2,861	3,097	2,682	2,892	5,690	5,252
Public works	1,250	819	2,962	3,017	2,994	2,730	2,988	2,866	1,813	2,480
Education	1,570	2,051	2,184	1,864	1,935	1,674	1,447	900	1,120	936
Other	1,076	1,012	1,171	970	694	747	717	4,649	1,270	1,235
Operating grants and contributions	54,051	54,424	52,034	62,359	47,469	47,561	41,727	36,509	35,923	34,752
Capital grants and contributions	22,962	11,163	5,810	1,635	934	1,736	1,907	4,459	2,903	3,492
Total governmental activities program revenues	<u>82,769</u>	<u>71,247</u>	<u>65,763</u>	<u>71,923</u>	<u>56,887</u>	<u>57,545</u>	<u>51,468</u>	<u>52,275</u>	<u>48,719</u>	<u>48,147</u>
Business-type activities:										
Charges for services:										
Gas	16,282	16,508	21,596	16,961	16,612	18,999	15,099	12,911	12,724	9,688
Electric	58,283	52,303	55,152	49,265	49,607	46,158	38,706	36,089	32,142	30,051
Water	6,794	6,117	6,027	5,790	5,115	5,099	4,970	4,854	4,971	4,584
Sewer	7,185	7,580	5,536	5,641	5,340	5,384	4,077	4,030	3,826	3,564
Other nonmajor enterprise funds	2,081	2,081	2,188	2,245	2,168	2,269	2,299	2,166	2,275	2,340
Capital grants and contributions	6,704	200	1,315	1,216	1,037	1,696	2,115	141	75	7,534
Total business-type activities program revenues	<u>97,329</u>	<u>84,789</u>	<u>91,814</u>	<u>81,118</u>	<u>79,879</u>	<u>79,605</u>	<u>67,266</u>	<u>60,191</u>	<u>56,013</u>	<u>57,761</u>
Total primary government program revenues	<u>180,098</u>	<u>156,036</u>	<u>157,577</u>	<u>153,041</u>	<u>136,766</u>	<u>137,150</u>	<u>118,734</u>	<u>112,466</u>	<u>104,732</u>	<u>105,908</u>
Net (expense) revenue:										
Governmental activities	(48,395)	(57,202)	(72,914)	(67,977)	(63,260)	(55,748)	(54,878)	(46,748)	(50,190)	(53,035)
Business-type activities	<u>13,927</u>	<u>7,660</u>	<u>12,093</u>	<u>4,436</u>	<u>10,621</u>	<u>9,747</u>	<u>7,628</u>	<u>1,603</u>	<u>206</u>	<u>7,345</u>
Total Primary Government Net Expense	<u>\$ (34,468)</u>	<u>\$ (49,542)</u>	<u>\$ (60,821)</u>	<u>\$ (63,541)</u>	<u>\$ (52,639)</u>	<u>\$ (46,001)</u>	<u>\$ (47,250)</u>	<u>\$ (45,145)</u>	<u>\$ (49,984)</u>	<u>\$ (45,690)</u>

(Continued on next page)

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

LAST TEN FISCAL YEARS
(In Thousands)

	FISCAL YEAR									
	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
General revenues and other changes in net assets:										
Governmental activities:										
Property taxes	\$ 61,307	\$ 59,956	\$ 57,897	\$ 56,456	\$ 52,327	\$ 49,726	\$ 45,426	\$ 48,044	\$ 46,923	\$ 42,572
Unrestricted grants and contributions	4,391	4,372	5,480	5,407	5,522	4,786	5,030	5,250	9,643	9,596
Investment earnings	283	321	262	998	1,199	843	488	530	354	419
Other general revenues	1,414	998	558	631	910	540	1,217			
Transfers	8,277	7,202	7,133	7,026	6,219	5,385	5,006	(160)		
Total governmental activities	<u>75,672</u>	<u>72,849</u>	<u>71,330</u>	<u>70,518</u>	<u>66,177</u>	<u>61,280</u>	<u>57,167</u>	<u>53,664</u>	<u>56,920</u>	<u>52,587</u>
Business-type activities:										
Investment earnings	14	20	108	400	423	318	204	138	171	267
Transfers	(8,277)	(7,202)	(7,133)	(7,026)	(6,219)	(5,385)	(5,006)	160		
Total business-type activities	<u>(8,263)</u>	<u>(7,182)</u>	<u>(7,025)</u>	<u>(6,626)</u>	<u>(5,796)</u>	<u>(5,067)</u>	<u>(4,802)</u>	<u>298</u>	<u>171</u>	<u>267</u>
Total Primary Government	<u>\$ 67,409</u>	<u>\$ 65,667</u>	<u>\$ 64,305</u>	<u>\$ 63,892</u>	<u>\$ 60,381</u>	<u>\$ 56,213</u>	<u>\$ 52,365</u>	<u>\$ 53,962</u>	<u>\$ 57,091</u>	<u>\$ 52,854</u>
Changes in Net Assets:										
Governmental activities	\$ 27,277	\$ 15,647	\$ (1,584)	\$ 2,541	\$ 2,917	\$ 5,532	\$ 2,289	\$ 6,916	\$ 6,730	\$ (448)
Business-type activities	<u>5,664</u>	<u>478</u>	<u>5,068</u>	<u>(2,190)</u>	<u>4,825</u>	<u>4,680</u>	<u>2,826</u>	<u>1,901</u>	<u>377</u>	<u>7,612</u>
Total Primary Government	<u>\$ 32,941</u>	<u>\$ 16,125</u>	<u>\$ 3,484</u>	<u>\$ 351</u>	<u>\$ 7,742</u>	<u>\$ 10,212</u>	<u>\$ 5,115</u>	<u>\$ 8,817</u>	<u>\$ 7,107</u>	<u>\$ 7,164</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									
	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
General Fund:										
Reserved	\$	\$ 268	\$ 283	\$ 308	\$ 425	\$ 259	\$ 398	\$ 415	\$ 305	\$ 289
Unreserved		9,834	9,616	10,676	11,651	11,030	10,573	9,302	8,771	8,158
Assigned		178								
Unassigned		10,649								
Total General Fund	\$	<u>10,827</u>	<u>10,102</u>	<u>9,899</u>	<u>10,984</u>	<u>12,076</u>	<u>11,289</u>	<u>10,971</u>	<u>9,717</u>	<u>8,447</u>
All other governmental funds:										
Reserved	\$	\$ 1,776	\$ 1,729	\$ 2,095	\$ 3,170	\$ 3,077	\$ 2,475	\$ 2,051	\$ 2,679	\$ 2,084
Unreserved, reported in:										
Special revenue funds		2,915	2,183	2,487	2,746	2,577	2,532	3,617	514	1,566
Capital projects funds		3,911	(1,898)	(1,493)	(541)	2,460	3,265	1,610	622	660
Nonspendable		1,523								
Restricted		1,421								
Committed		4,344								
Unassigned		(7,208)								
Total All Other Governmental Funds	\$	<u>80</u>	<u>8,602</u>	<u>2,014</u>	<u>3,089</u>	<u>5,375</u>	<u>8,114</u>	<u>8,272</u>	<u>7,278</u>	<u>4,310</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									
	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Revenues:										
Property taxes, interest and liens	\$ 60,817	\$ 59,214	\$ 57,623	\$ 55,893	\$ 52,976	\$ 49,704	\$ 47,652	\$ 47,815	\$ 45,326	\$ 43,145
Intergovernmental	81,439	69,937	63,116	69,880	53,909	53,572	48,159	46,929	49,490	49,269
Charges for services, licenses, permits, fees and other	7,292	7,353	8,508	9,135	10,097	9,283	10,296	11,041	10,321	9,921
Investment income	283	321	260	991	1,171	813	462	517	379	575
Total revenues	<u>149,831</u>	<u>136,825</u>	<u>129,507</u>	<u>135,899</u>	<u>118,153</u>	<u>113,372</u>	<u>106,569</u>	<u>106,302</u>	<u>105,516</u>	<u>102,910</u>
Expenditures:										
General government	5,822	6,466	6,716	7,339	5,782	5,290	5,262	6,665	8,651	8,194
Public safety	19,447	17,832	18,606	17,348	16,163	15,634	13,736	12,725	12,646	12,615
Social services	4,029	4,261	4,640	4,313	4,272	4,273	3,782	3,094	2,319	2,568
Public works	9,633	9,421	10,359	10,944	10,412	9,964	10,095	9,178	7,399	8,918
Education	84,690	83,893	82,866	91,194	74,223	70,592	65,363	61,880	60,521	59,237
Other	3,411	3,461	3,693	4,365	4,286	3,531	3,529	2,832	1,720	2,328
Capital outlay	34,905	18,274	10,826	6,102	6,337	3,707	3,929	2,679	5,508	10,780
Debt service:										
Principal	3,475	3,530	2,835	3,356	3,616	3,975	3,928	4,180	4,135	3,803
Interest	1,297	713	1,199	1,342	1,425	1,631	1,759	1,998	2,517	2,385
Total expenditures	<u>166,709</u>	<u>147,851</u>	<u>141,740</u>	<u>146,303</u>	<u>126,516</u>	<u>118,597</u>	<u>111,383</u>	<u>105,231</u>	<u>105,416</u>	<u>110,828</u>
Excess of revenues over (under) expenditures	<u>(16,878)</u>	<u>(11,026)</u>	<u>(12,233)</u>	<u>(10,404)</u>	<u>(8,363)</u>	<u>(5,225)</u>	<u>(4,814)</u>	<u>1,071</u>	<u>100</u>	<u>(7,918)</u>
Other financing sources (uses):										
Transfers in	18,424	12,404	10,686	10,505	9,885	8,760	8,246	3,997	3,498	2,255
Transfers out	(10,147)	(5,202)	(3,553)	(3,479)	(3,666)	(3,375)	(3,240)	(4,157)	(3,498)	(2,255)
Proceeds from capital leases	804				192					
Bonds issued		10,545	2,940				2,810	3,120		6,020
Bond premium		125								
Refunding bonds issued		4,240					8,202	4,575		
Payment to refunding bond escrow agent		(4,295)					(8,128)	(4,502)		
Total other financing sources	<u>9,081</u>	<u>17,817</u>	<u>10,073</u>	<u>7,026</u>	<u>6,411</u>	<u>5,385</u>	<u>7,890</u>	<u>3,033</u>	<u>-</u>	<u>6,020</u>
Net change in fund balances	<u>(7,797)</u>	<u>6,791</u>	<u>(2,160)</u>	<u>(3,378)</u>	<u>(1,952)</u>	<u>160</u>	<u>3,076</u>	<u>4,104</u>	<u>100</u>	<u>(1,898)</u>
Fund Balances at Beginning of Year	<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>16,167</u> *	<u>12,891</u>	<u>12,791</u>	<u>14,689</u>
Fund Balances at End of Year	<u>\$ 10,907</u>	<u>\$ 18,704</u>	<u>\$ 11,913</u>	<u>\$ 14,073</u>	<u>\$ 17,451</u>	<u>\$ 19,403</u>	<u>\$ 19,243</u>	<u>\$ 16,995</u>	<u>\$ 12,891</u>	<u>\$ 12,791</u>
Debt Service as a Percentage of Noncapital Expenditures	3.57%	3.32%	2.98%	3.36%	4.20%	4.91%	5.27%	5.99%	6.66%	6.08%

* as restated

Notes:

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

CITY OF NORWICH, CONNECTICUT

ASSESSED VALUE AND ESTIMATED ACTUAL 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										
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
2003	2001	270,108	669,398	152,670	82,207	1,174,383	28,500	1,145,883	43,449	37.92	1,636,976	70.00	2,155,512
2002	2000	266,090	665,460	152,219	85,345	1,169,114	27,570	1,141,544	41,094	36.00	1,630,777	70.00	1,945,909

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

Notes:

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

TABLE 6

CITY OF NORWICH, CONNECTICUT
PRINCIPAL PROPERTY TAXPAYERS
OCTOBER 1, 2009 AND OCTOBER 1, 2000

Business Name	Nature of Business	October 1, 2009			October 1, 2000		
		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	\$ 30,122	1	1.25%	\$ 12,668	2	1.11%
Bob's Discount Furniture	Retail Store & Distribution Warehouse	26,582	2	1.10%			
Plaza Enterprises	Shopping Center	14,695	3	0.61%			
Freeport-McMoran (fka Phelps Dodge)	Manufacturing - Copper	14,475	4	0.60%	15,806	1	1.38%
Wal-Mart Stores, Inc.	Department Store	11,176	5	0.46%	4,169	9	0.37%
Big Y Foods	Grocery Store	10,593	6	0.44%			
Mashantucket Pequot Tribe	Real Estate	10,167	7	0.42%	7,659	3	0.67%
∞ SEA Norwich LLC	Shopping Center	9,163	8	0.38%			
Norwich Community Development Corporation	Office Building	8,859	9	0.37%			
Norwich Realty Associates LP	Real Estate	7,874	10	0.33%	4,902	7	0.43%
Norwich Mall Realty Associates	Shopping Center				7,255	4	0.64%
Hamilton Park Wequonnoc Village	Apartments				6,151	5	0.54%
Kalimian Elias as Trustee	Apartments				5,189	6	0.45%
US Foodservice	Food Distributors				4,172	8	0.37%
Norwich Hotel LLC	Hotel				4152	10	0.36%
Total		\$ 143,706		5.97%	\$ 72,123		6.32%

Source: City of Norwich Assessor's Office

Note:

(1) The October 1, 2009 grand list was the base grand list utilized for the tax bills issued July 1, 2010 for the 2011 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											
2011	\$ 2,408,165	24.04	\$ 57,006	\$ 54,816	96.16%	\$ -	\$ 54,816	96.16%	28.02	24.40	
2010	2,378,111	23.48	55,162	53,056	96.18%	1,114	54,170	98.20%	27.11	23.84	
2009	1,876,234	29.24	54,309	52,081	95.90%	1,579	53,660	98.80%	34.10	29.66	
2008	1,819,529	28.57	51,980	50,213	96.60%	1,696	51,909	99.86%	33.32	28.93	
2007	1,791,750	27.77	49,971	48,324	96.70%	1,606	49,930	99.92%	32.02	28.08	
2006	1,745,186	26.72	46,541	44,977	96.64%	1,523	46,500	99.91%	30.75	27.02	
2005	1,733,296	25.69	43,999	42,681	97.00%	1,284	43,965	99.92%	29.53	25.90	
2004	1,166,095	36.47	42,774	41,136	96.17%	1,619	42,755	99.96%	42.11	36.77	
2003	1,145,883	35.62	41,064	39,438	96.04%	1,610	41,048	99.96%	41.11	35.92	
2002	1,141,544	33.89	38,794	37,208	95.91%	1,755	38,963	100.44%	39.22	34.17	
City Consolidated District (CCD) Fire Tax											
2011	\$ 870,134	3.98	\$ 3,426	\$ 3,251	94.89%	\$ -	\$ 3,251	94.89%			
2010	870,088	3.63	3,136	2,991	95.38%	76	3,067	97.80%			
2009	650,100	4.86	3,154	2,981	94.51%	131	3,112	98.67%			
2008	641,583	4.75	3,064	2,930	95.63%	130	3,060	99.87%			
2007	633,603	4.25	2,724	2,595	95.26%	126	2,721	99.89%			
2006	620,505	4.03	2,511	2,399	95.54%	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%			
2003	390,492	5.49	2,157	2,072	96.06%	83	2,155	99.91%			
2002	390,851	5.33	2,089	2,004	95.93%	83	2,087	99.90%			
Town Consolidated District (TCD) Volunteer Fire Relief Tax											
2011	\$ 1,538,031	0.36	\$ 545	\$ 537	98.53%	\$ -	\$ 537	98.53%			
2010	1,508,023	0.36	536	525	97.95%	9	534	99.63%			
2009	1,226,134	0.42	510	491	96.27%	13	504	98.82%			
2008	1,177,946	0.36	424	411	96.93%	13	424	100.00%			
2007	1,158,147	0.31	361	351	97.23%	9	360	99.72%			
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%			
2003	755,391	0.30	228	219	96.05%	9	228	100.00%			
2001	750,693	0.28	211	202	95.73%	9	211	100.00%			

CITY OF NORWICH, CONNECTICUT
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS
(In Thousands)

Fiscal Year	Governmental Activities		Business-Type Activities			Total Debt			
	General Obligation Bonds	Capital Leases	General Obligation Bonds	Notes	Capital Leases	Total Primary Government	Ratio of Debt to Taxable Assessed Value	Ratio of Debt to Total Personal Income	Debt Per Capita
	2011	\$ 26,736	\$ 804	\$ 4,904	\$ 4,269	\$ 2,020	\$ 38,733	1.61%	4.03%
2010	29,582	42	5,264	4,481	2,020	34,355	1.44%	4.75%	1,127
2009	21,936	80	5,624	4,027	2,688	34,355	1.83%	3.58%	944
2008	21,596	115	5,937	4,995	3,174	35,817	1.97%	4.78%	983
2007	24,952	146	6,576	5,430	1,402	38,506	2.15%	5.14%	1,058
2006	28,568		7,217	5,854	1,617	43,256	2.48%	5.76%	1,176
2005	32,700 *		7,795 *	6,269	2,222	48,986	2.83%	6.54%	1,352
2004	40,325		555	6,619	1,641	49,140	4.21%	6.56%	1,357
2003	40,945		630	7,019	1,806	50,400	4.40%	6.73%	1,415
2002	43,011		705	7,411	2,722	53,849	4.72%	7.19%	1,491

* Sewer extension bonds converted to business-type activity

Notes:

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

CITY OF NORWICH, CONNECTICUT

STATEMENT OF DEBT LIMITATION

JUNE 30, 2011
(In Thousands)

Total Tax Collections, Including Interest and Lien Fees					\$ 56,857
Total Tax Collections, Norwich Fire District					3,960
Reimbursement for Loss on:					
Tax relief for elderly - freeze					<u>10</u>
Base					<u>\$ 60,827</u>
	<u>General</u>			<u>Urban</u>	<u>Pension</u>
	<u>Purpose</u>	<u>Schools</u>	<u>Sewers</u>	<u>Renewal</u>	<u>Deficit</u>
Debt Limitation:					
2-1/4 times base	\$ 136,861	\$	\$	\$	\$
4-1/2 times base		273,722			
3-3/4 times base			228,101		
3-1/4 times base				197,688	
3 times base					<u>182,481</u>
Total debt limitation	<u>136,861</u>	<u>273,722</u>	<u>228,101</u>	<u>197,688</u>	<u>182,481</u>
Indebtedness:					
Bonds and serial notes payable	15,649	9,558	5,426		
Bonds authorized and unissued	9,405	6,060	2,800		
Grants receivable		<u>(300)</u>			
Total indebtedness	<u>25,054</u>	<u>15,318</u>	<u>8,226</u>	<u>-</u>	<u>-</u>
Debt Limitation in Excess of Outstanding and Authorized Debt	<u>\$ 111,807</u>	<u>\$ 258,404</u>	<u>\$ 219,875</u>	<u>\$ 197,688</u>	<u>\$ 182,481</u>

Note 1: In no event shall total debt exceed seven times annual receipts from taxation. The maximum amount permitted would be \$425 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 \$3,151 and State of Connecticut serial notes payable of \$2,129.

Note 4: School Building Grants totaling \$300 are applicable to outstanding bond issues.

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

	FISCAL YEAR									
	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Legal Debt Limit:										
Seven times taxable base	\$ 427,106	\$ 416,010	\$ 416,010	\$ 391,216	\$ 369,635	\$ 348,698	\$ 333,578	\$ 329,433	\$ 320,343	\$ 303,704
Indebtedness:										
Bonds and serial notes payable	35,909	39,596	39,631	32,528	36,958	41,639	46,764	47,499	50,400	55,918
Bonds authorized and unissued	18,265	17,290	15,990	7,240	2,705	2,705	2,705	4,640	4,455	2,730
Total indebtedness	54,174	56,886	55,621	39,768	39,663	44,344	49,469	52,139	54,855	58,648
Less:										
Water bonds and serial notes payable	(3,151)	(3,964)	(3,968)	(4,350)	(4,729)	(3,045)	(3,357)	(1,044)	(1,139)	(1,279)
School building grants	(300)	(402)	(507)	(612)	(722)	(988)	(1,262)	(1,842)	(1,943)	(2,280)
Net indebtedness applicable to legal debt limit (1)	50,723	52,520	51,146	34,806	34,212	40,311	44,850	49,253	51,773	55,089
Debt Limitation in Excess of Outstanding and Authorized Debt (1)	\$ 376,383	\$ 363,490	\$ 364,864	\$ 356,410	\$ 335,423	\$ 308,387	\$ 288,728	\$ 280,180	\$ 268,570	\$ 248,615
Total net debt applicable to the limit as a percentage of debt limit	11.88%	12.62%	12.29%	8.90%	9.26%	11.56%	13.45%	14.95%	16.16%	18.14%
Total indebtedness as a percentage of net taxable assessed value (1)	2.11%	2.21%	2.726%	1.913%	1.909%	2.310%	2.588%	4.224%	4.518%	4.826%
Total indebtedness per capita (1)	\$ 1,253	\$ 1,433	\$ 1,406	\$ 956	\$ 940	\$ 1,099	\$ 1,238	\$ 1,360	\$ 1,453	\$ 1,525
Calculation of Continuing Disclosure Agreement Ratios:										
Total indebtedness per legal debt limit calculation	\$ 54,174	\$ 56,886	\$ 55,621	\$ 39,768	\$ 39,663	\$ 44,344	\$ 49,469	\$ 52,139	\$ 54,855	\$ 58,648
Less authorized and unissued debt	(18,265)	(17,290)	(15,990)	(7,240)	(2,705)	(2,705)	(2,705)	(4,640)	(4,455)	(2,730)
Total direct debt	35,909	39,596	39,631	32,528	36,958	41,639	46,764	47,499	50,400	55,918
Less water and sewer indirect self-funding debt	(9,650)	(9,745)	(9,650)	(10,932)	(12,006)	(13,071)	(14,064)	(7,089)	(6,079)	(6,549)
Less school building grants	(300)	(402)	(507)	(612)	(722)	(988)	(1,262)	(1,842)	(1,943)	(2,280)
Total Net Direct Debt	\$ 25,959	\$ 29,449	\$ 29,474	\$ 20,984	\$ 24,230	\$ 27,580	\$ 31,438	\$ 38,568	\$ 42,378	\$ 47,089
Total direct debt as a percentage of State Equalized grand list	1.141%	1.164%	1.096%	0.914%	1.029%	1.271%	1.868%	1.891%	2.338%	2.874%
Total direct debt per capita	\$ 887	\$ 1,081	\$ 1,089	\$ 893	\$ 1,015	\$ 1,135	\$ 1,291	\$ 1,311	\$ 1,415	\$ 1,548
Total net debt as a percentage of State Equalized grand list	0.825%	0.866%	0.815%	0.590%	0.674%	0.842%	1.256%	1.535%	1.966%	2.420%
Total net debt per capita	\$ 641	\$ 804	\$ 810	\$ 576	\$ 666	\$ 752	\$ 868	\$ 1,065	\$ 1,189	\$ 1,304

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

(2) The City has no overlapping debt.

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

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

Fiscal Year	Population (1)	(in thousands)		School Enrollment (2)	Employed (3)	Unemployed (3)	Median Household Income (5)	Percentage Unemployed (3)			
		Total Personal Income (6)						City of Norwich (3)	New London/Norwich Market (3)	State of Connecticut (3)	United States (4)
2011	40,493	\$ 960,133		5,356	19,386	2,177	\$ N/A	10.1%	8.7%	9.0%	9.1%
2010	36,639	960,133		5,449	19,315	2,090	47,851	9.8%	8.6%	8.9%	9.6%
2009	36,388	960,133		5,519	19,231	1,858	48,505	8.8%	7.6%	7.9%	9.5%
2008	36,408	749,139		5,544	19,706	1,448	48,064	6.8%	5.9%	5.9%	6.0%
2007	36,408	749,139		5,531	20,083	1,033	46,907	4.9%	4.2%	4.4%	4.6%
2006	36,693	749,139		5,645	20,284	1,044	43,608	4.9%	4.2%	4.4%	4.6%
2005	36,218	749,139		5,425	20,033	1,248	42,656	5.9%	4.9%	5.3%	4.9%
2004	36,218	749,139		5,507	19,745	1,207	42,075	5.8%	4.3%	4.8%	5.8%
2003	35,628	749,139		5,491	19,561	1,239	42,113	6.0%	4.6%	5.2%	6.5%
2002	36,117	749,139		5,426	18,500	542	N/A	2.8%	2.5%	3.5%	5.4%

Sources:

- (1) State of Connecticut Department of Health
(2) School enrollment includes Norwich students attending the quasi-private high school, Norwich Free Academy.
(3) Labor Department, State of Connecticut
(4) U.S Department of Labor Bureau of Labor Statistics
(5) Connecticut Economic Resource Center, Inc.
(6) U.S. Census Bureau, 2000 Census and 2005-2009 American Community Survey
N/A - Not available.

The Total Personal Income and Per Capita Personal Income statistics are not available for the City of Norwich.

CITY OF NORWICH, CONNECTICUT

PRINCIPAL EMPLOYERS

CURRENT YEAR AND 2002

Business Name	Nature of Business	2011			2002		
		Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
William W. Backus Hospital	Medical Center	1,800	1	9.29%	1,537	1	8.31%
City of Norwich (incl. NPU & BOE)	Municipality	991	2	5.11%	944	2	5.10%
State of Connecticut	All State agencies	924	3	4.77%	166	7	0.90%
Bob's Discount Furniture	Retail Store & Warehouse	530	4	2.73%			
Electric Boat	Engineering for submarines	400	5	2.06%			
94 Interim Healthcare of Eastern CT	Healthcare	400	5	2.06%			
The American Group	Ambulance Service and other operations	400	5	2.06%	200	5	1.08%
Computer Science Corporation	Computer Products & Services	400	5	2.06%	476	3	2.57%
Spa at Norwich Inn	Spa	300	9	1.55%			
Norwich Free Academy	Quasi-private high school	259	10	1.34%			
US Foodservice	Food Distributors				250	4	1.35%
Phelps Dodge	Manufacturing - Copper				177	6	0.96%
Ortronics	Communication Technology				160	8	0.86%
Gunther International	Light Machinery Assembly				150	9	0.81%
Total		3,613		33.03%	1,579		21.95%

Source: Norwich Community Development Corporation

CITY OF NORWICH, CONNECTICUT

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

LAST TEN FISCAL YEARS

	FISCAL YEAR									
	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
General City:										
City Manager	2.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
Finance	12.0	12.0	14.0	15.0	14.0	14.0	14.0	14.0	15.0	15.0
Treasurer	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
Assessment	4.0	4.0	4.0	4.0	4.0	3.5	3.5	3.5	4.0	3.5
Personnel	4.5	4.5	4.5	4.5	4.5	4.5	4.5	4.5	5.5	5.5
City Clerk	5.0	5.0	6.0	6.0	5.0	5.0	5.0	5.0	5.0	5.0
City Council	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	1.5
Police	94.0	96.0	98.0	98.0	100.0	100.0	101.0	100.5	102.5	107.5
Fire	59.5	59.5	59.5	59.5	55.5	55.5	55.5	55.0	55.5	55.5
Recreation	6.0	6.0	7.0	7.0	7.0	7.0	7.0	6.0	9.0	9.0
Human Services	8.5	8.5	8.5	8.5	8.5	8.5	8.5	8.5	10.5	11.0
Senior Citizens Center	6.5	6.5	7.0	7.0	6.0	6.0	6.0	6.0	7.0	8.0
Youth Service Bureau	2.0	2.0	3.0	3.0	3.0	3.0	3.0	3.0	5.0	5.0
PW Engineering and Administration	6.0	6.0	6.0	6.0	6.0	7.0	7.0	6.5	8.0	8.0
PW Fleet Maintenance	7.0	7.0	9.0	9.0	9.0	9.0	9.0	9.0	10.0	11.0
PW Solid Waste	3.0	3.0	3.0	3.0	2.0	2.0	3.0	3.0	3.0	4.0
PW Street Maintenance	38.0	39.0	41.0	41.0	32.0	32.0	33.0	33.0	35.0	35.0
PW Parks & Cemeteries	0.0	0.0	0.0	0.0	9.0	9.0	10.0	11.0	12.0	12.0
PW Building Maintenance	8.0	9.0	9.0	9.0	7.0	6.0	7.0	7.0	8.0	7.5
PW Parking Maintenance	1.0	1.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Election	2.0	2.0	2.5	2.5	2.5	2.5	2.5	2.5	3.0	3.0
Planning and Neighborhood Services	12.0	13.0	14.5	14.5	13.0	13.0	12.0	11.0	12.5	13.0
Economic Development	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1.0
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	0.5	0.5	0.5	0.5	0.5	0.5	0.5	2.0
Total General City	<u>287.0</u>	<u>293.0</u>	<u>308.0</u>	<u>309.0</u>	<u>299.5</u>	<u>299.0</u>	<u>303.0</u>	<u>300.5</u>	<u>322.0</u>	<u>332.0</u>
Board of Education:										
General Fund - funded positions	286.4	392.1	406.4	387.5	384.2	373.8	386.3	375.9	392.1	502.5
State and federal grant - funded positions	193.0	125.3	125.3	111.3	117.1	114.1	99.8	86.6	74.7	66.3
School Lunch (state and federal grant)	46.0	30.0	30.0	39.0	39.0	39.0	39.0	40.0	42.0	41.0
Adult Education (state and federal grant)	12.0	12.0	12.0	12.0	13.0	13.0	13.0	12.0	11.0	13.0
Family Resource Center (state grant)	24.5	24.5	24.5	25.5	22.0	24.0	10.0	10.0	10.0	10.0
Total Board of Education	<u>561.9</u>	<u>583.9</u>	<u>598.2</u>	<u>575.3</u>	<u>575.3</u>	<u>563.9</u>	<u>548.0</u>	<u>524.5</u>	<u>529.8</u>	<u>632.7</u>
Norwich Public Utilities	142.5	139.5	139.5	137.0	137.0	137.0	137.0	136.5	138.0	136.0
Total	<u>991.4</u>	<u>1,016.4</u>	<u>1,045.7</u>	<u>1,021.3</u>	<u>1,011.8</u>	<u>999.9</u>	<u>988.0</u>	<u>961.5</u>	<u>989.8</u>	<u>1,100.7</u>

Source: City Adopted Budget documents

CITY OF NORWICH, CONNECTICUT
OPERATING INDICATORS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS

Function	FISCAL YEAR									
	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
General Government:										
Finance:										
Number of tax and refuse bills mailed	49,950	50,000	68,000	68,000	68,144	68,182	67,225	66,048	65,643	67,115
Number of internal control reviews performed	2	3	3	3	7	2	7	4	-	-
Assessor:										
Number of deeds processed	1,132	1,500	2,550	1,500	1,310	2,100	1,800	1,600	998	798
Personal property declarations	1,856	1,650	1,130	1,200	1,234	1,400	N/A	N/A	N/A	N/A
Board of assessment appeals adjustments	77	147	100	230	240	150	225	425	249	38
Human Resources:										
Number of applications processed	N/A	960	1,067	2,339	1,149	1,518	1,850	1,221	1,801	700
Vacancies filled through promotion	N/A	6	11	35	15	24	12	28	20	18
Vacancies filled through new hires	N/A	8	21	39	28	23	33	33	22	24
Employee turnover rate	N/A	5.6%	2.0%	4.6%	6.0%	4.2%	5.4%	7.1%	3.7%	3.8%
City Clerk:										
Land records recorded	5,753	6,364	6,486	7,891	9,532	11,124	11,397	11,401	9,882	8,317
Marriage licenses issued	270	323	326	305	331	357	353	372	265	359
Death certificates recorded	520	472	508	458	550	561	638	542	579	569
Birth certificates recorded	884	978	960	1,070	1,037	998	1,210	1,594	1,220	579
Management Information Systems:										
Help desk calls	2,360	1,900	1,600	1,380	1,800	1,700	1,700	1,800	1,250	1,550
Website visits	170,527	165,923	149,317	130,000	256,817	94,797	27,500	27,500	12,000	N/A
Election:										
Voters added	N/A	438	3,289	1,202	580	567	1,200	1,096	1,273	2,329
Voters removed	N/A	1,001	813	964	651	87	800	1,058	1,249	2,503
Voter changes	N/A	2,376	2,303	1,139	1,425	1,648	650	927	1,324	3,053
Total voters	N/A	21,126	21,689	18,129	17,891	18,346	19,000	17,987	17,863	17,108
Planning and Neighborhood Services:										
Site development plans	15	7	16	31	27	19	18	21	8	N/A
Zoning permit applications	398	327	370	446	482	503	471	456	137	N/A
Zoning complaints	185	167	240	248	170	130	142	138	57	N/A
Code violations	1,975	1,285	1,361	1,633	250	1,170	475	465	169	N/A
Citations issued	225	287	240	180	229	165	119	208	94	N/A
Education:										
Average Class Size - Kindergarten	18.4	18.3	18.3	17.5	17.7	18.0	16.4	17.8	N/A	N/A
Average Class Size - Grade 2	18.1	17.9	18.8	18.9	20.0	18.6	19.5	18.2	N/A	N/A
Average Class Size - Grade 5	21.2	21.0	19.1	18.9	19.1	20.0	20.5	20.4	N/A	N/A
Average Class Size - Grade 7	17.1	20.1	21.1	19.0	23.7	22.0	21.9	21.2	N/A	N/A
Total expenditure per student	N/A	\$ 13,398	\$ 13,142	\$ 12,616	\$ 11,594	\$ 10,771	\$ 9,816	\$ 9,450	\$ 9,219	\$ 8,925

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CITY OF NORWICH, CONNECTICUT
OPERATING INDICATORS BY FUNCTION/PROGRAM (CONTINUED)
LAST TEN FISCAL YEARS

Function	FISCAL YEAR									
	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Public Safety:										
Police:										
911 calls*	21,825	20,548	20,291	21,330	19,212	19,160	19,575	N/A	N/A	N/A
Non-emergency calls*	36,078	35,815	38,846	30,329	33,740	35,664	20,932	N/A	N/A	N/A
DWI arrests*	241	212	252	158	155	150	188	N/A	N/A	N/A
Fire:										
Central Fire Department Service Calls	2,330	2,659	2,442	2,627	2,629	2,942	2,503	3,088	2,571	2,214
East Great Plain VFD Service Calls	961	855	912	1,015	864	866	800	688	688	700
Laurel Hill VFD Service Calls	N/A	85	117	102	75	105	126	93	102	84
Occum VFD Service Calls	N/A	182	199	192	202	232	238	325	207	238
Taftville VFD Service Calls	N/A	717	614	698	631	539	538	450	495	496
Yantic VFD Service Calls	643	658	544	604	593	580	568	595	530	537
Emergency Management:										
Hours of emergency training	1,075	775	725	875	715	870	1,250	920	70	300
Shelters maintained	19	19	19	19	19	19	19	19	18	20
Flood assistance calls	217	176	74	74	122	73	41	62	N/A	N/A
Social Services:										
Recreation:										
Number of youth registrations	4,500	4,600	4,618	3,870	4,510	4,750	4,732	4,821	4,235	3,151
Number of youth program hours	1,900	1,900	1,980	2,045	2,205	2,000	1,970	1,971	N/A	N/A
Human Services:										
General Human Services:										
Job placements	185	206	190	190	243	153	119	133	989	N/A
Individuals relocated due to condemnation	78	49	77	72	36	30	85	55	74	N/A
Rent and housing assistance cases	92	117	139	94	83	79	80	49	139	N/A
Senior Center:										
Preventative health clinic services	8,560	2,500	2,550	2,500	3,450	3,206	4,500	4,900	4,260	6,882
Outreach services	890	970	978	753	976	836	200	280	490	572
Youth and Family Services:										
Counseling cases	97	126	130	142	143	117	168	175	135	N/A
Young parent cases	18	40	35	78	98	92	107	97	68	N/A
Youth employment	152	148	94	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Juvenile justice / diversion	37	31	44	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Public Works:										
Engineering and Administration:										
Road miles paved	6.4	4.8	6.4	4.7	5.3	4.2	3.0	6.6	6.0	6.5
Department of Public Utilities:										
Gas service calls	4,131	4,229	5,004	4,967	6,136	5,552	6,294	4,740	5,328	4,060
Electric service calls	1,771	1,640	1,830	1,508	3,125	2,406	3,010	2,672	1,606	898
Water service calls	3,053	2,988	3,653	3,440	3,434	4,717	4,542	3,580	3,125	1,782
Sewer service calls	80	78	164	402	423	341	250	237	-	-

N/A - not available

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

Source: The respective City Departments

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

	FISCAL YEAR									
	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Education:										
School buildings	13	13	15	15	15	15	15	14	14	14
Administrative buildings	1	1	1	1	1	1	1	1	1	1
Public Safety:										
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Vehicles	39	39	39	39	39	39	39	39	39	39
Fire:										
Firefighting/rescue vehicles	27	27	27	26	26	26	26	26	26	26
Other vehicles	11	11	11	11	11	11	11	11	11	11
Fire stations	7	7	7	7	7	7	7	7	7	7
Social Services:										
Recreation:										
Number of basketball courts	16	16	16	16	16	16	16	15	15	15
Number of football fields	1	1	1	1	1	1	1	1	1	1
Number of multi-use fields	15	15	15	15	15	15	15	15	15	15
Number of playgrounds	14	14	14	14	14	14	14	13	13	13
Number of soccer fields	4	4	4	4	4	4	4	4	4	4
Number of softball fields	5	5	5	5	5	5	5	5	5	5
Number of tennis courts	10	10	10	10	10	10	10	10	10	10
Mowers	5	5	5	5	5	5	5	5	5	5
Other vehicles	5	5	5	4	4	4	4	4	4	4
Public Works:										
Street Maintenance:										
Dump trucks	23	23	23	23	25	25	25	25	25	25
Sweepers	4	4	4	4	4	4	4	4	4	4
Parks and Cemeteries:										
Parks	7	7	7	7	7	7	7	7	7	7
Cemeteries	8	8	8	8	8	8	8	8	8	8
Mowers	10	10	10	10	8	8	7	6	-	-

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

	FISCAL YEAR									
	2010	2010	2009	2008	2007	2006	2005	2004	2003	2002
Building Maintenance:										
Parking lots	12	12	12	12	9	9	9	9	9	9
Parking garages	3	3	3	3	3	3	3	3	3	3
Utilities:										
Gas:										
Gas distribution main (miles)	133	133	131	130	129	127	126	122	122	122
Electric:										
Distribution lines	231	230	229	228	228	228	250	250	250	250
Street lights	4290	4,103	4,109	4,109	4,099	4,291	4,291	4,291	4,291	4,291
Water:										
Water distribution system (miles)	194	188	188	187	187	164	150	150	150	150
Sewer:										
Sewer distribution system (miles)	124	117	119	118	118	118	118	118	118	118
Fiber Optic:										
Fiber optic cable (miles)	65	68	67							

Source: The respective City Departments