

**CITY OF NORWICH, CONNECTICUT**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**



**FISCAL YEAR ENDED JUNE 30, 2009**  
**DEPARTMENT OF FINANCE**  
**UNION SQUARE**  
**NORWICH, CONNECTICUT**

# **Comprehensive Annual Financial Report**

**of the**

## **City of Norwich, Connecticut**

Fiscal Year Ended June 30, 2009

Prepared By:

City of Norwich Finance Department

Joseph A. Ruffo, CPA  
Comptroller

joshua a. pothier  
Deputy Comptroller

Anthony Madeira  
Accountant

# CITY OF NORWICH, CONNECTICUT

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# **Introductory Section**



CITY OF NORWICH  
CONNECTICUT

JOSEPH A. RUFFO, C.P.A.  
COMPTROLLER  
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100 Broadway Room 105  
Norwich, CT 06360-4431

December 30, 2009

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, 2009. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the City. To the best of our knowledge and belief, the enclosed data are accurate in all material respects and are reported in a manner to present fairly the financial position and results of operations of the City. All disclosures necessary to enable the reader to gain an understanding of the City’s financial activities have been included.

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

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

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

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

### **Profile of Government**

Norwich, founded in 1659, is Connecticut's 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, culture, 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 \$1,372 for fiscal year 2007, the 11<sup>th</sup> lowest in the State. Through the City Redevelopment Plan

and other initiatives, 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 several projects which will improve both the tax base and quality of life in Norwich.

### Commercial/Industrial Activity

- *CSC Facility in the Industrial Park.* Electric Boat is leasing an additional 62,000 square-foot facility and bringing over 400 high-tech jobs to the City.
- *Byron Brook Recreation Resort Community Project.* The Norwich Commission on the City Plan has approved the development of roughly 300 acres of land in Occum into a \$200 million project including a recreation facility and 658 market rate condominiums.
- *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.
- *Hampton Inn & Suites Hotel.* This \$5 million, 113-room, six-story hotel on the Route 82/I-395 interchange is currently under construction and is expected to be complete in 2010.
- *Ponemah Mill Adaptive Reuse Project.* This \$15 million project will convert a 19th century Taftville mill into 250 residential apartment units. This project is expected to be finished in 2010.
- *Thayer Building.* This building in downtown Norwich was renovated into 70 residential apartment units. The \$3 million project was completed in Fall 2008.
- *Cadle Mill Adaptive Reuse Project.* This \$7 million project will convert a mill near the Thames River into 107 luxury residential apartment units. This project is expected to be finished in 2010.

### Housing Market

- From January 2009 through September 2009, the Building Division has issued over \$17 million in residential building permits.
- There are currently over 300 units of condominiums and apartments under construction.

### 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 a \$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.

### Major Initiatives

- *Road Improvements.* The residents of the City of Norwich passed a bond referendum item in November 2006 for \$5 million of road improvements. Utilizing the road improvements bond funding in addition to annual Capital Improvements funds, the Public Works Department has resurfaced over 25 miles of City streets from fiscal year 2006-07 through 2008-09. The City Council adopted another \$5 million bond ordinance which will be voted on by Norwich residents on November 3, 2009.
- *Thomas J. Dodd Memorial Stadium.* City officials are working with Minor League Baseball to find another team to replace the Connecticut Defenders before the start of the 2010 season. The Defenders terminated their lease with the City in September 2009.
- *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 it is anticipated that the seawall will be completed in December 2009. 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.
- *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 August 2011 and includes: adding classrooms, updating utilities, asbestos abatement and adding an 800-seat auditorium.
- *Norwich Dog Pound.* The Public Works Department has hired Design Learned, a local Architectural/Engineering firm, for the retrofit design of a new dog pound facility to be located in the former Parks & Cemeteries administration building in Mohegan Park. Construction activities could begin as early as December 2009 with project completion estimated to be August 2010. The project cost is estimated to be approximately \$600,000 funded by a bond ordinance adopted in April 2008. By retrofitting an existing building the City will save approximately 25-40% in construction costs, as compared to new construction.
- *Intermodal Transportation Center.* This \$22 million project was conceived in the mid-1990's and is scheduled to be completed in 2012. The project is supported by \$12.2 million of Federal Transit Authority and Highway Administration grants, \$7.2 million of Connecticut bonding grants, \$1.1 million of Connecticut Department of Economic & Community Development grants, and \$1.5 million of City funding. The transportation center will be located on Falls Avenue and will have a 260-space parking garage; will provide indoor services for SEAT bus riders; and will be constructed to easily accommodate future passenger ferry traffic.

### **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, 2008. This was the 16<sup>th</sup> 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.

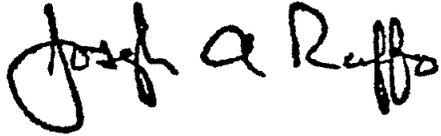
A Certificate of Achievement is valid for a period of one year only. I believe that our current comprehensive annual financial report continues to conform to the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

For fiscal years beginning July 1, 2000 through 2009, the GFOA awarded the City a "Distinguished Budget Presentation Award" for its adopted budget. The budgets submitted had to satisfy four different criteria: the budget as a Policy Document, the budget as a Financial Plan, the budget as an Operations Guide, and the budget as a Communications Device. The award earned by the City is the highest form of recognition in the area of budgeting.

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

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

Respectfully submitted,

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

Joseph A. Ruffo, CPA  
Comptroller

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Norwich  
Connecticut

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 2008

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.



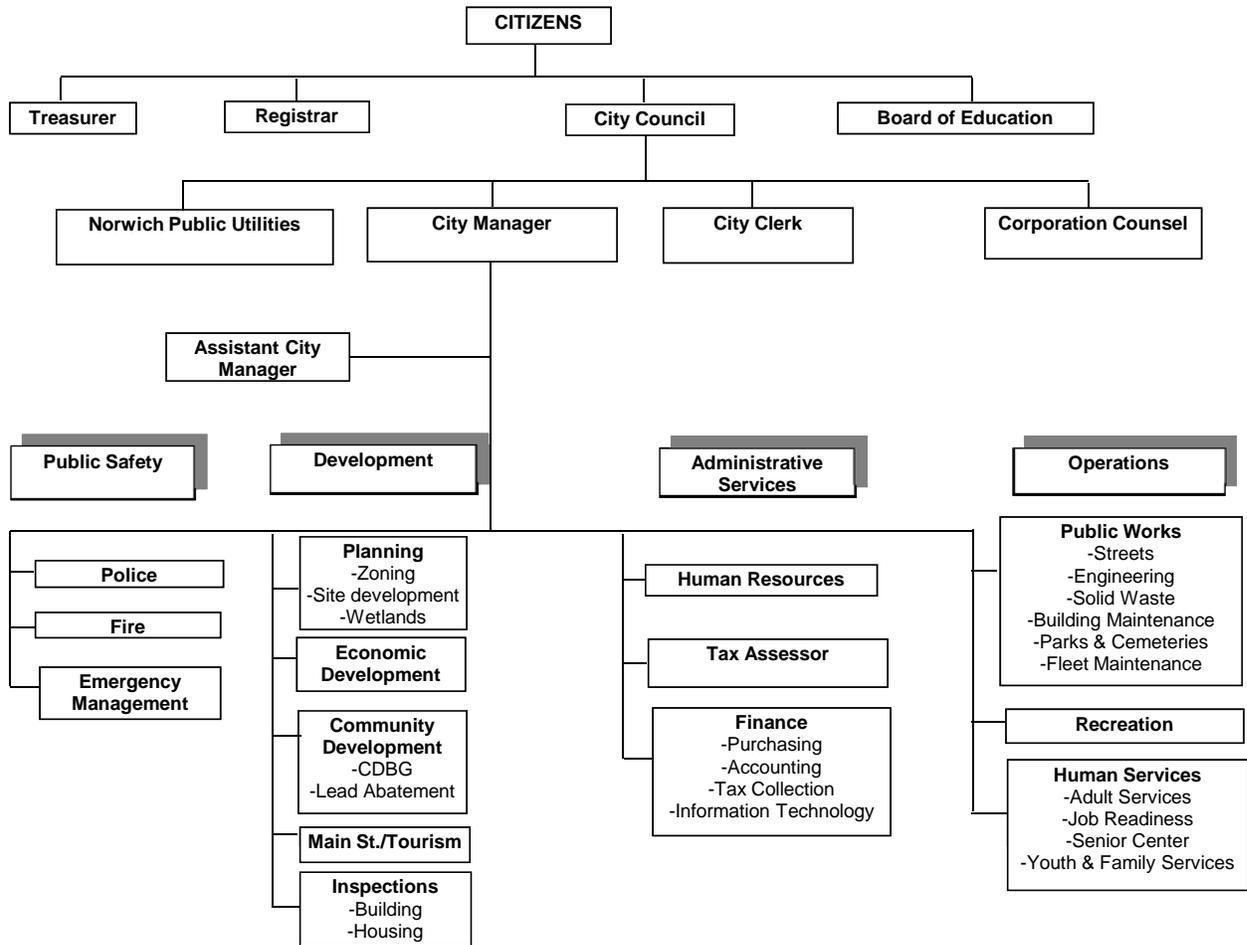
A handwritten signature in black ink, appearing to read "M. L. Post".

President

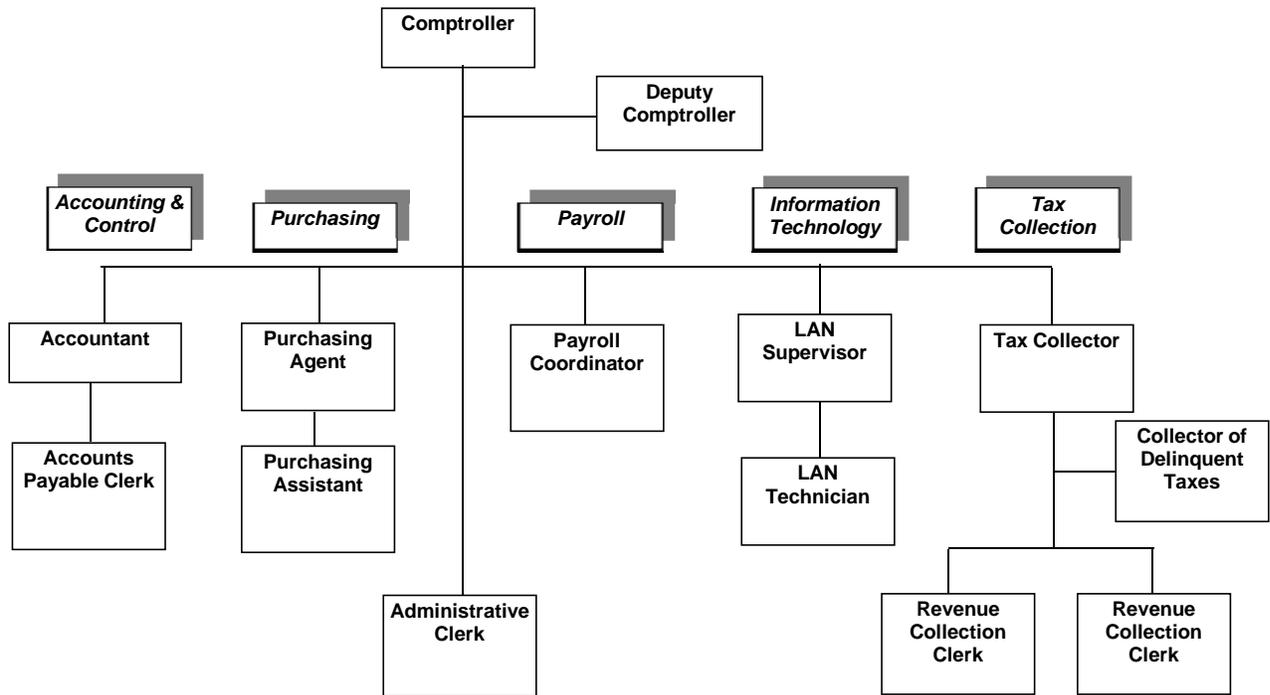
A handwritten signature in black ink, appearing to read "Jeffrey R. Emery".

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>
Nancy DePietro (D)	2 Years	1/5/11
Gerald Kortfelt (R)	2 Years	1/5/11

## APPOINTED NPU COMMISSIONERS

	<u>Term Length</u>	<u>Term Expires</u>
VACANT, Chairman (D)	5 Years	2/28/12
Alan M. Remondi, Vice Chairman (D)	5 Years	2/28/11
James M. Sullivan (D)	5 Years	3/01/14
Diana Boisclair (R)	5 Years	3/01/10
Frank Demicco (D)	5 Years	3/01/13

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

**DIRECTORY OF CITY ADMINISTRATIVE  
OFFICIALS**

City Manager .....	Alan H. Bergren
Assistant City Manager.....	Jennifer Gottlieb
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.....	Barry Ellison
Fire Chief.....	Ken Scandariato
Health Director.....	Patrick McCormack, MPH
Housing Authority Director.....	Charles Whitty
Acting 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.....	Joseph Loyacano
Purchasing Agent.....	William R. Block
Recreation Director .....	Luis DePina
Senior Center Director .....	Michael Wolak
Superintendent of Schools.....	Pamela Aubin
Tax Collector.....	Katherine Daley
Volunteer Fire Chiefs	
East Great Plain.....	Patrick Daley
Laurel Hill.....	Ed Martin
Occum .....	Robert Riley
Taftville .....	Timothy Jencks
Yantic.....	Frank Blanchard
Zoning Enforcement Officer.....	Paulette Craig

## **Financial Section**

# BlumShapiro

Accounting | Tax | Business Consulting

## Independent Auditors' Report

To the Honorable Mayor and  
Members of the City Council  
City of Norwich  
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, 2009, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City'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, 2009 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.

Management's discussion and analysis on pages 3 through 10 and budgetary comparison information on pages 59 through 62 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We

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have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 30, 2009 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in conjunction with this report in considering the results of our audit.

*Blum, Shapiro & Company, P.C.*

December 30, 2009

## CITY OF NORWICH, CONNECTICUT

### MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2009

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, 2009. 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 \$172.0 million. Total net assets for governmental activities at fiscal year-end were \$60.6 million, and total net assets for business-type activities were \$111.4 million. Total unrestricted net assets at June 30, 2009 were \$29.0 million.
- On a government-wide basis, during the year, the City's net assets increased by \$3.5 million from \$168.5 million to \$172.0 million. Governmental activities net assets decreased by \$1.6 million, and net assets increased by \$5.1 million for business-type activities. Governmental activities expenses were \$138.6 million, while total revenues including transfers were \$137.0 million.
- At the close of the year, the City's governmental funds reported, on a current financial resource basis, combined ending fund balances of \$11.9 million, a decrease of \$2.2 million from the prior fiscal year. Of the total fund balance as of June 30, 2009, \$9.9 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 \$9.9 million, a decrease of \$1.1 million from the prior fiscal year. Included in the fiscal year 2010 budget is an appropriation of \$800 thousand from the unreserved fund balance. As of June 30, 2009, \$9.6 million of the total fund balance is unreserved representing 9.0% of total General Fund actual expenditures on a budgetary basis.
- The City's governmental activities total bonded debt increased by \$340 thousand 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 \$168.5 million to \$172.0 million. The analysis below focuses on the net assets (Table 1) and changes in net assets (Table 2) of the City's governmental and business-type activities.

**Table 1**  
**NET ASSETS**  
(In Thousands)

	Governmental Activities		Business-Type Activities		Total	
	2009	2008	2009	2008	2009	2008
Current and other assets	\$ 44,847	\$ 42,134	\$ 34,828	\$ 34,852	\$ 79,675	\$ 76,986
Capital assets	74,678	71,835	100,548	99,222	175,226	171,057
Total assets	<u>119,525</u>	<u>113,969</u>	<u>135,376</u>	<u>134,074</u>	<u>254,901</u>	<u>248,043</u>
Long-term debt outstanding	35,204	32,250	15,715	18,022	50,919	50,272
Unearned revenue	1,832	2,002	193	207	2,025	2,209
Other liabilities	21,885	17,529	8,044	9,489	29,929	27,018
Total liabilities	<u>58,921</u>	<u>51,781</u>	<u>23,952</u>	<u>27,718</u>	<u>82,873</u>	<u>79,499</u>
Net Assets:						
Invested in capital assets, net of debt	53,165	50,696	87,763	84,439	140,928	135,135
Restricted	1,351	1,608	758	758	2,109	2,366
Unrestricted	<u>6,088</u>	<u>9,884</u>	<u>22,903</u>	<u>21,159</u>	<u>28,991</u>	<u>31,043</u>
Total Net Assets	<u>\$ 60,604</u>	<u>\$ 62,188</u>	<u>\$ 111,424</u>	<u>\$ 106,356</u>	<u>\$ 172,028</u>	<u>\$ 168,544</u>

Net assets of the City's governmental activities decreased by \$1.6 million (\$60.6 million compared to \$62.2 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 \$9.9 million at June 30, 2008 to \$6.1 million at the end of this year. Unrestricted net assets is being used to fund capital expenses until permanent financing of the project costs occurs. Related bond anticipation notes totaling \$8.0 million are outstanding as of June 30, 2009. The net assets of business-type activities increased by 4.7% (\$111.4 million compared to \$106.4 million) during 2009.

**Table 2**  
**CHANGES IN NET ASSETS**  
(In Thousands)

	<u>Governmental</u>		<u>Business-Type</u>		<u>Total</u>	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
Revenues:						
Program revenues:						
Charges for services	\$ 7,919	\$ 7,929	\$ 90,499	\$ 79,902	\$ 98,418	\$ 87,831
Operating grants and contributions	52,034	62,359			52,034	62,359
Capital grants and contributions	5,810	1,635	1,315	1,216	7,125	2,851
General revenues:						
Property taxes	57,897	56,456			57,897	56,456
Grants and contributions not restricted to specific purposes	5,480	5,407			5,480	5,407
Unrestricted investment earnings	262	998	108	400	370	1,398
Other general revenues	558	631			558	631
Total revenues	<u>129,960</u>	<u>135,415</u>	<u>91,922</u>	<u>81,518</u>	<u>221,882</u>	<u>216,933</u>
Program expenses:						
General government	10,473	12,116			10,473	12,116
Public safety	20,326	18,271			20,326	18,271
Social services	4,954	4,852			4,954	4,852
Public works	15,819	11,617			15,819	11,617
Education	85,661	91,664			85,661	91,664
Interest on long-term debt	1,444	1,380			1,444	1,380
Department of Public Utilities			77,192	74,114	77,192	74,114
Other enterprise funds			2,529	2,568	2,529	2,568
Total program expenses	<u>138,677</u>	<u>139,900</u>	<u>79,721</u>	<u>76,682</u>	<u>218,398</u>	<u>216,582</u>
Excess (deficiency) before transfers	(8,717)	(4,485)	12,201	4,836	3,484	351
Transfers	7,133	7,026	(7,133)	(7,026)	-	-
Increase (Decrease) in Net Assets	<u>\$ (1,584)</u>	<u>\$ 2,541</u>	<u>\$ 5,068</u>	<u>\$ (2,190)</u>	<u>\$ 3,484</u>	<u>\$ 351</u>

The City's total revenues were \$221.9 million. The total cost of all programs and services was \$218.4 million. Our analysis below separately considers the operations of governmental and business-type activities.

### ***Governmental Activities***

Governmental activities decreased the City's assets by \$1.6 million during the year compared with an increase of \$2.5 million last year. Total revenues of \$130.0 million and \$7.1 million in transfers from the City's business-type activities provided funding for the City's \$138.7 million of governmental program expenses incurred during the year.

The City's revenues decreased \$5.4 million (\$130.0 million compared to \$135.4 million). Included in this year's total revenue was the recognition of \$3.1 million in operating grants and contributions for the State's contribution to the State Teachers Retirement Board (STRB) on behalf of City teachers, compared with \$14.6 million in 2008. During 2008, the State's contribution to the STRB Plan on behalf of City teachers was significantly higher due to the State's issuance of pension obligation bonds and transferring of those proceeds into the STRB Plan.

Total program expenses were \$138.7 million as compared with \$139.9 million reported last year. The expenses of the, Public Safety, Social Services, and Public Works functions experienced increases attributable to contractual wage increases, pension and Other Post-employment Benefits contributions and health insurance. The Education function also experienced these increases, however the reduction of the State Teachers Retirement Board on-behalf contribution resulted in a net decrease of \$6.0 million to \$85.7 million in the current year as compared to \$91.7 in the prior year.

Property tax revenues increased \$1.4 million, which provided additional resources necessary to fund the City's programs expense increase of \$7.3 million over the previous year. Increases 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 2009 compared with 2008.

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>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
General government	\$ 10,473	\$ 12,116	\$ 7,466	\$ 9,279
Public safety	20,326	18,271	19,384	17,554
Social services	4,954	4,852	2,605	2,575
Public works	15,819	11,617	11,554	7,425
Education	85,661	91,664	30,461	29,793
All others	1,444	1,380	1,444	1,351
Totals	<u>\$ 138,677</u>	<u>\$ 139,900</u>	<u>\$ 72,914</u>	<u>\$ 67,977</u>

***Business-Type Activities***

Revenues of the City's business-type activities (see Table 2) increased by \$10.4 million during the year (\$91.9 million in 2009 compared to \$81.5 million in 2008) and expenses increased by \$7.4 million. Overall net assets increased \$5.1 million in 2009 compared with a decrease of \$2.2 million in 2008. Net assets of the Department of Public Utilities Electric Division increased \$1.5 million in 2009 compared with a decrease of \$2.3 million in 2008 and net assets of the Gas Division increased \$3.3 million compared with a decrease of \$1.7 million in 2008. In Electric Division charges for services increased \$5.9 million while purchase power costs increased \$3.1 million. In the Gas Division, the charges for service revenues increased \$4.6 million compared with a decrease of \$278 thousand in the cost to purchase natural gas. Both the cost of purchasing electric power and natural gas for the Division's 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 \$11.9 million, which is a decrease of \$2.2 million from last year's total of \$14.1

million. Included in this year's total change in fund balance is a decrease of \$1.1 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 deficit fund balance of \$3.3 million at June 30, 2009. The deficit fund balance decreased by \$100 thousand during the year. Proceeds from the related project bond authorizations will only be realized as a revenue source to the Bond Expenditure fund when permanently financed. The City is providing temporary financing for current capital costs through the issuance of bond anticipation notes. Bond anticipation notes outstanding totaled \$8.0 million as of June 30, 2009. The bond anticipation notes are recorded as a current liability in the Bond Expenditure Fund.

The other governmental funds have a total fund balance of \$5.4 million, decreasing \$1.1 million during the year. The decrease is primarily due to expenditures in the School Construction Fund. Similar to the activities in the Bond Expenditure Fund, school project deficits will be funded in subsequent years through permanent bond financing. The School Construction Fund will account for the activities of the \$40.3 million Kelly School renovation project that began during the 2009 fiscal year.

### ***Proprietary Funds***

Net assets of the proprietary funds consisting of the Department of Public Utilities were \$100.4 million, as compared to \$95.2 million in the prior year, and City's other nonmajor enterprise funds net assets decreased \$157 thousand to \$11.0 million from \$11.1 million.

Unrestricted net assets of the Department of Public Utilities was \$22.7 million, and \$172 thousand for the other nonmajor enterprise funds. The Department of Public Utilities had operating revenues of \$88.3 million from user fees, and other enterprise funds had \$2.2 million. The total increase in net assets for the fiscal year ended June 30, 2009 was \$5.1 million.

### ***General Fund Budgetary Highlights***

The difference between the original budget and the final amended budget was \$45 thousand. This additional appropriation was for large diameter hose for the city's fire departments.

During the year, actual revenues and other financing sources on a budgetary basis were \$105.7 million, which was \$227 thousand less than budgetary estimates. The variance was caused by the general downturn in the national economy during fiscal year 2009. Property tax collections, building permits, investment income, land records, real estate conveyance taxes, and intergovernmental revenue all declined as a result of the recession.

Actual expenditures on a budgetary basis and other financing uses totaled \$106.7 million, which were greater than actual revenues and other financing sources on a budgetary basis by \$1.1 million. Actual expenditures on a budgetary basis were \$431 thousand less than budgeted. Favorable budgetary variances were spread amongst several City departments and functions.

## **CAPITAL ASSET AND DEBT ADMINISTRATION**

### ***Capital Assets***

At June 30, 2009, the City had \$175.2 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 \$4.1 million, or 2.4%, over last year.

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

	Governmental Activities		Business-Type Activities		Total	
	2009	2008	2009	2008	2009	2008
Land	\$ 23,832	\$ 23,660	\$ 2,733	\$ 2,733	\$ 26,565	\$ 26,393
Buildings and improvements	18,220	18,848	32,089	32,843	50,309	51,691
Vehicles, machinery, equipment, pumping and distributions systems	5,859	6,067	56,891	57,909	62,750	63,976
Technology upgrade and road infrastructure	18,642	17,437			18,642	17,437
Construction in progress	8,125	5,823	8,835	5,737	16,960	11,560
Totals	<u>\$ 74,678</u>	<u>\$ 71,835</u>	<u>\$ 100,548</u>	<u>\$ 99,222</u>	<u>\$ 175,226</u>	<u>\$ 171,057</u>

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

Road overlays	\$ 2,176
Fuel Management System	212
Roof/HVAC for City Hall Annex	103
Solar Panels for Norwich Fire Department	54
Dump truck with plow and sander	142
Police Cruisers	137
Purchase of 56 Yantic Street Land	<u>127</u>
Total	<u>\$ 2,951</u>

The City's fiscal-year 2009-10 capital budget calls for spending \$2.3 million for road overlays, public works vehicles, school improvements, police vehicles, sidewalk improvements 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, 2009, the City had total bonds and notes outstanding of \$31.1 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 million during fiscal 2009.

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

	Governmental Activities		Business-Type Activities		Total	
	2009	2008	2009	2008	2009	2008
General obligation bonds	\$ 21,433	\$ 21,024	\$ 5,291	\$ 5,925	\$ 26,724	\$ 26,949
Serial notes payable			4,349	4,995	4,349	4,995
Total	<u>\$ 21,433</u>	<u>\$ 21,024</u>	<u>\$ 9,640</u>	<u>\$ 10,920</u>	<u>\$ 31,073</u>	<u>\$ 31,944</u>

In August 2008, Standard & Poor's upgraded its rating of the City's outstanding issues from A+ to AA- and Fitch Ratings affirmed its AA- rating. Additionally, both ratings agencies gave their highest ratings to the City's December 2008 \$8.0 million bond anticipation notes (Standard & Poor's: SP-1+ and Fitch: F1+).

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 \$404 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 2009, the unemployment rate for the Norwich Labor Market Area was 8.8%, up from 6.8% in the prior year. Connecticut's overall unemployment rate stood at 7.6%, compared with 5.9% for the same time last year. The State of Connecticut's education and non-education formula grants have not kept pace with inflation. This, coupled with increased employee benefit costs, creates a challenge for Norwich. The City, however, is poised to overcome such challenges with its commitments to economic development, cost reduction and debt reduction. The effects of these efforts are exemplified in the initiatives noted in the transmittal letter.

The fiscal year 2010 General Fund budget calls for \$102.5 million in revenues and expenditures, an approximate 4.9% decrease in both over fiscal year 2009. On the revenue side, the fiscal year 2010 budgeted tax levy increased 0.02% and the mill rate decreased 5.76 mills from 29.24 to 23.48, a 19.7% decrease, as a result of the October 1, 2008 revaluation. The City has not implemented any new programs or services.

In the City's business-type activities, the Norwich Public Utilities projects an 8.54% increase in revenues from fiscal year 2009 from \$85.5 million to \$92.8 million. This increase is largely due to an increase in sewer and electric rates. Norwich Public Utilities budgeted \$2.98 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, 2009

(In Thousands)

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Assets:			
Cash and cash equivalents	\$ 27,110	\$ 15,777	\$ 42,887
Investments	5,076		5,076
Receivables, net	12,682	16,078	28,760
Internal balances	(107)	107	-
Inventories		1,891	1,891
Other assets	86	975	1,061
Capital assets:			
Assets not being depreciated	31,957	11,568	43,525
Assets being depreciated, net	42,721	88,980	131,701
Total assets	<u>119,525</u>	<u>135,376</u>	<u>254,901</u>
Liabilities:			
Accounts and other payables	8,113	8,044	16,157
Due to Fiduciary Funds	5,727		5,727
Unearned revenue	1,832	193	2,025
Notes payable	8,045		8,045
Noncurrent liabilities:			
Due within one year	6,381	2,430	8,811
Due in more than one year	28,823	13,285	42,108
Total liabilities	<u>58,921</u>	<u>23,952</u>	<u>82,873</u>
Net Assets:			
Invested in capital assets, net of related debt	53,165	87,763	140,928
Restricted for trust purposes:			
Expendable	59		59
Permanent	1,292		1,292
Restricted for energy conservation		758	758
Unrestricted	6,088	22,903	28,991
Total Net Assets	<u>\$ 60,604</u>	<u>\$ 111,424</u>	<u>\$ 172,028</u>

The accompanying notes are an integral part of the financial statements



## CITY OF NORWICH, CONNECTICUT

## BALANCE SHEET - GOVERNMENTAL FUNDS

JUNE 30, 2009

(In Thousands)

	<u>General</u>	<u>Bond Expenditure</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 13,075	\$ 11,494	\$ 2,541	\$ 27,110
Investments	3,957		1,119	5,076
Receivables, net	5,929		6,505	12,434
Due from other funds	8,755	723	3,769	13,247
Other assets			54	54
	<u>31,716</u>	<u>12,217</u>	<u>13,988</u>	<u>57,921</u>
Total Assets	\$ <u>31,716</u>	\$ <u>12,217</u>	\$ <u>13,988</u>	\$ <u>57,921</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts and other payables	\$ 5,764	\$ 164	\$ 1,884	\$ 7,812
Due to other funds	12,452	6,986	1,759	21,197
Deferred revenue	3,601	359	4,994	8,954
Notes payable		8,045		8,045
Total liabilities	<u>21,817</u>	<u>15,554</u>	<u>8,637</u>	<u>46,008</u>
Fund balances:				
Reserved	283	154	1,575	2,012
Unreserved, reported in:				
General Fund	9,616			9,616
Special Revenue Funds			2,183	2,183
Capital Project Funds		(3,491)	1,593	(1,898)
Total fund balances	<u>9,899</u>	<u>(3,337)</u>	<u>5,351</u>	<u>11,913</u>
Total Liabilities and Fund Balances	\$ <u>31,716</u>	\$ <u>12,217</u>	\$ <u>13,988</u>	\$ <u>57,921</u>

(Continued on next page)

## CITY OF NORWICH, CONNECTICUT

## BALANCE SHEET - GOVERNMENTAL FUNDS (CONTINUED)

**JUNE 30, 2009**  
**(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	\$	11,913
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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	\$	122,668	
Less accumulated depreciation		<u>(47,990)</u>	
Net capital assets			74,678

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	2,647
Interest receivable on property taxes	637
Housing rehabilitation loans	2,229
Receivable from the state for school construction projects	507
Accounts and other receivables	1,102
Net pension asset	32

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.

(4,178)

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	(21,936)
Deferred charges on refunding	503
Interest payable on bonds and notes	(193)
Compensated absences	(3,359)
Landfill closure	(1,820)
Capital lease	(80)
Net pension obligation	(112)
Net OPEB obligation	<u>(1,966)</u>

Net Assets of Governmental Activities (Exhibit I)	\$	<u><u>60,604</u></u>
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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, 2009

(In Thousands)

	<u>General</u>	<u>Bond Expenditure</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:				
Property taxes, interest and liens	\$ 53,978	\$	\$ 3,645	\$ 57,623
Intergovernmental revenues	44,021		19,095	63,116
Charges for services	1,220		5,379	6,599
Licenses, permits and fees	484			484
Investment income	418		(158)	260
Other	868		557	1,425
Total revenues	<u>100,989</u>	<u>-</u>	<u>28,518</u>	<u>129,507</u>
Expenditures:				
Current:				
General government	6,043		673	6,716
Public safety	12,588		6,018	18,606
Social services	2,297		2,343	4,640
Public works	7,917		2,442	10,359
Education	70,164		12,702	82,866
Other	3,693			3,693
Capital outlay		2,807	8,019	10,826
Debt service	4,034			4,034
Total expenditures	<u>106,736</u>	<u>2,807</u>	<u>32,197</u>	<u>141,740</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(5,747)</u>	<u>(2,807)</u>	<u>(3,679)</u>	<u>(12,233)</u>
Other Financing Sources (Uses):				
Transfers in	7,321		3,365	10,686
Transfers out	(2,659)	(80)	(814)	(3,553)
Issuance of bonds		2,940		2,940
Total other financing sources	<u>4,662</u>	<u>2,860</u>	<u>2,551</u>	<u>10,073</u>
Net Change in Fund Balances	(1,085)	53	(1,128)	(2,160)
Fund Balances at Beginning of Year	<u>10,984</u>	<u>(3,390)</u>	<u>6,479</u>	<u>14,073</u>
Fund Balances at End of Year	<u>\$ 9,899</u>	<u>\$ (3,337)</u>	<u>\$ 5,351</u>	<u>\$ 11,913</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, 2009  
(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)	\$ (2,160)
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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	6,262
Depreciation expense	(3,341)

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.	(78)
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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	647
Property tax interest and lien revenue - accrual basis change	(371)
School building grant receipts	(105)
Housing loan repayments	10
Accounts and other receivables - accrual basis change	272
Net pension asset	32

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	(2,940)
Bond principal payments	2,600
Amortization of deferred charge on refunding	(69)
Capital lease payments	35

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	99
Accrued interest	24
Net pension expense	151
Net OPEB expense	(1,953)
Landfill postclosure care	44

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.

(743)
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Change in Net Assets of Governmental Activities (Exhibit II)	\$ <u>(1,584)</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, 2009

(In Thousands)

	Business-Type Activities			Governmental
	Department of Public Utilities	Nonmajor Enterprise Funds	Total	Internal Service Funds
Assets:				
Current assets:				
Cash and cash equivalents	\$ 15,752	\$ 25	\$ 15,777	\$
Receivables, net:				
User charges	12,398	120	12,518	
Assessments receivable	2,692		2,692	
Intergovernmental				
Other	868		868	248
Due from other funds		471	471	2,116
Inventories	1,821	70	1,891	
Other assets	975		975	
Total current assets	<u>34,506</u>	<u>686</u>	<u>35,192</u>	<u>2,364</u>
Capital assets, net	<u>89,729</u>	<u>10,819</u>	<u>100,548</u>	
Total assets	<u>124,235</u>	<u>11,505</u>	<u>135,740</u>	<u>2,364</u>
Liabilities:				
Current liabilities:				
Accounts payable and accrued liabilities	7,127	116	7,243	108
Due to other funds	159	205	364	
Unearned revenue		193	193	
Due to CMEEC	357		357	
Notes payable - current	453		453	
Bonds payable - current	637		637	
Capital leases payable - current	647		647	
Compensated absences - current	264		264	
Risk management claims - current	72		72	2,014
Total current liabilities	<u>9,716</u>	<u>514</u>	<u>10,230</u>	<u>2,122</u>
Noncurrent liabilities:				
Customer deposits	801		801	
Due to CMEEC	99		99	
Notes payable	3,896		3,896	
Bonds payable	4,654		4,654	
Capital leases payable	2,041		2,041	
Compensated absences	2,378		2,378	
Risk management claims	217		217	4,420
Total noncurrent liabilities	<u>14,086</u>		<u>14,086</u>	<u>4,420</u>
Total liabilities	<u>23,802</u>	<u>514</u>	<u>24,316</u>	<u>6,542</u>
Net Assets:				
Invested in capital assets, net of related debt	76,944	10,819	87,763	
Restricted for energy conservation	758		758	
Unrestricted	<u>22,731</u>	<u>172</u>	<u>22,903</u>	<u>(4,178)</u>
Total Net Assets	<u>\$ 100,433</u>	<u>\$ 10,991</u>	<u>\$ 111,424</u>	<u>\$ (4,178)</u>

The accompanying notes are an integral part of the financial statements

## CITY OF NORWICH, CONNECTICUT

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

FOR THE YEAR ENDED JUNE 30, 2009

(In Thousands)

	Business-Type Activities			Governmental
	Department of Public Utilities	Nonmajor Enterprise Funds	Total	Internal Service Funds
Operating Revenues:				
Charges for services	\$ 84,839	\$ 2,188	\$ 87,027	\$ 15,113
Use of property	2,465		2,465	
Other services	1,008		1,008	
Total operating revenues	<u>88,312</u>	<u>2,188</u>	<u>90,500</u>	<u>15,113</u>
Operating Expenses:				
Purchased gas and electric	44,320		44,320	
General and administrative	12,468		12,468	
Depreciation	5,221	382	5,603	
Operations and maintenance	9,349	2,147	11,496	
Customer accounts	1,667		1,667	
Bad debt expense	1,532		1,532	
Gross revenue and property taxes	1,857		1,857	
Claims				14,538
Premiums and administrative charges				1,318
Total operating expenses	<u>76,414</u>	<u>2,529</u>	<u>78,943</u>	<u>15,856</u>
Operating Income (Loss)	<u>11,898</u>	<u>(341)</u>	<u>11,557</u>	<u>(743)</u>
Nonoperating Income (Expenses):				
Interest income	100	8	108	-
Interest expense	(313)		(313)	
Loss on disposal of capital assets	(466)		(466)	
Total nonoperating income	<u>(679)</u>	<u>8</u>	<u>(671)</u>	<u>-</u>
Income Before Contributions and Transfers	11,219	(333)	10,886	(743)
Capital Contributions	1,139	176	1,315	
Transfers Out	<u>(7,133)</u>		<u>(7,133)</u>	
Change in Net Assets	5,225	(157)	5,068	(743)
Total Net Assets at Beginning of Year	<u>95,208</u>	<u>11,148</u>	<u>106,356</u>	<u>(3,435)</u>
Total Net Assets at End of Year	<u>\$ 100,433</u>	<u>\$ 10,991</u>	<u>\$ 111,424</u>	<u>\$ (4,178)</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, 2009

(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	\$ 85,769	\$ 2,315	\$ 88,084	\$
Cash paid to vendors	(56,285)	(1,299)	(57,584)	
Cash paid to employees for services	(14,296)	(1,035)	(15,331)	
Net cash provided by (used in) operating activities	<u>15,188</u>	<u>(19)</u>	<u>15,169</u>	<u>-</u>
Cash Flows from Noncapital and Related Financing Activities:				
Transfers to other funds	(7,133)		(7,133)	
Customer deposits	138		138	
Advances to other funds	135	15	150	-
Net cash used in noncapital and related financing activities	<u>(6,860)</u>	<u>15</u>	<u>(6,845)</u>	<u>-</u>
Cash Flows from Capital and Related Financing Activities:				
Cash advance to CMEEC and other funds	(332)		(332)	
Assessments and state grant subsidies	371		371	
Capital contributions	768		768	
Purchase of capital assets	(7,018)	(6)	(7,024)	
Principal payment on bonds and notes	(1,280)		(1,280)	
Principal payment on capital leases	(680)		(680)	
Interest payment on debt	(313)		(313)	
Net cash used in capital and related financing activities	<u>(8,484)</u>	<u>(6)</u>	<u>(8,490)</u>	<u>-</u>
Cash Flows from Investing Activities:				
Income on investments	100	8	108	
Net Decrease in Cash and Cash Equivalents	(56)	(2)	(58)	-
Cash and Cash Equivalents at Beginning of Year	<u>15,808</u>	<u>27</u>	<u>15,835</u>	<u>-</u>
Cash and Cash Equivalents at End of Year	<u>\$ 15,752</u>	<u>\$ 25</u>	<u>\$ 15,777</u>	<u>\$ -</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:				
Operating income (loss)	\$ 11,898	\$ (341)	\$ 11,557	\$ (743)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation expense	5,221	382	5,603	
Provision for uncollectible accounts	1,532		1,532	
(Increase) decrease in receivables	(2,543)	141	(2,402)	9
(Increase) decrease in inventories and other assets	850	16	866	
(Increase) decrease in due from other funds		(180)	(180)	(57)
Increase (decrease) in unearned revenues		(14)	(14)	
Increase (decrease) in accounts payable and accrued liabilities	(1,770)	(23)	(1,793)	791
Total adjustments	<u>3,290</u>	<u>322</u>	<u>3,612</u>	<u>743</u>
Net Cash Provided by (Used In) Operating Activities	<u>\$ 15,188</u>	<u>\$ (19)</u>	<u>\$ 15,169</u>	<u>\$ -</u>
Noncash Capital and Financing Activities:				
Capital contributions	\$ 371	\$ 176	\$ 547	

The accompanying notes are an integral part of the financial statements

## CITY OF NORWICH, CONNECTICUT

## STATEMENT OF FIDUCIARY NET ASSETS - FIDUCIARY FUNDS

JUNE 30, 2009

(In Thousands)

	<u>Pension Trust Funds</u>	<u>Other Post Employment Benefit Trust Fund</u>	<u>Agency Funds</u>
Assets:			
Cash and cash equivalents	\$ 53	\$	\$ 390
Investments:			
Mutual funds	114,838		
Other receivables	45		39
Due from other funds	<u>3,133</u>	<u>2,594</u>	
Total assets	<u>118,069</u>	<u>2,594</u>	<u>\$ 429</u>
Liabilities:			
Accounts and other payables			\$
Due to student groups and agencies			<u>429</u>
Total liabilities			<u>\$ 429</u>
Net Assets:			
Held in Trust for Pension and Other Benefits	<u>\$ 118,069</u>	<u>\$ 2,594</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, 2009

(In Thousands)

	<u>Pension Trust Funds</u>	<u>Other Post Employment Benefit Trust Fund</u>
Additions:		
Contributions:		
Employer	\$ 3,466	\$ 3,399
Plan members	2,681	1,529
Total contributions	<u>6,147</u>	<u>4,928</u>
Investment income (loss):		
Net depreciation in fair value of investments	(23,390)	
Interest and dividends	80	
Total investment loss	<u>(23,310)</u>	
Less investment expense	(674)	
Net investment loss	<u>(23,984)</u>	
Total additions (reductions)	<u>(17,837)</u>	<u>4,928</u>
Deductions:		
Benefits	10,021	4,638
Administration	23	2
Lump sum distributions and withdrawals	348	
Total deductions	<u>10,392</u>	<u>4,640</u>
Net Increase (Decrease)	(28,229)	288
Net Assets Held in Trust for Pension Benefits at Beginning of Year	<u>146,298</u>	<u>2,306</u>
Net Assets Held in Trust for Pension Benefits at End of Year	<u>\$ 118,069</u>	<u>\$ 2,594</u>

The accompanying notes are an integral part of the financial statements

**CITY OF NORWICH, CONNECTICUT**

**NOTES TO FINANCIAL STATEMENTS**

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(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.

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

**Governmental Funds**

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

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

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

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

*Permanent Funds* are used to report resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that support the City's programs.

### **Proprietary Funds**

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

*Enterprise Funds* account for operations that are financed in a manner similar to private business enterprises, where the intent is that costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges. The Department of Public Utilities (gas, electric, water and sewer), Golf Course Authority, Stadium Authority and Ice Rink Authority are the City's enterprise funds.

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

### **Fiduciary Funds**

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

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

*Other Post Employment Benefit (OPEB) Trust Fund* accounts for the activities of the City's OPEB plan, which accumulates resources for medical and life insurance benefit payments for qualified retired employees.

*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.

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

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

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

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

The City reports the following major governmental funds:

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

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

The City reports the following major proprietary fund:

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

Additionally, the City reports the following fund types:

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

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

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

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

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 \$1,005 has been established as an allowance for uncollected taxes. At June 30, 2009, this represents 25.9% 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. Additional appropriations of \$45 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, 2009 as follows:

Bond Expenditure Fund	\$	3,337*
Nonmajor Governmental Funds:		
School projects		129*
Parking Commission		8*
Property Rehabilitation		11*
Internal Service Funds:		
Workers' Compensation		4,185**

\* Deficit will be reduced in future years through a combination of transfers from the General Fund and through permanent bond financing.

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

### 3. CASH, CASH EQUIVALENTS AND INVESTMENTS

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

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

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

#### Deposits

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

Based on the criteria described in GASB Statement No. 40, *Deposits and Investment Risk Disclosures*, \$35,737 of the City’s bank balance of \$37,297 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 32,047
Uninsured and collateral held by the pledging bank’s trust department, not in the City’s name	<u>3,690</u>
Total Amount Subject to Custodial Credit Risk	<u>\$ 35,737</u>

## Cash Equivalents

At June 30, 2009 the City's cash equivalents amounted to \$7,617. 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>
State Tax Exempt Proceeds Fund*	
State Short-Term Investment Fund (STIF)	AAAm
First American Treasury Obligation*	
Financial Investors Trust Money Market Fund	AAAm

\*Not rated

## Investments

As of June 30, 2009, the City had the following investments:

<u>Investment Type</u>	<u>Credit Rating</u>	<u>Fair Value</u>	<u>Investment Maturities (Years)</u>		
			<u>Less Than 1</u>	<u>1 – 10</u>	<u>More Than 10</u>
Interest-bearing investments:					
Certificates of deposit*	N/A	\$ 3,957	\$ 3,957	\$	\$
Federal agency securities	AAA	54		54	
Corporate Bonds	AA to A+	105		105	
Total		4,116	\$ 3,957	\$ 159	\$ -
Other Investments:					
Common Stock		675			
Mutual Funds		115,123			
Total Investments		\$ 119,914			

\*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>Department of Public Utilities</u>	<u>Nonmajor and Other Funds</u>	<u>Total</u>
Receivables:				
Taxes	\$ 3,875	\$	\$ 331	\$ 4,206
Accrued interest on taxes	850			850
Intergovernmental	1,454		2,897	4,351
User charges	968	14,201	120	15,289
Assessments		2,692		2,692
Housing and rehabilitation loans			2,749	2,749
Accounts and other		868	1,172	2,040
Gross receivables	<u>7,147</u>	<u>17,761</u>	<u>7,269</u>	<u>32,177</u>
Less allowance for uncollectibles:				
Taxes	(1,005)		(84)	(1,089)
Accrued interest on taxes	(213)			(213)
User charges		(1,803)		(1,803)
Accounts			(228)	(228)
Total allowance	<u>(1,218)</u>	<u>(1,803)</u>	<u>(312)</u>	<u>(3,333)</u>
Net Total Receivables	<u>\$ 5,929</u>	<u>\$ 15,958</u>	<u>\$ 6,957</u>	<u>\$ 28,844</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	\$ 2,442	\$	2,442
Accrued interest on property taxes	637		637
School building construction grant receivables	507		507
Other deferred revenues		15	15
Bond Expenditure Fund:			
Other receivable	359		359
Nonmajor funds:			
Taxes and accrued interest on delinquent property taxes	205		205
Housing loans and interest	2,229		2,229
Lead abatement - unamortized loans		520	520
Grant drawdowns prior to meeting all eligibility requirements		1,290	1,290
Other receivables and deferred revenues	<u>743</u>	<u>7</u>	<u>750</u>
Total Deferred/Unearned Revenue for Governmental Funds	<u>\$ 7,122</u>	<u>\$ 1,832</u>	<u>\$ 8,954</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. A summary of interfund balances as of June 30, 2009 is presented below.

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Bond Expenditure Fund	\$ 6,986
	Nonmajor Governmental	1,563
	Nonmajor Enterprise	205
Bond Expenditure Fund	Department of Public Utilities	527
	Nonmajor Governmental	197
Department of Public Utilities	General Fund	368
Nonmajor Governmental	General Fund	3,769
Nonmajor Enterprise	General Fund	471
Internal Service Funds	General Fund	2,116
Pension Trust	General Fund	3,133
Other Post Employment Benefit Trust	General Fund	<u>2,594</u>
Subtotal		21,929
Interfund balances eliminated in DPUC		<u>(368)</u>
Total		<u><u>\$ 21,561</u></u>

A summary of interfund transfers is presented below:

	<u>Transfers In</u>		
	<u>General</u>	<u>Nonmajor Governmental</u>	<u>Total</u>
Transfers out:			
General Fund	\$	\$ 2,659	\$ 2,659
Bond Expenditure		80	80
Department of Public Utilities	6,507	626	7,133
Nonmajor Governmental	<u>814</u>		<u>814</u>
Total Transfers Out	<u><u>\$ 7,321</u></u>	<u><u>\$ 3,365</u></u>	<u><u>\$ 10,686</u></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, 2009 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	\$ 23,660	\$ 172	\$	\$ 23,832
Construction in progress	5,823	3,126	(824)	8,125
Total capital assets not being depreciated	<u>29,483</u>	<u>3,298</u>	<u>(824)</u>	<u>31,957</u>
Capital assets being depreciated:				
Buildings and improvements	39,716	534		40,250
Vehicles, machinery and equipment	16,456	774	(299)	16,931
Technology upgrade and infrastructure	31,432	2,480	(382)	33,530
Total capital assets being depreciated	<u>87,604</u>	<u>3,788</u>	<u>(681)</u>	<u>90,711</u>
Less accumulated depreciation for:				
Buildings and improvements	(20,868)	(1,162)		(22,030)
Vehicles, machinery and equipment	(10,389)	(945)	262	(11,072)
Technology upgrade and infrastructure	(13,995)	(1,234)	341	(14,888)
Total accumulated depreciation	<u>(45,252)</u>	<u>(3,341)</u>	<u>603</u>	<u>(47,990)</u>
Total capital assets being depreciated, net	<u>42,352</u>	<u>447</u>	<u>(78)</u>	<u>42,721</u>
Governmental Activities Capital Assets, Net	<u>\$ 71,835</u>	<u>\$ 3,745</u>	<u>\$ (902)</u>	<u>\$ 74,678</u>
	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 2,733	\$	\$	\$ 2,733
Construction in progress	5,737	7,235	(4,137)	8,835
Total capital assets not being depreciated	<u>8,470</u>	<u>7,235</u>	<u>(4,137)</u>	<u>11,568</u>
Capital assets being depreciated:				
Structures and improvements	65,415	1,089	(95)	66,409
Machinery, equipment, pumping and distribution systems	137,774	3,208	(2,955)	138,027
Total capital assets being depreciated	<u>203,189</u>	<u>4,297</u>	<u>(3,050)</u>	<u>204,436</u>
Less accumulated depreciation for:				
Structures and improvements	(32,572)	(1,800)	52	(34,320)
Machinery, equipment, pumping and distribution systems	(79,865)	(3,803)	2,532	(81,136)
Total accumulated depreciation	<u>(112,437)</u>	<u>(5,603)</u>	<u>2,584</u>	<u>(115,456)</u>
Total capital assets being depreciated, net	<u>90,752</u>	<u>(1,306)</u>	<u>(466)</u>	<u>88,980</u>
Business-Type Activities Capital Assets, Net	<u>\$ 99,222</u>	<u>\$ 5,929</u>	<u>\$ (4,603)</u>	<u>\$ 100,548</u>

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

Governmental activities:	
General government	\$ 195
Public safety	610
Social services	57
Public works	1,360
Education	<u>1,119</u>
 Total Depreciation Expense - Governmental Activities	 \$ <u><u>3,341</u></u>
Business-type activities:	
Department of Public Utilities	\$ 5,221
Golf Course Authority	45
Stadium Authority	175
Ice Rink Authority	<u>162</u>
 Total Depreciation Expense - Business-Type Activities	 \$ <u><u>5,603</u></u>

### Construction Commitments

The City has active construction projects as of June 30, 2009. 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, 2009
Kelly Middle School Renovation	\$ 40,250	\$ 2,834	\$ 3,325	\$	\$ 36,925
Intermodal Transportation Center	14,058	1,613	4,858		9,200
Road Improvements	5,000	1,780	4,462	154	384
New London Turnpike/Pleasant Bridge	530	3	271		259
Fire Pumpers	800	15	800		-
Dodd Stadium Capital Improvements	610	165	572		38
Dog Pound	610	61	63		547
Fire Department Equipment and Improvements	795	33	45		750
Flyers Drive Sewer Line Extension	1,800	129	136		1,664
Brown Park City Pier	1,775	945	946		829
Newton Street Area Sewer Line Extension	<u>2,200</u>	<u>8</u>	<u>15</u>		<u>2,185</u>
 Total	 \$ <u><u>68,428</u></u>	 \$ <u><u>7,586</u></u>	 \$ <u><u>15,493</u></u>	 \$ <u><u>154</u></u>	 \$ <u><u>52,781</u></u>

## 7. LONG-TERM DEBT

### Changes in Long-Term Liabilities

Long-term liability activity for the year ended June 30, 2009 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	\$ 21,596	\$ 2,940	\$ 2,600	\$ 21,936	\$ 2,895
Less deferred amounts on refunding	(572)		(69)	(503)	
Total bonds payable	<u>21,024</u>	<u>2,940</u>	<u>2,531</u>	<u>21,433</u>	<u>2,895</u>
Compensated absences	3,458	1,352	1,451	3,359	1,409
Landfill closure	1,864		44	1,820	25
Capital leases	115		35	80	38
Net pension obligation	263		151	112	
Net OPEB obligation	13	1,953		1,966	
Risk management claims	<u>5,513</u>	<u>14,538</u>	<u>13,617</u>	<u>6,434</u>	<u>2,014</u>
Governmental Activities Long-Term Liabilities	<u>\$ 32,250</u>	<u>\$ 20,783</u>	<u>\$ 17,829</u>	<u>\$ 35,204</u>	<u>\$ 6,381</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	\$ 5,937		\$ 636	\$ 5,301	\$ 637
Less deferred amounts on refunding	(12)		(2)	(10)	
State of Connecticut - serial note	<u>4,995</u>		<u>646</u>	<u>4,349</u>	<u>453</u>
Total bonds and notes payable	<u>10,920</u>	<u>-</u>	<u>1,280</u>	<u>9,640</u>	<u>1,090</u>
CMEEC loan	788		332	456	357
Compensated absences	2,715	198	271	2,642	264
Capital leases	3,174	186	672	2,688	647
Workers' compensation	<u>425</u>		<u>136</u>	<u>289</u>	<u>72</u>
Business-Type Activities Long-Term Liabilities	<u>\$ 18,022</u>	<u>\$ 384</u>	<u>\$ 2,691</u>	<u>\$ 15,715</u>	<u>\$ 2,430</u>

A schedule of bonds outstanding at June 30, 2009 is presented below:

Description	Date of Issue	Date of Maturity	Interest Rate (%)	Amount of Original Issue	Balance Outstanding June 30, 2009
Governmental Activities					
General purpose bonds payable:					
Refunding - (9/15/1994) bounds	4/1/2001	4/1/2014	4.0-5.0	\$ 13,010	\$ 5,320
General purpose - Wauregan Hotel	4/1/2001	4/1/2017	5.50-6.75	400	200
General purpose	4/15/2002	4/15/2022	4.0-5.0	3,345	1,767
General purpose	4/15/2004	4/15/2015	2.00-3.55	1,175	390
Refunding - (11/15/1997 and 11/01/1999) bonds	4/15/2004	4/15/2019	2.0-4.0	2,195	1,618
General purpose and water main	3/15/2005	9/15/2015	3.0-5.0	2,810	1,967
Refunding - (02/01/1996 and 04/01/2001) bonds	3/15/2005	9/15/2019	3.0-4.0	8,570	7,734
Schools	12/30/2008	12/30/2020	0	2,940	2,940
Total				\$	<u>21,936</u>
Business-Type Activities					
General purpose bonds payable:					
Sewers	4/15/2002	4/15/2022	4.0-5.0	\$ 2,675	\$ 1,722
Sewers	4/15/2004	4/15/2015	2.00-3.55	1,945	1,165
Refunding - (11/15/1997 and 11/01/1999) Sewers	4/15/2004	4/15/2019	2.0-4.0	2,325	1,644
Refunding - (02/01/1996) Stony Brook Reservoir	3/15/2005	9/15/2015	3.0-4.0	368	282
Sewers	3/15/2005	9/15/2015	3.0-5.0	710	488
State of Connecticut serial notes payable:					
Clean Water Act 106-C	10/31/1997	10/31/2016	2.00	3,410	1,399
Clean Water Act 298-C	6/30/2000	6/30/2019	2.00	1,508	755
Clean Water Act 349-C	12/31/2002	12/31/2021	2.00	881	585
Clean Water Act 9714-C	12/31/2002	12/31/2021	2.77	1,899	1,289
Economic Development	7/1/1995	7/1/2012	6.00	1,000	321
Total				\$	<u>9,650</u>

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>
2010	\$ 2,895	\$ 724	\$ 3,619
2011	2,821	629	3,450
2012	2,731	533	3,264
2013	2,722	434	3,156
2014	2,712	336	3,048
2015-2019	6,607	728	7,335
2020-2022	<u>1,448</u>	<u>51</u>	<u>1,499</u>
Total	<u>\$ 21,936</u>	<u>\$ 3,435</u>	<u>\$ 25,371</u>

The State of Connecticut reimburses the City for eligible principal and interest costs of the portion of the capital improvement bond issue used for school construction. The amount of principal and interest reimbursements for the year ended June 30, 2009 was \$105. Additional principal payments aggregating \$507 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>
2010	\$ 1,090	\$ 309	\$ 1,399
2011	1,098	274	1,372
2012	1,099	240	1,339
2013	1,110	204	1,314
2014	1,025	167	1,192
2015-2019	3,408	414	3,822
2020-2022	<u>820</u>	<u>54</u>	<u>874</u>
Total	<u>\$ 9,650</u>	<u>\$ 1,662</u>	<u>\$ 11,312</u>

### Prior Year Defeasance of Debt

In previous years, the City has defeased general obligation bonds by placing the proceeds of the new bonds in irrevocable trusts to provide for all future debt service payments on the old bonds. Accordingly, trust account assets and liabilities for the defeased bonds are not included in the City's financial statements. At June 30, 2009, the following bonds outstanding are considered defeased:

<u>Original Issue</u>	<u>Date Refunded</u>	<u>Refunded Amount</u>	<u>Defeased Balance</u>
February 1, 1996 and April 5, 2001	03/15/05	\$ 8,205	\$ 7,810
November 1, 1999	04/15/04	4,210	1,780
September 15, 1994	04/01/01	12,320	<u>5,245</u>
Total Defeased Bonds			<u>\$ 14,835</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 2008-2009 were \$35. The net undepreciated value of assets purchased by capital lease approximates the principal balances payable of \$80 at June 30, 2009. The following is a summary of capital lease commitments as of June 30, 2009.

<u>Year Ending June 30,</u>	<u>Governmental Funds</u>
2010	46
2011	<u>46</u>
Total payments	92
Less interest	<u>(12)</u>
Principal Balance	<u>\$ 80</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 2008-2009 were \$486. The net undepreciated value of assets purchased by capital lease approximates the principal balances payable of \$2,688 at June 30, 2009. The following is a summary of capital lease commitments as of June 30, 2009.

<u>Year Ending June 30,</u>	<u>Enterprise Funds</u>
2010	\$ 752
2011	406
2012	345
2013	326
2014	315
2015-2018	964
Total payments	<u>3,108</u>
Less interest	<u>(420)</u>
Principal Balance	<u><u>\$ 2,688</u></u>

## Compensated Absences - Governmental Activity

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

Vested:	
Sick	\$ 1,175
Vacation	666
Other	257
Nonvested:	
Sick	1,221 *
Other	<u>40 *</u>
Total	<u><u>\$ 3,359</u></u>

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

## Landfill Closure and Postclosure Care Cost - Governmental Activity

State and federal laws and regulations require that the City place a final cover on its closed landfill and perform certain maintenance and monitoring functions at the landfill site for 30 years after closure. The current estimated total cost of the landfill closure and postclosure care of \$1,820 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, 2009. 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:

<u>Description</u>	<u>Authorized</u>	<u>Bonded</u>	<u>Bond Anticipation Notes Issued</u>	<u>Authorized Unissued</u>
Kelly Middle School Renovation*	\$ 40,250	\$ 2,940	\$	\$ 37,310
Road Improvements	5,000		5,000	-
Sewer Line Extensions	1,800			1,800
Fire Apparatus	800		800	-
Fire Department Equipment and Improvements	795		795	-
Taftville VFD Ladder Truck	740		740	-
Building Demolition	700	520		180
Dog Pound	610		610	-
Backwash systems for Deep River	560			560
New London Tpke/Pleasant Street Bridge	530			530
Business park water improvements	450			450
Demolition	100		100	-
Total	<u>\$ 52,335</u>	<u>\$ 3,460</u>	<u>\$ 8,045</u>	<u>\$ 40,830</u>

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

### Bond Anticipation Notes

The following is a schedule of changes in bond anticipation notes for the year ended June 30, 2009:

<u>Date Issued</u>	<u>Maturity Date</u>	<u>Interest Rate (%)</u>	<u>Balance July 1, 2008</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance June 30, 2009</u>
12/20/07	09/17/08	3.25	\$ 4,860	\$	\$ 4,860	\$
09/17/08	12/16/08	1.0		8,045	8,045	
12/04/08	12/16/09	2.50		8,045		8,045

The bond anticipation notes are recorded in the Bond Expenditure Fund.

**Debt Limitations**

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

<u>Category</u>	<u>Debt Limit</u>	<u>Net Indebtedness</u>	<u>Balance</u>
General purpose	\$ 129,832	\$ 21,908	\$ 107,924
Schools	259,664	16,925	242,739
Sewers	216,386	12,313	204,073
Urban renewal	187,535		187,535
Pension deficit	173,109		173,109

The total of the City’s net statutory indebtedness of \$51.1 million does not exceed the legal debt limitation of \$404 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>Bond Expenditure</u>	<u>Nonmajor And Other Funds</u>	<u>Total</u>
Encumbrances and commitments	\$ 283	\$ 154	\$ 170	\$ 607
Inventories			54	54
Trusts			122,014	122,014
Total	<u>\$ 283</u>	<u>\$ 154</u>	<u>\$ 122,238</u>	<u>\$ 122,675</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. The amount of \$800 has been designated to balance the General Fund budget for the 2009-2010 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, 2009 on behalf of the Department were \$456. 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 2009 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:

	<b>Beginning of Fiscal Year Liability</b>	<b>Current Year Claims and Changes in Estimates</b>	<b>Claim Payments</b>	<b>Balance at Fiscal Year End</b>
Medical:				
2007-2008	\$ 1,203	\$ 13,832	\$ 13,931	\$ 1,104
2008-2009	1,104	12,798	12,592	1,310
Workers’ Compensation:				
2007-2008	3,562	2,987	2,140	4,409
2008-2009	4,409	6,269	3,264	5,124

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 \$290 for estimated unpaid accrued losses on reported claims as of June 30, 2009.

## 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, 2008, the plan members consisted of:

Retirees and beneficiaries currently receiving benefits	430
Terminated employees not yet receiving benefits	15
Active plan members	<u>566</u>
 Total	 <u><u>1,011</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: There were plan changes made for the January 1, 2008 valuation. A new graded salary scale and rates of retirement were used. These changes will affect the 2010 required contribution.

Method Used to Value Investments: Investments are recorded at fair value. The funds are managed by the UBS Fiduciary Trust Co. and the Russell Investment Group. The City invests in common stock equities and 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%. The City's funding policy provides for periodic employer contributions at actuarially determined rates. The City's current contribution percentage is 10.4% 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, 2009 were as follows:

Annual required contribution	\$ 3,037
Interest on net pension obligation	12
Adjustment to annual required contribution	<u>(12)</u>
Annual pension cost	3,037
Contributions made	<u>3,216</u>
Decrease in net pension obligation	(179)
Net pension obligation, beginning of year	<u>147</u>
Net Pension (Asset), End of Year	\$ <u><u>(32)</u></u>

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

Actuarial valuation date	January 1, 2008
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*	3.5%
Contribution rates:	
City	Determined by valuation
Plan member	General City 8%; Police 8%; Fire 8%
Turnover assumption:	Age 20: 5% males, 7.5% females; Age 30: 3.75% males, 5% females; Age 40: 1.5% males, 2.5% females; Age 50: None
Mortality table:	Actives: 1994 Uninsured Pensioners Mortality Table Projected to 2015 Police and Fire Disabled: RP2000 Blue Collar Table Projected to 2015 General Retirees: RP2000 Disabled Life Mortality Table Term Vested: RP2000 Projected to 2015 Health Annuitants Table
Retirement age:	General City: Earlier of age 60 and 5 years of service, age 55 and 25 years of service or any age with 34 years of service, Fire: Earlier of age 50 with 20 years service or 25 years of service; Police: 20 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**

<b>Fiscal Year Ended</b>	<b>Annual Pension Cost (APC)</b>	<b>Percentage of APC Contributed</b>	<b>Net Pension Obligation (Asset)</b>	<b>Actual Contribution</b>
6/30/07	2,661	106%	326	2,830
6/30/08	2,920	106%	148	3,098
6/30/09	3,037	106%	(32)	3,216

**F. Pension Plan Required Supplemental Information**

**Schedule of Employer Contributions**

<b>Fiscal Year Ended</b>	<b>Annual Required Contribution</b>	<b>Percentage Contributed</b>
2004	1,049	102
2005	1,214	119
2006	1,862	108
2007	2,662	106
2008	2,921	106
2009	3,037	106

**Schedule of Funding Progress**

<b>Actuarial Valuation Date</b>	<b>Actuarial Value of Assets (a)</b>	<b>Actuarial Accrued Liability (AAL) Entry Age (b)</b>	<b>Unfunded Frozen Actuarial Liability (UFAL) (b-a)</b>	<b>Funded Ratio (a/b)</b>	<b>Covered Payroll (c)</b>	<b>UFAL as a % of Covered Payroll ((b-a)/c)</b>
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
1-1-03	133,571	133,043	(528)	100.4	22,616	(2.3)

## City of Norwich Volunteer Firefighters' Relief Plan

### A. Plan Description

The City of Norwich is the administrator of a Volunteer Firefighters' Relief 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).

At January 1, 2008, the plan members consisted of:

Retirees and beneficiaries receiving benefits	48
Active plan members	<u>139</u>
Total	<u>187</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:** There were no plan changes made for the January 1, 2008 valuation. The percentage of active employees who are married was changed from 85% to 80%.

**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, 2009 were as follows:

Annual required contribution/annual pension cost	\$ 247
Contributions made	<u>250</u>
(Decrease) in net pension obligation	(3)
Net pension obligation, beginning of year	<u>115</u>
Net Pension Obligation, End of Year	<u>\$ 112</u>

The following is a summary of certain significant actuarial assumptions:

Actuarial valuation date	January 1, 2008
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%

**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>
6/30/07	\$ 213	\$ 75	\$ 115	\$ 160
6/30/08	213	100	115	213
6/30/09	247	101	112	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>
2009	\$ 247	101%
2008	213	100
2007	213	75
2006	151	79
2005	151	79
2004	120	100

**Schedule of Funding Progress**

<b>Actuarial Valuation Date</b>	<b>Actuarial Value of Assets (a)</b>	<b>Actuarial Accrued Liability (AAL) Entry Age (b)</b>	<b>Unfunded AAL (b-a)</b>	<b>Funded Ratio (a/b)</b>
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

**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, 2009 and the changes in net assets for the year then ended.

	<b>Combining Schedule of Plan Net Assets</b>		
	<b>City</b>	<b>Volunteer</b>	<b>Total</b>
	<b>Employees</b>	<b>Fire</b>	
Assets:			
Cash and cash equivalents	\$	\$ 53	\$ 53
Investments:			
Mutual funds	113,809	1,029	114,838
Other receivable	45		45
Due from other funds	3,133		3,133
<b>Total assets</b>	<b>116,987</b>	<b>1,082</b>	<b>118,069</b>
Net Assets:			
Held in Trust for Pension Benefits	\$ <u>116,987</u>	\$ <u>1,082</u>	\$ <u>118,069</u>

	<b>Combining Schedule of Changes in Plan Net Assets</b>		
	<b>City</b>	<b>Volunteer</b>	<b>Total</b>
	<b>Employees</b>	<b>Fire</b>	
Additions:			
Contributions:			
Employer	\$ 3,216	\$ 250	\$ 3,466
Plan members	2,667	14	2,681
Total contributions	<u>5,883</u>	<u>264</u>	<u>6,147</u>
Investment income (loss):			
Net depreciation in fair value of investments	(23,164)	(226)	(23,390)
Interest and dividends	42	38	80
Total	<u>(23,122)</u>	<u>(188)</u>	<u>(23,310)</u>
Less investment expense	(668)	(6)	(674)
Net investment income (loss)	<u>(23,790)</u>	<u>(194)</u>	<u>(23,984)</u>
Total additions (reductions)	<u>(17,907)</u>	<u>70</u>	<u>(17,837)</u>
Deductions:			
Benefits	9,832	189	10,021
Administrative expense	23		23
Lump-sum distributions and withdrawals	348		348
Total deductions	<u>10,203</u>	<u>189</u>	<u>10,392</u>
Net increase (decrease)	(28,110)	(119)	(28,229)
Net assets held in trust for pension benefits, beginning of year	<u>145,097</u>	<u>1,201</u>	<u>146,298</u>
Net Assets Held in Trust for Pension Benefits, End of Year	<u>\$ 116,987</u>	<u>\$ 1,082</u>	<u>\$ 118,069</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 \$19,817 or 71.1% of the total Board of Education payroll of \$27,869.

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, 2009, the City has recorded in the General Fund (Exhibit IV), intergovernmental revenue and education expenditures in the amount of \$3,060 as payments made by the State of Connecticut on behalf of the City. The 2009 contribution is significantly less than the prior year contribution.

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, 2007, plan membership consisted of the following:

Active plan members	884
Retired plan members	<u>818</u>
Total Participants	<u><u>1,702</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 five 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, 2009, plan members contributed \$1,530. 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, 2009 totaled \$3,399.

**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):

	<b>Retiree Health Plan</b>
Annual required contribution (ARC)	\$ 5,352
Interest on net OPEB obligation	1
Adjustment to annual required contribution	(1)
Annual OPEB cost	<u>5,352</u>
Contributions made	<u>3,399</u>
Increase in net OPEB obligation	1,953
Net OPEB obligation, beginning of year	<u>13</u>
Net OPEB Obligation, End of Year	<u><u>\$ 1,966</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

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 because it is the only valuation done since implementing the standard.

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

<b>Schedule of Employer Contributions</b>		
<b>Year Ended</b>	<b>Annual Required Contribution</b>	<b>Percentage Contributed</b>
6/30/2008	\$ 5,352	98.8%
6/30/2009	5,352	63.5%

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, 2007 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions include a 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 2013 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, 2007 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, 2009 was \$34.7 million.

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

## **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.

Under the current fixed cost obligation amortization schedule, it is estimated that the Department's rate stabilization funds held by CMEEC will fully fund the remaining deferred outstanding balance of CMEEC debt service allocated to the Department in May 2010. Funding the deferred debt obligation by May 2010 assumes that the Department's rate stabilization funds on deposit with CMEEC will not be drawn down for other costs and assumes that borrowed funds will be repaid with interest.

The Department's net deferred debt fixed cost obligation to CMEEC as of June 30, 2009 is summarized as follows:

CMEEC - debt service fixed cost obligation	\$ 22,296
Department - rate stabilization funds on deposit with CMEEC	<u>(14,576)</u>
Net Deferred Fixed Cost Obligation	<u><u>\$ 7,720</u></u>

\* Assumes that the \$456 of approved rate stabilization funds borrowed by the Department and reported as a loan payable to CMEEC at June 30, 2009 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 \$2,957.

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 a 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, 2009, the Department realized a net benefit of \$482 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, 2009  
(In Thousands)

	Budgeted Amounts		Actual	Variance Favorable (Unfavorable)
	Original	Final		
General property taxes:				
Current tax levy	\$ 51,849	\$ 51,849	\$ 51,452	\$ (397)
Motor vehicle supplement	700	700	633	(67)
Prior years levy	1,000	1,000	1,160	160
Interest and liens	650	650	733	83
Total	<u>54,199</u>	<u>54,199</u>	<u>53,978</u>	<u>(221)</u>
Licenses, permits and fees:				
Miscellaneous permits and fees	<u>620</u>	<u>620</u>	<u>484</u>	<u>(136)</u>
Intergovernmental revenues:				
Building maintenance	263	263	281	18
City housing	30	30	94	64
Fish and game license	50	50	26	(24)
New manufacturers machinery	194	194	198	4
Pequot funds	1,817	1,817	1,790	(27)
Total disability	3	3	3	-
Payment in lieu of taxes	1,788	1,788	1,774	(14)
Elderly taxes	234	234	224	(10)
Youth Services	87	87	87	-
School bond interest	56	56	123	67
Veterans exemptions	11	11	7	-
Federal DCPA match funds	11	11	12	1
Health services	100	100	130	30
LOCIP	300	300	300	-
Transportation	1,108	1,108	1,145	37
Special education	2,608	2,608	2,667	59
Education cost sharing	32,044	32,044	31,844	(200)
Town aid road	238	238	237	(1)
Services to Blind	50	50	19	(31)
Total	<u>40,992</u>	<u>40,992</u>	<u>40,961</u>	<u>(27)</u>
Charges for services:				
Town Clerk - recording fees	380	380	300	(80)
Town Clerk - conveyance tax	600	600	425	(175)
Land recording capital improvement fee	25	25	26	1
Probate court	21	21	21	-
Landfill	185	185	143	(42)
City property - relocation			128	128
Police outside services	100	100	132	32
Senior Citizens Center	37	37	51	14
Parking commission	120	120	120	-
Tuition	150	150	126	(24)
Total	<u>1,618</u>	<u>1,618</u>	<u>1,472</u>	<u>(146)</u>
Use of money:				
Interest from investments	<u>800</u>	<u>800</u>	<u>418</u>	<u>(382)</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, 2009  
(In Thousands)**

	Budgeted Amounts		Actual	Variance Favorable (Unfavorable)
	Original	Final		
Other revenue:				
Sewer assessments	\$ 400	\$ 400	\$ 400	\$ -
In lieu of taxes/telephone	220	220	188	(32)
NGCA debt service			-	-
Public utilities 10%	6,507	6,507	6,507	-
DPU - City service	77	77	77	-
Bond and note payments	96	96	96	-
Traffic violations	20	20	14	(6)
Miscellaneous	303	303	528	225
Total	<u>7,623</u>	<u>7,623</u>	<u>7,810</u>	<u>187</u>
Total revenues	<u>105,852</u>	<u>105,852</u>	<u>105,123</u>	<u>-725</u>
Other financing sources:				
Transfers in:				
Special service fire			500	500
Cemetery Trust	64	64	62	(2)
Total	<u>64</u>	<u>64</u>	<u>562</u>	<u>498</u>
Total	<u>\$ 105,916</u>	<u>\$ 105,916</u>	105,685	<u>\$ (227)</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.	3,060
Underliquidation of prior year encumbrances is recorded as miscellaneous revenue for budgetary reporting. This amount is excluded for financial reporting purposes.	(35)
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>(400)</u>

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

\$ 108,310

## 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, 2009  
(In Thousands)

	Budgeted Amounts		Actual	Variance Favorable (Unfavorable)
	Original	Final		
General government:				
City Manager	\$ 365	\$ 373	\$ 373	\$ -
Finance	1,412	1,434	1,376	58
City Treasurer	194	200	196	4
Assessment	475	487	487	-
Personnel	413	441	441	-
Law	420	420	416	4
City Clerk	423	456	455	1
City Council	206	206	204	2
Street lighting	791	700	700	14
Election	146	165	165	-
Planning and Neighborhood Services	1,118	1,202	1,199	3
Economic Development	337	338	321	17
Emergency Management	63	67	66	1
Total general government	<u>6,363</u>	<u>6,489</u>	<u>6,399</u>	<u>104</u>
Public safety:				
Police	9,894	10,320	10,304	16
Fire:				
East Great Plain	143	143	130	13
Laurel Hill	70	72	71	1
Occum	75	75	57	18
Taftville	146	152	152	-
Yantic	170	183	174	9
Fire Central	1,700	1,728	1,714	14
Total public safety	<u>12,198</u>	<u>12,673</u>	<u>12,602</u>	<u>71</u>
Social Services:				
Recreation	819	839	807	32
Human services	778	793	788	5
General assistance				-
Senior Citizens Center	538	573	573	-
Youth and Family Services	253	301	301	-
Total social services	<u>2,388</u>	<u>2,506</u>	<u>2,469</u>	<u>37</u>
Public works:				
Engineering and administration	571	574	574	-
Fleet maintenance	1,304	1,465	1,464	1
Solid waste	732	710	707	3
Maintenance and cleaning	3,679	3,927	3,926	1
Parks and cemeteries			-	-
Building maintenance	1,082	1,137	1,132	5
Parking maintenance	120	126	126	-
Total public works	<u>7,488</u>	<u>7,939</u>	<u>7,929</u>	<u>10</u>
Board of Education	<u>67,191</u>	<u>67,191</u>	<u>67,191</u>	<u>-</u>

(Continued on next page)

## CITY OF NORWICH, CONNECTICUT

## GENERAL FUND

SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES  
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) (CONTINUED)FOR THE YEAR ENDED JUNE 30, 2009  
(In Thousands)

	Budgeted Amounts		Actual	Variance Favorable (Unfavorable)
	Original	Final		
Other	\$ 6,855	\$ 5,930	\$ 5,721	\$ 209
Debt Service:				
Principal	3,410	3,235	3,235	-
Interest	1,224	1,199	1,199	-
Total debt service	4,634	4,434	4,434	-
Total	\$ 107,117	\$ 107,162	106,745	\$ 431

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

3,060

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

(283)

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

273

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

(400)

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

\$ 109,395

**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, 2009 AND 2008  
(In Thousands)

	<u>2009</u>	<u>2008</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 13,075	\$ 13,542
Investments	3,957	8,835
Receivables:		
Property taxes receivable, net	2,870	2,341
Property taxes accrued interest receivable, net	637	1,008
Intergovernmental receivable:		
School building grants receivable	507	612
Other grants receivable	947	4
Accounts receivable, net	968	510
Due from other funds	<u>8,755</u>	<u>5,707</u>
Total Assets	<u>\$ 31,716</u>	<u>\$ 32,559</u>
<b>LIABILITIES AND FUND BALANCE</b>		
Liabilities:		
Accounts payable and accrued expenses	\$ 5,764	\$ 5,149
Due to other funds	12,452	12,957
Deferred revenue	<u>3,601</u>	<u>3,469</u>
Total liabilities	<u>21,817</u>	<u>21,575</u>
Fund balance:		
Reserved for encumbrances	283	308
Unreserved:		
Designated for subsequent budget	800	1,200
Undesignated	<u>8,816</u>	<u>9,476</u>
Total fund balance	<u>9,899</u>	<u>10,984</u>
Total Liabilities and Fund Balance	<u>\$ 31,716</u>	<u>\$ 32,559</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:

<b>Fund</b>	<b>Funding Source</b>	<b>Function</b>
Dog License	License fees	Operation of dog pound
Town Aid Roads	State grant	Road maintenance
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
Revolving Loan Program	State grants	Loans for economic development and improvement
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
Planning and Neighborhood Assistance	Federal grants and blight citation fees	Neighborhood services
Education Programs	State grants and contributions	Miscellaneous education activities
Fire Grants and Programs	Federal grants	Fire equipment and supplies
Police Asset Forfeiture	Federal and State grants	Drug enforcement and education
Police Grants and Programs	Federal and State grants and contributions	Police equipment and enforcement
Recreation Grants and Programs	Charges for service	Recreational programs and activities
Social Services Grants and Programs	Federal and State grants and contributions	Health and welfare assistance
Senior Citizens Programs	Charges for service and contributions	Senior Citizens functions and activities
Mohegan Park	Charges for service, state grant and investment income	Mohegan Park improvements and programs
Benefits Reserve	Transfers in from other funds	Reserve for other postretirement benefits
Sachem Fund	Transfers in from other funds and donations	Economic and cultural improvement
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, 2009**  
(In Thousands)

	<b>Special Revenue</b>						
	<b>Dog License</b>	<b>School Lunch Program</b>	<b>Sidewalk</b>	<b>Fire and Refuse</b>	<b>Education Grants</b>	<b>Adult Education</b>	<b>Revolving Loan Program</b>
<b>ASSETS</b>							
Cash and cash equivalents	\$	\$ 341	\$	\$	\$	\$	\$
Investments							
Receivables, net:							
Property taxes				247			
Intergovernmental		243			702	23	
Loans							250
Other		22	152	352	41	4	
Due from other funds	21		132	480	701	86	
Other assets		54			-		
<b>Total Assets</b>	<b>\$ 21</b>	<b>\$ 660</b>	<b>\$ 284</b>	<b>\$ 1,079</b>	<b>\$ 1,444</b>	<b>\$ 113</b>	<b>\$ 250</b>
<b>LIABILITIES AND FUND BALANCES</b>							
<b>Liabilities:</b>							
Accounts and other payables	\$ 12	\$ 115	\$	\$ 271	\$ 759	\$	\$
Due to other funds							
Deferred revenue		7	152	554	382		250
<b>Total liabilities</b>	<b>12</b>	<b>122</b>	<b>152</b>	<b>825</b>	<b>1,141</b>		<b>250</b>
<b>Fund balance:</b>							
<b>Reserved:</b>							
Encumbrances							
Inventories		54					
Trust purposes							
<b>Unreserved:</b>							
Undesignated	9	484	132	254	303	113	-
<b>Total fund balance</b>	<b>9</b>	<b>538</b>	<b>132</b>	<b>254</b>	<b>303</b>	<b>113</b>	<b>-</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 21</b>	<b>\$ 660</b>	<b>\$ 284</b>	<b>\$ 1,079</b>	<b>\$ 1,444</b>	<b>\$ 113</b>	<b>\$ 250</b>

(Continued on next page)

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

**JUNE 30, 2009**  
(In Thousands)

**Special Revenue**

	<u>Parking Commission</u>	<u>Youth Services</u>	<u>C.O.P.S. Grant</u>	<u>Lead Paint Abatement</u>	<u>Other Grants and Programs</u>	<u>Economic Development</u>	<u>Community Development Fund</u>	<u>Planning and Neighborhood Assistance</u>
<b>ASSETS</b>								
Cash and cash equivalents	\$	\$	\$	\$	\$	\$	\$	\$
Investments								
Receivables, net:								
Property taxes								
Intergovernmental		5	8	36		66	112	
Loans				520				
Other	38							
Due from other funds		25			150			
Other assets								
<b>Total Assets</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
	<u>38</u>	<u>30</u>	<u>8</u>	<u>556</u>	<u>150</u>	<u>66</u>	<u>112</u>	<u>-</u>
<b>LIABILITIES AND FUND BALANCES</b>								
<b>Liabilities:</b>								
Accounts and other payables	\$	\$	\$	\$	\$	\$	\$	\$
Due to other funds	8	6	5	20		15	19	
Deferred revenue	10		3	10		31	42	
Total liabilities	<u>28</u>	<u>11</u>	<u>8</u>	<u>520</u>		<u>46</u>	<u>61</u>	
<b>Fund balance:</b>								
Reserved:								
Encumbrances		2				2		
Inventories								
Trust purposes								
Unreserved:								
Undesignated	(8)	11	-	6	150	18	51	-
Total fund balance	<u>(8)</u>	<u>13</u>	<u>-</u>	<u>6</u>	<u>150</u>	<u>20</u>	<u>51</u>	<u>-</u>
<b>Total Liabilities and Fund Balances</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
	<u>38</u>	<u>30</u>	<u>8</u>	<u>556</u>	<u>150</u>	<u>66</u>	<u>112</u>	<u>-</u>

(Continued on next page)

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

**JUNE 30, 2009**  
(In Thousands)

	Special Revenue							
	Education Programs	Fire Grants and Programs	Police Asset Forfeiture	Police Grants and Programs	Recreation Grants and Programs	Social Services Grants and Programs	Senior Citizens Programs	Mohegan Park
<b>ASSETS</b>								
Cash and cash equivalents	\$	\$	\$	\$	\$	\$	\$	\$
Investments								
Receivables, net:								
Property taxes								
Intergovernmental				31				
Loans								
Other	3							
Due from other funds	78		96	27	95	125	63	124
Other assets								
Total Assets	<u>\$ 81</u>	<u>\$ -</u>	<u>\$ 96</u>	<u>\$ 58</u>	<u>\$ 95</u>	<u>\$ 125</u>	<u>\$ 63</u>	<u>\$ 124</u>
<b>LIABILITIES AND FUND BALANCES</b>								
Liabilities:								
Accounts and other payables	\$	\$	\$	\$	\$	\$	\$	\$
Due to other funds								
Deferred revenue						47		
Total liabilities	<u>1</u>			<u>31</u>	<u>7</u>	<u>52</u>		
Fund balance:								
Reserved:								
Encumbrances			5			1		
Inventories								
Trust purposes								
Unreserved:								
Undesignated	80	-	91	27	88	72	63	124
Total fund balance	<u>80</u>	<u>-</u>	<u>96</u>	<u>27</u>	<u>88</u>	<u>73</u>	<u>63</u>	<u>124</u>
Total Liabilities and Fund Balances	<u>\$ 81</u>	<u>\$ -</u>	<u>\$ 96</u>	<u>\$ 58</u>	<u>\$ 95</u>	<u>\$ 125</u>	<u>\$ 63</u>	<u>\$ 124</u>

(Continued on next page)

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

**JUNE 30, 2009**  
(In Thousands)

	Special Revenue				Capital Projects				
	Sachem Fund	Property Rehabilitation	Brown Park	Esther Gilbert	Total	Capital Improvement	2000 Bond Issue	Intermodal Transportation Center	Landfill Closure
<b>ASSETS</b>									
Cash and cash equivalents	\$ 467				\$ 808		\$ 540	\$ 1,064	
Investments									
Receivables, net:									
Property taxes					247				
Intergovernmental					1,226	24		732	
Loans		1,979			2,749				
Other					612				
Due from other funds		18	42	17	2,280	1,305		76	64
Other assets					54				
					-				
<b>Total Assets</b>	<u>\$ 467</u>	<u>\$ 1,997</u>	<u>\$ 42</u>	<u>\$ 17</u>	<u>\$ 7,976</u>	<u>\$ 1,329</u>	<u>\$ 540</u>	<u>\$ 1,872</u>	<u>\$ 64</u>
<b>LIABILITIES AND FUND BALANCES</b>									
<b>Liabilities:</b>									
Accounts and other payables	\$	\$ 29	\$	\$	\$ 1,303	\$ 101	\$	\$ 218	\$ 8
Due to other funds	333				429		540		
Deferred revenue		1,979			3,930			1,064	
<b>Total liabilities</b>	<u>333</u>	<u>2,008</u>			<u>5,662</u>	<u>101</u>	<u>540</u>	<u>1,282</u>	<u>8</u>
<b>Fund balance:</b>									
<b>Reserved:</b>									
Encumbrances	8				18	56			
Inventories					54				
Trust purposes			42	17	59				
<b>Unreserved:</b>									
Undesignated	126	(11)		-	2,183	1,172	-	590	56
<b>Total fund balance</b>	<u>134</u>	<u>(11)</u>	<u>42</u>	<u>17</u>	<u>2,314</u>	<u>1,228</u>	<u>-</u>	<u>590</u>	<u>56</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 467</u>	<u>\$ 1,997</u>	<u>\$ 42</u>	<u>\$ 17</u>	<u>\$ 7,976</u>	<u>\$ 1,329</u>	<u>\$ 540</u>	<u>\$ 1,872</u>	<u>\$ 64</u>

(Continued on next page)

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

**JUNE 30, 2009**  
(In Thousands)

	<u>Capital Projects</u>		<u>Permanent</u>				<u>Total Nonmajor Governmental Funds</u>
	<u>School Projects</u>	<u>Total</u>	<u>Public Parks &amp; Gardens</u>	<u>Fred Abbot Summer Concert</u>	<u>Cemetery Trust</u>	<u>Total</u>	
<b>ASSETS</b>							
Cash and cash equivalents	\$	\$ 1,604	\$	\$	\$ 129	\$ 129	\$ 2,541
Investments		-			1,119	1,119	1,119
Receivables, net:							
Property taxes		-				-	247
Intergovernmental	915	1,671				-	2,897
Loans		-				-	2,749
Other		-				-	612
Due from other funds		1,445	39	5		44	3,769
Other assets		-				-	54
Total Assets	\$ 915	\$ 4,720	\$ 39	\$ 5	\$ 1,248	\$ 1,292	\$ 13,988
<b>LIABILITIES AND FUND BALANCES</b>							
Liabilities:							
Accounts and other payables	\$ 254	\$ 581	\$	\$	\$	\$ -	\$ 1,884
Due to other funds	790	1,330				-	1,759
Deferred revenue		1,064				-	4,994
Total liabilities	<u>1,044</u>	<u>2,975</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,637</u>
Fund balance:							
Reserved:							
Encumbrances	96	152				-	170
Inventories		-				-	54
Trust purposes		-	39	5	1,248	1,292	1,351
Unreserved:							
Undesignated	(225)	1,593				-	3,776
Total fund balance	<u>(129)</u>	<u>1,745</u>	<u>39</u>	<u>5</u>	<u>1,248</u>	<u>1,292</u>	<u>5,351</u>
Total Liabilities and Fund Balances	\$ 915	\$ 4,720	\$ 39	\$ 5	\$ 1,248	\$ 1,292	\$ 13,988

**CITY OF NORWICH, CONNECTICUT**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2009**  
**(In Thousands)**

	<b>Special Revenue</b>						
	<b>Dog License</b>	<b>School Lunch Program</b>	<b>Sidewalk</b>	<b>Fire and Refuse</b>	<b>Education Grants</b>	<b>Adult Education</b>	<b>Revolving Loan Program</b>
Revenues:							
Property taxes, interest and liens	\$	\$	\$	\$ 3,645	\$	\$	\$
Intergovernmental revenues		1,516		1,191	8,432	795	
Charges for services	37	661	24	2,331	389	1,007	
Investment income				6		3	
Other					-		
Total revenue	<u>37</u>	<u>2,177</u>	<u>24</u>	<u>7,173</u>	<u>8,821</u>	<u>1,805</u>	<u>-</u>
Expenditures:							
Current:							
General government							
Public safety	39			5,175			
Social services							
Public works			1	2,397			
Education		2,107			8,766	1,747	
Capital outlay							
Total expenditures	<u>39</u>	<u>2,107</u>	<u>1</u>	<u>7,572</u>	<u>8,766</u>	<u>1,747</u>	<u>-</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(2)</u>	<u>70</u>	<u>23</u>	<u>(399)</u>	<u>55</u>	<u>58</u>	<u>-</u>
Other Financing Sources (Uses):							
Transfers in			50	741			
Transfer out				(500)			
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>50</u>	<u>241</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	(2)	70	73	(158)	55	58	-
Fund Balance at Beginning of Year	<u>11</u>	<u>468</u>	<u>59</u>	<u>412</u>	<u>248</u>	<u>55</u>	<u>-</u>
Fund Balance at End of Year	<u>\$ 9</u>	<u>\$ 538</u>	<u>\$ 132</u>	<u>\$ 254</u>	<u>\$ 303</u>	<u>\$ 113</u>	<u>\$ -</u>

(Continued on next page)

**CITY OF NORWICH, CONNECTICUT**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES (CONTINUED)**  
**NONMAJOR GOVERNMENTAL FUNDS**

**FOR THE YEAR ENDED JUNE 30, 2009**  
(In Thousands)

	<b>Special Revenue</b>							
	<b>Parking Commission</b>	<b>Youth Services</b>	<b>C.O.P.S. Grant</b>	<b>Lead Paint Abatement</b>	<b>Other Grants and Programs</b>	<b>Economic Development</b>	<b>Community Development Fund</b>	
Revenues:								
Property taxes, interest and liens	\$	\$	\$	\$	\$	\$	\$	\$
Intergovernmental revenues		95	19	36	22	66	1,128	
Charges for services	280							
Investment income	-							
Other		99		-	51		33	
Total revenue	<u>280</u>	<u>194</u>	<u>19</u>	<u>36</u>	<u>73</u>	<u>66</u>	<u>1,161</u>	<u>-</u>
Expenditures:								
Current:								
General government	188				288	186		
Public safety			19				206	
Social services		195		67	11		881	
Public works							-	
Education							21	
Capital outlay								
Total expenditures	<u>188</u>	<u>195</u>	<u>19</u>	<u>67</u>	<u>299</u>	<u>186</u>	<u>1,108</u>	<u>-</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>92</u>	<u>(1)</u>	<u>-</u>	<u>(31)</u>	<u>(226)</u>	<u>(120)</u>	<u>53</u>	<u>-</u>
Other Financing Sources (Uses):								
Transfers in					139	116		
Transfer out	(120)						(59)	
Total other financing sources (uses)	<u>(120)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>139</u>	<u>116</u>	<u>(59)</u>	<u>-</u>
Net Change in Fund Balances	(28)	(1)	-	(31)	(87)	(4)	(6)	-
Fund Balance at Beginning of Year	<u>20</u>	<u>14</u>	<u>-</u>	<u>37</u>	<u>237</u>	<u>24</u>	<u>57</u>	<u>-</u>
Fund Balance at End of Year	<u>\$ (8)</u>	<u>\$ 13</u>	<u>\$ -</u>	<u>\$ 6</u>	<u>\$ 150</u>	<u>\$ 20</u>	<u>\$ 51</u>	<u>\$ -</u>

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**CITY OF NORWICH, CONNECTICUT**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES (CONTINUED)**  
**NONMAJOR GOVERNMENTAL FUNDS**

**FOR THE YEAR ENDED JUNE 30, 2009**  
**(In Thousands)**

	<b>Special Revenue</b>							
	<b>Education Programs</b>	<b>Fire Grants and Programs</b>	<b>Police Asset Forfeiture</b>	<b>Police Grants and Programs</b>	<b>Recreation Grants and Programs</b>	<b>Social Services Grants and Programs</b>	<b>Senior Citizens Programs</b>	<b>Mohegan Park</b>
Revenues:								
Property taxes, interest and liens	\$	\$	\$	\$	\$	\$	\$	\$
Intergovernmental revenues	50	12	49	120		104		
Charges for services				523	29		58	
Investment income			1					
Other	25			4	21	124		
<b>Total revenue</b>	<u>75</u>	<u>12</u>	<u>50</u>	<u>647</u>	<u>50</u>	<u>228</u>	<u>58</u>	<u>-</u>
Expenditures:								
Current:								
General government								
Public safety		12	63	504		238	54	
Social services					97			
Public works								
Education	61							
<b>Capital outlay</b>								
<b>Total expenditures</b>	<u>61</u>	<u>12</u>	<u>63</u>	<u>504</u>	<u>97</u>	<u>238</u>	<u>54</u>	<u>-</u>
Excess (Deficiency) of Revenues Over Expenditures	14	-	(13)	143	-47	(10)	4	-
Other Financing Sources (Uses):								
Transfers in		-		-	61	-		58
Transfer out				(132)				
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(132)</u>	<u>61</u>	<u>-</u>	<u>-</u>	<u>58</u>
Net Change in Fund Balances	14	-	(13)	11	14	(10)	4	58
Fund Balance at Beginning of Year	66	-	109	16	74	83	59	66
Fund Balance at End of Year	<u>\$ 80</u>	<u>\$ -</u>	<u>\$ 96</u>	<u>\$ 27</u>	<u>\$ 88</u>	<u>\$ 73</u>	<u>\$ 63</u>	<u>\$ 124</u>

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**CITY OF NORWICH, CONNECTICUT**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES (CONTINUED)**  
**NONMAJOR GOVERNMENTAL FUNDS**

**FOR THE YEAR ENDED JUNE 30, 2009**  
**(In Thousands)**

	Special Revenue					Capital Projects			
	Sachem Fund	Property Rehabilitation	Brown Park	Esther Gilbert	Total	Capital Improvement	2000 Bond Issue	Intermodal Transportation Center	Landfill Closure
Revenues:									
Property taxes, interest and liens	\$	\$		\$	\$ 3,645	\$	\$	\$	\$
Intergovernmental revenues					13,635	624		1,290	100
Charges for services		40			5,379				
Investment income	6				16				
Other	200				557				
Total revenue	206	40	-	-	23,232	624	-	1,290	100
Expenditures:									
Current:									
General government					662				
Public safety					6,018				
Social services	680	110		9	2,342				
Public works					2,398				44
Education					12,702				
Capital outlay					-	2,594		1,613	
Total expenditures	680	110	-	9	24,122	2,594	-	1,613	44
Excess (Deficiency) of Revenues Over Expenditures	(474)	(70)	-	-9	(890)	(1,970)	-	(323)	56
Other Financing Sources (Uses):									
Transfers in	200	59			1,424	1,826			
Transfer out					(811)	(150)			
Total other financing sources (uses)	200	59	-	-	613	1,676	-	-	-
Net Change in Fund Balances	(274)	(11)	-	(9)	(277)	(294)	-	(323)	56
Fund Balance at Beginning of Year	408		42	26	2,591	1,522	-	913	-
Fund Balance at End of Year	\$ 134	\$ (11)	42	\$ 17	\$ 2,314	\$ 1,228	\$ -	\$ 590	\$ 56

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**CITY OF NORWICH, CONNECTICUT**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2009**  
**(In Thousands)**

	<u>Capital Projects</u>		<u>Permanent</u>				<u>Interfund Eliminations</u>	<u>Total Nonmajor Governmental Funds</u>
	<u>School Projects</u>	<u>Total</u>	<u>Public Parks &amp; Gardens</u>	<u>Fred Abbot Summer Concert</u>	<u>Cemetery Trust</u>	<u>Total</u>		
Revenues:								
Property taxes, interest and liens	\$	\$ -	\$	\$	\$	\$ -	\$	\$ 3,645
Intergovernmental revenues	3,446	5,460				-		19,095
Charges for services		-				-		5,379
Investment income		-		-	(174)	(174)		(158)
Other		-				-		557
Total revenue	<u>3,446</u>	<u>5,460</u>	<u>-</u>	<u>-</u>	<u>(174)</u>	<u>(174)</u>	<u>-</u>	<u>28,518</u>
Expenditures:								
Current:								
General government		-			11	11		673
Public safety		-				-		6,018
Social services		-		1		1		2,343
Public works		44				-		2,442
Education		-				-		12,702
Capital outlay	<u>3,812</u>	<u>8,019</u>				-		<u>8,019</u>
Total expenditures	<u>3,812</u>	<u>8,063</u>	<u>-</u>	<u>1</u>	<u>11</u>	<u>12</u>	<u>-</u>	<u>32,197</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(366)</u>	<u>(2,603)</u>	<u>-</u>	<u>-1</u>	<u>(185)</u>	<u>(186)</u>	<u>-</u>	<u>(3,679)</u>
Other Financing Sources (Uses):								
Transfers in	324	2,150			-	-	(209)	3,365
Transfer out		(150)			(62)	(62)	209	(814)
Total other financing sources (uses)	<u>324</u>	<u>2,000</u>	<u>-</u>	<u>-</u>	<u>(62)</u>	<u>(62)</u>	<u>-</u>	<u>2,551</u>
Net Change in Fund Balances	(42)	(603)	-	(1)	(247)	(248)	-	(1,128)
Fund Balance at Beginning of Year	(87)	2,348	39	6	1,495	1,540	-	6,479
Fund Balance at End of Year	<u>\$ (129)</u>	<u>\$ 1,745</u>	<u>\$ 39</u>	<u>\$ 5</u>	<u>\$ 1,248</u>	<u>\$ 1,292</u>	<u>\$ -</u>	<u>\$ 5,351</u>

**CITY OF NORWICH, CONNECTICUT**  
**FIRE AND REFUSE FUND REVENUES**  
**BUDGETARY BASIS - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2009**  
(In Thousands)

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance</b>
	<b>Original</b>	<b>Final</b>		<b>Favorable (Unfavorable)</b>
Taxes, interest and lien fees:				
Fire	\$ 3,110	\$ 3,110	\$ 3,132	\$ 22
Volunteer fire	476	476	510	34
Total taxes, interest and lien fees	<u>3,586</u>	<u>3,586</u>	<u>3,642</u>	<u>56</u>
Intergovernmental:				
City Housing	60	60	153	93
In lieu of taxes - fire	49	49	49	-
Elderly reimbursement	8	8	8	-
Mashantucket Pequot	981	981	981	-
Total intergovernmental	<u>1,098</u>	<u>1,098</u>	<u>1,191</u>	<u>93</u>
Charges for services:				
Refuse	1,370	1,370	1,392	22
Haulers	1,115	1,115	902	(213)
Conveyance fees	40	40	40	-
Total charges for services	<u>2,525</u>	<u>2,525</u>	<u>2,334</u>	<u>(191)</u>
Other:				
Other Fund transfers	741	741	741	-
Investment income	20	20	6	(14)
<b>Total</b>	<u>\$ 7,970</u>	<u>\$ 7,970</u>	<u>\$ 7,914</u>	<u>\$ (56)</u>

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

**FOR THE YEAR ENDED JUNE 30, 2009**  
**(In Thousands)**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Fire and Refuse:				
Employees	\$ 2,462	\$ 2,462	\$ 2,274	\$ 188
Sanitation contract	2,466	2,466	2,072	394
Replacement costs	673	673	865	(192)
Hospitalization	325	325	325	-
Fringe benefits	1,543	1,543	1,548	(5)
Postage	10	10	5	5
Printing	10	10	2	8
Data center	5	5	5	-
Workers compensation	146	146	146	-
Volunteer firefighter tax credit	80	80	80	-
Volunteer firefighter trust fund	250	250	250	-
Total	<u>\$ 7,970</u>	<u>\$ 7,970</u>	<u>\$ 7,572</u>	<u>\$ 398</u>



**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, 2009**  
(In Thousands)

	<b>Business-Type Activities</b>			<b>Totals</b>
	<b>Golf Course Authority</b>	<b>Stadium Authority</b>	<b>Ice Rink Authority</b>	
<b>Assets:</b>				
<b>Current assets:</b>				
Cash and cash equivalents	\$ 1	\$	\$ 24	\$ 25
<b>Receivables, net:</b>				
User charges	4	55	61	120
Due from other funds	166	305		471
Inventories			70	70
<b>Total current assets</b>	<u>171</u>	<u>360</u>	<u>155</u>	<u>686</u>
Capital assets, net	<u>2,192</u>	<u>7,728</u>	<u>899</u>	<u>10,819</u>
<b>Total assets</b>	<u>2,363</u>	<u>8,088</u>	<u>1,054</u>	<u>11,505</u>
<b>Liabilities:</b>				
<b>Current liabilities:</b>				
Accounts payable and accrued liabilities	56	42	18	116
Due to other funds			205	205
Unearned revenue	<u>193</u>			<u>193</u>
<b>Total liabilities</b>	<u>249</u>	<u>42</u>	<u>223</u>	<u>514</u>
<b>Net Assets:</b>				
Invested in capital assets, net of related debt	2,192	7,728	899	10,819
Unrestricted	<u>(78)</u>	<u>318</u>	<u>(68)</u>	<u>172</u>
<b>Total Net Assets</b>	<u>\$ 2,114</u>	<u>\$ 8,046</u>	<u>\$ 831</u>	<u>\$ 10,991</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, 2009

(In Thousands)

	<u>Business-Type Activities</u>			<u>Totals</u>
	<u>Golf Course Authority</u>	<u>Stadium Authority</u>	<u>Ice Rink Authority</u>	
Operating Revenues:				
Charges for services	\$ <u>1,135</u>	\$ <u>247</u>	\$ <u>806</u>	\$ <u>2,188</u>
Operating Expenses:				
Operations and maintenance	1,140	206	801	2,147
Depreciation	<u>45</u>	<u>175</u>	<u>162</u>	<u>382</u>
Total operating expenses	<u>1,185</u>	<u>381</u>	<u>963</u>	<u>2,529</u>
Operating Loss	<u>(50)</u>	<u>(134)</u>	<u>(157)</u>	<u>(341)</u>
Nonoperating Income:				
Interest income	<u>2</u>	<u>6</u>	<u>          </u>	<u>8</u>
Net Loss Before Contributions	(48)	(128)	(157)	(333)
Capital Contributions	<u>          </u>	<u>176</u>	<u>          </u>	<u>176</u>
Change in Net Assets	(48)	48	(157)	(157)
Net Assets at Beginning of Year	<u>2,162</u>	<u>7,998</u>	<u>988</u>	<u>11,148</u>
Net Assets at End of Year	<u>\$ 2,114</u>	<u>\$ 8,046</u>	<u>\$ 831</u>	<u>\$ 10,991</u>

**CITY OF NORWICH, CONNECTICUT**  
**COMBINING STATEMENT OF CASH FLOWS**  
**NONMAJOR ENTERPRISE FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2009**  
**(In Thousands)**

	<b>Business-Type Activities</b>			<b>Totals</b>
	<b>Golf Course Authority</b>	<b>Stadium Authority</b>	<b>Ice Rink Authority</b>	
<b>Cash Flows from Operating Activities:</b>				
Cash received from charges for services	\$ 1,118	\$ 384	\$ 813	\$ 2,315
Cash paid to vendors	(509)	(390)	(400)	(1,299)
Cash paid to employees for services	(647)	(388)	(1,035)	(1,035)
Net cash used in operating activities	<u>(38)</u>	<u>(6)</u>	<u>25</u>	<u>(19)</u>
<b>Cash Flows from Noncapital Financing Activities:</b>				
Advances (to) from other funds	<u>42</u>	<u>(27)</u>	<u>15</u>	<u>15</u>
<b>Cash Flows from Capital and Related Financing Activities:</b>				
Purchase of capital assets	<u>(6)</u>	<u>(6)</u>	<u>(6)</u>	<u>(6)</u>
<b>Cash Flows from Investing Activities:</b>				
Income on investments	<u>2</u>	<u>6</u>	<u>-</u>	<u>8</u>
Net cash provided by investing activities	<u>2</u>	<u>6</u>	<u>-</u>	<u>8</u>
Net Increase (Decrease) in Cash and Cash Equivalents	-	-	(2)	(2)
Cash and Cash Equivalents at Beginning of Year	<u>1</u>	<u>-</u>	<u>26</u>	<u>27</u>
Cash and Cash Equivalents at End of Year	<u>\$ 1</u>	<u>\$ -</u>	<u>\$ 24</u>	<u>\$ 25</u>
<b>Reconciliation of Operating Loss to Net Cash Used in Operating Activities:</b>				
Operating loss	\$ (50)	\$ (134)	\$ (157)	\$ (341)
<b>Adjustments to reconcile operating loss to net cash used in operating activities:</b>				
Depreciation expense	45	175	162	382
(Increase) decrease in receivables	(4)	137	8	141
(Increase) decrease in inventories and other assets	-	-	16	16
(Increase) decrease in due from other funds	-	(180)	-	(180)
Increase (decrease) in unearned revenues	(13)	-	(1)	(14)
Increase (decrease) in accounts payable and accrued liabilities	(16)	(4)	(3)	(23)
Total adjustments	<u>12</u>	<u>128</u>	<u>182</u>	<u>322</u>
Net Cash Used in Operating Activities	<u>\$ (38)</u>	<u>\$ (6)</u>	<u>\$ 25</u>	<u>\$ (19)</u>
<b>Noncash Capital and Financing Activities</b>				
Capital asset contribution	<u>176</u>	<u>176</u>	<u>176</u>	<u>176</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, 2009**  
**(In Thousands)**

	<b>Medical Benefits</b>	<b>Workers' Compensation</b>	<b>Total</b>
Assets:			
Current:			
Accounts receivable	\$ 248	\$ -	\$ 248
Due from other funds	1,177	939	2,116
Total assets	1,425	939	2,364
Liabilities:			
Current:			
Accounts payable	108		108
Risk management claims	1,310	704	2,014
Total current liabilities	1,418	704	2,122
Noncurrent:			
Risk management claims		4,420	4,420
Total liabilities	1,418	5,124	6,542
Net Assets:			
Unrestricted	\$ 7	\$ (4,185)	\$ (4,178)

## CITY OF NORWICH, CONNECTICUT

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

**FOR THE YEAR ENDED JUNE 30, 2009  
(In Thousands)**

	<u>Medical Benefits</u>	<u>Workers' Compensation</u>	<u>Total</u>
Operating Revenues:			
Charges for services	\$ 11,963	\$ 3,150	\$ 15,113
Operating Expenses:			
Claims expense	11,536	3,002	14,538
Premiums and administrative expenses	1,056	262	1,318
Total operating expenses	<u>12,592</u>	<u>3,264</u>	<u>15,856</u>
Operating Loss	(629)	(114)	(743)
Nonoperating Income:			
Interest income	<u>-</u>	<u>-</u>	<u>-</u>
Change in Net Assets	(629)	(114)	(743)
Net Assets at Beginning of Year	<u>636</u>	<u>(4,071)</u>	<u>(3,435)</u>
Net Assets at End of Year	<u>\$ 7</u>	<u>\$ (4,185)</u>	<u>\$ (4,178)</u>

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

**FOR THE YEAR ENDED JUNE 30, 2009**  
(In Thousands)

	<b>Medical Benefits</b>	<b>Workers' Compensation</b>	<b>Total</b>
Cash Flows from Noncapital Financing Activities:			
Advances to other funds	\$ -	\$ -	\$ -
Net Decrease in Cash and Cash Equivalents			-
Cash and Cash Equivalents at Beginning of Year	-	-	-
Cash and Cash Equivalents at End of Year	\$ -	\$ -	\$ -
Reconciliation of Operating Loss to Net Cash Provided by Operating Activities:			
Operating loss	\$ (629)	\$ (114)	\$ (743)
Adjustments to reconcile operating loss to net cash provided by operating activities:			
(Increase) decrease in receivables	(8)	17	9
(Increase) decrease in due from other funds	561	(618)	(57)
Increase (decrease) in accounts payable and accrued liabilities	76	715	791
Total adjustments	629	114	743
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

Dangerous Buildings

Performance Bonds

## CITY OF NORWICH, CONNECTICUT

## AGENCY FUNDS

## COMBINING BALANCE SHEET

JUNE 30, 2009

(In Thousands)

	<u>Student Activities</u>	<u>Rehabilitation Deposits</u>	<u>Bid Deposit</u>	<u>Dangerous Buildings</u>	<u>Performance Bonds</u>	<u>Totals</u>
Assets:						
Cash and cash equivalents	\$ 62	\$	\$	\$	\$ 328	\$ 390
Other	<u>        </u>	<u>2</u>	<u>37</u>	<u>        </u>	<u>        </u>	<u>39</u>
Total Assets	<u>\$ 62</u>	<u>\$ 2</u>	<u>\$ 37</u>	<u>\$ -</u>	<u>\$ 328</u>	<u>\$ 429</u>
Liabilities:						
Due to student groups and agencies	<u>\$ 62</u>	<u>\$ 2</u>	<u>\$ 37</u>	<u>\$ -</u>	<u>\$ 328</u>	<u>\$ 429</u>

## CITY OF NORWICH, CONNECTICUT

## AGENCY FUNDS

## COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

FOR THE YEAR ENDED JUNE 30, 2009

(In Thousands)

	<u>Balance July 1, 2008</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2009</u>
<b>Student Activities</b>				
Assets:				
Cash and cash equivalents	\$ <u>49</u>	\$ <u>185</u>	\$ <u>172</u>	\$ <u>62</u>
Liabilities:				
Due to student groups and agencies	\$ <u>49</u>	\$ <u>185</u>	\$ <u>172</u>	\$ <u>62</u>
<b>Rehabilitation Deposits</b>				
Assets:				
Other	\$ <u>18</u>	\$ <u>24</u>	\$ <u>40</u>	\$ <u>2</u>
Liabilities:				
Due to student groups and agencies	\$ <u>18</u>	\$ <u>24</u>	\$ <u>40</u>	\$ <u>2</u>
<b>Bid Deposit</b>				
Assets:				
Other	\$ <u>69</u>	\$ <u>312</u>	\$ <u>344</u>	\$ <u>37</u>
Liabilities:				
Due to student groups and agencies	\$ <u>69</u>	\$ <u>312</u>	\$ <u>344</u>	\$ <u>37</u>
<b>Dangerous Buildings</b>				
Assets:				
Cash and cash equivalents	\$ <u>5</u>	\$ <u>-</u>	\$ <u>5</u>	\$ <u>-</u>
Liabilities:				
Due to student groups and agencies	\$ <u>5</u>	\$ <u>-</u>	\$ <u>5</u>	\$ <u>-</u>
<b>Performance Bonds</b>				
Assets:				
Cash and cash equivalents	\$ <u>400</u>	\$ <u>117</u>	\$ <u>189</u>	\$ <u>328</u>
Liabilities:				
Due to student groups and agencies	\$ <u>400</u>	\$ <u>117</u>	\$ <u>189</u>	\$ <u>328</u>
<b>Total - All Funds</b>				
Assets:				
Cash and cash equivalents	\$ <u>454</u>	\$ <u>302</u>	\$ <u>366</u>	\$ <u>390</u>
Other	<u>87</u>	<u>336</u>	<u>384</u>	<u>39</u>
Total	\$ <u>541</u>	\$ <u>638</u>	\$ <u>750</u>	\$ <u>429</u>
Liabilities:				
Due to student groups and agencies	\$ <u>541</u>	\$ <u>638</u>	\$ <u>750</u>	\$ <u>429</u>

## **Supplemental Schedules**

CITY OF NORWICH, CONNECTICUT

SCHEDULE OF BONDS AND SERIAL NOTES PAYABLE

FOR THE YEAR ENDED JUNE 30, 2009

(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
<b>Governmental Activities:</b>								
General purpose bonds payable:								
Refunding - (09/15/1994) bonds	4.0-5.0	04/01/2001	04/01/2014	\$ 13,010	\$ 6,410	\$	\$ 1,090	\$ 5,320
General purpose, schools, and water	4.0-5.0	04/01/2001	04/01/2009	10,510	535		535	-
General purpose - Wauregan Hotel	5.50-6.75	04/01/2001	04/01/2017	400	225		25	200
General purpose	4.0-5.0	04/15/2002	04/15/2022	3,345	1,906		139	1,767
General purpose	2.00-3.55	04/15/2004	04/15/2015	1,175	580		190	390
Refunding - (11/15/1997 and 11/01/1999) bonds	2.0-4.0	04/15/2004	04/15/2019	2,195	1,764		146	1,618
General purpose and water main	3.0-5.0	03/15/2005	09/15/2015	2,810	2,248		281	1,967
Refunding - (02/01/1996 and 04/01/2001) bonds	3.0-4.0	03/15/2005	09/15/2019	8,570	7,928		194	7,734
Schools	0	12/30/2008	12/30/2020	2,940	-	2,940		2,940
Total					<u>21,596</u>	<u>2,940</u>	<u>2,600</u>	<u>21,936</u>
<b>Business-Type Activities:</b>								
General purpose bonds payable:								
Sewers	4.0-5.0	04/15/2002	04/15/2022	2,675	1,859		137	1,722
Sewers	2.00-3.55	04/15/2004	04/15/2015	1,945	1,360		195	1,165
Refunding - (11/15/1997 and 11/15/1999) Sewers	2.0-4.0	04/15/2004	04/15/2019	2,325	1,833		189	1,644
Refunding - (02/01/1996) Stony Brook Reservoir	3.0-4.0	03/15/2005	09/15/2015	368	323		41	282
Sewers	3.0-5.0	03/15/2005	09/15/2015	710	562		74	488
State of Connecticut serial notes payable:								
Clean Water Act 106-C	2.00	10/31/1997	10/31/2016	3,410	1,574		175	1,399
Clean Water Act 298-C	2.00	06/30/2000	06/30/2019	1,508	831		76	755
Clean Water Act 349-C	2.00	12/31/2002	12/31/2021	881	626		41	585
Clean Water Act 9714-C	2.77	12/31/2002	12/31/2021	1,899	1,374		85	1,289
Economic Development	6.00	07/01/1995	07/01/2012	1,000	390		69	321
Industrial Park	1.00	10/26/2001	10/26/2008	200	200		200	-
Total					<u>10,932</u>	<u>-</u>	<u>1,282</u>	<u>9,650</u>
Total					<u>\$ 32,528</u>	<u>\$ 2,940</u>	<u>\$ 3,882</u>	<u>\$ 31,586</u>

CITY OF NORWICH, CONNECTICUT

**BOND AND SERIAL NOTES PAYABLE**  
**SCHEDULE OF ANNUAL DEBT SERVICE REQUIREMENTS**  
(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		
2010	\$ 2,895	\$ 724	\$ 1,090	\$ 309	\$ 3,985	\$ 1,033
2011	2,821	629	1,098	274	3,919	903
2012	2,731	533	1,099	240	3,830	773
2013	2,722	434	1,110	204	3,832	638
2014	2,712	336	1,025	167	3,737	503
2015	1,644	236	1,030	134	2,674	370
2016	1,589	184	853	102	2,442	286
2017	1,138	139	630	78	1,768	217
2018	1,123	102	496	59	1,619	161
2019	1,113	67	399	41	1,512	108
2020	937	31	298	29	1,235	60
2021	378	13	302	18	680	31
2022	133	7	220	7	353	14
<b>Total</b>	<b>\$ 21,936</b>	<b>\$ 3,435</b>	<b>\$ 9,650</b>	<b>\$ 1,662</b>	<b>\$ 31,586</b>	<b>\$ 5,097</b>

## **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 EIGHT FISCAL YEARS  
(In Thousands)

	FISCAL YEAR							
	2009	2008	2007	2006	2005	2004	2003	2002
Governmental activities:								
Invested in capital assets, net of related debt	\$ 53,165	\$ 50,696	\$ 44,114	\$ 38,680	\$ 34,514	\$ 24,968	\$ 25,716	\$ 17,812
Restricted	1,351	1,608	1,725	1,590	1,610			
Unrestricted	6,088	9,884	13,808	16,460	15,074	18,077	10,412	11,586
Total governmental activities net assets	<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	87,763	84,439	83,363	83,151	81,679	79,147	80,094	80,269
Restricted	758	758	876	643	279			
Unrestricted	22,903	21,159	24,307	19,927	17,083	11,119	8,272	7,720
Total business-type activities net assets	<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	140,928	135,135	127,477	121,831	116,193	104,115	105,810	98,081
Restricted	2,109	2,366	2,601	2,233	1,889			
Unrestricted	28,991	31,043	38,115	36,387	32,157	29,196	18,684	19,306
Total primary government net assets	<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 EIGHT FISCAL YEARS

(In Thousands)

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

	FISCAL YEAR							
	2009	2008	2007	2006	2005	2004	2003	2002
General revenues and other changes in net assets:								
Governmental activities:								
Property taxes	\$ 57,897	\$ 56,456	\$ 52,327	\$ 49,726	\$ 45,426	\$ 48,044	\$ 46,923	\$ 42,572
Unrestricted grants and contributions	5,480	5,407	5,522	4,786	5,030	5,250	9,643	9,596
Investment earnings	262	998	1,199	843	488	530	354	419
Other general revenues	558	631	910	540	1,217			
Transfers	7,133	7,026	6,219	5,385	5,006	(160)	-	-
Total governmental activities	<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	108	400	423	318	204	138	171	267
Transfers	(7,133)	(7,026)	(6,219)	(5,385)	(5,006)	160	-	-
Total business-type activities	<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>\$ 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	\$ (1,584)	\$ 2,541	\$ 2,917	\$ 5,532	\$ 2,289	\$ 6,916	\$ 6,730	\$ (448)
Business-type activities	<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>\$ 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 EIGHT FISCAL YEARS

(In Thousands)

	FISCAL YEAR							
	2009	2008	2007	2006	2005	2004	2003	2002
General Fund:								
Reserved	\$ 283	\$ 308	\$ 425	\$ 259	\$ 398	\$ 415	\$ 305	\$ 289
Unreserved	<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>\$ 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	\$ 3,741	\$ 2,095	\$ 3,170	\$ 3,077	\$ 2,475	\$ 2,051	\$ 2,679	\$ 2,084
Unreserved, reported in:								
Special revenue funds	2,183	2,487	2,746	2,577	2,532	3,617	514	1,566
Capital projects funds	<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>\$ 4,026</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 EIGHT FISCAL YEARS**  
**(In Thousands)**

	FISCAL YEAR							
	2009	2008	2007	2006	2005	2004	2003	2002
Revenues:								
Property taxes, interest and liens	\$ 57,623	\$ 55,893	\$ 52,976	\$ 49,704	\$ 47,652	\$ 47,815	\$ 45,326	\$ 43,145
Intergovernmental	63,116	69,880	53,909	53,572	48,159	46,929	49,490	49,269
Charges for services, licenses, permits, fees and other	8,508	9,135	10,097	9,283	10,296	11,041	10,321	9,921
Investment income	260	991	1,171	813	462	517	379	575
Total revenues	<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	6,716	7,339	5,782	5,290	5,262	6,665	8,651	8,194
Public safety	18,606	17,348	16,163	15,634	13,736	12,725	12,646	12,615
Social services	4,640	4,313	4,272	4,273	3,782	3,094	2,319	2,568
Public works	10,359	10,944	10,412	9,964	10,095	9,178	7,399	8,918
Education	82,866	91,194	74,223	70,592	65,363	61,880	60,521	59,237
Other	3,693	4,365	4,286	3,531	3,529	2,832	1,720	2,328
Capital outlay	10,826	6,102	6,337	3,707	3,929	2,679	5,508	10,780
Debt service:								
Principal	2,835	3,356	3,616	3,975	3,928	4,180	4,135	3,803
Interest	1,199	1,342	1,425	1,631	1,759	1,998	2,517	2,385
Total expenditures	<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>(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	10,686	10,505	9,885	8,760	8,246	3,997	3,498	2,255
Transfers out	(3,553)	(3,479)	(3,666)	(3,375)	(3,240)	(4,157)	(3,498)	(2,255)
Proceeds from capital leases			192					
Bonds issued	2,940				2,810	3,120		6,020
Refunding bonds issued					8,202	4,575		
Payment to refunding bond escrow agent					(8,128)	(4,502)		
Total other financing sources	<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	(2,160)	(3,378)	(1,952)	160	3,076	4,104	100	(1,898)
Fund Balances at Beginning of Year	<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>\$ 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	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										
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
2000	1998	372,632	878,483	133,366	82,252	1,466,733	29,002	1,437,731	39,118	27.21	2,053,901	70.00	1,756,642

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Source: City of Norwich, Assessor's Office

Notes:

- (1) 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, 2007 AND OCTOBER 1, 1998

Business Name	Nature of Business	October 1, 2007			October 1, 1998		
		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	\$ 24,228	1	1.29%	\$ 17,608	2	1.22%
Bob's Discount Furniture	Retail Store & Distribution Warehouse	21,709	2	1.16%			
Freeport-McMoran (fka Phelps Dodge)	Manufacturing - Copper	14,262	3	0.76%	23,280	1	1.62%
SEA Norwich LLC	Shopping Center	11,717	4	0.62%	8,565	4	0.60%
Plaza Enterprises	Shopping Center	10,577	5	0.56%			
Mashantucket Pequot Tribe	Real Estate	9,033	6	0.48%	9,089	3	0.63%
Kalimian Elias as Trustee	Apartments	8,138	7	0.43%			
US Foodservice	Food Distributors	7,952	8	0.42%	5,575	8	0.39%
Norwich Community Development Corporation	Office building	7,239	9	0.39%			
IBM, Inc.	Equipment leasing	6,859	10	0.37%			
Hamilton Park Association	Apartments				7,812	5	0.54%
Genlyte Group, Inc.	Manufacturing - Lighting Fixtures				5,901	6	0.41%
Wal-Mart Stores, Inc.	Department Store				5,644	7	0.39%
Decorative Screen Printers	Manufacturing				5,469	9	0.38%
Norwich Hotel LLC	Hotel				4,947	10	0.34%
Total		\$ <u>121,714</u>		<u>6.49%</u>	\$ <u>93,890</u>		<u>6.53%</u>

Source: City of Norwich Assessor's Office

Note:

(1) The October 1, 2007 grand list was the base grand list utilized for the tax bills issued July 1, 2008 for the 2009 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	
<b>General Fund</b>									
2009	\$ 1,876,234	29.24	\$ 54,309	\$ 52,081	95.90%	\$ -	\$ 52,081	95.90%	
2008	1,819,529	28.57	51,980	50,213	96.60%	1,028	51,241	98.58%	
2007	1,791,750	27.77	49,971	48,324	96.70%	1,195	49,519	99.10%	
2006	1,745,186	26.72	46,541	44,977	96.64%	1,498	46,475	99.86%	
2005	1,733,296	25.69	43,999	42,681	97.00%	1,267	43,948	99.88%	
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%	1,606	41,044	99.95%	
2002	1,141,544	33.89	38,794	37,208	95.91%	1,569	38,777	99.96%	
2001	1,132,025	33.89	38,419	36,648	95.39%	1,754	38,402	99.96%	
2000	1,437,731	25.62	37,050	34,976	94.40%	2,036	37,012	99.90%	
<b>City Consolidated District (CCD) Fire Tax</b>									
2009	\$ 650,100	4.86	\$ 3,154	\$ 2,981	94.51%	\$ -	\$ 2,981	94.51%	
2008	641,583	4.75	3,064	2,930	95.63%	77	3,007	98.14%	
2007	633,603	4.25	2,724	2,595	95.26%	96	2,691	98.79%	
2006	620,505	4.03	2,511	2,399	95.54%	107	2,506	99.80%	
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%	
2000	529,962	3.64	1,940	1,831	94.38%	104	1,935	99.74%	
<b>Town Consolidated District (TCD) Volunteer Fire Relief Tax</b>									
2009	\$ 1,226,134	0.42	\$ 510	\$ 491	96.27%	\$ -	\$ 491	96.27%	
2008	1,177,946	0.36	424	411	96.93%	8	419	98.82%	
2007	1,158,147	0.31	361	351	97.23%	7	358	99.17%	
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%	
2000	907,769	0.14	128	121	94.53%	7	128	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			
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
2000	33,875	753	840		5,106	5,591	46,165	3.21%	1,325

\* Sewer extension bonds converted to business-type activity

Notes:

- (1) 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, 2009**  
**(In Thousands)**

Total Tax Collections, Including Interest and Lien Fees	\$ 54,065
Total Tax Collections, Norwich Fire District	3,634
Reimbursement for Loss on:	
Tax relief for elderly - freeze	4

Base	\$ 57,703
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	<b>General Purpose</b>	<b>Schools</b>	<b>Sewers</b>	<b>Urban Renewal</b>	<b>Pension Deficit</b>
Debt Limitation:					
2-1/4 times base	\$ 129,832	\$	\$	\$	\$
4-1/2 times base		259,664			
3-3/4 times base			216,386		
3-1/4 times base				187,535	
3 times base					173,109
	129,832	259,664	216,386	187,535	173,109
Total debt limitation	129,832	259,664	216,386	187,535	173,109
Indebtedness:					
Bonds and serial notes payable	18,353	9,372	7,938		
Bonds authorized and unissued	3,555	8,060	4,375		
Grants receivable		(507)			
	21,908	16,925	12,313	-	-
Total indebtedness	21,908	16,925	12,313	-	-
Debt Limitation in Excess of Outstanding and Authorized Debt	\$ 107,924	\$ 242,739	\$ 204,073	\$ 187,535	\$ 173,109

Note 1: In no event shall total debt exceed seven times annual receipts from taxation. The maximum amount permitted would be \$404 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 \$2,358 and State of Connecticut serial notes payable of \$1,610.

Note 4: School Building Grants totaling \$507 are applicable to outstanding bond issues.

## CITY OF NORWICH, CONNECTICUT

## LEGAL DEBT MARGIN INFORMATION

## LAST TEN FISCAL YEARS

(In Thousands)

	FISCAL YEAR									
	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000
Legal Debt Limit:										
Seven times taxable base	\$ 403,921	\$ 391,216	\$ 369,635	\$ 348,698	\$ 333,578	\$ 329,433	\$ 320,343	\$ 303,704	\$ 296,573	\$ 282,945
Indebtedness:										
Bonds and serial notes payable	39,631	32,528	36,958	41,639	46,764	47,499	50,400	55,918	53,850	52,675
Bonds authorized and unissued	15,990	7,240	2,705	2,705	2,705	4,640	4,455	2,730	8,220	9,938
Total indebtedness	55,621	39,768	39,663	44,344	49,469	52,139	54,855	58,648	62,070	62,613
Less:										
Water bonds and serial notes payable	(3,968)	(4,350)	(4,729)	(3,045)	(3,357)	(1,044)	(1,139)	(1,279)	(1,365)	(1,448)
School building grants	(507)	(612)	(722)	(988)	(1,262)	(1,842)	(1,943)	(2,280)	(3,337)	(3,445)
Net indebtedness applicable to legal debt limit (1)	51,146	34,806	34,212	40,311	44,850	49,253	51,773	55,089	57,368	57,720
Debt Limitation in Excess of Outstanding and Authorized Debt (1)	\$ 352,775	\$ 356,410	\$ 335,423	\$ 308,387	\$ 288,728	\$ 280,180	\$ 268,570	\$ 248,615	\$ 239,205	\$ 225,225
Total net debt applicable to the limit as a percentage of debt limit	12.66%	8.90%	9.26%	11.56%	13.45%	14.95%	16.16%	18.14%	19.34%	20.40%
Total indebtedness as a percentage of net taxable assessed value (1)	2.726%	1.913%	1.909%	2.310%	2.588%	4.224%	4.518%	4.826%	5.068%	4.015%
Total indebtedness per capita (1)	\$ 1,406	\$ 956	\$ 940	\$ 1,099	\$ 1,238	\$ 1,360	\$ 1,453	\$ 1,525	\$ 1,588	\$ 1,656
Calculation of Continuing Disclosure Agreement Ratios:										
Total indebtedness per legal debt limit calculation	\$ 55,621	\$ 39,768	\$ 39,663	\$ 44,344	\$ 49,469	\$ 52,139	\$ 54,855	\$ 58,648	\$ 62,070	\$ 62,613
Less authorized and unissued debt	(15,990)	(7,240)	(2,705)	(2,705)	(2,705)	(4,640)	(4,455)	(2,730)	(8,220)	(9,938)
Total direct debt	39,631	32,528	36,958	41,639	46,764	47,499	50,400	55,918	53,850	52,675
Less water and sewer indirect self-funding debt	(9,650)	(10,932)	(12,006)	(13,071)	(14,064)	(7,089)	(6,079)	(6,549)	(6,957)	(4,713)
Less school building grants	(507)	(612)	(722)	(988)	(1,262)	(1,842)	(1,943)	(2,280)	(3,337)	(3,445)
Total Net Direct Debt	\$ 29,474	\$ 20,984	\$ 24,230	\$ 27,580	\$ 31,438	\$ 38,568	\$ 42,378	\$ 47,089	\$ 43,556	\$ 44,517
Total direct debt as a percentage of State Equalized grand list	1.096%	0.914%	1.029%	1.271%	1.868%	1.891%	2.338%	2.874%	3.269%	2.999%
Total direct debt per capita	\$ 1,089	\$ 893	\$ 1,015	\$ 1,135	\$ 1,291	\$ 1,311	\$ 1,415	\$ 1,548	\$ 1,491	\$ 1,511
Total net debt as a percentage of State Equalized grand list	0.815%	0.590%	0.674%	0.842%	1.256%	1.535%	1.966%	2.420%	2.644%	2.534%
Total net debt per capita	\$ 810	\$ 576	\$ 666	\$ 752	\$ 868	\$ 1,065	\$ 1,189	\$ 1,304	\$ 1,206	\$ 1,277

(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 &amp; Management. The latest available figures are for grant list 10/1/2007.

**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)
2009	36,388	5,519	19,231	1,858	N/A	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%
2000	34,852	5,152	18,600	610	N/A	3.2%	2.6%	2.6%	3.8%

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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.

## CITY OF NORWICH, CONNECTICUT

## PRINCIPAL EMPLOYERS

## CURRENT YEAR AND 2002

Business Name	Nature of Business	2009			2002		
		Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
State of Connecticut	All State agencies	1,100	1	5.72%	166	7	0.90%
City of Norwich (incl. NPU & BOE)	Municipality	1,020	2	5.30%	944	2	5.10%
William W. Backus Hospital	Medical Center	932	3	4.85%	1,537	1	8.31%
Bob's Discount Furniture	Retail Store & Warehouse	446	4	2.32%			
ShopRite Norwich	Grocery Store	418	5	2.17%			
100 Interim Healthcare of Eastern CT	Healthcare	400	6	2.08%			
Computer Science Corporation	Computer Products & Services	330	7	1.72%	476	3	2.57%
Norwich Free Academy	Quasi-private high school	261	8	1.36%			
US Foodservice	Food Distributors	205	9	1.07%	250	4	1.35%
Stop & Shop	Grocery Store	178	10	0.93%			
Gunther International	Light Machinery Assembly				150	9	0.81%
Ortronics	Communication Technology				160	8	0.86%
Phelps Dodge	Manufacturing - Copper				177	6	0.96%
The American Group	Ambulance Service and other operations				200	5	1.08%
Total		5,290		27.51%	4,060		21.95%

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 EIGHT FISCAL YEARS

	FISCAL YEAR							
	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
Finance	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
Assessment	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	5.5	5.5
City Clerk	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	1.5
Police	98.0	98.0	100.0	100.0	101.0	100.5	102.5	107.5
Fire	59.5	59.5	55.5	55.5	55.5	55.0	55.5	55.5
Recreation	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	10.5	11.0
Senior Citizens Center	7.0	7.0	6.0	6.0	6.0	6.0	7.0	8.0
Youth Service Bureau	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	7.0	7.0	6.5	8.0	8.0
PW Fleet Maintenance	9.0	9.0	9.0	9.0	9.0	9.0	10.0	11.0
PW Solid Waste	3.0	3.0	2.0	2.0	3.0	3.0	3.0	4.0
PW Street Maintenance	41.0	41.0	32.0	32.0	33.0	33.0	35.0	35.0
PW Parks & Cemeteries	0.0	0.0	9.0	9.0	10.0	11.0	12.0	12.0
PW Building Maintenance	9.0	9.0	7.0	6.0	7.0	7.0	8.0	7.5
PW Parking Maintenance	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Election	2.5	2.5	2.5	2.5	2.5	2.5	3.0	3.0
Planning and Neighborhood Services	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	1.0
Emergency Management	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Tourism	0.5	0.5	0.5	0.5	0.5	0.5	0.5	2.0
Total General City	<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	387.5	387.5	384.2	373.8	386.3	375.9	392.1	502.5
State and federal grant - funded positions	111.3	111.3	117.1	114.1	99.8	86.6	74.7	66.3
School Lunch (state and federal grant)	39.0	39.0	39.0	39.0	39.0	40.0	42.0	41.0
Adult Education (state and federal grant)	12.0	12.0	13.0	13.0	13.0	12.0	11.0	13.0
Family Resource Center (state grant)	25.5	25.5	22.0	24.0	10.0	10.0	10.0	10.0
Total Board of Education	<u>575.3</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>137.0</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>1020.3</u>	<u>1021.3</u>	<u>1011.8</u>	<u>999.9</u>	<u>988.0</u>	<u>961.5</u>	<u>989.8</u>	<u>1100.7</u>

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

<b>Function</b>	<b>FISCAL YEAR</b>							
	<b>2009</b>	<b>2008</b>	<b>2007</b>	<b>2006</b>	<b>2005</b>	<b>2004</b>	<b>2003</b>	<b>2002</b>
General Government:								
Finance:								
Number of tax and refuse bills mailed	68,000	68,000	68,144	68,182	67,225	66,048	65,643	67,115
Number of internal control reviews performed	3	3	7	2	7	4	-	-
Assessor:								
Number of deeds processed	1,079	926	1,310	2,100	1,800	1,600	998	798
Number of veterans exemptions	1,131	1,350	3,053	2,850	2,800	2,779	2,565	2,581
Board of assessment appeals adjustments	403	250	243	150	225	425	249	38
Human Resources:								
Number of applications processed	1,067	2,339	1,149	1,518	1,850	1,221	1,801	700
Vacancies filled through promotion	11	35	15	24	12	28	20	18
Vacancies filled through new hires	21	39	28	23	33	33	22	24
Employee turnover rate	2.0%	4.6%	6.0%	4.2%	5.4%	7.1%	3.7%	3.8%
City Clerk:								
Land records recorded	6,486	7,891	9,532	11,124	11,397	11,401	9,882	8,317
Marriage licenses issued	326	305	331	357	353	372	265	359
Death certificates recorded	508	458	550	561	638	542	579	569
Birth certificates recorded	960	1,070	1,037	998	1,210	1,594	1,220	579
Management Information Systems:								
Help desk calls	1,600	1,380	1,800	1,700	1,700	1,800	1,250	1,550
Website visits	148,721	130,000	256,817	94,797	27,500	27,500	12,000	N/A
Election:								
Voters added	3,289	1,202	580	567	1,200	1,096	1,273	2,329
Voters removed	813	964	651	87	800	1,058	1,249	2,503
Voter changes	2,303	1,139	1,425	1,648	650	927	1,324	3,053
Total voters	21,689	18,129	17,891	18,346	19,000	17,987	17,863	17,108
Planning and Neighborhood Services:								
Site development plans	16	31	27	19	18	21	8	N/A
Zoning permit applications	370	446	482	503	471	456	137	N/A
Zoning complaints	240	248	170	130	142	138	57	N/A
Code violations	1,361	1,633	250	1,170	475	465	169	N/A
Citations issued	240	180	229	165	119	208	94	N/A
Education:								
Average Class Size - Kindergarten	17.8	17.5	17.7	18.0	16.4	17.8	N/A	N/A
Average Class Size - Grade 2	18.9	18.9	20.0	18.6	19.5	18.2	N/A	N/A
Average Class Size - Grade 5	19.2	18.9	19.1	20.0	20.5	20.4	N/A	N/A
Average Class Size - Grade 7	21.0	19.0	23.7	22.0	21.9	21.2	N/A	N/A
Total expenditure per student	N/A	9,113	8,461	\$ 8,016	\$ 7,726	\$ 7,742	N/A	N/A

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

<b>Function</b>	<b>FISCAL YEAR</b>							
	<b>2009</b>	<b>2008</b>	<b>2007</b>	<b>2006</b>	<b>2005</b>	<b>2004</b>	<b>2003</b>	<b>2002</b>
Public Safety:								
Police:								
911 calls*	20,291	21,330	19,212	19,160	19,575	N/A	N/A	N/A
Non-emergency calls*	38,846	30,329	33,740	35,664	20,932	N/A	N/A	N/A
DWI arrests*	252	158	15	150	188	N/A	N/A	N/A
Fire:								
Central Fire Department Service Calls	2,442	2,627	2,629	2,942	2,503	3,088	2,571	2,214
East Great Plain VFD Service Calls	912	1,015	864	866	800	688	688	700
Laurel Hill VFD Service Calls	117	102	75	105	126	93	102	84
Occum VFD Service Calls	199	192	202	232	238	325	207	238
Taftville VFD Service Calls	614	698	631	539	538	450	495	496
Yantic VFD Service Calls	544	604	593	580	568	595	530	537
Emergency Management:								
Hours of emergency training	875	875	715	870	1,250	920	70	300
Shelters maintained	19	19	19	19	19	19	18	20
Flood assistance calls	74	74	122	73	41	62	N/A	N/A
Social Services:								
Recreation:								
Number of youth registrations	4,618	3,870	4,510	4,750	4,732	4,821	4,235	3,151
Number of youth program hours	1,980	2,045	2,205	2,000	1,970	1,971	N/A	N/A
Human Services:								
General Human Services:								
Job placements	190	190	243	153	119	133	989	N/A
Individuals relocated due to condemnation	77	72	36	30	85	55	74	N/A
Rent and housing assistance cases	139	94	83	79	80	49	139	N/A
Senior Center:								
Preventative health clinic services	2,550	2,500	3,450	3,206	4,500	4,900	4,260	6,882
Outreach services	978	753	976	836	200	280	490	572
Youth and Family Services:								
Counseling cases	130	142	143	117	168	175	135	N/A
Young parent cases	35	78	98	92	107	97	68	N/A
Youth employment	94	N/A						
Juvenile justice / diversion	44	N/A						
Public Works:								
Engineering and Administration:								
Road miles paved	6.4	4.7	5.3	4.2	3.0	6.6	6.0	6.5
Department of Public Utilities:								
Gas service calls	5,004	4,967	6,136	5,552	6,294	4,740	5,328	4,060
Electric service calls	1,830	1,508	3,125	2,406	3,010	2,672	1,606	898
Water service calls	3,653	3,440	3,434	4,717	4,542	3,580	3,125	1,782
Sewer service calls	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.

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

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

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CITY OF NORWICH, CONNECTICUT

CAPITAL ASSET STATISTICS BY FUNCTION (CONTINUED)

LAST EIGHT FISCAL YEARS

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