

CITY OF NORWICH, CONNECTICUT
COMPREHENSIVE ANNUAL FINANCIAL REPORT



FISCAL YEAR ENDED JUNE 30, 2010
DEPARTMENT OF FINANCE
UNION SQUARE
NORWICH, CONNECTICUT

Comprehensive Annual Financial Report

of the

City of Norwich, Connecticut

Fiscal Year Ended June 30, 2010

Prepared By:

City of Norwich Finance Department

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Comptroller

Joshua A. Pothier, CPA
Deputy Comptroller

Anthony Madeira
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CITY OF NORWICH, CONNECTICUT

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Introductory Section



CITY OF NORWICH CONNECTICUT

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Norwich, CT 06360-4431

December 22, 2010

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, 2010. 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 auditor's 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 independent auditors' report.

Profile of Government

Norwich, founded in 1659, is Connecticut's twenty-sixth 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 \$1,482 for fiscal year 2009, the 12th 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, is currently home to a new Goodwill Store, and will soon be home to a restaurant.
- *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.
- *Peachtree Apartments Rebuilding.* In April 2008 a fire destroyed the 120-unit apartment complex on Westledge Drive. This apartment complex is currently being rebuilt for an estimated \$11 million with anticipated completion in early 2012.

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.

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 5-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 - because of the slow economy and the reduced funding from the State of Connecticut, the City did not include the use of any General Fund undesignated fund balance in the City's 2010-11 adopted budget. By going into the fiscal year with strong reserves, the City will be in a better position if other revenues are lower than anticipated.

Major Initiatives

- *Downtown Revitalization Initiative.* The residents of the City of Norwich passed a bond referendum item in November 2010 for \$3.3 million of downtown business incentives including programs for building code correction assistance, commercial rental subsidies, and targeted properties revolving loan fund. These programs will hopefully stimulate the growth of business activity in the downtown area.
- *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.
- *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 \$435 thousand of these bond funds during fiscal year 2010 in addition to other funds budgeted for road improvements to repave or reconstruct 4.8 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. 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 has contracted approximately \$1.8 million 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 will be 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.
- *Municipal Area Network.* Norwich Public Utilities constructed a network consisting of 32 miles of 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 is currently being tested.
- *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 February 2012 and includes: adding classrooms, updating utilities, asbestos abatement and adding an 800-seat auditorium.
- *Norwich Dog Pound.* The Public Works Department is managing the retrofitting the former Parks & Cemeteries administration building in Mohegan Park into a new dog pound facility to be located in. Construction activities began in March 2010 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 June 2010 and is scheduled to be completed in Spring 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 services for SEAT bus riders; and is located to accommodate future passenger ferry traffic and passenger rail on the N/S Central Vermont rail line.
- *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.

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, 2009. This was the 17th 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 2010, 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,



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, 2009

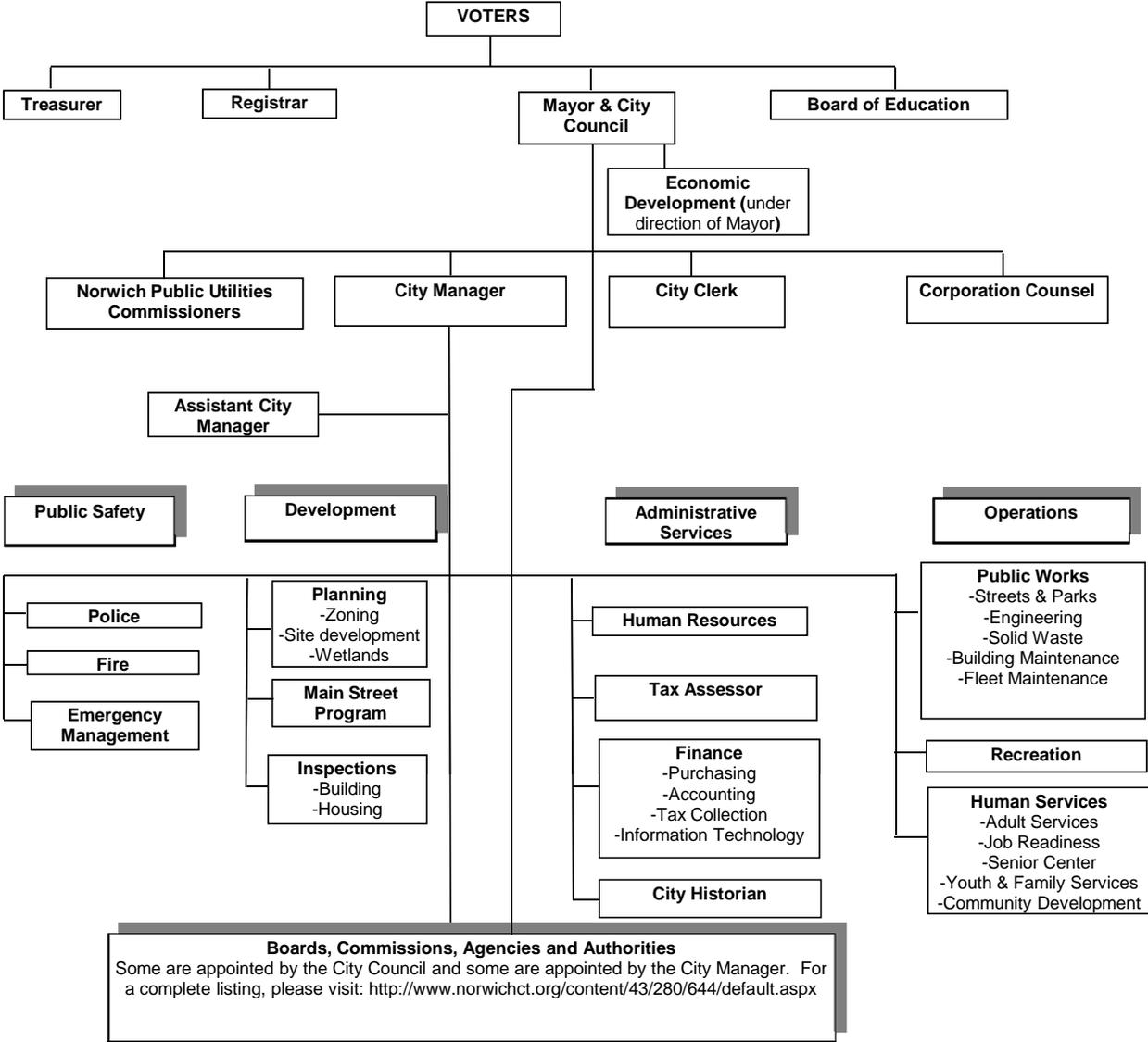
A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards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



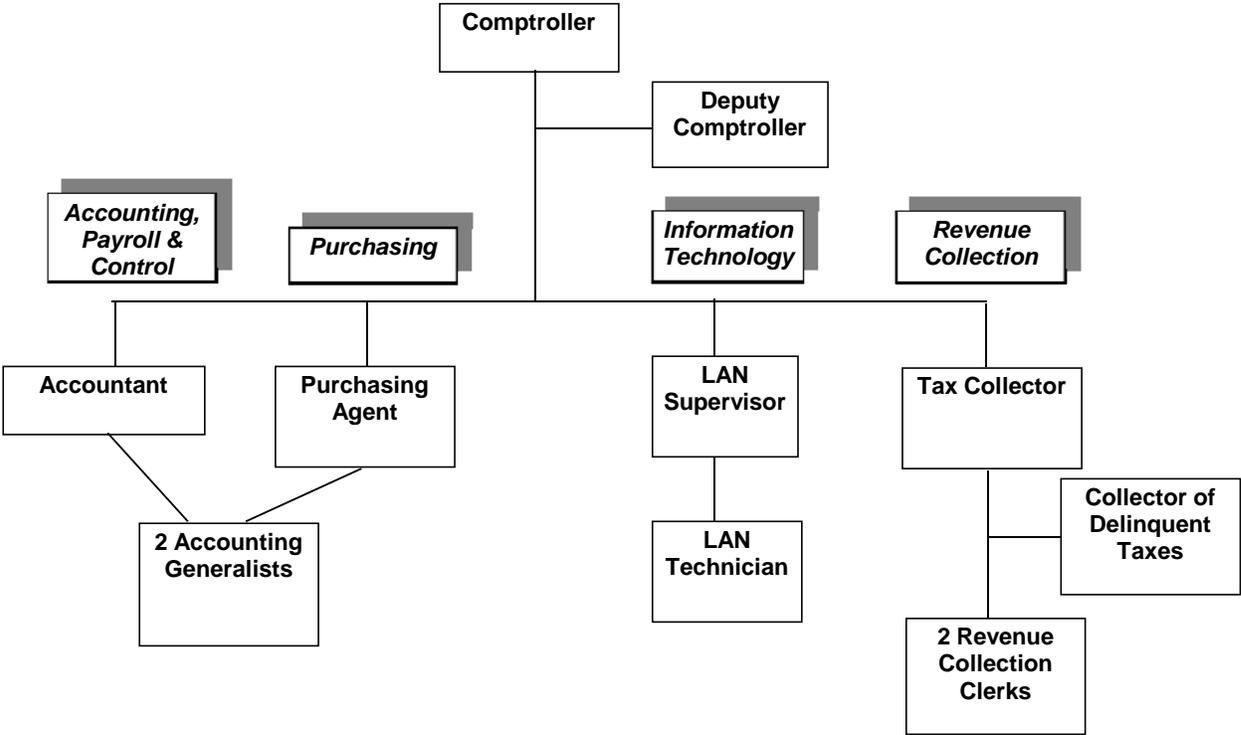
President

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	12/6/11
H. Tucker Braddock, Jr. (D)	2 Years	12/6/11
Jacqueline Caron (D)	2 Years	12/6/11
Deb Hinchey (D)	2 Years	12/6/11
William L. Nash (R)	2 Years	12/6/11
Laurie Glenney-Popovich (D)	2 Years	12/6/11

BOARD OF EDUCATION

	<u>Term Length</u>	<u>Term Expires</u>
Charles A. Jaskiewicz III, Chairperson (D)	2 Years	11/8/11
John P. LeVangie, Vice Chairperson (D)	2 Years	11/8/11
Cora Lee Boulware, Secretary (D)	2 Years	11/8/11
Jesshua Ballaro-Pina (D)	2 Years	11/8/11
Aaron Daniels (R)	2 Years	11/8/11
Harlan K. Hyde, Jr. (R)	2 Years	11/8/11
Yvette C. Jacaruso (D)	2 Years	11/8/11
Charles K. Norris (R)	2 Years	11/8/11
Joyce C. Werden (D)	2 Years	11/8/11

TREASURER

	<u>Term Length</u>	<u>Term Expires</u>
Brian Curtin (D)	2 Years	12/6/11

REGISTRAR OF VOTERS

	<u>Term Length</u>	<u>Term Expires</u>
Joann Merolla-Martin (D)	2 Years	1/9/13
Gerald Kortfelt (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
Alan M. Remondi (D)	5 Years	2/28/11
Larry Goldman (D)	5 Years	3/01/12

CITY OF NORWICH
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WEBSITE: www.norwichct.org

**DIRECTORY OF CITY ADMINISTRATIVE
OFFICIALS**

City Manager	Alan H. Bergren
Assessor	Donna Ralston
Building Inspector	James Troeger
City Clerk	Sandra Greenhalgh
City Planner.....	Michael Schaefer
Comptroller	Joseph Ruffo
Deputy Comptroller	Joshua Pothier
Corporation Counsel.....	Michael E. Driscoll
Emergency Management Director.....	Gene M. Arters
Engineer.....	Vacant
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	Luis DePina
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, 2010, 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 also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Norwich, Connecticut, as of June 30, 2010 and the respective changes in financial position and cash flows, where applicable, thereof, for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 22, 2010 on our consideration of the City of Norwich, Connecticut's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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 22, 2010

CITY OF NORWICH, CONNECTICUT

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2010

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, 2010. 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 \$188.2 million. Total net assets for governmental activities at fiscal year-end were \$76.3 million, and total net assets for business-type activities were \$111.9 million. Total unrestricted net assets at June 30, 2010 were \$37.9 million.
- On a government-wide basis, during the year, the City's net assets increased by \$16.2 million from \$172.0 million to \$188.2 million. Governmental activities net assets increased by \$15.7 million, and net assets increased by \$0.5 million for business-type activities. Governmental activities expenses were \$128.4 million, while total revenues including transfers were \$144.1 million.
- At the close of the year, the City's governmental funds reported, on a current financial resource basis, combined ending fund balances of \$18.7 million, an increase of \$6.8 million from the prior fiscal year. Of the total fund balance as of June 30, 2010, \$16.7 million represents the combined unreserved 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 \$10.1 million, an increase of \$0.2 million from the prior fiscal year. No appropriation of unreserved fund balance is included in the fiscal year 2011 budget. As of June 30, 2010, \$9.8 million of the total fund balance is unreserved representing 9.6% of total General Fund actual expenditures on a budgetary basis.
- The City's governmental activities total bonded debt increased by \$7.9 million during the current fiscal year.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-Wide Financial Statements

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

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

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

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

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

Fund Financial Statements

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

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The City's combined net assets increased from a year ago from \$172.0 million to \$188.2 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	
	2010	2009	2010	2009	2010	2009
Current and other assets	\$ 50,909	\$ 44,847	\$ 36,241	\$ 34,828	\$ 87,150	\$ 79,675
Capital assets	89,725	74,678	100,309	100,548	190,034	175,226
Total assets	<u>140,634</u>	<u>119,525</u>	<u>136,550</u>	<u>135,376</u>	<u>277,184</u>	<u>254,901</u>
Long-term debt outstanding	43,404	35,204	15,189	15,715	58,593	50,919
Unearned revenue	9,597	1,832	649	193	10,246	2,025
Other liabilities	11,382	21,885	8,810	8,044	20,192	29,929
Total liabilities	<u>64,383</u>	<u>58,921</u>	<u>24,648</u>	<u>23,952</u>	<u>89,031</u>	<u>82,873</u>
Net Assets:						
Invested in capital assets, net of debt	60,432	53,165	88,174	87,763	148,606	140,928
Restricted	1,405	1,351	287	758	1,692	2,109
Unrestricted	<u>14,414</u>	<u>6,088</u>	<u>23,441</u>	<u>22,903</u>	<u>37,855</u>	<u>28,991</u>
Total Net Assets	<u>\$ 76,251</u>	<u>\$ 60,604</u>	<u>\$ 111,902</u>	<u>\$ 111,424</u>	<u>\$ 188,153</u>	<u>\$ 172,028</u>

Net assets of the City's governmental activities increased by \$15.7 million (\$76.3 million compared to \$60.6 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 \$6.1 million at June 30, 2009 to \$14.4 million at the end of this year. The net assets of business-type activities increased by 0.4% (\$111.9 million compared to \$111.4 million) during 2010.

Table 2
CHANGES IN NET ASSETS
(In Thousands)

	<u>Governmental</u>		<u>Business-Type</u>		<u>Total</u>	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Revenues:						
Program revenues:						
Charges for services	\$ 5,660	\$ 7,919	\$ 84,589	\$ 90,499	\$ 90,249	\$ 98,418
Operating grants and contributions	54,424	52,034			54,424	52,034
Capital grants and contributions	11,163	5,810	200	1,315	11,363	7,125
General revenues:						
Property taxes	59,956	57,897			59,956	57,897
Grants and contributions not restricted to specific purposes	4,372	5,480			4,372	5,480
Unrestricted investment earnings	321	262	20	108	341	370
Other general revenues	998	558			998	558
Total revenues	<u>136,894</u>	<u>129,960</u>	<u>84,809</u>	<u>91,922</u>	<u>221,703</u>	<u>221,882</u>
Program expenses:						
General government	9,114	10,473			9,114	10,473
Public safety	18,063	20,326			18,063	20,326
Social services	5,602	4,954			5,602	4,954
Public works	9,449	15,819			9,449	15,819
Education	84,898	85,661			84,898	85,661
Interest on long-term debt	1,323	1,444			1,323	1,444
Department of Public Utilities			74,716	77,192	74,716	77,192
Other enterprise funds			2,413	2,529	2,413	2,529
Total program expenses	<u>128,449</u>	<u>138,677</u>	<u>77,129</u>	<u>79,721</u>	<u>205,578</u>	<u>218,398</u>
Excess (deficiency) before transfers	8,445	(8,717)	7,680	12,201	16,125	3,484
Transfers	<u>7,202</u>	<u>7,133</u>	<u>(7,202)</u>	<u>(7,133)</u>	<u>-</u>	<u>-</u>
Increase (Decrease) in Net Assets	<u>\$ 15,647</u>	<u>\$ (1,584)</u>	<u>\$ 478</u>	<u>\$ 5,068</u>	<u>\$ 16,125</u>	<u>\$ 3,484</u>

The City's total revenues were \$221.7 million. The total cost of all programs and services was \$205.6 million. Our analysis below separately considers the operations of governmental and business-type activities.

Governmental Activities

Governmental activities increased the City's assets by \$15.7 million during the year compared with a decrease of \$1.6 million last year. Total revenues of \$136.9 million and \$7.2 million in transfers from the City's business-type activities provided funding for the City's \$128.4 million of governmental program expenses incurred during the year.

The City's revenues increased \$6.9 million (\$136.9 million compared to \$130.0 million). Included in this year's total revenue was the recognition of \$9.8 million in capital grants for the Kelly Middle School renovation project, compared with \$2.1 million in 2009.

Total program expenses were \$128.4 million as compared with \$138.7 million reported last year. The expenses of the General Government, Public Safety, Public Works, and Education functions experienced decreases attributable to elimination of positions and bargaining unit concessions. The Social Services function also experienced these decreases; however they also experienced program expense increases due to increases in operating grant funding.

Property tax revenues increased \$2.1 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 2010 compared with 2009.

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

Table 3
GOVERNMENTAL ACTIVITIES
(In Thousands)

	<u>Total Cost of Services</u>		<u>Net Cost of Services</u>	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
General government	\$ 9,114	\$ 10,473	\$ 5,680	\$ 7,466
Public safety	18,063	20,326	17,210	19,384
Social services	5,602	4,954	2,937	2,605
Public works	9,449	15,819	7,354	11,554
Education	84,898	85,661	22,698	30,461
All others	<u>1,323</u>	<u>1,444</u>	<u>1,323</u>	<u>1,444</u>
Totals	<u>\$ 128,449</u>	<u>\$ 138,677</u>	<u>\$ 57,202</u>	<u>\$ 72,914</u>

Business-Type Activities

Revenues of the City's business-type activities (see Table 2) decreased by \$7.1 million during the year (\$84.8 million in 2010 compared to \$91.9 million in 2009) and expenses decreased by \$2.6 million. Overall net assets increased \$0.5 million in 2010 compared with an increase of \$5.1 million in 2009. Net assets of the Department of Public Utilities Electric Division decreased \$3.2 million in 2010 compared with an increase of \$1.5 million in 2009 and net assets of the Gas Division increased \$1.6 million compared with an increase of \$3.3 million in 2009. In Electric Division charges for services decreased \$3.3 million while purchase power costs increased \$0.7 million. In the Gas Division, the charges for service revenues decreased \$4.9 million compared with a decrease of \$3.5 million in the cost to purchase natural gas. Both the costs of purchasing electric power and natural gas for the Divisions' customers are subject to market conditions.

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 \$18.7 million, which is an increase of \$6.8 million from last year's total of \$11.9 million. Included in this year's total change in fund balance is an increase of \$0.2 million in the City's General Fund. The primary reasons for the General Fund's increase mirror the general fund activities analysis highlighted in RSI-1 and RSI-2.

The Bond Expenditure Fund reported a fund balance of \$2.8 million at June 30, 2010. The fund balance increased by \$6.1 million during the year. The City issued \$11.4 million in capital projects bonds in December 2009.

The Intermodal Transportation Center Fund reported a fund balance of \$290 thousand at June 30, 2010. The fund balance decreased by \$300 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 \$838 thousand at June 30, 2010. The deficit increased by \$709 thousand during the year as a result of Connecticut School Construction Grant funding five percent retainage on the Kelly Middle School project.

The other governmental funds have a total fund balance of \$6.3 million, increasing \$1.4 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 \$101.2 million, as compared to \$100.4 million in the prior year, and City's other nonmajor enterprise funds net assets decreased \$332 thousand to \$10.7 million from \$11.0 million.

Unrestricted net assets of the Department of Public Utilities was \$23.2 million, and \$243 thousand for the other nonmajor enterprise funds. The Department of Public Utilities had operating revenues of \$82.5 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, 2010 was \$478 thousand.

General Fund Budgetary Highlights

The difference between the original budget and the final amended budget was \$86 thousand. The decrease in the appropriation was to correct the amount of the State of Connecticut Education Cost Sharing grant that was funded by American Recovery and Reinvestment Act State Fiscal Stabilization Funds.

During the year, actual revenues and other financing sources on a budgetary basis were \$101.4 million, which was \$151 thousand less than budgetary estimates. The variance was caused primarily by lower than anticipated intergovernmental revenues (See RSI-1 for additional detail).

Actual expenditures on a budgetary basis and other financing uses totaled \$101.2 million, which were lower than actual revenues and other financing sources on a budgetary basis by \$218 thousand. Actual expenditures on a budgetary basis were \$1.2 million 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 freeze spending.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2010, the City had \$190.0 million invested in a broad range of capital assets, including land, building and system improvements, machinery and equipment, park facilities, roads, sewers and bridges - Table 4. This amount represents a net increase (including additions, deductions and depreciation) of \$14.8 million, or 7.8%, over last year.

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

	<u>Governmental</u>		<u>Business-Type</u>		<u>Total</u>	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Land	\$ 22,411	\$ 23,832	\$ 2,922	\$ 2,733	\$ 25,333	\$ 26,565
Buildings and improvements	17,862	18,220	34,660	32,089	52,522	50,309
Vehicles, machinery, equipment, pumping and distributions systems	6,005	5,859	55,230	56,891	61,235	62,750
Technology upgrade and road infrastructure	18,676	18,642			18,676	18,642
Construction in progress	<u>24,771</u>	<u>8,125</u>	<u>7,497</u>	<u>8,835</u>	<u>32,268</u>	<u>16,960</u>
Totals	<u>\$ 89,725</u>	<u>\$ 74,678</u>	<u>\$ 100,309</u>	<u>\$ 100,548</u>	<u>\$ 190,034</u>	<u>\$ 175,226</u>

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

Kelly Middle School Renovation	\$ 12,644
Road overlays	1,250
Intermodal Transportation Center	974
Brown Park City Pier	959
Dog Pound	582
Street Sweeper/ Vacuum Vehicle	239
Hamilton Ave Field Improvements	<u>102</u>
Total	<u>\$ 16,750</u>

The City's fiscal-year 2010-11 capital budget calls for spending \$2.3 million for road overlays, public works vehicles, school improvements, 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, 2010, the City had total bonds and notes outstanding of \$39.3 million. All of this debt is backed by the full faith and credit of the City. The City's outstanding net debt decreased by \$8.2 million during fiscal 2010.

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

	Governmental		Business-Type		Total	
	Activities	Activities	Activities	Activities	Activities	Activities
	2010	2009	2010	2009	2010	2009
General obligation bonds	\$ 29,293	\$ 21,433	\$ 5,521	\$ 5,291	\$ 34,814	\$ 26,724
Serial notes payable			4,482	4,349	4,482	4,349
Total	<u>\$ 29,293</u>	<u>\$ 21,433</u>	<u>\$ 10,003</u>	<u>\$ 9,640</u>	<u>\$ 39,296</u>	<u>\$ 31,073</u>

In November 2009, Standard & Poor's and Fitch Ratings affirmed their AA- ratings with a stable outlook. In June 2010, Moody's recalibrated its Municipal ratings and awarded Norwich an increase from A1 to AA2.

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 \$416 million. The City's outstanding general obligation debt is significantly below 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 2010, the unemployment rate for the Norwich Labor Market Area was 9.8%, up from 8.8% in the prior year. Connecticut's overall unemployment rate stood at 8.6%, compared with 7.6% 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 2011 General Fund budget calls for \$102.6 million in revenues and expenditures, an approximate 0.2% increase in both over fiscal year 2010. On the revenue side, the fiscal year 2011 budgeted tax levy increased 0.7% and the mill rate increased 0.56 mills from 23.48 to 24.04, a 2.39% increase. The City has not implemented any new programs or services.

In the City's business-type activities, the Norwich Public Utilities projects an 2.79% increase in revenues from fiscal year 2010 from \$92.7 million to \$95.3 million. This increase is largely due to an increase in water and electric rates. Norwich Public Utilities budgeted \$5.1 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, 2010
(In Thousands)

	Governmental Activities	Business-Type Activities	Total
Assets:			
Cash and cash equivalents	\$ 31,787	\$ 17,157	\$ 48,944
Investments	1,908		1,908
Receivables, net	16,066	16,586	32,652
Internal balances	696	(696)	-
Inventories		1,879	1,879
Other assets	452	1,315	1,767
Capital assets:			
Assets not being depreciated	47,182	10,419	57,601
Assets being depreciated, net	42,543	89,890	132,433
Total assets	140,634	136,550	277,184
Liabilities:			
Accounts and other payables	10,582	8,810	19,392
Due to Fiduciary Funds	800		800
Unearned revenue	9,597	649	10,246
Notes payable			
Noncurrent liabilities:			
Due within one year	5,876	2,062	7,938
Due in more than one year	37,528	13,127	50,655
Total liabilities	64,383	24,648	89,031
Net Assets:			
Invested in capital assets, net of related debt	60,432	88,174	148,606
Restricted for trust purposes:			
Expendable	59		59
Permanent	1,346		1,346
Restricted for energy conservation		287	287
Unrestricted	14,414	23,441	37,855
Total Net Assets	\$ 76,251	\$ 111,902	\$ 188,153

The accompanying notes are an integral part of the financial statements

CITY OF NORWICH, CONNECTICUT

BALANCE SHEET - GOVERNMENTAL FUNDS

JUNE 30, 2010
(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	\$ 15,173	\$ 7,830	\$ 8,214	\$	\$ 570	\$ 31,787
Investments	724				1,184	1,908
Receivables, net	5,450		497	5,583	4,387	15,917
Due from other funds	8,947	1,290			5,551	15,788
Other assets					46	46
Total Assets	<u>\$ 30,294</u>	<u>\$ 9,120</u>	<u>\$ 8,711</u>	<u>\$ 5,583</u>	<u>11,738</u>	<u>\$ 65,446</u>
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts and other payables	\$ 4,312	\$ 327	\$ 26	\$ 3,903	1,779	\$ 10,347
Due to other funds	11,366	5,647	181	2,518	184	19,896
Deferred revenue	4,514	328	8,214		3,443	16,499
Total liabilities	<u>20,192</u>	<u>6,302</u>	<u>8,421</u>	<u>6,421</u>	<u>5,406</u>	<u>46,742</u>
Fund balances:						
Reserved	268				1,776	2,044
Unreserved, reported in:						
General Fund	9,834					9,834
Special Revenue Funds					2,915	2,915
Capital Project Funds		2,818	290	(838)	1,641	3,911
Total fund balances	<u>10,102</u>	<u>2,818</u>	<u>290</u>	<u>(838)</u>	<u>6,332</u>	<u>18,704</u>
Total Liabilities and Fund Balances	<u>\$ 30,294</u>	<u>\$ 9,120</u>	<u>\$ 8,711</u>	<u>\$ 5,583</u>	<u>11,738</u>	<u>\$ 65,446</u>

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CITY OF NORWICH, CONNECTICUT

BALANCE SHEET - GOVERNMENTAL FUNDS (CONTINUED)

JUNE 30, 2010
(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	\$	18,704
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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	\$	140,134	
Less accumulated depreciation		<u>(50,409)</u>	
Net capital assets			89,725

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	2,942
Interest receivable on property taxes	1,082
Housing rehabilitation loans	1,963
Receivable from the state for school construction projects	402
Accounts and other receivables	513
Net pension asset	406

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.

(852)

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	(29,586)
Deferred charges on refunding	387
Unamortized bond premium	(94)
Interest payable on bonds and notes	(153)
Compensated absences	(3,324)
Landfill closure	(1,788)
Capital lease	(42)
Net pension obligation	(116)
Net OPEB obligation	<u>(3,918)</u>

Net Assets of Governmental Activities (Exhibit I)

\$ 76,251

The accompanying notes are an integral part of the financial statements

CITY OF NORWICH, CONNECTICUT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS

FOR THE YEAR ENDED JUNE 30, 2010

(In Thousands)

	General	Bond Expenditure	Intermodal Transportation Center	School Projects	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:						
Property taxes, interest and liens	\$ 55,495	\$	\$	\$	\$ 3,719	\$ 59,214
Intergovernmental revenues	37,742	25	674	9,763	21,733	69,937
Charges for services	2,343				2,759	5,102
Licenses, permits and fees	512					512
Investment income	193				128	321
Other	1,360	55			324	1,739
Total revenues	<u>97,645</u>	<u>80</u>	<u>674</u>	<u>9,763</u>	<u>28,663</u>	<u>136,825</u>
Expenditures:						
Current:						
General government	5,243				1,223	6,466
Public safety	11,785				6,047	17,832
Social services	2,079				2,182	4,261
Public works	8,990				431	9,421
Education	66,152				17,741	83,893
Other	3,461					3,461
Capital outlay		2,371	974	12,646	2,283	18,274
Debt service	4,243					4,243
Total expenditures	<u>101,953</u>	<u>2,371</u>	<u>974</u>	<u>12,646</u>	<u>29,907</u>	<u>147,851</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(4,308)</u>	<u>(2,291)</u>	<u>(300)</u>	<u>(2,883)</u>	<u>(1,244)</u>	<u>(11,026)</u>
Other Financing Sources (Uses):						
Transfers in	6,976	75		2,174	3,179	12,404
Transfers out	(2,535)	(2,174)			(493)	(5,202)
Bond premium	125					125
Proceeds from sale of refunding bonds	4,240					4,240
Payment to refunded escrow agent	(4,295)					(4,295)
Issuance of bonds		10,545				10,545
Total other financing sources	<u>4,511</u>	<u>8,446</u>	<u>-</u>	<u>2,174</u>	<u>2,686</u>	<u>17,817</u>
Net Change in Fund Balances	203	6,155	(300)	(709)	1,442	6,791
Fund Balances at Beginning of Year	9,899	(3,337)	590	(129)	4,890	11,913
Fund Balances at End of Year	<u>\$ 10,102</u>	<u>\$ 2,818</u>	<u>\$ 290</u>	<u>\$ (838)</u>	<u>\$ 6,332</u>	<u>\$ 18,704</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, 2010
(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)	\$ 6,791
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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	20,226
Depreciation expense	(3,457)

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.

	(1,722)
--	---------

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	295
Property tax interest and lien revenue - accrual basis change	445
School building grant receipts	(105)
Housing loan repayments	(266)
Accounts and other receivables - accrual basis change	(589)
Net pension asset	374

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 issuance	(14,780)
Bond principal payments	7,130
Amortization of deferred charge on refunding	(116)
Amortization of premiums	(94)
Capital lease payments	38

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	35
Accrued interest	40
Net pension expense	(4)
Net OPEB expense	(1,952)
Landfill postclosure care	32

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.

3,326

Change in Net Assets of Governmental Activities (Exhibit II)	\$ <u>15,647</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, 2010

(In Thousands)

	Business-Type Activities			Governmental
	Department of Public Utilities	Nonmajor Enterprise Funds	Total	Internal Service Funds
Assets:				
Current assets:				
Cash and cash equivalents	\$ 17,019	\$ 138	\$ 17,157	\$
Receivables, net:				
User charges	13,348	125	13,473	
Assessments receivable	2,481		2,481	
Intergovernmental				
Other	632		632	149
Due from other funds		609	609	4,004
Inventories	1,808	71	1,879	
Other assets	1,315		1,315	
Total current assets	36,603	943	37,546	4,153
Capital assets, net	89,628	10,681	100,309	
Total assets	126,231	11,624	137,855	4,153
Liabilities:				
Current liabilities:				
Accounts payable and accrued liabilities	7,775	104	7,879	82
Due to other funds	900	405	1,305	
Unearned revenue	458	191	649	
Due to CMEEC	111		111	
Notes payable - current	653		653	
Bonds payable - current	629		629	
Capital leases payable - current	304		304	
Compensated absences - current	266		266	
Risk management claims - current	99		99	1,575
Total current liabilities	11,195	700	11,895	1,657
Noncurrent liabilities:				
Customer deposits	931		931	
Notes payable	3,829		3,829	
Bonds payable	4,627	265	4,892	
Capital leases payable	1,717		1,717	
Compensated absences	2,392		2,392	
Risk management claims	297		297	3,348
Total noncurrent liabilities	13,793	265	14,058	3,348
Total liabilities	24,988	965	25,953	5,005
Net Assets:				
Invested in capital assets, net of related debt	77,758	10,416	88,174	
Restricted for energy conservation	287		287	
Unrestricted	23,198	243	23,441	(852)
Total Net Assets	\$ 101,243	\$ 10,659	\$ 111,902	\$ (852)

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, 2010

(In Thousands)

	Business-Type Activities			Governmental
	Department of Public Utilities	Nonmajor Enterprise Funds	Total	Internal Service Funds
Operating Revenues:				
Charges for services	\$ 78,666	\$ 2,081	\$ 80,747	\$ 17,022
Use of property	2,969		2,969	
Other services	873		873	
Total operating revenues	<u>82,508</u>	<u>2,081</u>	<u>84,589</u>	<u>17,022</u>
Operating Expenses:				
Purchased gas and electric	41,544		41,544	
General and administrative	12,832		12,832	
Depreciation	5,560	386	5,946	
Operations and maintenance	9,295	2,027	11,322	
Customer accounts	1,638		1,638	
Bad debt expense	1,614		1,614	
Gross revenue and property taxes	1,603		1,603	
Claims				12,218
Premiums and administrative charges				1,478
Total operating expenses	<u>74,086</u>	<u>2,413</u>	<u>76,499</u>	<u>13,696</u>
Operating Income (Loss)	<u>8,422</u>	<u>(332)</u>	<u>8,090</u>	<u>3,326</u>
Nonoperating Income (Expenses):				
Interest income	20		20	
Interest expense	(291)		(291)	
Loss on disposal of capital assets	(339)		(339)	
Total nonoperating loss	<u>(610)</u>	<u>-</u>	<u>(610)</u>	<u>-</u>
Income (Loss) Before Contributions and Transfers	7,812	(332)	7,480	3,326
Capital Contributions	200		200	
Transfers Out	<u>(7,202)</u>		<u>(7,202)</u>	
Change in Net Assets	810	(332)	478	3,326
Total Net Assets at Beginning of Year	<u>100,433</u>	<u>10,991</u>	<u>111,424</u>	<u>(4,178)</u>
Total Net Assets at End of Year	<u>\$ 101,243</u>	<u>\$ 10,659</u>	<u>\$ 111,902</u>	<u>\$ (852)</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, 2010

(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	\$ 82,259	\$ 2,074	\$ 84,333	\$
Cash paid to vendors	(55,564)	(992)	(56,556)	
Cash paid to employees for services	(12,314)	(1,049)	(13,363)	
Net cash provided by operating activities	<u>14,381</u>	<u>33</u>	<u>14,414</u>	<u>-</u>
Cash Flows from Noncapital and Related Financing Activities:				
Transfers to other funds	(7,202)		(7,202)	
Customer deposits	130		130	
Advances from other funds	742	63	805	
Net cash provided by (used in) noncapital and related financing activities	<u>(6,330)</u>	<u>63</u>	<u>(6,267)</u>	<u>-</u>
Cash Flows from Capital and Related Financing Activities:				
Cash advance to CMEEC and other funds	(345)		(345)	
Capital contributions	200		200	
Purchase of capital assets	(5,798)	(248)	(6,046)	
Proceeds from long-term debt	1,213	265	1,478	
Principal payment on bonds and notes	(1,115)		(1,115)	
Principal payment on capital leases	(668)		(668)	
Interest payment on debt	(291)		(291)	
Net cash provided by (used in) capital and related financing activities	<u>(6,804)</u>	<u>17</u>	<u>(6,787)</u>	<u>-</u>
Cash Flows from Investing Activities:				
Income on investments	20		20	
Net Increase in Cash and Cash Equivalents	1,267	113	1,380	-
Cash and Cash Equivalents at Beginning of Year	15,752	25	15,777	-
Cash and Cash Equivalents at End of Year	<u>\$ 17,019</u>	<u>\$ 138</u>	<u>\$ 17,157</u>	<u>\$ -</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities:				
Operating income (loss)	\$ 8,422	\$ (332)	\$ 8,090	\$ 3,326
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation expense	5,560	386	5,946	
Provision for uncollectible accounts	1,614		1,614	
(Increase) decrease in receivables	(2,116)	(5)	(2,121)	99
Increase in inventories and other assets	(327)	(1)	(328)	
Increase in due from other funds		(1)	(1)	(1,888)
Increase (decrease) in unearned revenues	458	(2)	456	
Increase (decrease) in accounts payable and accrued liabilities	770	(12)	758	(1,537)
Total adjustments	<u>5,959</u>	<u>365</u>	<u>6,324</u>	<u>(3,326)</u>
Net Cash Provided by Operating Activities	<u>\$ 14,381</u>	<u>\$ 33</u>	<u>\$ 14,414</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, 2010
(In Thousands)

	<u>Pension Trust Funds</u>	<u>Other Post Employment Benefit Trust Fund</u>	<u>Agency Funds</u>
Assets:			
Cash and cash equivalents	\$ 111	\$ 2,500	\$ 341
Investments:			
Mutual funds	124,273		
Other receivables	2		20
Due from other funds	<u>565</u>	<u>311</u>	
 Total assets	 <u>124,951</u>	 <u>2,811</u>	 <u>\$ 361</u>
 Liabilities:			
Accounts and other payables	7	17	\$
Due to other funds	76		
Due to student groups and agencies			<u>361</u>
 Total liabilities	 <u>83</u>	 <u>17</u>	 <u>\$ 361</u>
 Net Assets:			
Held in Trust for Pension and Other Benefits	\$ <u>124,868</u>	\$ <u>2,794</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, 2010

(In Thousands)

	<u>Pension Trust Funds</u>	<u>Other Post Employment Benefit Trust Fund</u>
Additions:		
Contributions:		
Employer	\$ 3,021	\$ 3,395
Plan members	2,648	1,410
Total contributions	<u>5,669</u>	<u>4,805</u>
Investment income:		
Net appreciation in fair value of investments	13,027	
Interest and dividends	40	
Total investment income	<u>13,067</u>	
Less investment expense	<u>(756)</u>	
Net investment income	<u>12,311</u>	
Total additions	<u>17,980</u>	<u>4,805</u>
Deductions:		
Benefits	11,057	4,585
Administration	34	20
Lump sum distributions and withdrawals	90	
Total deductions	<u>11,181</u>	<u>4,605</u>
Net Increase	6,799	200
Net Assets Held in Trust for Pension Benefits at Beginning of Year	<u>118,069</u>	<u>2,594</u>
Net Assets Held in Trust for Pension Benefits at End of Year	<u>\$ 124,868</u>	<u>\$ 2,794</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.

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 \$796 has been established as an allowance for uncollected taxes. At June 30, 2010, this represents 19.6% 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 two separate categories. The two categories, and their general meanings, are as follows:

Reserved fund balance indicates that portion of fund equity which is not available for appropriation or which has been legally segregated for specific purposes.

Unreserved fund balance indicates that portion of fund equity which is available for appropriation and expenditure in future periods.

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 and Refuse 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. Net appropriation reductions of \$86 were made during the year.

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, 2010 as follows:

School Projects Fund	\$	838*
Nonmajor Governmental Funds:		
Parking Commission		49**
Property Rehabilitation		37***
Internal Service Funds:		
Workers' Compensation		2,868**

* Deficit will be reduced by future transfers from the Bond Expenditure Fund and state school construction grant receipts.

** 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.

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*, \$44,363 of the City’s bank balance of \$52,585 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 38,658
Uninsured and collateral held by the pledging bank’s trust department, not in the City’s name	<u>5,705</u>
Total Amount Subject to Custodial Credit Risk	<u>\$ 44,363</u>

Cash Equivalents

At June 30, 2010 the City’s cash equivalents amounted to \$8,223. 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 and Poor’s</u>
StateTax Exempt Proceeds Fund*	
State Short-Term Investment Fund (STIF)	AAA/m

*Not rated

Investments

As of June 30, 2010, the City had the following investments:

Investment Type	Credit Rating	Fair Value	Investment Maturities (Years)		
			Less Than 1	1 – 10	More Than 10
Interest-bearing investments:					
Certificates of deposit*	N/A	\$ 724	\$	724	\$
Federal agency securities	AAA	359		359	
Corporate Bonds	AA to A+	102		102	
Total		1,185	\$ -	\$ 1,185	\$ -
Other Investments:					
Common stock		723			
Mutual funds		124,273			
Total Investments		\$ 126,181			

*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	\$ 4,070				\$ 312	\$ 4,382
Accrued interest on taxes	1,352					1,352
Intergovernmental	579	497	5,583		1,224	7,883
User charges	515			14,600		15,115
Assessments				2,481		2,481
Housing and rehabilitation loans					2,686	2,686
Accounts and other				632	730	1,362
Gross receivables	<u>6,516</u>	<u>497</u>	<u>5,583</u>	<u>17,713</u>	<u>4,952</u>	<u>35,261</u>
Less allowance for uncollectibles:						
Taxes	(796)				(68)	(864)
Accrued interest on taxes	(270)					(270)
User charges				(1,252)		(1,252)
Accounts					(201)	(201)
Total allowance	<u>(1,066)</u>	<u>-</u>	<u>-</u>	<u>(1,252)</u>	<u>(269)</u>	<u>(2,587)</u>
Net Total Receivables	<u>\$ 5,450</u>	<u>\$ 497</u>	<u>\$ 5,583</u>	<u>\$ 16,461</u>	<u>\$ 4,683</u>	<u>\$ 32,674</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	\$ 2,742	\$	\$ 2,742
Accrued interest on property taxes	1,082		1,082
School building construction grant receivables	402		402
Other deferred revenues		288	288
Bond Expenditure Fund:			
Other receivable	328		328
Intermodal Transportation Center Fund:			
Grant drawdowns prior to meeting all eligibility requirements		8,214	8,214
Nonmajor funds:			
Taxes and accrued interest on delinquent property taxes	200		200
Housing loans and interest	1,963		1,963
Lead abatement - unamortized loans		723	723
Grant drawdowns prior to meeting all eligibility requirements		364	364
Other receivables and deferred revenues	185	8	193
	<u>185</u>	<u>8</u>	<u>193</u>
Total Deferred/Unearned Revenue for Governmental Funds			
	\$ <u>6,902</u>	\$ <u>9,597</u>	\$ <u>16,499</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, 2010 is presented below.

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Bond Expenditure Fund	\$ 5,583
	Intermodal Transportation Center	181
	School Projects	2,518
	Pension Trust	76
	Nonmajor Governmental	184
	Nonmajor Enterprise	405
Bond Expenditure Fund	Department of Public Utilities	1,290
Department of Public Utilities	General Fund	390
Nonmajor Governmental	General Fund	5,551
Nonmajor Enterprise	General Fund	609
Internal Service Funds	General Fund	4,004
Pension Trust	General Fund	565
Other Post Employment Benefit Trust	General Fund	<u>311</u>
Subtotal		21,667
Interfund balances eliminated in DPUC		<u>(390)</u>
Total		<u>\$ 21,277</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			2174		2,174
Department of Public Utilities	6,558			644	7,202
Nonmajor Governmental	<u>418</u>	<u>75</u>			<u>493</u>
Total Transfers Out	<u>\$ 6,976</u>	<u>\$ 75</u>	<u>\$ 2,174</u>	<u>\$ 3,179</u>	<u>\$ 12,404</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 and Refuse Fund.

6. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2010 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 23,832	\$ 11	\$ (1,432)	\$ 22,411
Construction in progress	8,125	16,801	(155)	24,771
Total capital assets not being depreciated	<u>31,957</u>	<u>16,812</u>	<u>(1,587)</u>	<u>47,182</u>
Capital assets being depreciated:				
Buildings and improvements	40,250	884	(90)	41,044
Vehicles, machinery and equipment	16,931	1,188	(1,065)	17,054
Technology upgrade and infrastructure	33,530	1,342	(18)	34,854
Total capital assets being depreciated	<u>90,711</u>	<u>3,414</u>	<u>(1,173)</u>	<u>92,952</u>
Less accumulated depreciation for:				
Buildings and improvements	(22,030)	(1,182)	30	(23,182)
Vehicles, machinery and equipment	(11,072)	(971)	994	(11,049)
Technology upgrade and infrastructure	(14,888)	(1,304)	14	(16,178)
Total accumulated depreciation	<u>(47,990)</u>	<u>(3,457)</u>	<u>1,038</u>	<u>(50,409)</u>
Total capital assets being depreciated, net	<u>42,721</u>	<u>(43)</u>	<u>(135)</u>	<u>42,543</u>
Governmental Activities Capital Assets, Net	<u>\$ 74,678</u>	<u>\$ 16,769</u>	<u>\$ (1,722)</u>	<u>\$ 89,725</u>
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 2,733	\$ 189	\$	\$ 2,922
Construction in progress	8,835	5,567	(6,905)	7,497
Total capital assets not being depreciated	<u>11,568</u>	<u>5,756</u>	<u>(6,905)</u>	<u>10,419</u>
Capital assets being depreciated:				
Structures and improvements	66,409	4,562	(20)	70,951
Machinery, equipment, pumping and distribution systems	138,027	2,316	(1,235)	139,108
Total capital assets being depreciated	<u>204,436</u>	<u>6,878</u>	<u>(1,255)</u>	<u>210,059</u>
Less accumulated depreciation for:				
Structures and improvements	(34,320)	(2,398)	427	(36,291)
Machinery, equipment, pumping and distribution systems	(81,136)	(3,548)	806	(83,878)
Total accumulated depreciation	<u>(115,456)</u>	<u>(5,946)</u>	<u>1,233</u>	<u>(120,169)</u>
Total capital assets being depreciated, net	<u>88,980</u>	<u>932</u>	<u>(22)</u>	<u>89,890</u>
Business-Type Activities Capital Assets, Net	<u>\$ 100,548</u>	<u>\$ 6,688</u>	<u>\$ (6,927)</u>	<u>\$ 100,309</u>

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

Governmental activities:	
General government	\$ 156
Public safety	666
Social services	56
Public works	1,445
Education	<u>1,134</u>
 Total Depreciation Expense - Governmental Activities	 \$ <u><u>3,457</u></u>
 Business-type activities:	
Department of Public Utilities	\$ 5,560
Golf Course Authority	45
Stadium Authority	178
Ice Rink Authority	<u>163</u>
 Total Depreciation Expense - Business-Type Activities	 \$ <u><u>5,946</u></u>

Construction Commitments

The City has active construction projects as of June 30, 2010. 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, 2010
Kelly Middle School Renovation	\$ 40,250	\$ 12,548	\$ 15,873	\$	\$ 24,377
Intermodal Transportation Center	14,058	974	5,832		8,226
Road Improvements - 2007 bonds	5,000	538	5,000		-
New London Turnpike/Pleasant Bridge	530	22	293		237
Dodd Stadium Capital Improvements	610	9	581		29
Dog Pound	710	582	645		65
Fire Department Equipment and Improvements	795	732	777		18
Flyers Drive Sewer Line Extension	1,800	1,312	1,448		352
Brown Park City Pier	1,975	1,007	1,953		22
Newton Street Area Sewer Line Extension	2,200	83	98		2,102
Road Improvements - 2010 bonds	<u>5,000</u>	<u>308</u>	<u>308</u>		<u>4,692</u>
 Total	 \$ <u><u>72,928</u></u>	 \$ <u><u>18,115</u></u>	 \$ <u><u>32,808</u></u>	 \$ <u><u>-</u></u>	 \$ <u><u>40,120</u></u>

7. LONG-TERM DEBT

Changes in Long-Term Liabilities

Long-term liability activity for the year ended June 30, 2010 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	\$ 21,936	\$ 14,780	\$ 7,130	\$ 29,586	\$ 2,846
Add unamortized premiums		125	31	94	
Less deferred amounts on refunding	(503)	(70)	(186)	(387)	
Total bonds payable	<u>21,433</u>	<u>14,835</u>	<u>6,975</u>	<u>29,293</u>	<u>2,846</u>
Compensated absences	3,359	1,374	1,409	3,324	1,388
Landfill closure	1,820		32	1,788	25
Capital leases	80		38	42	42
Net pension obligation	112	254	250	116	
Net OPEB obligation	1,966	5,347	3,395	3,918	
Risk management claims	6,434	10,707	12,218	4,923	1,575
				<u>4,923</u>	<u>1,575</u>
Governmental Activities Long-Term Liabilities	<u>\$ 35,204</u>	<u>\$ 32,517</u>	<u>\$ 24,317</u>	<u>\$ 43,404</u>	<u>\$ 5,876</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	\$ 5,301	\$ 865	\$ 637	\$ 5,529	\$ 629
Less deferred amounts on refunding	(10)		(2)	(8)	
State of Connecticut - serial note	4,349	613	480	4,482	653
Total bonds and notes payable	<u>9,640</u>	<u>1,478</u>	<u>1,115</u>	<u>10,003</u>	<u>1,282</u>
CMEEC loan	456		345	111	111
Compensated absences	2,642	280	264	2,658	266
Capital leases	2,688		667	2,021	304
Workers' compensation	289	179	72	396	99
				<u>396</u>	<u>99</u>
Business-Type Activities Long-Term Liabilities	<u>\$ 15,715</u>	<u>\$ 1,937</u>	<u>\$ 2,463</u>	<u>\$ 15,189</u>	<u>\$ 2,062</u>

A schedule of bonds outstanding at June 30, 2010 is presented below:

Description	Date of Issue	Date of Maturity	Interest Rate (%)	Amount of Original Issue	Balance Outstanding June 30, 2010
Governmental Activities					
General purpose bonds payable:					
General purpose - Wauregan Hotel	4/1/2001	4/1/2017	5.50-6.75	\$ 400	\$ 175
General purpose	4/15/2002	4/15/2022	4.0-5.0	3,345	1,630
General purpose	4/15/2004	4/15/2015	2.00-3.55	1,175	200
Refunding - (11/15/1997 and 11/01/1999) bonds	4/15/2004	4/15/2019	2.0-4.0	2,195	1,475
General purpose and water main	3/15/2005	9/15/2015	3.0-5.0	2,810	1,686
Refunding - (02/01/1996 and 04/01/2001) bonds	3/15/2005	9/15/2019	3.0-4.0	8,570	6,945
Schools	12/30/2008	12/30/2020	-	2,940	2,695
General purpose - refunding	12/2/2009	4/1/2014	2.0-3.0	4,235	4,235
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					\$ 29,586
Business-Type Activities					
General purpose bonds payable:					
Sewers	4/15/2002	4/15/2022	4.0-5.0	\$ 2,675	\$ 1,585
Sewers	4/15/2004	4/15/2015	2.00-3.55	1,945	970
Refunding - (11/15/1997 and 11/01/1999) Sewers	4/15/2004	4/15/2019	2.0-4.0	2,325	1,455
Refunding - (02/01/1996) Stony Brook Reservoir	3/15/2005	9/15/2015	3.0-4.0	368	240
Sewers	3/15/2005	9/15/2015	3.0-5.0	710	414
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	1,220
Clean Water Act 298-C	6/30/2000	6/30/2019	2.00	1,508	680
Clean Water Act 349-C	12/31/2002	12/31/2021	2.00	881	543
Clean Water Act 9714-C	12/31/2002	12/31/2021	2.77	1,899	1,202
Clean Water Act 200801-C	7/1/2009	7/1/2029	2.27	450	426
Drinking Water State Revolving Fund 2010-8005	12/2/2009	12/1/2029	2.06	129	129
Drinking Water State Revolving Fund 2010-8006	12/2/2009	12/1/2029	2.06	34	34
Economic Development	7/1/1995	7/1/2012	6.00	1,000	248
Total					\$ 10,011

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>
2011	\$ 2,846	\$ 977	\$ 3,823
2012	3,289	889	4,178
2013	3,265	774	4,039
2014	3,221	659	3,880
2015	2,188	543	2,731
2016-2020	8,610	1,812	10,422
2021-2025	3,327	855	4,182
2026-2030	2,840	283	3,123
Total	\$ 29,586	\$ 6,792	\$ 36,378

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, 2010 was \$105. Additional principal payments aggregating \$402 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>
2011	\$ 1,282	\$ 326	\$ 1,608
2012	1,177	277	1,454
2013	1,188	239	1,427
2014	1,104	199	1,303
2015	1,108	164	1,272
2016-2020	3,079	430	3,509
2021-2025	825	92	917
2026-2030	248	21	269
Total	<u>\$ 10,011</u>	<u>\$ 1,748</u>	<u>\$ 11,759</u>

Capital Leases

Governmental Activities

The City of Norwich Board of Education entered into a multi-year capital lease for the purchase of computer equipment. Principal payments for 2009-2010 were \$38. The net undepreciated value of assets purchased by capital lease approximates the principal balances payable of \$42 at June 30, 2010. The following is a summary of capital lease commitments as of June 30, 2010.

<u>Year Ending June 30,</u>	<u>Governmental Funds</u>
2011	46
Less interest	<u>(4)</u>
Principal Balance	<u>\$ 42</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 2009-2010 were \$667. The net undepreciated value of assets purchased by capital lease approximates the principal balances payable of \$2,021 at June 30, 2010. The following is a summary of capital lease commitments as of June 30, 2010.

<u>Year Ending June 30,</u>	<u>Enterprise Funds</u>
2011	\$ 384
2012	346
2013	326
2014	315
2015	282
2016-2018	<u>682</u>
Total payments	2,335
Less interest	<u>(314)</u>
Principal Balance	<u>\$ 2,021</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	\$ 1,109
Vacation	626
Other	262
Nonvested:	
Sick	1,286 *
Other	<u>41 *</u>
Total	<u>\$ 3,324</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 \$1,788 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, 2010. 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 are as follows:

Description	Authorized	Bonded	Grants	Authorized Unissued
Kelly Middle School Renovation*	\$ 40,250	\$ 4,940	\$ 29,444	\$ 5,866
Sewer Line Extensions	1,800	600		1,200
Building Demolition	700	520		180
Dodd Stadium	610	500		110
Total	<u>\$ 43,360</u>	<u>\$ 6,560</u>	<u>\$ 29,444</u>	<u>\$ 7,356</u>

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

Defeasance of Debt

On December 16, 2009, the City issued \$4.24 million in General Obligation Refunding Bonds for governmental activities debt with an average interest rate of 2.26% to advance refund \$4.24 million in 2001 bonds with an average interest rate of 4.31%. The net proceeds of \$4.29 million (after payment of \$65 in underwriting fees, insurance, and other issuance costs) were used to purchase a portfolio of noncallable direct obligations of, or obligations guaranteed by, the United States of America. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the refunded bonds. As a result, the refunded bonds are considered defeased and have been removed from the City's financial statements. The City advance funded the 2001 Series bonds to reduce its total debt service payments over the next 4 years by \$310 and to obtain an economic gain (difference between the present values of the debt service payments on the old and the new debt) of \$292.

Bond Anticipation Notes

The following is a schedule of changes in bond anticipation notes for the year ended June 30, 2010:

Date Issued	Maturity Date	Interest Rate (%)	Balance July 1, 2009	Issued	Retired	Balance June 30, 2010
12/04/08	12/16/09	2.50	\$ 8,045	\$ -	\$ 8,045	\$ -

Debt Limitations

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

Category	Debt Limit	Net Indebtedness	Balance
General purpose	\$ 133,718	\$ 25,728	\$ 107,990
Schools	267,435	16,150	251,285
Sewers	222,863	10,642	212,221
Urban renewal	193,148		193,148
Pension deficit	178,290		178,290

The total of the City's net statutory indebtedness of \$52.5 million does not exceed the legal debt limitation of \$416 million (seven times the base for debt limitation computation).

8. FUND EQUITY

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

A. Fund Balance

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

Reserved for Encumbrances and Commitments - represents outstanding purchase orders at year end on contracts which the City intends to honor.

Reserved for Trusts - represents the amount of funds accumulated in other governmental funds to pay for specific endowment activities.

Fund balance reserves are as follows:

	<u>General</u>	<u>Nonmajor And Other Funds</u>	<u>Total</u>
Encumbrances and commitments	\$ 268	\$ 325	\$ 593
Inventories		46	46
Trusts		<u>129,067</u>	<u>129,067</u>
 Total	 <u>\$ 268</u>	 <u>\$ 129,438</u>	 <u>\$ 129,706</u>

B. Fund Balance - Designations

General Fund - the City follows a policy whereby a portion of audited unreserved fund balance may be used for balancing the budget during the next fiscal year. There have been no such designations made to balance the General Fund budget for the 2010-2011 fiscal year.

C. 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, 2010 on behalf of the Department were \$111. 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 2010 for hospitalization with a maximum aggregate for all claims of approximately \$13,890.

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:				
2008-2009	1,104	12,798	12,592	1,310
2009-2010	1,310	11,566	11,706	1,170
Workers’ Compensation:				
2008-2009	4,409	6,269	3,264	5,124
2009-2010	5,124	652	2,023	3,753

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 \$99 for estimated unpaid accrued losses on reported claims as of June 30, 2010.

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.

At January 1, 2009, the plan members consisted of:

Retirees and beneficiaries currently receiving benefits	454
Terminated employees not yet receiving benefits	24
Active plan members	<u>574</u>
 Total	 <u><u>1,052</u></u>

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

Basis of Accounting: PERS financial statements are prepared using the accrual basis of accounting. Employee and employer contributions are recognized when due, pursuant to plan provisions and contractual requirements. Benefit payments and refunds are payable when due and payable in accordance with the terms of the plan.

Plan Changes and Changes in Actuarial Assumptions: The benefit formula for City and Public Works employees increased to 2.2% of average annual pay from 2.1% with a maximum now 74.8% up from 73.5%. Normal retirement qualification for these employees is now age 55 with 25 years of service or age 60 with 5 years or 34 total years of service. Salary increases are based on a graded table rather than a flat 3.5% increase and rates of retirement have replaced the age and service requirements.

Method Used to Value Investments: Investments are recorded at fair value. The funds are managed by Wilmington Trust Company and the Russell Investment Group. The City invests in mutual funds.

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. 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, 2010 were as follows:

Annual required contribution	\$ 2,397
Interest on net pension obligation	(3)
Adjustment to annual required contribution	<u>3</u>
Annual pension cost	2,397
Contributions made	<u>2,771</u>
Increase in net pension asset	(374)
Net pension asset, beginning of year	<u>(32)</u>
Net Pension Asset, End of Year	<u><u>\$ (406)</u></u>

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

Actuarial valuation date	January 1, 2009
Actuarial cost method	Entry Age Normal
Amortization method	Level Dollar, open
Remaining amortization period	30 years
Asset valuation method	Actuarial Value
Actuarial assumptions:	
Investment rate of return*	8.25%
Projected salary increases*	See graded table below:

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

Contribution rates:	
City	Determined by valuation
Plan member	General City 8%; Police 8%; Fire 8%; BOE 7%

Turnover assumption:	Age 20: 5% males, 7.5% females;
	Age 30: 3.75% males, 5% females;
	Age 35: 2.75% males, 3.75% females;
	Age 40: 1.5% males, 2.5% females;
	Age 45: .75% males, 1.25% females;
	Age 50: None

Mortality table:	Actives: 1994 Uninsured Pensioners Mortality Table Projected to 2019
	Police and Fire Disabled: RP2000 Healthy Annuitant Mortality Table projected to 2019
	General Retirees: RP2000 Healthy Annuitant Mortality Table projected to 2019
	Term Vested: RP2000 Healthy Annuitant Mortality Table projected to 2019

Retirement age: Age 55 with 25 years of service; age 60 with 5 years service, or 34 years of service.

Death benefits: Liabilities for police and fire employees are included in recognition of in-service death benefits

Disability assumptions: Age 20: .029% males, .03% females
Age 30: .048% males, .08% females
Age 40: .12% males, .21% females
Age 50: .36% males, .53% females

Expenses: Estimate based on the prior year's actual expenses

*Inflation rate included 2%

E. Trend Information

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation (Asset)	Actual Contribution
6/30/08	\$ 2,920	106%	\$ 148	\$ 3,098
6/30/09	3,037	106%	(32)	3,216
6/30/10	2,397	116%	(406)	2,771

F. Pension Plan Required Supplemental Information

Schedule of Employer Contributions

Fiscal Year Ended	Annual Required Contribution	Percentage Contributed
2005	\$ 1,214	119%
2006	1,862	108
2007	2,662	106
2008	2,921	106
2009	3,037	106
2010	2,397	116

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial 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)
1-1-09	\$ 153,090	\$ 175,726	\$ 22,636	87.1%	\$ 33,280	68.0%
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
1-1-05	129,290	148,850	19,560	86.9	23,691	82.6
1-1-04	131,244	140,498	9,254	93.4	23,426	39.5

City of Norwich Volunteer Firefighters' Relief Plan

A. Plan Description

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

The City provides benefits to Volunteer Firefighters who are at least 55 years old and have at least 20 years of credited service. Credited service is defined as a member who has responded to at least 20% of all emergency calls and 20% of all training sessions and drills. Retirees from the plan receive a monthly benefit of \$15 multiplied by the years of credited service (to a maximum of 35 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 \$180 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 expenditures when the liability is incurred.

Plan Changes and Changes in Actuarial Assumptions: The mortality table changed from the UP94 Mortality projected in 2010 to the RP combined Mortality Table fully generational.

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 \$180 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, 2010 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>112</u>
Net Pension Obligation, End of Year	<u><u>\$ 116</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>
6/30/08	\$ 213	100%	\$ 115	\$ 213
6/30/09	247	101	112	250
6/30/10	254	98	116	250

F. Pension Plan Required Supplemental Information

<u>Schedule of Employer Contributions</u>		
<u>Year Ended</u>	<u>Annual Required Contribution</u>	<u>Percentage Contributed</u>
2010	\$ 255	98%
2009	247	101
2008	213	100
2007	213	75
2006	151	79
2005	151	79

Schedule of Funding Progress*

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (b-a)	Funded Ratio (a/b)
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, 2010 and the changes in net assets for the year then ended.

	Combining Schedule of Plan Net Assets		
	City Employees	Volunteer Fire	Total
Assets:			
Cash and cash equivalents	\$ 43	\$ 68	\$ 111
Investments:			
Mutual funds	123,004	1,269	124,273
Other receivable	2		2
Due from other funds	565		565
Total assets	123,614	1,337	124,951
Liabilities:			
Accounts and other payables	1	6	7
Due to other funds		76	76
Total liabilities	1	82	83
Net Assets:			
Held in Trust for Pension Benefits	\$ <u>123,613</u>	\$ <u>1,255</u>	\$ <u>124,868</u>

	Combining Schedule of Changes in Plan Net Assets		
	City	Volunteer	
	Employees	Fire	Total
Additions:			
Contributions:			
Employer	\$ 2,771	\$ 250	\$ 3,021
Plan members	2,636	12	2,648
Total contributions	<u>5,407</u>	<u>262</u>	<u>5,669</u>
Investment income:			
Net appreciation in fair value of investments	12,913	114	13,027
Interest and dividends	4	36	40
Total	<u>12,917</u>	<u>150</u>	<u>13,067</u>
Less investment expense	(750)	(6)	(756)
Net investment income	<u>12,167</u>	<u>144</u>	<u>12,311</u>
Total additions	<u>17,574</u>	<u>406</u>	<u>17,980</u>
Deductions:			
Benefits	10,835	222	11,057
Administrative expense	28	6	34
Lump-sum distributions and withdrawals	85	5	90
Total deductions	<u>10,948</u>	<u>233</u>	<u>11,181</u>
Net increase	6,626	173	6,799
Net assets held in trust for pension benefits, beginning of year	<u>116,987</u>	<u>1,082</u>	<u>118,069</u>
Net Assets Held in Trust for Pension Benefits, End of Year	<u>\$ 123,613</u>	<u>\$ 1,255</u>	<u>\$ 124,868</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 \$19,799 or 70.5% of the total Board of Education payroll of \$28,089.

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, 2010, the City has recorded in the General Fund (Exhibit IV), intergovernmental revenue and education expenditures in the amount of \$3,063 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

A. 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.

B. Plan Description

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.

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, 2010, plan members contributed \$1,410. 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, 2010 totaled \$3,395.

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)	\$	5,352
Interest on net OPEB obligation		157
Adjustment to annual required contribution		<u>(162)</u>
Annual OPEB cost		5,347
Contributions made		<u>3,395</u>
Increase in net OPEB obligation		1,952
Net OPEB obligation, beginning of year		<u>1,966</u>
Net OPEB Obligation, End of Year	\$	<u><u>3,918</u></u>

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

<u>Year Ending</u>		<u>OPEB Cost (AOC)</u>		<u>Actual Contribution</u>		<u>of AOC Contributed</u>		<u>OPEB Obligation</u>
6/30/08	\$	5,352	\$	5,339		99.8%	\$	13
6/30/09		5,352		3,399		63.5		1,966
6/30/10		5,347		3,395		63.4		3,918

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

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

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

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, 2010 was \$35.4 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 2010 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 2010 fiscal year, the Department's contributions to the fund totaled \$132,476. There were no drawdowns during the fiscal year. The balance of the Department's funds held by CMEEC for the RGGI was \$182,902 for the year ended June 30, 2010.

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, 2010 is summarized as follows:

CMEEC - debt service fixed cost obligation	\$ 20,078
Department - rate stabilization funds on deposit with CMEEC	<u>(13,785)</u>
Net Deferred Fixed Cost Obligation	<u>\$ 6,293</u>

* Assumes that the \$111 of approved rate stabilization funds borrowed by the Department and reported as a loan payable to CMEEC at June 30, 2010 will be repaid with interest.

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 \$2,345.

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, 2010, the Department realized a net benefit of \$751 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.

**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, 2010
(In Thousands)

	Budgeted Amounts		Actual	Variance Favorable (Unfavorable)
	Original	Final		
General property taxes:				
Current tax levy	\$ 52,827	\$ 52,827	\$ 52,741	\$ (86)
Motor vehicle supplement	450	450	501	51
Prior years levy	1,000	1,000	1,439	439
Interest and liens	650	650	814	164
Total	<u>54,927</u>	<u>54,927</u>	<u>55,495</u>	<u>568</u>
Licenses, permits and fees:				
Miscellaneous permits and fees	<u>550</u>	<u>550</u>	<u>512</u>	<u>(38)</u>
Intergovernmental revenues:				
Building maintenance	257	257	239	(18)
City housing	36	36	105	69
Fish and game license	60	60		(60)
New manufacturers machinery	200	200	153	(47)
Pequot funds	848	848	414	(434)
Total disability	3	3	3	-
Payment in lieu of taxes	1,489	1,489	1,499	10
Elderly taxes	155	155	162	7
Youth Services	88	88	88	-
School bond interest	129	129	129	-
Veterans exemptions	5	5	4	(1)
Federal DCPA match funds	11	11	17	6
Health services	120	120	181	61
LOCIP	299	299	288	(11)
Transportation	1,132	1,132	699	(433)
Special education	2,608	2,608	2,422	(186)
Education cost sharing	27,792	27,706	27,393	(313)
Town aid road	174	174	237	63
COPS grant	187	187	116	(71)
Services to Blind	50	50	12	(38)
Total	<u>35,643</u>	<u>35,557</u>	<u>34,161</u>	<u>(1,396)</u>
Charges for services:				
Town Clerk - recording fees	300	300	344	44
Town Clerk - conveyance tax	375	375	372	(3)
Land recording capital improvement fee	25	25	24	(1)
Probate court	20	20	21	1
Landfill	1,420	1,420	1,167	(253)
City property - relocation			58	58
Police outside services	35	35	246	211
Senior Citizens Center	42	42	49	7
Parking commission	110	110	110	-
Tuition	100	100	308	208
Total	<u>2,427</u>	<u>2,427</u>	<u>2,699</u>	<u>272</u>
Use of money:				
Interest from investments	<u>550</u>	<u>550</u>	<u>193</u>	<u>(357)</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, 2010
(In Thousands)

	Budgeted Amounts		Actual	Variance Favorable (Unfavorable)
	Original	Final		
Other revenue:				
Sewer assessments	\$ 300	\$ 300	\$ 300	\$ -
In lieu of taxes/telephone	180	180	153	(27)
Public utilities 10%	6,558	6,558	6,558	-
DPU - City service	85	85	85	-
Bond and note payments	95	95	95	-
Traffic violations	19	19	10	(9)
Miscellaneous	278	278	1,100	822
Total	<u>7,515</u>	<u>7,515</u>	<u>8,301</u>	<u>786</u>
Total revenues	<u>101,612</u>	<u>101,526</u>	<u>101,361</u>	<u>(165)</u>
Other financing sources:				
Transfers in:				
Cemetery Trust	<u>49</u>	<u>49</u>	<u>62</u>	<u>13</u>
Total	<u>\$ 101,661</u>	<u>\$ 101,575</u>	<u>101,423</u>	<u>\$ (152)</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.	3,063
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.	518
Underliquidation of prior year encumbrances is recorded as miscellaneous revenue for budgetary reporting. This amount is excluded for financial reporting purposes.	(83)
Sewer assessment collections and related debt service charges are reported in the Norwich Public Utilities enterprise fund and, therefore, are netted from the General Fund budgetary activities.	<u>(300)</u>

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

\$ 104,621

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, 2010
(In Thousands)

	Budgeted Amounts		Actual	Variance Favorable (Unfavorable)
	Original	Final		
General government:				
City Manager	\$ 316	\$ 316	\$ 291	\$ 25
Finance	1,249	1,249	1,215	34
City Treasurer	195	195	187	8
Assessment	357	357	355	2
Personnel	358	358	325	33
Law	420	420	396	24
City Clerk	375	375	360	15
City Council	132	137	137	-
Street lighting	570	570	636	(66)
Election	114	114	87	27
Planning and Neighborhood Services	1,048	1,048	1,029	19
Economic Development	273	273	257	16
Emergency Management	58	58	53	5
Total general government	<u>5,465</u>	<u>5,470</u>	<u>5,328</u>	<u>142</u>
Public safety:				
Police	10,030	10,030	9,902	128
Fire:				
East Great Plain	124	124	110	14
Laurel Hill	56	56	49	7
Occum	76	76	68	8
Taftville	126	126	124	2
Yantic	127	127	117	10
Fire Central	1,600	1,600	1,580	20
Total public safety	<u>12,139</u>	<u>12,139</u>	<u>11,950</u>	<u>189</u>
Social Services:				
Recreation	701	701	688	13
Human services	752	752	739	13
Senior Citizens Center	493	493	498	(5)
Youth and Family Services	163	163	164	(1)
Total social services	<u>2,109</u>	<u>2,109</u>	<u>2,089</u>	<u>20</u>
Public works:				
Engineering and administration	568	568	571	(3)
Fleet maintenance	1,119	1,119	1,148	(29)
Solid waste	2,869	2,869	2,656	213
Maintenance and cleaning	3,477	3,477	3,504	(27)
Building maintenance	1,025	1,025	1,006	19
Parking maintenance	110	110	110	-
Total public works	<u>9,168</u>	<u>9,168</u>	<u>8,995</u>	<u>173</u>
Board of Education	<u>62,667</u>	<u>62,581</u>	<u>62,581</u>	<u>-</u>

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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, 2010
(In Thousands)

	Budgeted Amounts		Actual	Variance Favorable (Unfavorable)
	Original	Final		
Other	\$ 6,375	\$ 6,370	\$ 5,789	\$ 581
Debt Service:				
Principal	3,530	3,530	3,530	-
Interest	1,008	1,008	943	65
Total debt service	4,538	4,538	4,473	65
Total	\$ 102,461	\$ 102,375	101,205	\$ 1,170

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.

3,063

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.

518

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.

(243)

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.

175

Refunding bond issuance costs not budgeted.

70

Sewer assessment collections and related debt service charges are reported in the Norwich Public Utilities enterprise fund and, therefore, are netted from the General Fund budgetary activities.

(300)

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

\$ 104,488

**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, 2010 AND 2009

(In Thousands)

	<u>2010</u>	<u>2009</u>
ASSETS		
Cash and cash equivalents	\$ 15,173	\$ 13,075
Investments	724	3,957
Receivables:		
Property taxes receivable, net	3,274	2,870
Property taxes accrued interest receivable, net	1,082	637
Intergovernmental receivable:		
School building grants receivable	402	507
Other grants receivable	177	947
Accounts receivable, net	515	968
Due from other funds	<u>8,947</u>	<u>8,755</u>
Total Assets	<u>\$ 30,294</u>	<u>\$ 31,716</u>
LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts payable and accrued expenses	\$ 4,312	\$ 5,764
Due to other funds	11,366	12,452
Deferred revenue	<u>4,514</u>	<u>3,601</u>
Total liabilities	<u>20,192</u>	<u>21,817</u>
Fund balance:		
Reserved for encumbrances	268	283
Unreserved:		
Designated for subsequent budget		800
Undesignated	<u>9,834</u>	<u>8,816</u>
Total fund balance	<u>10,102</u>	<u>9,899</u>
Total Liabilities and Fund Balance	<u>\$ 30,294</u>	<u>\$ 31,716</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 and Refuse	Taxes, charges for service and State grants	Fire and refuse services
Education Grants	Federal and State grants	Specific education programs
Adult Education	Federal and State grants	Adult Education programs
Parking Commission	Charges for service and fees	City parking authority
Youth Services	Federal and State grants, contributions and charges for service	Youth Service Bureau
C.O.P.S. Grant	Federal grant	Public safety
Lead Paint Abatement	Federal grant and program income	Removal and disposal of lead paint
Other Grants and Programs	Various	Miscellaneous activities
Economic Development	Contributions	Economic development
Community Development	Federal grant and program income	Social services
Education Programs	State grants and contributions	Miscellaneous education activities
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, 2010
(In Thousands)

Special Revenue

	Dog License	School Lunch Program	Sidewalk	Fire and Refuse	Education Grants	Adult Education	Parking Commission	Youth Services
ASSETS								
Cash and cash equivalents	\$	\$ 452	\$	\$	\$	\$	\$	\$
Investments								
Receivables, net:								
Property taxes				244				
Intergovernmental		284		10	239	23		27
Loans								
Other		22	161			16	33	
Due from other funds	23		134	777	1,534	184		
Other assets		46						
Total Assets	\$ 23	\$ 804	\$ 295	\$ 1,031	\$ 1,773	\$ 223	\$ 33	\$ 27
LIABILITIES AND FUND BALANCES								
Liabilities:								
Accounts and other payables	\$ 15	\$ 95	\$	\$ 50	\$ 1,031	\$ 142	\$ 7	\$ 3
Due to other funds							51	
Deferred revenue		8	161	200	242	20	24	
Total liabilities	15	103	161	250	1,273	162	82	3
Fund balance:								
Reserved:								
Encumbrances			8					
Inventories		46						
Trust purposes								
Unreserved:								
Undesignated	8	655	126	781	500	61	(49)	24
Total fund balance	8	701	134	781	500	61	(49)	24
Total Liabilities and Fund Balances	\$ 23	\$ 804	\$ 295	\$ 1,031	\$ 1,773	\$ 223	\$ 33	\$ 27

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

JUNE 30, 2010
(In Thousands)

Special Revenue

	C.O.P.S. Grant	Lead Paint Abatement	Other Grants and Programs	Economic Development	Community Development Fund	Education Programs	Police Asset Forfeiture	Police Grants and Programs
ASSETS								
Cash and cash equivalents	\$	\$	\$	\$	\$	\$	\$	\$
Investments								
Receivables, net:								
Property taxes								
Intergovernmental		67		133	198			15
Loans		723						
Other						1		
Due from other funds	9		150			100	76	129
Other assets								
Total Assets	\$ 9	\$ 790	\$ 150	\$ 133	\$ 198	\$ 101	\$ 76	\$ 144
LIABILITIES AND FUND BALANCES								
Liabilities:								
Accounts and other payables	\$	\$ 31	\$	\$ 50	\$ 113	\$ 9	\$ 2	\$ 46
Due to other funds		31		67	35			
Deferred revenue	9	723						75
Total liabilities	<u>9</u>	<u>785</u>	<u>-</u>	<u>117</u>	<u>148</u>	<u>9</u>	<u>2</u>	<u>121</u>
Fund balance:								
Reserved:								
Encumbrances	57	10		63				
Inventories								
Trust purposes								
Unreserved:								
Undesignated	(57)	(5)	150	(47)	50	92	74	23
Total fund balance	<u>-</u>	<u>5</u>	<u>150</u>	<u>16</u>	<u>50</u>	<u>92</u>	<u>74</u>	<u>23</u>
Total Liabilities and Fund Balances	\$ 9	\$ 790	\$ 150	\$ 133	\$ 198	\$ 101	\$ 76	\$ 144

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

JUNE 30, 2010
(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	\$	\$	\$	\$	\$	\$	\$	\$	\$ 452
Investments									-
Receivables, net:									
Property taxes									244
Intergovernmental									996
Loans						1,963			2,686
Other									233
Due from other funds	117	97	75	125	223	5	42	17	3,817
Other assets									46
Total Assets	\$ 117	\$ 97	\$ 75	\$ 125	\$ 223	\$ 1,968	\$ 42	\$ 17	\$ 8,474
LIABILITIES AND FUND BALANCES									
Liabilities:									
Accounts and other payables	\$ 4	\$ 4	\$	\$	\$ 36	\$ 42	\$	\$	\$ 1,680
Due to other funds									184
Deferred revenue		18				1,963			3,443
Total liabilities	4	22	-	-	36	2,005	-	-	5,307
Fund balance:									
Reserved:									
Encumbrances					6	3			147
Inventories									46
Trust purposes							42	17	59
Unreserved:									
Undesignated	113	75	75	125	181	(40)			2,915
Total fund balance	113	75	75	125	187	(37)	42	17	3,167
Total Liabilities and Fund Balances	\$ 117	\$ 97	\$ 75	\$ 125	\$ 223	\$ 1,968	\$ 42	\$ 17	\$ 8,474

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

JUNE 30, 2010
(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	\$	\$	\$ -	\$	\$	\$ 118	\$ 118	\$ 570
Investments			-			1,184	1,184	1,184
Receivables, net:								
Property taxes			-				-	244
Intergovernmental		228	228				-	1,224
Loans			-				-	2,686
Other			-				-	233
Due from other funds	1,627	63	1,690	39	5		44	5,551
Other assets			-				-	46
Total Assets	\$ 1,627	\$ 291	\$ 1,918	\$ 39	\$ 5	\$ 1,302	\$ 1,346	\$ 11,738
LIABILITIES AND FUND BALANCES								
Liabilities:								
Accounts and other payables	\$ 84	\$ 15	\$ 99	\$	\$	\$	\$ -	\$ 1,779
Due to other funds			-				-	184
Deferred revenue			-				-	3,443
Total liabilities	84	15	99	-	-	-	-	5,406
Fund balance:								
Reserved:								
Encumbrances	161	17	178				-	325
Inventories			-				-	46
Trust purposes			-	39	5	1,302	1,346	1,405
Unreserved:								
Undesignated	1,382	259	1,641				-	4,556
Total fund balance	1,543	276	1,819	39	5	1,302	1,346	6,332
Total Liabilities and Fund Balances	\$ 1,627	\$ 291	\$ 1,918	\$ 39	\$ 5	\$ 1,302	\$ 1,346	\$ 11,738

CITY OF NORWICH, CONNECTICUT
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2010
(In Thousands)

	Special Revenue							
	Dog License	School Lunch Program	Sidewalk	Fire and Refuse	Education Grants	Adult Education	Parking Commission	Youth Services
Revenues:								
Property taxes, interest and liens	\$	\$	\$	\$ 3,719	\$	\$	\$	\$
Intergovernmental revenues		1,993		1,862	13,470	747		145
Charges for services	31	447	26	20	363	934	249	
Investment income								
Other								105
Total revenue	<u>31</u>	<u>2,440</u>	<u>26</u>	<u>5,601</u>	<u>13,833</u>	<u>1,681</u>	<u>249</u>	<u>250</u>
Expenditures:								
Current:								
General government							180	
Public safety	32			5,505				
Social services								239
Public works			74	325				
Education		2,277			13,636	1,733		
Capital outlay								
Total expenditures	<u>32</u>	<u>2,277</u>	<u>74</u>	<u>5,830</u>	<u>13,636</u>	<u>1,733</u>	<u>180</u>	<u>239</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(1)</u>	<u>163</u>	<u>(48)</u>	<u>(229)</u>	<u>197</u>	<u>(52)</u>	<u>69</u>	<u>11</u>
Other Financing Sources (Uses):								
Transfers in			50	756				
Transfer out							(110)	
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>50</u>	<u>756</u>	<u>-</u>	<u>-</u>	<u>(110)</u>	<u>-</u>
Net Change in Fund Balances	(1)	163	2	527	197	(52)	(41)	11
Fund Balance at Beginning of Year	<u>9</u>	<u>538</u>	<u>132</u>	<u>254</u>	<u>303</u>	<u>113</u>	<u>(8)</u>	<u>13</u>
Fund Balance at End of Year	<u>\$ 8</u>	<u>\$ 701</u>	<u>\$ 134</u>	<u>\$ 781</u>	<u>\$ 500</u>	<u>\$ 61</u>	<u>\$ (49)</u>	<u>\$ 24</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, 2010
(In Thousands)

	Special Revenue							
	C.O.P.S. Grant	Lead Paint Abatement	Other Grants and Programs	Economic Development	Community Development Fund	Education Programs	Police Asset Forfeiture	Police Grants and Programs
Revenues:								
Property taxes, interest and liens	\$	\$	\$	\$	\$	\$	\$	\$
Intergovernmental revenues		483	10	961	1,071	18	11	148
Charges for services								526
Investment income								
Other			23			27		6
Total revenue	<u>-</u>	<u>483</u>	<u>33</u>	<u>961</u>	<u>1,071</u>	<u>45</u>	<u>11</u>	<u>680</u>
Expenditures:								
Current:								
General government			68	965				
Public safety					39		33	438
Social services		484			800			
Public works								
Education					62	33		
Capital outlay								
Total expenditures	<u>-</u>	<u>484</u>	<u>68</u>	<u>965</u>	<u>901</u>	<u>33</u>	<u>33</u>	<u>438</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>-</u>	<u>(1)</u>	<u>(35)</u>	<u>(4)</u>	<u>170</u>	<u>12</u>	<u>(22)</u>	<u>242</u>
Other Financing Sources (Uses):								
Transfers in			35					
Transfer out					(171)			(246)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>35</u>	<u>-</u>	<u>(171)</u>	<u>-</u>	<u>-</u>	<u>(246)</u>
Net Change in Fund Balances	<u>-</u>	<u>(1)</u>	<u>-</u>	<u>(4)</u>	<u>(1)</u>	<u>12</u>	<u>(22)</u>	<u>(4)</u>
Fund Balance at Beginning of Year	<u>-</u>	<u>6</u>	<u>150</u>	<u>20</u>	<u>51</u>	<u>80</u>	<u>96</u>	<u>27</u>
Fund Balance at End of Year	<u>\$ -</u>	<u>\$ 5</u>	<u>\$ 150</u>	<u>\$ 16</u>	<u>\$ 50</u>	<u>\$ 92</u>	<u>\$ 74</u>	<u>\$ 23</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, 2010
(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	\$	\$	\$	\$	\$	\$	\$	\$	\$ 3,719
Intergovernmental revenues		167							21,086
Charges for services	22		64	1		76			2,759
Investment income					2				2
Other	28	85			50				324
Total revenue	<u>50</u>	<u>252</u>	<u>64</u>	<u>1</u>	<u>52</u>	<u>76</u>	<u>-</u>	<u>-</u>	<u>27,890</u>
Expenditures:									
Current:									
General government									1,213
Public safety									6,047
Social services	25	260	52		49	273			2,182
Public works									399
Education									17,741
Capital outlay									-
Total expenditures	<u>25</u>	<u>260</u>	<u>52</u>	<u>-</u>	<u>49</u>	<u>273</u>	<u>-</u>	<u>-</u>	<u>27,582</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>25</u>	<u>(8)</u>	<u>12</u>	<u>1</u>	<u>3</u>	<u>(197)</u>	<u>-</u>	<u>-</u>	<u>308</u>
Other Financing Sources (Uses):									
Transfers in		10			50	171			1,072
Transfer out									(527)
Total other financing sources (uses)	<u>-</u>	<u>10</u>	<u>-</u>	<u>-</u>	<u>50</u>	<u>171</u>	<u>-</u>	<u>-</u>	<u>545</u>
Net Change in Fund Balances	25	2	12	1	53	(26)	-	-	853
Fund Balance at Beginning of Year	<u>88</u>	<u>73</u>	<u>63</u>	<u>124</u>	<u>134</u>	<u>(11)</u>	<u>42</u>	<u>17</u>	<u>2,314</u>
Fund Balance at End 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>

(Continued on next page)

CITY OF NORWICH, CONNECTICUT
**COMBINING STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2010
 (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	\$	\$	\$ -	\$	\$	\$	\$ -	\$	\$ 3,719
Intergovernmental revenues	395	252	647				-		21,733
Charges for services			-				-		2,759
Investment income			-			126	126		128
Other			-				-		324
Total revenue	395	252	647	-	-	126	126	-	28,663
Expenditures:									
Current:									
General government			-			10	10		1,223
Public safety			-				-		6,047
Social services			-				-		2,182
Public works		32	32				-		431
Education			-				-		17,741
Capital outlay	2,283		2,283				-		2,283
Total expenditures	2,283	32	2,315	-	-	10	10	-	29,907
Excess (Deficiency) of Revenues Over Expenditures	(1,888)	220	(1,668)	-	-	116	116	-	(1,244)
Other Financing Sources (Uses):									
Transfers in	2,328		2,328				-	(221)	3,179
Transfer out	(125)		(125)			(62)	(62)	221	(493)
Total other financing sources (uses)	2,203	-	2,203	-	-	(62)	(62)	-	2,686
Net Change in Fund Balances	315	220	535	-	-	54	54	-	1,442
Fund Balance at Beginning of Year	1,228	56	1,284	39	5	1,248	1,292	-	4,890
Fund Balance at End of Year	\$ 1,543	\$ 276	\$ 1,819	\$ 39	\$ 5	\$ 1,302	\$ 1,346	\$ -	\$ 6,332

CITY OF NORWICH, CONNECTICUT
FIRE AND REFUSE FUND REVENUES
BUDGETARY BASIS - BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2010

(In Thousands)

	Budgeted Amounts		Actual	Variance
	Original	Final		Favorable (Unfavorable)
Taxes, interest and lien fees:				
Fire	\$ 3,093	\$ 3,093	\$ 3,174	\$ 81
Volunteer fire	504	504	545	41
Total taxes, interest and lien fees	<u>3,597</u>	<u>3,597</u>	<u>3,719</u>	<u>122</u>
Intergovernmental:				
City Housing	72	72	169	97
In lieu of taxes - fire	66	66	66	-
Elderly reimbursement	77	77	77	-
Mashantucket Pequot	1,552	1,552	1,550	(2)
Total intergovernmental	<u>1,767</u>	<u>1,767</u>	<u>1,862</u>	<u>95</u>
Charges for services:				
Conveyance fees	<u>20</u>	<u>20</u>	<u>20</u>	<u>-</u>
Other:				
Other Fund transfers	<u>756</u>	<u>756</u>	<u>756</u>	<u>-</u>
Investment income	<u>6</u>	<u>6</u>	<u>6</u>	<u>(6)</u>
Total	\$ <u>6,146</u>	\$ <u>6,146</u>	\$ <u>6,357</u>	\$ <u>211</u>

CITY OF NORWICH, CONNECTICUT
FIRE AND REFUSE FUND EXPENDITURES
BUDGETARY BASIS - BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2010
(In Thousands)

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Fire and Refuse:				
Employees	\$ 2,791	\$ 2,791	\$ 2,476	\$ 315
Overtime	166	166	29	137
Replacement costs	650	650	770	(120)
Hospitalization	325	325	325	-
Fringe benefits	1,709	1,709	1,725	(16)
Workers compensation	174	174	174	-
Volunteer firefighter tax credit	80	80	81	(1)
Volunteer firefighter trust fund	250	250	250	-
Total	<u>\$ 6,145</u>	<u>\$ 6,145</u>	<u>\$ 5,830</u>	<u>\$ 315</u>

CITY OF NORWICH, CONNECTICUT
SCHEDULE OF FIRE DISTRICT TAXES
FOR THE YEAR ENDED JUNE 30, 2010
(In Thousands)

Grand List	Uncollected Taxes July 1, 2009	Lawful Corrections		Transfers to Suspense	Adjusted Taxes Collectible	Collections				Uncollected Taxes June 30, 2010**
		Additions	Deductions			Taxes	Interest	Fees	Total	
2008	\$ 3,698	\$ 13	\$ 35		\$ 3,676	\$ 3,516	\$ 24	\$ -	\$ 3,540	\$ 160
2007	192	2	10		184	112	26	-	138	72
2006	61		4		57	17	6	-	23	40
2005	34			29	5	2	1	-	3	3
2004	5				5			-	-	5
2003	6				6			-	-	6
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				5			-	-	5
1994	7		7 *					-	-	-
	<u>\$ 4,029</u>	<u>\$ 15</u>	<u>\$ 56</u>	<u>\$ 29</u>	<u>\$ 3,959</u>	<u>3,647</u>	<u>57</u>	<u>-</u>	<u>3,704</u>	<u>\$ 312</u>
				Suspense collections			9		9	
				Daticon tax incremental financing program		1			1	
				Increase in overpayments		3			3	
				Total Tax Collections		<u>\$ 3,651</u>	<u>\$ 66</u>	<u>\$ -</u>	<u>3,717</u>	
				Property taxes receivable considered available						
				June 30, 2009					(42)	
				June 30, 2010					<u>44</u>	
				Total					<u>\$ 3,719</u>	

*Operation of law

**Represents gross receivable of \$329 net of overpayments of \$17 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 FUNDS

JUNE 30, 2010
(In Thousands)

	Business-Type Activities			Totals
	Golf Course Authority	Stadium Authority	Ice Rink Authority	
Assets:				
Current assets:				
Cash and cash equivalents	\$ 1	\$	\$ 137	\$ 138
Receivables, net:				
User charges	4	26	95	125
Due from other funds	303	306		609
Inventories			71	71
Total current assets	<u>308</u>	<u>332</u>	<u>303</u>	<u>943</u>
Capital assets, net	<u>2,330</u>	<u>7,576</u>	<u>775</u>	<u>10,681</u>
Total assets	<u>2,638</u>	<u>7,908</u>	<u>1,078</u>	<u>11,624</u>
Liabilities:				
Current liabilities:				
Accounts payable and accrued liabilities	47	39	18	104
Due to other funds			405	405
Unearned revenue	191			191
Total current liabilities	<u>238</u>	<u>39</u>	<u>423</u>	<u>700</u>
Noncurrent liabilities:				
Bonds payable	<u>265</u>			<u>265</u>
Total liabilities	<u>503</u>	<u>39</u>	<u>423</u>	<u>965</u>
Net Assets:				
Invested in capital assets, net of related debt	2,065	7,576	775	10,416
Unrestricted	<u>70</u>	<u>293</u>	<u>(120)</u>	<u>243</u>
Total Net Assets	<u>\$ 2,135</u>	<u>\$ 7,869</u>	<u>\$ 655</u>	<u>\$ 10,659</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, 2010

(In Thousands)

	Business-Type Activities			Totals
	Golf Course Authority	Stadium Authority	Ice Rink Authority	
Operating Revenues:				
Charges for services	\$ <u>1,144</u>	\$ <u>139</u>	\$ <u>798</u>	\$ <u>2,081</u>
Operating Expenses:				
Operations and maintenance	1,078	138	811	2,027
Depreciation	<u>45</u>	<u>178</u>	<u>163</u>	<u>386</u>
Total operating expenses	<u>1,123</u>	<u>316</u>	<u>974</u>	<u>2,413</u>
Operating Income (Loss)	21	(177)	(176)	(332)
Net Assets at Beginning of Year	<u>2,114</u>	<u>8,046</u>	<u>831</u>	<u>10,991</u>
Net Assets at End of Year	<u><u>\$ 2,135</u></u>	<u><u>\$ 7,869</u></u>	<u><u>\$ 655</u></u>	<u><u>\$ 10,659</u></u>

CITY OF NORWICH, CONNECTICUT
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS

FOR THE YEAR ENDED JUNE 30, 2010

(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	\$ 1,142	\$ 168	\$ 764	\$ 2,074
Cash paid to vendors	(435)	(142)	(415)	(992)
Cash paid to employees for services	(652)		(397)	(1,049)
Net cash provided by (used in) operating activities	<u>55</u>	<u>26</u>	<u>(48)</u>	<u>33</u>
Cash Flows from Noncapital Financing Activities:				
Advances (to) from other funds	<u>(137)</u>		<u>200</u>	<u>63</u>
Cash Flows from Capital and Related Financing Activities:				
Proceeds from long-term debt	265			265
Purchase of capital assets	<u>(183)</u>	<u>(26)</u>	<u>(39)</u>	<u>(248)</u>
Net cash provided by (used in) capital and related financing activities	<u>82</u>	<u>(26)</u>	<u>(39)</u>	<u>17</u>
Net Increase in Cash and Cash Equivalents	-	-	113	113
Cash and Cash Equivalents at Beginning of Year	<u>1</u>	<u>-</u>	<u>24</u>	<u>25</u>
Cash and Cash Equivalents at End of Year	<u>\$ 1</u>	<u>\$ -</u>	<u>\$ 137</u>	<u>\$ 138</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:				
Operating income (loss)	\$ 21	\$ (177)	\$ (176)	\$ (332)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation expense	45	178	163	386
(Increase) decrease in receivables		29	(34)	(5)
Increase in inventories and other assets			(1)	(1)
Increase in due from other funds		(1)		(1)
Decrease in unearned revenues	(2)			(2)
Decrease in accounts payable and accrued liabilities	(9)	(3)		(12)
Total adjustments	<u>34</u>	<u>203</u>	<u>128</u>	<u>365</u>
Net Cash Provided by (Used in) Operating Activities	<u>\$ 55</u>	<u>\$ 26</u>	<u>\$ (48)</u>	<u>\$ 33</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 FUNDS

JUNE 30, 2010
(In Thousands)

	<u>Medical Benefits</u>	<u>Workers' Compensation</u>	<u>Total</u>
Assets:			
Current:			
Accounts receivable	\$ 125	\$ 24	\$ 149
Due from other funds	2,924	1,080	4,004
Total assets	<u>3,049</u>	<u>1,104</u>	<u>4,153</u>
Liabilities:			
Current:			
Accounts payable	45	37	82
Risk management claims	1,170	405	1,575
Total current liabilities	<u>1,215</u>	<u>442</u>	<u>1,657</u>
Noncurrent:			
Risk management claims	<u> </u>	<u>3,348</u>	<u>3,348</u>
Total liabilities	<u>1,215</u>	<u>3,790</u>	<u>5,005</u>
Net Assets:			
Unrestricted	<u>\$ 1,834</u>	<u>\$ (2,686)</u>	<u>\$ (852)</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, 2010
(In Thousands)

	<u>Medical Benefits</u>	<u>Workers' Compensation</u>	<u>Total</u>
Operating Revenues:			
Charges for services	\$ 14,615	\$ 2,407	\$ 17,022
Operating Expenses:			
Claims expense	11,566	652	12,218
Premiums and administrative expenses	1,222	256	1,478
Total operating expenses	<u>12,788</u>	<u>908</u>	<u>13,696</u>
Operating Income	1,827	1,499	3,326
Net Assets at Beginning of Year	<u>7</u>	<u>(4,185)</u>	<u>(4,178)</u>
Net Assets at End of Year	<u>\$ 1,834</u>	<u>\$ (2,686)</u>	<u>\$ (852)</u>

CITY OF NORWICH, CONNECTICUT

COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDSFOR THE YEAR ENDED JUNE 30, 2010
(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 to Net Cash Provided by Operating Activities:			
Operating income	\$ _____ 1,827	\$ _____ 1,499	\$ _____ 3,326
Adjustments to reconcile operating income to net cash provided by operating activities:			
(Increase) decrease in receivables	123	(24)	99
Increase in due from other funds	(1,747)	(141)	(1,888)
Decrease in accounts payable and accrued liabilities	(203)	(1,334)	(1,537)
Total adjustments	(1,827)	(1,499)	(3,326)
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, 2010

(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	\$ 57	\$	\$	\$ 284	\$ 341
Other		3	17		20
	<u>57</u>	<u>3</u>	<u>17</u>	<u>284</u>	<u>361</u>
Total Assets	<u>\$ 57</u>	<u>\$ 3</u>	<u>\$ 17</u>	<u>\$ 284</u>	<u>\$ 361</u>
Liabilities:					
Due to student groups and agencies	<u>\$ 57</u>	<u>\$ 3</u>	<u>\$ 17</u>	<u>\$ 284</u>	<u>\$ 361</u>

CITY OF NORWICH, CONNECTICUT

AGENCY FUNDS

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

FOR THE YEAR ENDED JUNE 30, 2010
(In Thousands)

	<u>Balance July 1, 2009</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2010</u>
Student Activities				
Assets:				
Cash and cash equivalents	\$ <u>62</u>	\$ <u>181</u>	\$ <u>186</u>	\$ <u>57</u>
Liabilities:				
Due to student groups and agencies	\$ <u>62</u>	\$ <u>181</u>	\$ <u>186</u>	\$ <u>57</u>
Rehabilitation Deposits				
Assets:				
Other	\$ <u>2</u>	\$ <u>31</u>	\$ <u>30</u>	\$ <u>3</u>
Liabilities:				
Due to student groups and agencies	\$ <u>2</u>	\$ <u>31</u>	\$ <u>30</u>	\$ <u>3</u>
Bid Deposit				
Assets:				
Other	\$ <u>37</u>	\$ <u>79</u>	\$ <u>99</u>	\$ <u>17</u>
Liabilities:				
Due to student groups and agencies	\$ <u>37</u>	\$ <u>79</u>	\$ <u>99</u>	\$ <u>17</u>
Performance Bonds				
Assets:				
Cash and cash equivalents	\$ <u>328</u>	\$ <u>112</u>	\$ <u>156</u>	\$ <u>284</u>
Liabilities:				
Due to student groups and agencies	\$ <u>328</u>	\$ <u>112</u>	\$ <u>156</u>	\$ <u>284</u>
Total - All Funds				
Assets:				
Cash and cash equivalents	\$ 390	\$ 293	\$ 342	\$ 341
Other	<u>39</u>	<u>110</u>	<u>129</u>	<u>20</u>
Total	\$ <u>429</u>	\$ <u>403</u>	\$ <u>471</u>	\$ <u>361</u>
Liabilities:				
Due to student groups and agencies	\$ <u>429</u>	\$ <u>403</u>	\$ <u>471</u>	\$ <u>361</u>

Supplemental Schedules

CITY OF NORWICH, CONNECTICUT
SCHEDULE OF BONDS AND SERIAL NOTES PAYABLE
FOR THE YEAR ENDED JUNE 30, 2010
(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:								
Refunding - (09/15/1994) bonds	4.0-5.0	04/01/2001	04/01/2014	\$ 13,010	\$ 5,320	\$	\$ 5,320	\$ -
General purpose - Wauregan Hotel	5.50-6.75	04/01/2001	04/01/2017	400	200		25	175
General purpose	4.0-5.0	04/15/2002	04/15/2022	3,345	1,767		137	1,630
General purpose	2.00-3.55	04/15/2004	04/15/2015	1,175	390		190	200
Refunding - (11/15/1997 and 11/01/1999) bonds	2.0-4.0	04/15/2004	04/15/2019	2,195	1,618		143	1,475
General purpose and water main	3.0-5.0	03/15/2005	09/15/2015	2,810	1,967		281	1,686
Refunding - (02/01/1996 and 04/01/2001) bonds	3.0-4.0	03/15/2005	09/15/2019	8,570	7,734		789	6,945
Schools	-	12/30/2008	12/30/2020	2,940	2,940		245	2,695
Refunding - (04/01/2001) bonds	2.0-3.0	12/02/2009	04/01/2014	4,235		4,235		4,235
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>49,225</u>	<u>21,936</u>	<u>14,780</u>	<u>7,130</u>	<u>29,586</u>
Business-Type Activities:								
General purpose bonds payable:								
Sewers	4.0-5.0	04/15/2002	04/15/2022	2,675	1,722		137	1,585
Sewers	2.00-3.55	04/15/2004	04/15/2015	1,945	1,165		195	970
Refunding - (11/15/1997 and 11/15/1999) Sewers	2.0-4.0	04/15/2004	04/15/2019	2,325	1,644		189	1,455
Refunding - (02/01/1996) Stony Brook Reservoir	3.0-4.0	03/15/2005	09/15/2015	368	282		42	240
Sewers	3.0-5.0	03/15/2005	09/15/2015	710	488		74	414
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	1,399		179	1,220
Clean Water Act 298-C	2.00	06/30/2000	06/30/2019	1,508	755		75	680
Clean Water Act 349-C	2.00	12/31/2002	12/31/2021	881	585		42	543
Clean Water Act 9714-C	2.77	12/31/2002	12/31/2021	1,899	1,289		87	1,202
Economic Development	6.00	07/01/1995	07/01/2012	1,000	321		73	248
Clean Water Act 200801-C	2.27	07/01/2009	07/01/2029	450		450	24	426
Drinking Water State Revolving Fund 2010-8005	2.06	03/31/2010	12/31/2029*	129		129		129
Drinking Water State Revolving Fund 2010-8006	2.06	03/31/2010	06/30/2030*	34		34		34
Total				<u>18,199</u>	<u>9,650</u>	<u>1,478</u>	<u>1,117</u>	<u>10,011</u>
Total				<u>\$ 67,424</u>	<u>\$ 31,586</u>	<u>\$ 16,258</u>	<u>\$ 8,247</u>	<u>\$ 39,597</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, 2010

(In Thousands)

Fiscal Year Ending June 30,	Governmental Activities		Business-Type Activities		Total Primary Government	
	General Obligation Bonds		General Obligation Bonds And Serial Notes		Principal	Interest
	Principal	Interest	Principal	Interest		
2011	\$ 2,846	\$ 977	\$ 1,282	\$ 326	\$ 4,128	\$ 1,303
2012	3,289	889	1,177	277	4,466	1,166
2013	3,265	774	1,188	239	4,453	1,013
2014	3,221	659	1,104	199	4,325	858
2015	2,188	543	1,108	164	3,296	707
2016	2,133	474	931	131	3,064	605
2017	1,682	413	708	104	2,390	517
2018	1,667	360	574	83	2,241	443
2019	1,652	309	482	63	2,134	372
2020	1,476	256	384	49	1,860	305
2021	917	220	387	36	1,304	256
2022	706	195	276	22	982	217
2023	568	168	54	13	622	181
2024	568	147	54	11	622	158
2025	568	125	54	10	622	135
2026	568	102	54	8	622	110
2027	568	79	54	6	622	85
2028	568	57	54	4	622	61
2029	568	34	53	2	621	36
2030	568	11	33	1	601	12
Total	\$ 29,586	\$ 6,792	\$ 10,011	\$ 1,748	\$ 39,597	\$ 8,540

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 NINE FISCAL YEARS
(In Thousands)

	FISCAL YEAR								
	2010	2009	2008	2007	2006	2005	2004	2003	2002
Governmental activities:									
Invested in capital assets, net of related debt	\$ 60,432	\$ 53,165	\$ 50,696	\$ 44,114	\$ 38,680	\$ 34,514	\$ 24,968	\$ 25,716	\$ 17,812
Restricted	1,405	1,351	1,608	1,725	1,590	1,610			
Unrestricted	14,414	6,088	9,884	13,808	16,460	15,074	18,077	10,412	11,586
Total governmental activities net assets	<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	88,174	87,763	84,439	83,363	83,151	81,679	79,147	80,094	80,269
Restricted	287	758	758	876	643	279			
Unrestricted	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>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	148,606	140,928	135,135	127,477	121,831	116,193	104,115	105,810	98,081
Restricted	1,692	2,109	2,366	2,601	2,233	1,889			
Unrestricted	37,855	28,991	31,043	38,115	36,387	32,157	29,196	18,684	19,306
Total primary government net assets	<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.
- (2) The City began to report accrual information when it implemented GASB Statement No. 34 in fiscal year 2002.

CITY OF NORWICH, CONNECTICUT

CHANGES IN NET ASSETS

LAST NINE FISCAL YEARS
(In Thousands)

	FISCAL YEAR								
	2010	2009	2008	2007	2006	2005	2004	2003	2002
Expenses:									
Governmental activities:									
General government	\$ 9,114	\$ 10,473	\$ 12,116	\$ 11,926	\$ 9,638	\$ 8,958	\$ 10,414	\$ 11,597	\$ 11,810
Public safety	18,063	20,326	18,271	16,108	15,754	14,105	13,032	14,109	13,604
Social services	5,602	4,954	4,852	3,984	4,048	3,037	1,880	2,432	2,699
Public works	9,449	15,819	11,617	11,504	11,109	13,781	10,271	6,752	10,429
Education	84,898	85,661	91,664	75,171	71,268	64,819	61,478	61,797	60,404
Interest on long-term debt	1,323	1,444	1,380	1,454	1,476	1,646	1,948	2,222	2,236
Total governmental activities expenses	<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	74,716	77,192	74,114	66,885	67,275	57,133	56,062	53,171	48,003
Other enterprise funds	2,413	2,529	2,568	2,373	2,583	2,505	2,526	2,636	2,413
Total business-type activities expenses	<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>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	1,778	1,602	2,078	2,861	3,097	2,682	2,892	5,690	5,252
Public works	819	2,962	3,017	2,994	2,730	2,988	2,866	1,813	2,480
Education	2,051	2,184	1,864	1,935	1,674	1,447	900	1,120	936
Other	1,012	1,171	970	694	747	717	4,649	1,270	1,235
Operating grants and contributions	54,424	52,034	62,359	47,469	47,561	41,727	36,509	35,923	34,752
Capital grants and contributions	11,163	5,810	1,635	934	1,736	1,907	4,459	2,903	3,492
Total governmental activities program revenues	<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	16,508	21,596	16,961	16,612	18,999	15,099	12,911	12,724	9,688
Electric	52,303	55,152	49,265	49,607	46,158	38,706	36,089	32,142	30,051
Water	6,117	6,027	5,790	5,115	5,099	4,970	4,854	4,971	4,584
Sewer	7,580	5,536	5,641	5,340	5,384	4,077	4,030	3,826	3,564
Other nonmajor enterprise funds	2,081	2,188	2,245	2,168	2,269	2,299	2,166	2,275	2,340
Capital grants and contributions	200	1,315	1,216	1,037	1,696	2,115	141	75	7,534
Total business-type activities program revenues	<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>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	(57,202)	(72,914)	(67,977)	(63,260)	(55,748)	(54,878)	(46,748)	(50,190)	(53,035)
Business-type activities	7,660	12,093	4,436	10,621	9,747	7,628	1,603	206	7,345
Total Primary Government Net Expense	<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 NINE FISCAL YEARS
(In Thousands)

	FISCAL YEAR								
	2010	2009	2008	2007	2006	2005	2004	2003	2002
General revenues and other changes in net assets:									
Governmental activities:									
Property taxes	\$ 59,956	\$ 57,897	\$ 56,456	\$ 52,327	\$ 49,726	\$ 45,426	\$ 48,044	\$ 46,923	\$ 42,572
Unrestricted grants and contributions	4,372	5,480	5,407	5,522	4,786	5,030	5,250	9,643	9,596
Investment earnings	321	262	998	1,199	843	488	530	354	419
Other general revenues	998	558	631	910	540	1,217			
Transfers	7,202	7,133	7,026	6,219	5,385	5,006	(160)		
Total governmental activities	<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	20	108	400	423	318	204	138	171	267
Transfers	(7,202)	(7,133)	(7,026)	(6,219)	(5,385)	(5,006)	160		
Total business-type activities	<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>\$ 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	\$ 15,647	\$ (1,584)	\$ 2,541	\$ 2,917	\$ 5,532	\$ 2,289	\$ 6,916	\$ 6,730	\$ (448)
Business-type activities	<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>\$ 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) The City began to report accrual information when it implemented GASB Statement No. 34 in fiscal year 2002.
- (3) 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 NINE FISCAL YEARS
(In Thousands)

	FISCAL YEAR								
	2010	2009	2008	2007	2006	2005	2004	2003	2002
General Fund:									
Reserved	\$ 268	\$ 283	\$ 308	\$ 425	\$ 259	\$ 398	\$ 415	\$ 305	\$ 289
Unreserved	<u>9,834</u>	<u>9,616</u>	<u>10,676</u>	<u>11,651</u>	<u>11,030</u>	<u>10,573</u>	<u>9,302</u>	<u>8,771</u>	<u>8,158</u>
Total General Fund	<u>\$ 10,102</u>	<u>\$ 9,899</u>	<u>\$ 10,984</u>	<u>\$ 12,076</u>	<u>\$ 11,289</u>	<u>\$ 10,971</u>	<u>\$ 9,717</u>	<u>\$ 9,076</u>	<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	<u>3,911</u>	<u>(1,898)</u>	<u>(1,493)</u>	<u>(541)</u>	<u>2,460</u>	<u>3,265</u>	<u>1,610</u>	<u>622</u>	<u>660</u>
Total All Other Governmental Funds	<u>\$ 8,602</u>	<u>\$ 2,014</u>	<u>\$ 3,089</u>	<u>\$ 5,375</u>	<u>\$ 8,114</u>	<u>\$ 8,272</u>	<u>\$ 7,278</u>	<u>\$ 3,815</u>	<u>\$ 4,310</u>

Notes:

- (1) Schedule prepared on the modified accrual basis of accounting.
- (2) Data has not been presented for years prior to the implementation of GASB Statement No. 34 in 2002.

CITY OF NORWICH, CONNECTICUT

CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS

LAST NINE FISCAL YEARS

(In Thousands)

	FISCAL YEAR								
	2010	2009	2008	2007	2006	2005	2004	2003	2002
Revenues:									
Property taxes, interest and liens	\$ 59,214	\$ 57,623	\$ 55,893	\$ 52,976	\$ 49,704	\$ 47,652	\$ 47,815	\$ 45,326	\$ 43,145
Intergovernmental	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	7,353	8,508	9,135	10,097	9,283	10,296	11,041	10,321	9,921
Investment income	321	260	991	1,171	813	462	517	379	575
Total revenues	<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	6,466	6,716	7,339	5,782	5,290	5,262	6,665	8,651	8,194
Public safety	17,832	18,606	17,348	16,163	15,634	13,736	12,725	12,646	12,615
Social services	4,261	4,640	4,313	4,272	4,273	3,782	3,094	2,319	2,568
Public works	9,421	10,359	10,944	10,412	9,964	10,095	9,178	7,399	8,918
Education	83,893	82,866	91,194	74,223	70,592	65,363	61,880	60,521	59,237
Other	3,461	3,693	4,365	4,286	3,531	3,529	2,832	1,720	2,328
Capital outlay	18,274	10,826	6,102	6,337	3,707	3,929	2,679	5,508	10,780
Debt service:									
Principal	3,530	2,835	3,356	3,616	3,975	3,928	4,180	4,135	3,803
Interest	713	1,199	1,342	1,425	1,631	1,759	1,998	2,517	2,385
Total expenditures	<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>(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	12,404	10,686	10,505	9,885	8,760	8,246	3,997	3,498	2,255
Transfers out	(5,202)	(3,553)	(3,479)	(3,666)	(3,375)	(3,240)	(4,157)	(3,498)	(2,255)
Proceeds from capital leases				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>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	6,791	(2,160)	(3,378)	(1,952)	160	3,076	4,104	100	(1,898)
Fund Balances at Beginning of Year	<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>\$ 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	3.32%	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.
- (2) Data has not been presented for years prior to the implementation of GASB Statement No. 34 in 2002.

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										
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	19,838	1,791,750	53,057	29.61	2,559,643	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
2001	1999	262,884	664,166	147,670	84,383	1,159,103	27,078	1,132,025	40,714	35.97	1,617,179	70.00	1,647,369

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

Notes:

- (1) 2008, 2003, and 1999 Real property grand list is adjusted to reflect statutory revaluation.
- (2) Assessed Value is 70% of Estimated Actual Value.

CITY OF NORWICH, CONNECTICUT

PRINCIPAL PROPERTY TAXPAYERS

OCTOBER 1, 2008 AND OCTOBER 1, 1999

Business Name	Nature of Business	October 1, 2008			October 1, 1999		
		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	\$ 27,354	1	1.15%	\$ 12,668	2	1.12%
Bob's Discount Furniture	Retail Store & Distribution Warehouse	22,977	2	0.97%			
Freeport-McMoran (fka Phelps Dodge)	Manufacturing - Copper	14,404	3	0.61%	15,806	1	1.40%
SEA Norwich LLC	Shopping Center	12,538	4	0.53%			
Plaza Enterprises	Shopping Center	12,285	5	0.52%			
Mashantucket Pequot Tribe	Real Estate	11,078	6	0.47%	6,680	4	0.59%
Kalimian Elias as Trustee	Apartments	11,002	7	0.46%	5,189	5	0.46%
∞ Wal-Mart Stores, Inc.	Department Store	9,695	8	0.41%	3,911	7	0.35%
21 Henry LLC	Apartments	8,039	9	0.34%			
US Foodservice	Food Distributors	7,915	10	0.33%	3,635	10	0.32%
Norwich Mall Realty Associates	Shopping Center				7,255	3	0.64%
Norwich Realty Associates LP	Real Estate				4,902	6	0.43%
70 Jewett City Road LLC	Real Estate				3,721	8	0.33%
Norwich Hotel LLC	Hotel				3,672	9	0.32%
Total		\$ 137,287		5.77%	\$ 67,439		5.96%

Source: City of Norwich Assessor's Office

Note:

(1) The October 1, 2008 grand list was the base grand list utilized for the tax bills issued July 1, 2009 for the 2010 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		
				Amount	Percentage of Levy		Amount	Percentage of Levy	
General Fund									
2010	\$ 2,378,111	23.48	\$ 55,162	\$ 53,056	96.18%	\$ -	\$ 53,056	96.18%	
2009	1,876,234	29.24	54,309	52,081	95.90%	1,281	53,362	98.26%	
2008	1,819,529	28.57	51,980	50,213	96.60%	1,261	51,474	99.03%	
2007	1,791,750	27.77	49,971	48,324	96.70%	1,594	49,918	99.89%	
2006	1,745,186	26.72	46,541	44,977	96.64%	1,503	46,480	99.87%	
2005	1,733,296	25.69	43,999	42,681	97.00%	1,268	43,949	99.89%	
2004	1,166,095	36.47	42,774	41,136	96.17%	1,610	42,746	99.93%	
2003	1,145,883	35.62	41,064	39,438	96.04%	1,607	41,045	99.95%	
2002	1,141,544	33.89	38,794	37,208	95.91%	1,570	38,778	99.96%	
2001	1,132,025	33.89	38,419	36,648	95.39%	1,755	38,403	99.96%	
City Consolidated District (CCD) Fire Tax									
2010	\$ 870,088	3.63	\$ 3,136	\$ 2,991	95.38%	\$ -	\$ 2,991	95.38%	
2009	650,100	4.86	3,154	2,981	94.51%	109	3,090	97.97%	
2008	641,583	4.75	3,064	2,930	95.63%	96	3,026	98.76%	
2007	633,603	4.25	2,724	2,595	95.26%	125	2,720	99.85%	
2006	620,505	4.03	2,511	2,399	95.54%	108	2,507	99.84%	
2005	614,657	3.84	2,332	2,233	95.75%	94	2,327	99.79%	
2004	392,560	5.64	2,227	2,142	96.18%	82	2,224	99.87%	
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%	84	2,088	99.95%	
2001	386,583	5.33	2,063	1,968	95.40%	93	2,061	99.90%	
Town Consolidated District (TCD) Volunteer Fire Relief Tax									
2010	\$ 1,508,023	0.36	\$ 536	\$ 525	97.95%	\$ -	\$ 525	97.95%	
2009	1,226,134	0.42	510	491	96.27%	11	502	98.43%	
2008	1,177,946	0.36	424	411	96.93%	10	421	99.29%	
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%	
2002	750,693	0.28	211	202	95.73%	9	211	100.00%	
2001	745,442	0.31	231	220	95.24%	11	231	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 Primary Government	Ratio of Debt to Taxable Assessed Value	Debt Per Capita
	General Obligation Bonds	Capital Leases	General Obligation Bonds	Revenue Bonds	Notes	Capital Leases			
2010	\$ 29,851	\$ 42	\$ 5,264	\$	\$ 4,481	\$ 2,020	\$ 41,658	1.75%	\$ 1,152
2009	21,936	80	5,624		4,027	2,688	34,355	1.83%	944
2008	21,596	115	5,937		4,995	3,174	35,817	1.97%	984
2007	24,952	146	6,576		5,430	1,402	38,506	2.15%	1,049
2006	28,568		7,217		5,854	1,617	43,256	2.48%	1,179
2005	32,700 *		7,795 *		6,269	2,222	48,986	2.83%	1,353
2004	40,325		555		6,619	1,641	49,140	4.21%	1,357
2003	40,945		630		7,019	1,806	50,400	4.40%	1,415
2002	43,011		705		7,411	2,722	53,849	4.72%	1,491
2001	42,680	150	770		6,221	4,029	53,850	4.76%	1,491

* Sewer extension bonds converted to business-type activity

Notes:

- (1) 2008, 2003, and 1999 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, 2010
(In Thousands)

Total Tax Collections, Including Interest and Lien Fees	\$ 55,693
Total Tax Collections, Norwich Fire District	3,733
Reimbursement for Loss on:	
Tax relief for elderly - freeze	4

Base	\$ <u>59,430</u>
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	General Purpose	Schools	Sewers	Urban Renewal	Pension Deficit
Debt Limitation:					
2-1/4 times base	\$ 133,718	\$	\$	\$	\$
4-1/2 times base		267,435			
3-3/4 times base			222,863		
3-1/4 times base				193,148	
3 times base					178,290
Total debt limitation	133,718	267,435	222,863	193,148	178,290
Indebtedness:					
Bonds and serial notes payable	17,673	10,492	7,467		
Bonds authorized and unissued	8,055	6,060	3,175		
Grants receivable		(402)			
Total indebtedness	25,728	16,150	10,642	-	-
Debt Limitation in Excess of Outstanding and Authorized Debt	\$ 107,990	\$ 251,285	\$ 212,221	\$ 193,148	\$ 178,290

Note 1: In no event shall total debt exceed seven times annual receipts from taxation. The maximum amount permitted would be \$416 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 \$1,926 and State of Connecticut serial notes payable of \$2,038.

Note 4: School Building Grants totaling \$402 are applicable to outstanding bond issues.

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

	FISCAL YEAR									
	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
Legal Debt Limit:										
Seven times taxable base	\$ 416,010	\$ 416,010	\$ 391,216	\$ 369,635	\$ 348,698	\$ 333,578	\$ 329,433	\$ 320,343	\$ 303,704	\$ 296,573
Indebtedness:										
Bonds and serial notes payable	39,596	39,631	32,528	36,958	41,639	46,764	47,499	50,400	55,918	53,850
Bonds authorized and unissued	17,290	15,990	7,240	2,705	2,705	2,705	4,640	4,455	2,730	8,220
Total indebtedness	56,886	55,621	39,768	39,663	44,344	49,469	52,139	54,855	58,648	62,070
Less:										
Water bonds and serial notes payable	(3,964)	(3,968)	(4,350)	(4,729)	(3,045)	(3,357)	(1,044)	(1,139)	(1,279)	(1,365)
School building grants	(402)	(507)	(612)	(722)	(988)	(1,262)	(1,842)	(1,943)	(2,280)	(3,337)
Net indebtedness applicable to legal debt limit (1)	52,520	51,146	34,806	34,212	40,311	44,850	49,253	51,773	55,089	57,368
Debt Limitation in Excess of Outstanding and Authorized Debt (1)	\$ 363,490	\$ 364,864	\$ 356,410	\$ 335,423	\$ 308,387	\$ 288,728	\$ 280,180	\$ 268,570	\$ 248,615	\$ 239,205
Total net debt applicable to the limit as a percentage of debt limit	12.62%	12.29%	8.90%	9.26%	11.56%	13.45%	14.95%	16.16%	18.14%	19.34%
Total indebtedness as a percentage of net taxable assessed value (1)	2.21%	2.726%	1.913%	1.909%	2.310%	2.588%	4.224%	4.518%	4.826%	0.050677326
Total indebtedness per capita (1)	\$ 1,433	\$ 1,406	\$ 956	\$ 940	\$ 1,099	\$ 1,238	\$ 1,360	\$ 1,453	\$ 1,525	\$ 1,588
Calculation of Continuing Disclosure Agreement Ratios:										
Total indebtedness per legal debt limit calculation	\$ 56,886	\$ 55,621	\$ 39,768	\$ 39,663	\$ 44,344	\$ 49,469	\$ 52,139	\$ 54,855	\$ 58,648	\$ 62,070
Less authorized and unissued debt	(17,290)	(15,990)	(7,240)	(2,705)	(2,705)	(2,705)	(4,640)	(4,455)	(2,730)	(8,220)
Total direct debt	39,596	39,631	32,528	36,958	41,639	46,764	47,499	50,400	55,918	53,850
Less water and sewer indirect self-funding debt	(9,745)	(9,650)	(10,932)	(12,006)	(13,071)	(14,064)	(7,089)	(6,079)	(6,549)	(6,957)
Less school building grants	(402)	(507)	(612)	(722)	(988)	(1,262)	(1,842)	(1,943)	(2,280)	(3,337)
Total Net Direct Debt	\$ 29,449	\$ 29,474	\$ 20,984	\$ 24,230	\$ 27,580	\$ 31,438	\$ 38,568	\$ 42,378	\$ 47,089	\$ 43,556
Total direct debt as a percentage of State Equalized grand list	1.164%	1.096%	0.914%	1.029%	1.271%	1.868%	1.891%	2.338%	2.874%	3.269%
Total direct debt per capita	\$ 1,081	\$ 1,089	\$ 893	\$ 1,015	\$ 1,135	\$ 1,291	\$ 1,311	\$ 1,415	\$ 1,548	\$ 1,491
Total net debt as a percentage of State Equalized grand list	0.866%	0.815%	0.590%	0.674%	0.842%	1.256%	1.535%	1.966%	2.420%	2.644%
Total net debt per capita	\$ 804	\$ 810	\$ 576	\$ 666	\$ 752	\$ 868	\$ 1,065	\$ 1,189	\$ 1,304	\$ 1,206

(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)	School Enrollment (2)	Employed (3)	Unemployed (3)	Median Household Income (5)	Percentage Unemployed (3)			
						City of Norwich (3)	New London/ Norwich Market (3)	State of Connecticut (3)	United States (4)
2010	36,639	5,449	19,315	2,090	N/A	9.8%	8.6%	8.9%	9.6%
2009	36,388	5,519	19,231	1,858	48,505	8.8%	7.6%	7.9%	9.5%
2008	36,408	5,544	19,706	1,448	48,064	6.8%	5.9%	5.9%	6.0%
2007	36,408	5,531	20,083	1,033	46,907	4.9%	4.2%	4.4%	4.6%
2006	36,693	5,645	20,284	1,044	43,608	4.9%	4.2%	4.4%	4.6%
2005	36,218	5,425	20,033	1,248	42,656	5.9%	4.9%	5.3%	4.9%
2004	36,218	5,507	19,745	1,207	42,075	5.8%	4.3%	4.8%	5.8%
2003	35,628	5,491	19,561	1,239	42,113	6.0%	4.6%	5.2%	6.5%
2002	36,117	5,426	18,500	542	N/A	2.8%	2.5%	3.5%	5.4%
2001	36,117	5,194	18,381	542	N/A	2.9%	2.5%	3.1%	4.7%

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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.
- N/A - Not available.

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

TABLE 12

CITY OF NORWICH, CONNECTICUT

PRINCIPAL EMPLOYERS

CURRENT YEAR AND 2002

Business Name	Nature of Business	2010			2002		
		Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
William W. Backus Hospital	Medical Center	1,687	1	8.73%	1,537	1	8.31%
City of Norwich (incl. NPU & BOE)	Municipality	1,016	2	5.26%	944	2	5.10%
State of Connecticut	All State agencies	966	3	5.00%	166	7	0.90%
Bob's Discount Furniture	Retail Store & Warehouse	530	4	2.74%			
Electric Boat	Engineering for submarines	485	5	2.51%			
94 Interim Healthcare of Eastern CT	Healthcare	400	6	2.07%			
The American Group	Ambulance Service and other operations	303	7	1.57%	200	5	1.08%
Norwich Free Academy	Quasi-private high school	264	8	1.37%			
Computer Science Corporation	Computer Products & Services	250	9	1.29%	476	3	2.57%
Spa at Norwich Inn	Spa	250	9	1.29%			
Stop & Shop	Grocery Store	250	9	1.29%			
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		<u>3,698</u>		<u>19.15%</u>	<u>1,579</u>		<u>8.54%</u>

Source: Norwich Community Development Corporation

Note: This information was not reported prior to 2002.

CITY OF NORWICH, CONNECTICUT

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

LAST NINE FISCAL YEARS

	FISCAL YEAR								
	2010	2009	2008	2007	2006	2005	2004	2003	2002
General City:									
City Manager	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
Finance	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
Assessment	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	5.5	5.5
City Clerk	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	1.5
Police	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	55.5	55.5	55.5	55.0	55.5	55.5
Recreation	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	10.5	11.0
Senior Citizens Center	6.5	7.0	7.0	6.0	6.0	6.0	6.0	7.0	8.0
Youth Service Bureau	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	7.0	7.0	6.5	8.0	8.0
PW Fleet Maintenance	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	2.0	2.0	3.0	3.0	3.0	4.0
PW Street Maintenance	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	9.0	9.0	10.0	11.0	12.0	12.0
PW Building Maintenance	9.0	9.0	9.0	7.0	6.0	7.0	7.0	8.0	7.5
PW Parking Maintenance	1.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Election	2.0	2.5	2.5	2.5	2.5	2.5	2.5	3.0	3.0
Planning and Neighborhood Services	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	1.0
Emergency Management	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Tourism	0.0	0.5	0.5	0.5	0.5	0.5	0.5	0.5	2.0
Total General City	<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	392.1	406.4	387.5	384.2	373.8	386.3	375.9	392.1	502.5
State and federal grant - funded positions	125.3	125.3	111.3	117.1	114.1	99.8	86.6	74.7	66.3
School Lunch (state and federal grant)	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	13.0	13.0	13.0	12.0	11.0	13.0
Family Resource Center (state grant)	24.5	24.5	25.5	22.0	24.0	10.0	10.0	10.0	10.0
Total Board of Education	<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	<u>139.5</u>	<u>139.5</u>	<u>137.0</u>	<u>137.0</u>	<u>137.0</u>	<u>137.0</u>	<u>136.5</u>	<u>138.0</u>	<u>136.0</u>
Total	<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

Note: This information was not reported prior to 2002.

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

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

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

Note: This information was not reported prior to 2002.

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

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

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CITY OF NORWICH, CONNECTICUT

CAPITAL ASSET STATISTICS BY FUNCTION (CONTINUED)

LAST NINE FISCAL YEARS

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

Source: The respective City Departments

Note: This information was not reported prior to 2002.