

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



**FISCAL YEAR ENDED JUNE 30, 2007
DEPARTMENT OF FINANCE
UNION SQUARE
NORWICH, CONNECTICUT**

Comprehensive Annual Financial Report

of the

City of Norwich, Connecticut

Fiscal Year Ended June 30, 2007

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

November 27, 2007

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, 2007. 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 prescribable budget limitations and for the preparation of financial statements in conformity with accounting principles generally accepted in the United States of America. 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 and 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 I-95 and I-90 to Boston and New York. Route 2 links the City with Hartford and I-91. State Route 82 connects downtown Norwich with I-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.

Factors Affecting Financial Condition

The City aggressively pursues economic and physical stabilization and revitalization. The City has maintained the quality of services to its citizens and has consistently increased the general fund balance while having one of the lowest per capita tax burdens in the State at \$1,211 for fiscal year

2007. 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.

Recent Economic Activity

Commercial/Industrial Activity

- *Backus Hospital Expansion* - The hospital started the \$50 million expansion (which includes doubling the size of the Emergency Department, enhancing Surgical Services, updating patient rooms, adding more private rooms, adding a new pharmacy and upgrading technology for cancer care) in July 2005 and expects to have the project completed by Winter 2007.
- *Byron Brook Golf Resort Community Project* - One exciting prospect on the horizon is the possible development of roughly 300 acres of land in Occum into a \$200 million golf course/condominium project. This project is currently in the planning process.
- *Hampton Inn & Suites Hotel* - On September 19, 2006, the Commission on the City Plan approved Philadelphia-based PRA Development Corp's plan to construct a 113-room, six-story hotel on Route 82/I-395 interchange.
- *Downtown Businesses* - The street-level of the Wauregan Hotel is now occupied by a laundromat, a deli and a florist.

Housing Market

- From July 2003 through June 2007, the Building Division has issued \$114 million in residential building permits.
- Taking real estate sales from October 2003 through May 2007, properties have been selling for, on average, 38.53% higher than their October 1, 2003 valuation (the last revaluation).
- There are currently 300 units of condominiums and apartments under construction.

Public Buildings and Infrastructure

- *Road Improvements* - The residents of the City of Norwich passed a bond referendum item in November 2006 for \$5 million of road improvements. The public works department has already administered \$1.2 million of road reconstruction and overlay during fiscal year 2006-07.
- *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.
- *Energy Efficiency Upgrades* - Norwich Public Utilities has identified opportunities for greater energy efficiency in the schools and other City-owned buildings. The City is making these improvements with funding from the Community Development Block Grant and the City's Capital Improvement budget. In most cases, the improvements will pay for themselves in reduced energy costs within the first three years.
 - *Municipal Area Network* - Norwich Public Utilities will soon construct 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.
 - *Three Rivers Community College* - On June 25, 2007, there was a groundbreaking ceremony at the New London Turnpike location of Three Rivers Community College to celebrate the start of a \$85.6 million, 295,644 square-foot project which is expected to be completed in 2009.
 - *Kelly Middle School Renovations* - On November 6, 2007, Norwich voters approved \$40.2 million for 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 and \$10.8 million of 20-year city general obligation bonds. The project includes: adding classrooms, updating utilities, asbestos abatement, and adding an 800-seat auditorium.

Budgetary Control

The City maintains extensive budgetary controls. The objective of these controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the City Council. Activities of the General Fund and one Special Revenue Fund are included in the annual appropriated budget. Project-length budgets are prepared for the capital projects funds. The level of budgetary control (i.e., the level at which expenditures cannot legally exceed the appropriated amount) is the departmental level within each fund. The City also maintains an encumbrance accounting system as one method of maintaining budgetary control. Unencumbered amounts lapse at year end. Encumbered amounts at year-end are reported as reservations of fund balance.

As demonstrated by the statements and schedules included in the financial section of this report, the City continues to meet its responsibility for sound financial management.

Cash Management

It is the policy of the City to invest funds in a manner which will provide the highest investment return with the maximum security while meeting the daily cash flow demands of the City and conforming to all statutes governing the investment of funds. Idle cash during the year was invested in temporary, legally permitted investments on a short-term basis.

Pension Administrator

The City administers a single employer public employee retirement system (PERS). In addition, Board of Education teachers are fully covered by the noncontributory State Teachers' Retirement System.

Risk Management

The City has a comprehensive program for managing all areas of risk, which includes health and life insurance for active and retired employees, workers' compensation, heart and hypertension, property and casualty, general liability, professional liability and others including theft, performance and surety.

The Internal Service Fund accounts for funds received from the Board of Education and City Government operating funds. The funds are used to pay medical and health claims and provide ancillary service for the administration of the fund and to accumulate reserves, which otherwise would be retained by Blue Cross/Blue Shield.

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, 2006. This was the fourteenth 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.

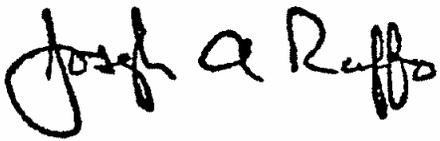
A Certificate of Achievement is valid for a period of one year only. I believe that our current comprehensive annual financial report continues to conform to the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

For fiscal years beginning July 1, 2000 through 2007, 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
Acting City Manager and 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, 2006

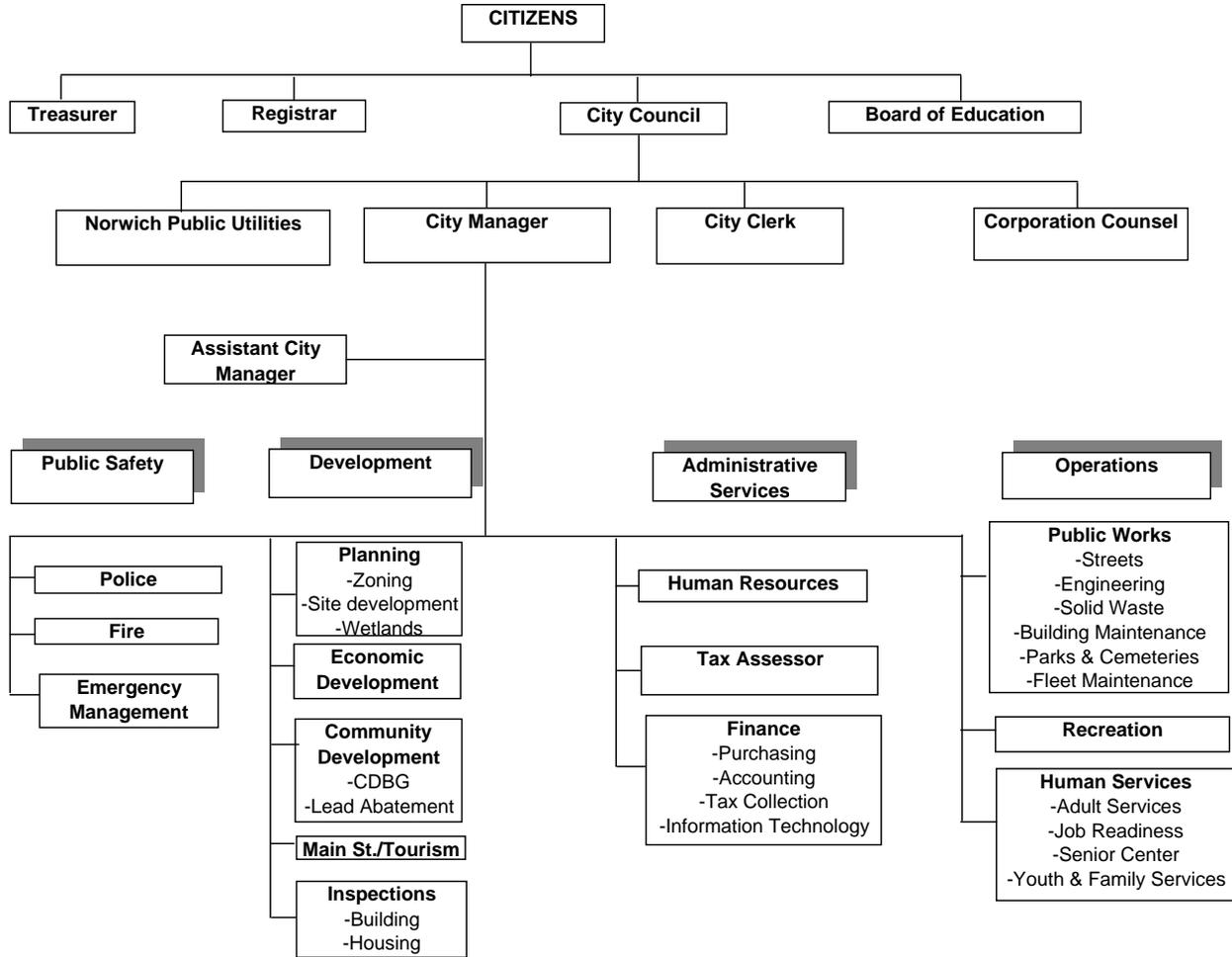
A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards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



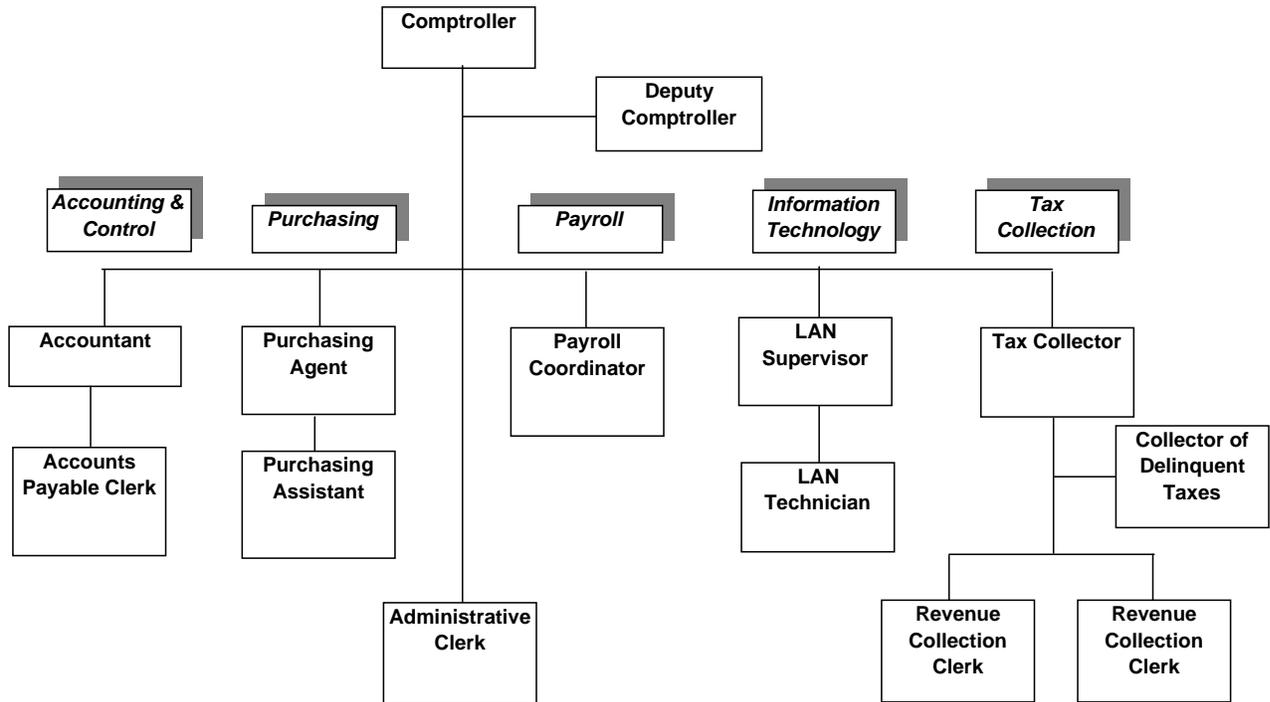
President

Executive Director

City of Norwich Organization Chart



City of Norwich Finance Department Organization Chart



DIRECTORY OF ELECTED CITY OFFICIALS AND NPU COMMISSIONERS

CITY COUNCIL

	<u>Term Length</u>	<u>Term Expires</u>
Benjamin P. Lathrop, Mayor (D)	4 Years	12/8/09
John M. Newson, President Pro Tempore (D)	2 Years	12/4/07
Mark Bettencourt (D)	2 Years	12/4/07
Jacqueline Caron (D)	2 Years	12/4/07
John D. Crooks, Sr. (R)	2 Years	12/4/07
Larry Goldman (D)	2 Years	12/4/07
John Paul Merein (R)	2 Years	12/4/07

BOARD OF EDUCATION

	<u>Term Length</u>	<u>Term Expires</u>
Charles Jaskiewicz, Chairperson (D)	2 Years	11/13/07
John P. LeVangie, Vice Chairperson (D)	2 Years	11/13/07
Cora Lee Boulware, Secretary (D)	2 Years	11/13/07
Kelly Ann Graves (D)	2 Years	11/13/07
Lorrie Herz (D)	2 Years	11/13/07
Harlan Hyde (R)	2 Years	11/13/07
Charles K. Norris (R)	2 Years	11/13/07
Joyce Werden (D)	2 Years	11/13/07
Angelo P. Yeitz, Jr. (R)	2 Years	11/13/07

TREASURER

	<u>Term Length</u>	<u>Term Expires</u>
Brian Curtin (D)*	2 Years	12/4/07

REGISTRAR OF VOTERS

	<u>Term Length</u>	<u>Term Expires</u>
Nancy DePietro (D)	2 Years	1/7/09
Gerald Kortfelt (R)	2 Years	1/7/09

APPOINTED NPU COMMISSIONERS

	<u>Term Length</u>	<u>Term Expires</u>
Stanley Israelite, Chairman (D)	5 Years	2/28/12
Alan M. Remondi, Vice Chairman (D)	5 Years	2/28/11
Diana Boisclair (R)	5 Years	3/01/10
James M. Sullivan (D)	5 Years	3/01/09
Frank Demicco (D)	5 Years	3/01/08

* Appointed by the City Council upon the retirement of William J. Murray on December 31, 2006.

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

**DIRECTORY OF CITY ADMINISTRATIVE
OFFICIALS**

Acting City Manager	Joseph Ruffo
Assistant City Manager	Jennifer Gottlieb
Assessor	Charles Glinski
Building Inspector	James Troeger
City Clerk	DeeAnne Brennan
City Planner	Michael Schaefer
Community Development Director	Vacant
Comptroller	Joseph Ruffo
Deputy Comptroller	joshua pothier
Corporation Counsel	Michael E. Driscoll
Emergency Management Director	Gene M. Arters
Engineer	William Mansfield
Fire Chief	Ken Scandariato
Health Director	Patrick McCormack, MPH
Housing Authority Director	Charles Whitty
Human Resources Director	Thomas Dawkins
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	Luis DePina
Senior Center	Michael Wolak
Superintendent of Schools	Pamela Aubin
Tax Collector	Katherine Daley
Volunteer Fire Chiefs:	
East Great Plains	Patrick Daley
Laurel Hill	Ed Martin
Occum	Kevin McKeon
Taftville	Steven L. Caisse
Yantic	Frank Blanchard
Youth Service Director	Peter Schultheis
Zoning Enforcement Officer	Paulette Craig

Financial Section



Report of Independent Accountants

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, 2007, 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, 2007 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 52 through 55 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 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 November 27, 2007 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.

November 27, 2007

CITY OF NORWICH, CONNECTICUT

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2007

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, 2007. 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 \$168.2 million. Total net assets for governmental activities at fiscal year-end were \$59.6 million, and total net assets for business-type activities were \$108.5 million. Total unrestricted net assets at June 30, 2007 was \$38.1 million.
- On a government-wide basis, during the year, the City's net assets increased by \$7.7 million from \$160.5 million to \$168.2 million. Governmental activities net assets increased by \$2.9 million, and net assets increased by \$4.8 million for business-type activities. Governmental activities expenses were \$120.1 million, while total revenues including transfers were \$123.1 million.
- At the close of the year, the City's governmental funds reported, on a current financial resource basis, combined ending fund balances of \$17.5 million, a decrease of \$2.0 million from the prior fiscal year. Of the total fund balance as of June 30, 2007, \$13.9 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 \$12.1 million, an increase of \$787 thousand from the prior fiscal year. Included in the fiscal year 2008 budget is an appropriation of \$2 million from the unreserved fund balance. As of June 30, 2007, \$11.7 million of the total fund balance is unreserved representing 11.7% of total General Fund expenditures and transfers out.
- The City's governmental activities total bonded debt decreased by \$3.5 million during the current fiscal year.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of a series of financial statements. The statement of net assets and the statement of activities (Exhibits I and II, respectively) provide information about the activities of the City as a whole and present a longer-term view of the City's finances. Fund financial statements are presented in Exhibit 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 at the bottom of 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 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 \$160.5 million to \$168.2 million. The analysis below focuses on the net assets (Table 1) and changes in net assets (Table 2) of the City's governmental and business-type activities.

Table 1
NET ASSETS
(In Thousands)

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total Government-Wide</u>	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
Current and other assets	\$ 34,712	\$ 38,186	\$ 35,684	\$ 30,725	\$ 70,396	\$ 68,911
Capital assets	<u>68,571</u>	<u>65,251</u>	<u>97,878</u>	<u>99,252</u>	<u>166,449</u>	<u>164,503</u>
Total assets	<u>103,283</u>	<u>103,437</u>	<u>133,562</u>	<u>129,977</u>	<u>236,845</u>	<u>233,414</u>
Long-term debt outstanding	35,357	37,459	17,206	18,784	52,563	56,243
Unearned revenue	1,778	2,788	215	220	1,993	3,008
Other liabilities	<u>6,501</u>	<u>6,460</u>	<u>7,595</u>	<u>7,252</u>	<u>14,096</u>	<u>13,712</u>
Total liabilities	<u>43,636</u>	<u>46,707</u>	<u>25,016</u>	<u>26,256</u>	<u>68,652</u>	<u>72,963</u>
Net assets:						
Invested in capital assets, net of debt	44,114	38,680	83,363	83,151	127,477	121,831
Restricted	1,725	1,590	876	643	2,601	2,233
Unrestricted	<u>13,808</u>	<u>16,460</u>	<u>24,307</u>	<u>19,927</u>	<u>38,115</u>	<u>36,387</u>
Total Net Assets	<u>\$ 59,647</u>	<u>\$ 56,730</u>	<u>\$ 108,546</u>	<u>\$ 103,721</u>	<u>\$ 168,193</u>	<u>\$ 160,451</u>

Net assets of the City's governmental activities increased by \$2.9 million (\$59.6 million compared to \$56.7 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 \$16.5 million at June 30, 2006 to \$13.8 million at the end of this year. The net assets of business-type activities increased by 4.7% (\$108.5 million compared to \$103.7 million) in 2007.

Table 2
CHANGES IN NET ASSETS
(In Thousands)

	Governmental Activities		Business-Type Activities		Total Government-Wide	
	2007	2006	2007	2006	2007	2006
Revenues:						
Program revenues:						
Charges for services	\$ 8,484	\$ 8,248	\$ 78,842	\$ 77,909	\$ 87,326	\$ 86,157
Operating grants and contributions	47,469	47,561			47,469	47,561
Capital grants and contributions	934	1,736	1,037	1,696	1,971	3,432
General revenues:						
Property taxes	52,327	49,726			52,327	49,726
Grants and contributions not restricted to specific purposes	5,522	4,786			5,522	4,786
Unrestricted investment earnings	1,199	843	423	318	1,622	1,161
Other general revenues	910	540			910	540
Total revenues	116,845	113,440	80,302	79,923	197,147	193,363
Program expenses:						
General government	11,926	9,638			11,926	9,638
Public safety	16,108	15,754			16,108	15,754
Social services	3,984	4,048			3,984	4,048
Public works	11,504	11,109			11,504	11,109
Education	75,171	71,268			75,171	71,268
Interest on long-term debt	1,454	1,476			1,454	1,476
Department of Public Utilities			66,885	67,275	66,885	67,275
Other enterprise funds			2,373	2,583	2,373	2,583
Total program expenses	120,147	113,293	69,258	69,858	189,405	183,151
Excess (deficiency) before transfers	(3,302)	147	11,044	10,065	7,742	10,212
Transfers	6,219	5,385	(6,219)	(5,385)	-	-
Increase in Net Assets	\$ 2,917	\$ 5,532	\$ 4,825	\$ 4,680	\$ 7,742	\$ 10,212

The City's total revenues were \$197.1 million. The total cost of all programs and services was \$189.4 million. Our analysis below separately considers the operations of governmental and business-type activities.

Governmental Activities

Governmental activities increased the City's assets by \$2.9 million during the year. Total revenues of \$116.8 million and \$6.2 million in transfers from the City's business-type activities provided funding for the City's \$120.1 million of governmental program expenses incurred during the year.

Property tax revenues increased \$2.6 million, which provided additional resources necessary to fund the City's programs expense increase of \$6.9 million over the previous year. Increases in general government program expenses were primarily the result of increases in the City's workers' compensation loss reserve claims liability at June 30, 2007. The workers' compensation loss reserve claims liability increased from \$2.3 million to \$3.6 million as a result of additional claim occurrences during FY2007. Of the \$3.9 million increase in education program expenses, \$3.4 million is directly tied to the increase in budgeted actual education expenditures in the

City's General Fund. The budgeted increase in education costs provided funding for increases in new teaching positions and contractual raises.

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>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
General government	\$ 11,926	\$ 9,638	\$ 8,526	\$ 6,195
Public safety	16,108	15,754	15,632	14,375
Social services	3,984	4,048	842	1,675
Public works	11,504	11,109	7,698	7,252
Education	75,171	71,268	29,143	24,826
All others	<u>1,454</u>	<u>1,476</u>	<u>1,419</u>	<u>1,425</u>
Totals	<u>\$ 120,147</u>	<u>\$ 113,293</u>	<u>\$ 63,260</u>	<u>\$ 55,748</u>

Business-Type Activities

Revenues of the City's business-type activities (see Table 2) increased by \$380 thousand during the year (\$80.3 million in 2007 compared to \$79.9 million in 2006) and expenses decreased by \$599 thousand. Overall net assets increased \$4.9 million in 2007 compared with an increase of \$4.7 million in 2006. Net assets of the Department of Public Utilities Electric Division increased \$2.5 million in 2006 and \$4.7 million in 2007 as user rates have been increased to address increases in purchase power costs over the past several years and planned infrastructure improvements.

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 \$17.5 million, which is a decrease from last year's total of \$19.4 million. Included in this year's total change in fund balance is an increase of \$787 thousand 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 other governmental funds have a total fund balance of \$5.4 million, down from \$8.1 million in the prior year. The decrease is primarily due to the expenditure of funds for bonded projects for which bond anticipation notes or bonds have not been issued.

Proprietary Funds

Net assets of the proprietary funds consisting of the Department of Public Utilities were \$97.5 million, as compared to \$92.5 million in the prior year, and other enterprise funds were \$11.1 million, as compared to \$11.2 million in the prior year.

Unrestricted net assets of the Department of Public Utilities was \$24.2 million, and \$156 thousand for Other Enterprise funds. The Department of Public Utilities had operating revenues of \$76.7 million from user fees, and other enterprise funds had \$2.2 million. The total change in net assets for the fiscal year ended June 30, 2007 was \$4.8 million.

General Fund Budgetary Highlights

The difference between the original budget and the final amended budget was \$88 thousand. The additional appropriations approved during the year were for two positions in the Planning & Development Department.

During the year, actual revenues and other financing sources on a budgetary basis were \$100.3 million, which exceeded budgetary estimates by \$1.8 million. Miscellaneous permits and fees and Town Clerk conveyance taxes were a combined \$401 thousand higher than budgeted. Special education grant funding was \$598 thousand higher than budgeted as grant reimbursements increased, offsetting increased special education placement costs. Interest from investments was \$370 thousand higher than budgeted as market rates improved.

Actual expenditures on a budgetary basis and other financing uses totaled \$99.7 million, which were less than actual revenues and other financing sources on a budgetary basis by \$621 thousand. Actual expenditures on a budgetary basis were \$634 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, 2007, the City had \$166.4 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 \$1.9 million, or 1.2%, over last year.

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

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2007	2006	2007	2006	2007	2006
Land	\$ 23,234	\$ 23,398	\$ 2,397	\$ 2,397	\$ 25,631	\$ 25,795
Buildings and improvements	19,609	19,801	34,520	33,556	54,129	53,357
Vehicles, machinery, equipment, pumping and distributions systems	5,913	4,580	58,415	40,726	64,328	45,306
Technology upgrade and road infrastructure	15,485	14,471			15,485	14,471
Construction in progress	4,330	3,001	2,546	22,573	6,876	25,574
Totals	\$ 68,571	\$ 65,251	\$ 97,878	\$ 99,252	\$ 166,449	\$ 164,503

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

Road overlays	\$	1,434
Taftville VFD Ladder Truck		731
Ox Hill Drainage		607
Land Purchase for Mohegan Park		332
Police Cruisers		195
Norwich Fire Department Pumper Truck		<u>387</u>
Total	\$	<u><u>3,686</u></u>

The City's fiscal-year 2007-08 capital budget calls for spending \$2.4 million for road overlays, Brown Park seawall improvements, school improvements, police vehicles, sidewalk improvements and other projects. More detailed information about the City's capital assets is presented in Note 7 to the financial statements.

Long-Term Debt

At June 30, 2007, the City had total bonds and notes outstanding of \$36.3 million. All of this debt is backed by the full faith and credit of the City. The City's total debt decreased by approximately \$4.6 million during fiscal 2007.

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

	<u>Governmental</u> <u>Activities</u>		<u>Business-Type</u> <u>Activities</u>		<u>Totals</u>	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
General obligation bonds	\$ 24,311	\$ 27,858	\$ 6,562	\$ 7,200	\$ 30,873	\$ 35,058
Notes payable			<u>5,430</u>	<u>5,854</u>	<u>5,430</u>	<u>5,854</u>
Total	<u>\$ 24,311</u>	<u>\$ 27,858</u>	<u>\$ 11,992</u>	<u>\$ 13,054</u>	<u>\$ 36,303</u>	<u>\$ 40,912</u>

The last bond rating for an uninsured issue was for the General Obligation Bond Issue of 2002 for various purposes, totaling \$6.02 million. The bonds were rated A1 and AA- by Moody's Investor Service and Fitch, Inc., respectively. The last bonds issued in 2005 were insured by Financial Security Assurance, Inc.

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 \$370 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 8 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

As of June 2007, the unemployment rate for the Norwich Labor Market Area was 4.1%, down from 4.9% in the prior year. Connecticut's overall unemployment rate stands at 4.6%, compared with 4.4% for the same time last year. The State of Connecticut has increased its funding of education grants over the past few years, but the grants supporting other city services haven't 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 2008 General Fund budget calls for \$104.0 million in revenues and expenditures, an approximate 3.69% increase in both over fiscal year 2007. On the revenue side, the fiscal year 2008 mill rate increased 0.80 mills from 27.77 to 28.57 - a 2.88% increase. The City has not implemented any new programs or services.

In the City's business-type activities, the Norwich Public Utilities projects a 0.83% decrease in revenues from fiscal year 2007 from \$80.9 million to \$80.2 million. This decrease is largely due to the decline in the cost of natural gas. Norwich Public Utilities budgeted \$3.67 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, 2007

(In Thousands)

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Assets:			
Cash and cash equivalents	\$ 13,091	\$ 17,381	\$ 30,472
Investments	11,684		11,684
Receivables, net	9,869	14,708	24,577
Internal balances	27	(27)	-
Inventories		2,072	2,072
Other assets	41	1,550	1,591
Capital assets:			
Assets not being depreciated	27,564	4,943	32,507
Assets being depreciated, net	41,007	92,935	133,942
Total assets	<u>103,283</u>	<u>133,562</u>	<u>236,845</u>
Liabilities:			
Accounts and other payables	6,059	7,595	13,654
Due to Fiduciary Funds	442		442
Unearned revenue	1,778	215	1,993
Noncurrent liabilities:			
Due within one year	6,103	2,205	8,308
Due in more than one year	29,254	15,001	44,255
Total liabilities	<u>43,636</u>	<u>25,016</u>	<u>68,652</u>
Net Assets:			
Invested in capital assets, net of related debt	44,114	83,363	127,477
Restricted for trust purposes:			
Expendable	72		72
Permanent	1,653		1,653
Restricted for energy conservation		876	876
Unrestricted	13,808	24,307	38,115
Total Net Assets	<u>\$ 59,647</u>	<u>\$ 108,546</u>	<u>\$ 168,193</u>

The accompanying notes are an integral part of the financial statements

CITY OF NORWICH, CONNECTICUT

BALANCE SHEET - GOVERNMENTAL FUNDS

JUNE 30, 2007

(In Thousands)

	<u>General</u>	<u>Bond Expenditure</u>	<u>Community Development</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS					
Cash and cash equivalents	\$ 9,764	\$ 998	\$	\$ 2,032	\$ 12,794
Investments	10,227			1,457	11,684
Receivables, net	4,126		2,591	3,111	9,828
Due from other funds	3,200	640	23	4,711	8,574
Other assets				41	41
Total Assets	<u>\$ 27,317</u>	<u>\$ 1,638</u>	<u>\$ 2,614</u>	<u>\$ 11,352</u>	<u>\$ 42,921</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts and other payables	\$ 4,010	\$ 154	\$ 267	\$ 1,309	\$ 5,740
Due to other funds	8,007	2,657		612	11,276
Deferred revenue	3,224	418	2,244	2,568	8,454
Total liabilities	<u>15,241</u>	<u>3,229</u>	<u>2,511</u>	<u>4,489</u>	<u>25,470</u>
Fund balances:					
Reserved	425	1,285		1,885	3,595
Unreserved, reported in:					
General Fund	11,651				11,651
Special Revenue Funds			103	2,643	2,746
Capital Project Funds		(2,876)		2,335	(541)
Total fund balances	<u>12,076</u>	<u>(1,591)</u>	<u>103</u>	<u>6,863</u>	<u>17,451</u>
Total Liabilities and Fund Balances	<u>\$ 27,317</u>	<u>\$ 1,638</u>	<u>\$ 2,614</u>	<u>\$ 11,352</u>	
Amounts reported for governmental activities in the statement of net assets (Exhibit I) are different because:					
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.					68,571
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.					6,676
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 fund are included in governmental activities in the statement of net assets.					(2,211)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.					<u>(30,840)</u>
Net Assets of Governmental Activities (Exhibit I)					<u>\$ 59,647</u>

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, 2007

	General	Bond Expenditure	Community Development	Other Governmental Funds	Total Governmental Funds
Revenues:					
Property taxes, interest and liens	\$ 49,920	\$	\$	\$ 3,056	\$ 52,976
Intergovernmental revenues	38,859	175	1,820	13,055	53,909
Charges for services	3,032			3,890	6,922
Licenses, permits and fees	906				906
Investment income	920			251	1,171
Other	1,235		159	875	2,269
Total revenues	<u>94,872</u>	<u>175</u>	<u>1,979</u>	<u>21,127</u>	<u>118,153</u>
Expenditures:					
Current:					
General government	5,409			373	5,782
Public safety	10,682		241	5,240	16,163
Social services	2,089		1,394	789	4,272
Public works	8,873		430	1,109	10,412
Education	62,507		31	11,685	74,223
Other	4,286				4,286
Capital outlay		3,216		3,121	6,337
Debt service	5,041				5,041
Total expenditures	<u>98,887</u>	<u>3,216</u>	<u>2,096</u>	<u>22,317</u>	<u>126,516</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(4,015)</u>	<u>(3,041)</u>	<u>(117)</u>	<u>(1,190)</u>	<u>(8,363)</u>
Other Financing Sources (Uses):					
Transfers in	7,173	163		2,549	9,885
Transfers out	(2,371)			(1,295)	(3,666)
Proceeds from capital leases				192	192
Total other financing sources	<u>4,802</u>	<u>163</u>		<u>1,446</u>	<u>6,411</u>
Net Change in Fund Balances	787	(2,878)	(117)	256	(1,952)
Fund Balances at Beginning of Year	<u>11,289</u>	<u>1,287</u>	<u>220</u>	<u>6,607</u>	
Fund Balances at End of Year	<u>\$ 12,076</u>	<u>\$ (1,591)</u>	<u>\$ 103</u>	<u>\$ 6,863</u>	

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	3,571
In the statement of activities, the loss on the sale or disposal of capital assets is reported, whereas in the governmental funds, the transaction is not reported. Thus the change in net assets differs from the change in fund balance by the loss on the assets disposed.	(251)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(773)
Bonds and capital leases provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. This is the amount by which repayments exceeded proceeds.	3,470
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 governmental funds.	13
Internal service funds are used by management to charge the costs of risk management to individual funds. The net expense of the internal service fund is reported with governmental activities (Exhibit VI).	<u>(1,161)</u>

Change in Net Assets of Governmental Activities (Exhibit II) \$ 2,917

The accompanying notes are an integral part of the financial statements

CITY OF NORWICH, CONNECTICUT

STATEMENT OF NET ASSETS - PROPRIETARY FUNDS

JUNE 30, 2007
(In Thousands)

	Business-Type Activities			Governmental
	Department of Public Utilities	Nonmajor Enterprise Funds	Total	Internal Service Funds
Assets:				
Current assets:				
Cash and cash equivalents	\$ 17,118	\$ 263	\$ 17,381	\$ 297
Receivables, net:				
Intergovernmental				
User charges	10,498	300	10,798	
Assessments receivable	3,297		3,297	
Other	613		613	41
Due from other funds	13	88	101	2,287
Inventories	1,975	97	2,072	
Other assets	1,550		1,550	
Total current assets	35,064	748	35,812	2,625
Capital assets, net	86,965	10,913	97,878	
Total assets	122,029	11,661	133,690	2,625
Liabilities:				
Current liabilities:				
Accounts payable and accrued liabilities	6,784	249	7,033	71
Due to other funds		128	128	
Unearned revenue		215	215	
Due to CMEEC	357		357	
Notes payable - current	435		435	
Bonds payable - current	639		639	
Capital leases payable - current	458		458	
Compensated absences - current	240		240	
Risk management claims - current	76		76	1,621
Total current liabilities	8,989	592	9,581	1,692
Noncurrent liabilities:				
Customer deposits	562		562	
Due to CMEEC	750		750	
Notes payable	4,995		4,995	
Bonds payable	5,923		5,923	
Capital leases payable	944		944	
Compensated absences	2,165		2,165	
Risk management claims	224		224	3,144
Total noncurrent liabilities	15,563		15,563	3,144
Total liabilities	24,552	592	25,144	4,836
Net Assets:				
Invested in capital assets, net of related debt	72,450	10,913	83,363	
Restricted for energy conservation	876		876	
Unrestricted	24,151	156	24,307	(2,211)
Total Net Assets	\$ 97,477	\$ 11,069	\$ 108,546	\$ (2,211)

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, 2007

(In Thousands)

	Business-Type Activities			Governmental
	Department of Public Utilities	Nonmajor Enterprise Funds	Total	Internal Service Funds
Operating Revenues:				
Charges for services	\$ 75,286	\$ 2,168	\$ 77,454	\$ 16,079
Use of property	677		677	
Other services	711		711	
Total operating revenues	<u>76,674</u>	<u>2,168</u>	<u>78,842</u>	<u>16,079</u>
Operating Expenses:				
Purchased gas and electric	38,552		38,552	
General and administrative	10,498		10,498	
Depreciation	5,152	356	5,508	
Operations and maintenance	8,427	2,018	10,445	
Customer accounts	1,455		1,455	
Bad debt expense	689		689	
Gross revenue and property taxes	1,769		1,769	
Claims				16,351
Premiums and administrative charges				919
Total operating expenses	<u>66,542</u>	<u>2,374</u>	<u>68,916</u>	<u>17,270</u>
Operating Income (Loss)	<u>10,132</u>	<u>(206)</u>	<u>9,926</u>	<u>(1,191)</u>
Nonoperating Income (Expenses):				
Interest income	418	5	423	28
Interest expense	(292)	(1)	(293)	
Loss on disposal of capital assets	(49)		(49)	
Total nonoperating income	<u>77</u>	<u>4</u>	<u>81</u>	<u>28</u>
Income Before Contributions and Transfers	10,209	(202)	10,007	(1,163)
Capital Contributions	953	84	1,037	
Transfers Out	<u>(6,219)</u>		<u>(6,219)</u>	
Change in Net Assets	4,943	(118)	4,825	(1,163)
Total Net Assets at Beginning of Year	<u>92,534</u>	<u>11,187</u>	<u>103,721</u>	<u>(1,048)</u>
Total Net Assets at End of Year	<u>\$ 97,477</u>	<u>\$ 11,069</u>	<u>\$ 108,546</u>	<u>\$ (2,211)</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, 2007

(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	\$ 74,954	\$ 2,070	\$ 77,024	\$ 13,019
Cash paid to vendors	(48,121)	(1,065)	(49,186)	(14,058)
Cash paid to employees for services	(12,659)	(965)	(13,624)	
Net cash provided by (used in) operating activities	<u>14,174</u>	<u>40</u>	<u>14,214</u>	<u>(1,039)</u>
Cash Flows from Noncapital and Related Financing Activities:				
Advances to other funds		(192)	(192)	
Transfers to City	(6,219)		(6,219)	
Net cash used in operating activities	<u>(6,219)</u>	<u>(192)</u>	<u>(6,411)</u>	<u>-</u>
Cash Flows From Capital and Related Financing Activities:				
Cash advance to CMEEC and other funds	(791)		(791)	
Assessments and state grant subsidies	595		595	
Purchase of capital assets	(3,408)	(57)	(3,465)	
Principal payment on bonds and notes	(1,037)	(25)	(1,062)	
Principal payment on capital leases	(565)		(565)	
Interest payment on debt	(292)	(1)	(293)	
Net cash used in capital and related financing activities	<u>(5,498)</u>	<u>(83)</u>	<u>(5,581)</u>	<u>-</u>
Cash Flows from Investing Activities:				
Income on Investments	<u>418</u>	<u>5</u>	<u>423</u>	<u>28</u>
Net Increase (Decrease) in Cash and Cash Equivalents	2,875	(230)	2,645	(1,011)
Cash and Cash Equivalents at Beginning of Year	<u>14,243</u>	<u>493</u>	<u>14,736</u>	<u>1,308</u>
Cash and Cash Equivalents at End of Year	<u>\$ 17,118</u>	<u>\$ 263</u>	<u>\$ 17,381</u>	<u>\$ 297</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:				
Operating income (loss)	\$ 10,132	\$ (206)	\$ 9,926	\$ (1,191)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation expense	5,152	356	5,508	
Provision for uncollectible accounts	689		689	
(Increase) decrease in receivables	(1,834)	(171)	(2,005)	31
Increase (decrease) in customer deposits	113		113	
Police services cost reimbursement credit		78	78	
(Increase) decrease in inventories and other assets	(397)	(20)	(417)	
Increase (decrease) in unearned revenues		(5)	(5)	
(Increase) decrease in due from other funds				(1,116)
Increase (decrease) in accounts payable and accrued liabilities	319	116	435	1,237
Increase (decrease) in due to other funds		(108)	(108)	
Total adjustments	<u>4,042</u>	<u>246</u>	<u>4,288</u>	<u>152</u>
Net Cash Provided by (Used In) Operating Activities	<u>\$ 14,174</u>	<u>\$ 40</u>	<u>\$ 14,214</u>	<u>\$ (1,039)</u>
Noncash Capital and Financing Activities:				
Capital contributions	\$ 358	\$ 84		
Borrowing under capital lease	350			

The accompanying notes are an integral part of the financial statements

CITY OF NORWICH, CONNECTICUT

STATEMENT OF FIDUCIARY NET ASSETS - FIDUCIARY FUNDS

JUNE 30, 2007
(In Thousands)

	Pension Trust Funds	Agency Funds
	<u> </u>	<u> </u>
Assets:		
Cash and cash equivalents	\$ 989	\$ 353
Investments:		
Mutual funds	156,441	
Certificates of deposit	857	
Due from other funds	<u>358</u>	<u>84</u>
Total assets	<u>158,645</u>	<u>\$ 437</u>
Liabilities:		
Accounts and other payables	13	\$
Due to student groups and agencies	<u> </u>	<u>437</u>
Total liabilities	<u>13</u>	<u>\$ 437</u>
Net Assets:		
Held in Trust for Pension Benefits	<u>\$ 158,632</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, 2007

(In Thousands)

	<u>Pension Trust Funds</u>
Additions:	
Contributions:	
Employer	\$ 2,990
Plan members	2,221
Total contributions	<u>5,211</u>
Investment income:	
Net appreciation in fair value of investments	20,551
Interest and dividends	2,512
Total investment income	<u>23,063</u>
Less investment expense	(250)
Net investment income	<u>22,813</u>
Total additions	<u>28,024</u>
Deductions:	
Benefits	8,674
Administration	53
Total deductions	<u>8,727</u>
Net Increase	19,297
Net Assets Held in Trust for Pension Benefits at Beginning of Year	<u>139,335</u>
Net Assets Held in Trust for Pension Benefits at End of Year	<u>\$ 158,632</u>

The accompanying notes are an integral part of the financial statements

CITY OF NORWICH, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS

(In Thousands)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

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

B. Government-Wide and Fund Financial Statements

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

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

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

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 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 Community Development Fund accounts for loan and grant activities associated with housing and community development.

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 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 4.

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 thirty 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 \$880 has been established as an allowance for uncollected taxes. At June 30, 2007, this represents 28.3% 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. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

A. Explanation of Certain Differences Between the Governmental Fund Balance Sheet and the Government-Wide Statement of Net Assets

The governmental fund balance sheet includes a reconciliation between fund balance - total governmental funds and net assets of governmental activities as reported in the government-wide statement of net assets. One element of that reconciliation explains that long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds. The details of this \$30,840 difference are as follows:

Bonds payable	\$ 24,952
Deferred charge on refunding (to be amortized over life of debt)	(641)
Capital leases payable	146
Accrued interest payable	248
Net pension obligation	441
Compensated absences	3,457
Landfill closure	<u>2,237</u>
 Net Adjustment to Reduce Fund Balance - Total Governmental Funds to Arrive at Net Assets of Governmental Activities	 <u>\$ 30,840</u>

Another element of the reconciliation states long-term assets that are not available to pay for current period expenditures are deferred in the governmental funds. The details of this \$6,676 difference are as follows:

Property taxes receivable	\$ 1,727
Accrued interest on property taxes receivable	515
Housing assistance loans receivable	2,244
School building grants receivable	722
Other receivables	<u>1,468</u>
 Net Adjustment to Increase Fund Balance - Total Governmental Funds to Arrive at Net Assets of Governmental Activities	 <u>\$ 6,676</u>

B. Explanation of Certain Differences Between the Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balances and the Government-Wide Statement of Activities

The governmental fund statement of revenues, expenditures and changes in fund balances includes a reconciliation between net changes in fund balances - total governmental funds and changes in net assets of governmental activities as reported in the government-wide statement of activities. One element of that reconciliation explains that governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. The details of this \$3,571 difference are as follows:

Capital outlay	\$ 6,553
Depreciation expense	<u>(2,982)</u>
Net Adjustment to Increase Net Changes in Fund Balances - Total Governmental Funds to Arrive at Changes in Net Assets of Governmental Activities	\$ <u><u>3,571</u></u>

Another element of that reconciliation states that 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, however, 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 deferred and amortized in the statement of activities. The details of this \$3,470 difference are as follows:

Debt issued or incurred:	
Capital lease financing	\$ (192)
Principal repayments:	
General obligation debt	3,616
Capital leases	<u>46</u>
Net Adjustment to Increase Net Change in Fund Balances - Total Governmental Funds to Arrive at Changes in Net Assets of Governmental Activities	\$ <u><u>3,470</u></u>

Another element of that reconciliation states that 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 governmental funds. The details of this \$13 difference are as follows:

Compensated absences	\$ (117)
Net pension obligation	116
Landfill closure	43
Other	<u>(29)</u>
Net Adjustment to Increase Net Changes in Fund Balances - Total Governmental Funds to Arrive at Changes in Net Assets of Governmental Activities	\$ <u><u>13</u></u>

3. 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 \$88 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, 2007 as follows:

Bond Expenditure Fund	\$	1,591*
Internal Service Funds:		
Workers' Compensation		3,340

* Deficit will be reduced in future years through additional transfers from the General Fund or through permanent bond financing.

4. 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.

A. Cash and Cash Equivalents

The following is a summary of the City’s cash and cash equivalents at June 30, 2007:

Deposits:	
Demand accounts	\$ 5,829
Savings accounts	17,149
Certificates of deposit	<u>11,085</u>
Total deposits	34,063
Petty cash	6
Cash equivalents:	
State Tax Exempt Bond Proceeds Fund (TEPF)	1,066
MBIA, Inc. - Cooperative Liquid Assets Security System (CLASS)	298
First American Treasury Obligation	558
Financial Investors Trust Money Market Fund	4,212
Columbia Funds Treasury SER Treasury Reserves	2,556
Fidelity Institutional Money Market Fund	140
Less certificates of deposit classified as investments	<u>(11,085)</u>
Total Cash and Cash Equivalents	<u>\$ 31,814</u>

Deposits

At June 30, 2007, the carrying amount of the City's deposits, including \$11,085 of certificates of deposits classified as investments, was \$34,063 and the bank balance was \$36,144.

Custodial Credit Risk - Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City Treasurer is responsible for selection of financial institutions for deposit of the City's funds. Financial institutions are selected based on criteria defined in the due diligence section of the formal investment policy. Of the June 30, 2007 bank balance, \$1,525 was covered by federal depository insurance. 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. A minimum of \$3,587 based on June 30, 2007 deposits was collateralized (collateral held by the pledging bank's trust department is not in the City's name). The balance of deposits of \$31,032 was uninsured and uncollateralized.

Cash Equivalents

Cash equivalents are short-term, highly liquid investments that are both readily convertible to known amounts of cash and purchased within 90 days of maturity. At June 30, 2007, the City's cash equivalents amounted to \$8,830. 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.

	<u>Rating Agency</u>	<u>Rating</u>
State Tax Exempt Bond Proceeds Fund (TEPF)		*
MBIA, Inc. - Cooperative Liquid Assets Security System (CLASS)	Fitch	AAA
First American Treasury Obligation		*
Financial Investors Trust Money Market Fund	Standard and Poor's	AAAm
Fidelity Institutional Money Market Fund		*
Columbia Funds Treasury SER Treasury Reserves	Standard and Poor's	AAAm

*Fund is not rated.

B. Investments

Investments as of June 30, 2007 in all funds are as follows:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Weighted Average Maturity (Years)</u>
Interest-bearing investments:		
Certificates of deposit *	\$ 11,085	.52
Federal agency securities	50	.80
Corporate bonds	223	1.86
Other investments:		
Common stock equities:		
Cemetery Trust Fund	897	
Open-end mutual funds:		
Cemetery Trust Fund:		
Columbia mutual funds	286	
Pension Trust Fund:		
Russell Real Estate Equity Fund	18,546	
Investors Bank & Trust Pooled Account	<u>137,895</u>	
Total	<u>\$ 168,982</u>	
Portfolio weighted average maturity for interest bearing investments		0.54

*Subject to coverage by federal depository insurance and collateralization as described under "Deposits" above.

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. The following table provides a summary of the City's investments (excluding U.S. government guaranteed obligations) as rated by nationally statistical rating organizations. The City's other investments are held in various pooled accounts and mutual funds which have not been rated by nationally recognized statistical rating organizations.

	<u>Standard and Poor's</u>	<u>Moody's Investor Service</u>
Federal agency securities	AAA	Aaa
Corporate bonds	AA to A+	Aa to A

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'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.

5. 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>Community Development</u>	<u>Department of Public Utilities</u>	<u>Nonmajor and Other Funds</u>	<u>Total</u>
Receivables:					
Taxes and accrued interest on taxes	\$ 4,407	\$	\$	\$ 275	\$ 4,682
Intergovernmental	724	347		1,363	2,434
User charges			13,623		13,623
Assessments			3,297	154	3,451
Housing and rehabilitation loans		2,244		918	3,162
Accounts and other	655		613	992	2,260
Gross receivables	<u>5,786</u>	<u>2,591</u>	<u>17,533</u>	<u>3,702</u>	<u>29,612</u>
Less allowance for uncollectibles:					
Taxes and accrued interest on taxes	(1,660)			(57)	(1,717)
User charges			(3,125)		(3,125)
Accounts				(193)	(193)
Total allowance	<u>(1,660)</u>	<u>-</u>	<u>(3,125)</u>	<u>(250)</u>	<u>(5,035)</u>
Net Total Receivables	<u>\$ 4,126</u>	<u>\$ 2,591</u>	<u>\$ 14,408</u>	<u>\$ 3,452</u>	<u>\$ 24,577</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:			
Taxes and accrued interest on delinquent property taxes	\$ 2,242	\$	\$ 2,242
School building construction grant receivables	722		722
Other deferred revenues	230	30	260
Bond Expenditure Fund:			
Other receivable	418		418
Community Development Fund:			
Housing loans and interest	2,244		2,244
Nonmajor funds:			
Taxes and accrued interest on delinquent property taxes	203		203
Lead abatement - unamortized loans		668	668
Grant drawdowns prior to meeting all Eligibility requirements		1,073	1,073
Other receivables and deferred revenues	617	7	624
	<u>617</u>	<u>7</u>	<u>624</u>
Total Deferred/Unearned Revenue for Governmental Funds	\$ <u>6,676</u>	\$ <u>1,778</u>	\$ <u>8,454</u>

6. 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, 2007 is presented below.

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Bond Expenditure Fund	\$ 2,657
	Nonmajor Governmental	415
	Nonmajor Enterprise	128
Bond Expenditure Fund	Department of Public Utilities	443
	Nonmajor Governmental	197
Community Development Fund	General Fund	23
Department of Public Utilities	General Fund	456
Nonmajor Governmental	General Fund	4,711
Nonmajor Enterprise	General Fund	88
Internal Service Funds	General Fund	2,287
Pension Trust	General Fund	358
Agency Fund	General Fund	84
		<u>84</u>
Total		\$ <u>11,847</u>

A summary of interfund transfers is presented below:

	Transfers In			
	General	Bond Expenditure	Nonmajor Governmental	Total
Transfers out:				
General Fund	\$	\$ 163	\$ 2,208	\$ 2,371
Department of Public Utilities	5,878		341	6,219
Nonmajor Governmental	1,295			1,295
Total Transfers Out	\$ 7,173	\$ 163	\$ 2,549	\$ 9,885

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 ten percent of gross revenues derived from gas, electric and water sales to the General Fund.

7. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2007 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 22,904	\$ 330	\$	\$ 23,234
Construction in progress	3,001	2,470	(1,141)	4,330
Total capital assets not being depreciated	25,905	2,800	(1,141)	27,564
Capital assets being depreciated:				
Buildings and improvements	39,251	434	(49)	39,636
Vehicles, machinery and equipment	14,349	2,419	(1,284)	15,484
Technology upgrade and infrastructure	27,214	2,041	(251)	29,004
Total capital assets being depreciation	80,814	4,894	(1,584)	84,124
Less accumulated depreciation for:				
Buildings and improvements	(18,956)	(1,111)	40	(20,027)
Vehicles, machinery and equipment	(9,769)	(868)	1,066	(9,571)
Technology upgrade and infrastructure	(12,743)	(1,003)	227	(13,519)
Total accumulated depreciation	(41,468)	(2,982)	1,333	(43,117)
Total capital assets being depreciated, net	39,346	1,912	(251)	41,007
Governmental Activities Capital Assets, Net	\$ 65,251	\$ 4,712	\$ 1,392	\$ 68,571

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 2,397	\$	\$	\$ 2,397
Construction in progress	22,573	4,041	(24,068)	2,546
Total capital assets not being depreciated	<u>24,970</u>	<u>4,041</u>	<u>(24,068)</u>	<u>4,943</u>
Capital assets being depreciated:				
Structures and improvements	63,256	2,761	(49)	65,968
Machinery, equipment, pumping and distribution systems	114,878	21,447	(429)	135,896
Total capital assets being depreciated	<u>178,134</u>	<u>24,208</u>	<u>(478)</u>	<u>201,864</u>
Less accumulated depreciation for:				
Structures and improvements	(29,700)	(1,794)	46	(31,448)
Machinery, equipment, pumping and distribution systems	(74,152)	(3,714)	385	(77,481)
Total accumulated depreciation	<u>(103,852)</u>	<u>(5,508)</u>	<u>431</u>	<u>(108,929)</u>
Total capital assets, being depreciated, net	<u>74,282</u>	<u>18,700</u>	<u>(47)</u>	<u>92,935</u>
Governmental Activities Capital Assets, Net	<u>\$ 99,252</u>	<u>\$ 22,741</u>	<u>\$ (24,115)</u>	<u>\$ 97,878</u>

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

Governmental activities:	
General government	\$ 104
Public safety	565
Social services	56
Public works	1,202
Education	1,055
Total Depreciation Expense - Governmental Activities	<u>\$ 2,982</u>
Business-type activities:	
Department of Public Utilities	\$ 5,152
Golf Course Authority	53
Stadium Authority	145
Ice Rink Authority	158
Total Depreciation Expense - Business-Type Activities	<u>\$ 5,508</u>

Construction Commitments

The City has active construction projects as of June 30, 2007. At year end, the City's commitments with contractors on active authorizations exceeded \$500 are as follows:

<u>Project</u>	<u>Cumulative Authorization</u>	<u>Current Expenditures</u>	<u>Cumulative Expenditures</u>	<u>Encumbered</u>	<u>Balance June 30, 2007</u>
Intermodal Transportation Center	\$ 14,058	\$ 613	\$ 2,257	\$ 798	\$ 11,801
Road Improvements	5,000	1,246	1,246	798	2,956
OTIS Library Expansion	800	517	800	-	-
Wawecus Street Bridge	890	1	852	5	33
New London Turnpike/Pleasant Bridge	530	191	255	45	230
Fire Apparatus/Ladder Truck	800	337	363	437	-
Fire Pumper	800	730	730	-	70
Paving and Drainage - 2006	969	120	909	-	60
Total	<u>\$ 23,847</u>	<u>\$ 3,755</u>	<u>\$ 7,412</u>	<u>\$ 1,285</u>	<u>\$ 15,150</u>

8. LONG-TERM DEBT

Changes in Long-Term Liabilities

Long-term liability activity for the year ended June 30, 2007 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
Bonds payable:					
General obligation bonds	\$ 28,568	\$	\$ 3,616	\$ 24,952	\$ 3,356
Less deferred amounts on refunding	(710)		(69)	(641)	
Total bonds payable	<u>27,858</u>		<u>3,547</u>	<u>24,311</u>	<u>3,356</u>
Compensated absences	3,340	1,092	975	3,457	1,070
Landfill closure	2,280		43	2,237	25
Capital leases		192	46	146	31
Net pension obligation	557		116	441	
Risk management claims	<u>3,424</u>	<u>16,351</u>	<u>15,010</u>	<u>4,765</u>	<u>1,621</u>
Governmental Activities Long-Term Liabilities	<u>\$ 37,459</u>	<u>\$ 17,635</u>	<u>\$ 19,737</u>	<u>\$ 35,357</u>	<u>\$ 6,103</u>
	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Business-Type Activities:					
Bonds and notes payable:					
General obligation bonds	\$ 7,217	\$	\$ 641	\$ 6,576	\$ 639
Less deferred amounts on refunding	(17)		(3)	(14)	
State of Connecticut - serial note	<u>5,854</u>		<u>424</u>	<u>5,430</u>	<u>435</u>
Total bonds and notes payable	13,054		1,062	11,992	1,074
CMEEC loan	1,413		306	1,107	357
Compensated absences	2,275	357	227	2,405	240
Capital leases	1,617	350	565	1,402	458
Workers' compensation	<u>425</u>	<u>106</u>	<u>231</u>	<u>300</u>	<u>76</u>
Business-Type Activities Long-Term Liabilities	<u>\$ 18,784</u>	<u>\$ 813</u>	<u>\$ 2,391</u>	<u>\$ 17,206</u>	<u>\$ 2,205</u>

A schedule of bonds outstanding at June 30, 2007 is presented below:

<u>Description</u>	<u>Interest Rate %</u>	<u>Issue Date</u>	<u>Maturity Date</u>	<u>Original Amount</u>	<u>Balance Outstanding June 30, 2007</u>
Governmental Activities:					
General purpose bonds payable:					
General purpose	4.3-5.6	09/15/1992	09/15/2007	\$ 3,000	\$ 200
General purpose and schools	4.5-5.7	11/01/1999	05/01/2008	4,665	650
Refunding - (09/15/1994) bonds	4.0-5.0	04/01/2001	04/01/2014	13,010	7,505
General purpose, schools and water	4.0-5.0	04/01/2001	04/01/2009	10,510	1,060
General purpose - Wauregan Hotel	5.50-6.75	04/01/2001	04/01/2017	400	250
General purpose	4.0-5.0	04/15/2002	04/15/2022	3,345	2,045
General purpose	2.00-3.55	04/15/2004	04/15/2015	1,175	775
Refunding - (11/15/1997 and 11/01/1999) bonds	2.0-4.0	04/15/2004	04/15/2019	2,195	1,812
General purpose and water main	3.0-5.0	03/15/2005	09/15/2015	2,810	2,529
Refunding - (02/01/1996 and 04/01/2001) bonds	3.0-4.0	03/15/2005	09/15/2019	8,570	8,126
Total					\$ <u>24,952</u>

<u>Description</u>	<u>Interest Rate %</u>	<u>Issue Date</u>	<u>Maturity Date</u>	<u>Original Amount</u>	<u>Balance Outstanding June 30, 2007</u>
Business-Type Activities:					
General purpose bonds payable:					
Sewers	4.5-5.7	11/10/1999	05/01/2008	\$ 3,045	\$ 25
Sewers	4.0-5.0	04/15/2002	04/15/2022	2,675	1,995
Sewers	2.00-3.55	04/15/2004	04/15/2015	1,945	1,555
Refunding - (11/15/1997 and 11/01/1999) Sewers	2.0-4.0	04/15/2004	04/15/2019	2,325	2,000
Refunding - (02/1/1996) Stony Brook Reservoir	3.0-4.0	03/15/2005	09/15/2015	368	364
Sewers	3.0-5.0	03/15/2005	09/15/2015	710	636
State of Connecticut serial notes payable:					
Clean Water Act 106-C	2.00	10/31/1997	10/31/2016	3,410	1,746
Clean Water Act 298-C	2.00	06/30/2000	06/30/2019	1,508	906
Clean Water Act 349-C	2.00	12/31/2002	12/31/2021	881	666
Clean Water Act 9714-C	2.77	12/31/2002	12/31/2021	1,899	1,458
Economic Development	6.00	07/01/1995	07/01/2012	1,000	455
Industrial Park	1.00	10/26/2001	10/26/2008	200	200
Total					\$ <u>12,006</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>
2008	\$ 3,356	\$ 962	\$ 4,318
2009	2,600	831	3,431
2010	2,649	724	3,373
2011	2,576	629	3,205
2012	2,486	533	3,019
2013-2017	8,580	1,329	9,909
2018-2022	<u>2,705</u>	<u>220</u>	<u>2,925</u>
Total	<u>\$ 24,952</u>	<u>\$ 5,228</u>	<u>\$ 30,180</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, 2007 was \$340. Additional principal payments aggregating \$722 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>
2008	\$ 1,074	\$ 372	\$ 1,446
2009	1,281	342	1,623
2010	1,093	309	1,402
2011	1,098	274	1,372
2012	1,099	240	1,339
2013-2017	4,648	685	5,333
2018-2022	<u>1,713</u>	<u>154</u>	<u>1,867</u>
Total	<u>\$ 12,006</u>	<u>\$ 2,376</u>	<u>\$ 14,382</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, 2007, 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	\$ 8,205
November 1, 1999	04/15/04	4,210	1,930
September 15, 1994	04/01/01	12,320	<u>6,995</u>
Total Defeased Bonds			<u>\$ 17,130</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 2006-2007 were \$46. The net undepreciated value of assets purchased by capital lease approximates the principal balances payable of \$146 at June 30, 2007. The following is a summary of capital lease commitments as of June 30, 2007.

<u>Year Ending June 30,</u>	<u>Governmental Funds</u>
2008	\$ 46
2009	46
2010	46
2011	46
Total payments	<u>184</u>
Less interest	<u>(38)</u>
Principal Balance	<u><u>\$ 146</u></u>

Business - Type Activities

The Department of Public Utilities has entered into multi-year capital leases for the purchase of various items including equipment, vehicles and financial management systems hardware and software. Principal payments for 2006-2007 were \$565. The net undepreciated value of assets purchased by capital lease approximates the principal balances payable of \$1,402 at June 30, 2007. The following is a summary of capital lease commitments as of June 30, 2007.

<u>Year Ending June 30,</u>	<u>Enterprise Funds</u>
2008	\$ 521
2009	484
2010	440
2011	58
2012	19
Total payments	<u>1,522</u>
Less interest	<u>(120)</u>
Principal Balance	<u><u>\$ 1,402</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	\$	1,268	
Vacation		603	
Other		289	
Nonvested:			
Sick		1,248	*
Other		49	*
		<u> </u>	
Total	\$	<u>3,457</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 \$2,237 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, 2007. 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 \$1,000 has been drawn down.

Bonds Authorized/Unissued

Bonds authorized/unissued are as follows:

Description	Authorized	Bonded	Authorized Unissued
Building Demolition	\$ 700	\$ 520	\$ 180
Industrial Park Road	510	470	40
Main and Water Streets Development	800	75	725
Wauregan Hotel	800	400	400
Capehart Mill Historic Preservation	800	115	685
Wawecus Street Bridge	800	500	300
Taftville VFD Ladder Truck	740		740
Fire Apparatus	800		800
Route 32 Mallon Sewer	210	205	5
Sludge Handling	550	495	55
Route 82 Salem Turnpike Sewer	415	395	20
Fairground Circle Sewer	785	520	265
Wawecus Street Sewer	400	370	30
	<u> </u>	<u> </u>	<u> </u>
Total	\$ <u>8,310</u>	\$ <u>4,065</u>	\$ <u>4,245</u>

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	\$ 118,811	\$ 16,534	\$ 102,277
Schools	237,623	7,432	230,191
Sewers	198,019	10,246	187,773
Urban renewal	171,616		171,616
Pension deficit	158,415		158,415

The total of the City's net statutory indebtedness of \$34,212 does not exceed the legal debt limitation of \$369,600 (seven times the base for debt limitation computation).

9. COMMITMENTS AND CONTINGENCIES

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.

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 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 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, 2007 is summarized as follows:

CMEEC - debt service fixed cost obligation	\$ 17,933
Department's - rate stabilization funds on deposit with CMEEC	<u>(12,043) *</u>
Net Deferred Fixed Cost Obligation	<u>\$ 5,890</u>

* Assumes that the \$1.1 million of approved rate stabilization funds borrowed by the Department and reported as a loan payable to CMEEC at June 30, 2007 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 \$2,800.

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

10. 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 Town 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 Funds</u>	<u>Total</u>
Encumbrances and commitments	\$ 425	\$ 1,285	\$ 119	\$ 1,829
Inventories			41	41
Trusts			1,725	1,725
Total	<u>\$ 425</u>	<u>\$ 1,285</u>	<u>\$ 1,885</u>	<u>\$ 3,595</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 \$2,020 has been designated to balance the General Fund budget for the 2007-2008 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, 2007 on behalf of the Department were \$876. Investment income earned on the Department’s deposits along with the Fund’s authorized expenses during the year are 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.

11. 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 2007 for hospitalization with a maximum aggregate for all claims of approximately \$14,156.

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:

	<u>Beginning of Fiscal Year Liability</u>		<u>Current Year Claims and Changes in Estimates</u>		<u>Claim Payments</u>		<u>Balance at Fiscal Year End</u>
Medical:							
2006-2007	1,144	\$	13,093	\$	13,034	\$	1,203
2005-2006	871		13,094		12,821		1,144
Workers' Compensation:							
2006-2007	2,280		3,258		1,976		3,562
2005-2006	1,870		1,683		1,273		2,280

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

Workers' Compensation:

	<u>Beginning of Fiscal Year Liability</u>		<u>Current Year Claims and Changes in Estimates</u>		<u>Claim Payments</u>		<u>Balance at Fiscal Year End</u>
2006-2007	425	\$	128	\$	253	\$	300
2005-2006	411		214		200		425

12. OTHER POSTEMPLOYMENT BENEFITS

In accordance with various collective bargaining agreements, the City also provides postretirement health care benefits to some employees who retire from the City. Currently, 422 retirees meet these eligibility requirements. Expenditures for postretirement health care benefits are recognized and funded on a pay-as-you-go basis and approximated \$3,112 for the year ended June 30, 2007.

13. 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 non-certified 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 5 years of continuous service or after 25 years of service and attainment of age 55. 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 2.1% of average final earnings during the highest 3 years out of the last 10 consecutive year period with a maximum of 73.5% 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, 2006, the plan members consisted of:

Retirees and beneficiaries currently receiving benefits	394
Terminated employees not yet receiving benefits	16
Active plan members	<u>555</u>
Total	<u><u>965</u></u>

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

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

Plan Changes and Changes in Actuarial Assumptions: The January 1, 2006 actuarial valuation reflects the following:

Plan Changes

The retirement age provision for General City employees was changed to the earlier of age 60 with 5 years of service or age 55 with 25 years of service. The Disability Retirement Benefit for General City employees was changed to reflect the difference in service and nonservice related disabilities. Board of Education employees are now valued as other General City employees.

Changes in Actuarial Assumptions and Methods:

The retirement age assumption for General City employees was changed to the earlier of age 60 with 5 years or age 55 with 25 years of service.

Method Used to Value Investments: Investments are recorded at fair value. The funds are managed by the Investors Bank & Trust and the Russell Investment Group. The City invests in common stock equities and mutual funds.

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 7%. 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 11.5% 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, 2007 were as follows:

Annual required contribution	\$ 2,662
Interest on net pension obligation	41
Adjustment to annual required contribution	<u>(42)</u>
Annual pension cost	2,661
Contributions made	<u>2,830</u>
Decrease in net pension obligation	(169)
Net pension obligation, beginning of year	<u>495</u>
Net Pension Obligation, End of Year	<u><u>\$ 326</u></u>

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

Actuarial valuation date	January 1, 2006
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*	3.25% until 2006, then 3.5%
Contribution rates:	
City	Determined by valuation
Plan member	General City 7%; 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 or age 55 and 25 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

<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>
6/30/05	\$ 1,213	119%	\$ 640	\$ 1,446
6/30/06	1,861	108%	495	2,006
6/30/07	2,661	106%	326	2,830

F. Pension Plan Required Supplemental Information

Schedule of Employer Contributions

<u>Fiscal Year Ended</u>	<u>Annual Required Contribution</u>	<u>Percentage Contributed</u>
2002	\$ 1,226	70%
2003	1,226	133
2004	1,049	102
2005	1,214	119
2006	1,862	108
2007	2,662	106

Schedule of Funding Progress

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Liability (AAL) Entry Age (b)</u>	<u>Unfunded Frozen Actuarial Liability (UFAL) (b-a)</u>	<u>Funded Ratio (a/b)</u>	<u>Covered Payroll (c)</u>	<u>UFAL as a % of Covered Payroll ((b-a)/c)</u>
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)
1-1-02	135,923	129,364	(6,559)	105.1	25,718	(25.5)
1-1-01	131,220	123,910	(7,310)	105.9	25,743	(28.4)

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, 2006, the plan members consisted of:

Retirees and beneficiaries receiving benefits	42
Active plan members	<u>124</u>
Total	<u><u>166</u></u>

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

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

Plan Changes and Changes in Actuarial Assumptions: The January 1, 2006 actuarial valuation reflects the following:

Plan Changes:

The monthly benefits were increased for retirees retiring after January 1, 2006 to \$15 per month per year of credited service. The maximum years of credited service was increased from 30 to 35 years. The annuity benefits for surviving spouses were increased from 50% to 90%. The contributions from members were increased from \$120/year to \$180/year.

Change in actuarial assumptions and methods:

The interest rate of return changed from 4.5% to 4.75% for 2007 and 2008 and 7% thereafter.

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

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, 2007 were as follows:

Annual required contribution/annual pension cost	\$ 213
Contributions made	<u>160</u>
Increase in net pension obligation	53
Net pension obligation, beginning of year	<u>62</u>
Net Pension Obligation, End of Year	<u><u>\$ 115</u></u>

The following is a summary of certain significant actuarial assumptions:

Actuarial valuation date	July 1, 2006
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	4.75% for 2007 and 2008; 7% thereafter

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>
6/30/05	\$ 151	79%	\$ 31	\$ 120
6/30/06	151	79	62	120
6/30/07	213	75	115	160

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>
2007	\$ 213	75%
2006	151	79
2005	151	79
2004	120	100
2003	120	100

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability(AAL) Entry Age (b)	Unfunded AAL (b-a)	Funded Ratio (a/b)
1-1-06	\$ 1,150	\$ 3,305	\$ 2,155	34.78%
1-1-05	N/A	N/A	N/A	N/A
1-1-04	1,057	2,779	1,722	38.02
1-1-03	N/A	N/A	N/A	N/A
1-1-02	933	2,054	1,121	45.40
1-1-01	797	1,888	1,091	42.20

N/A - Denotes no valuation completed

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, 2007 and the changes in net assets for the year then ended.

	Combining Schedule of Plan Net Assets		
	City Employees	Volunteer Fire	Totals
Assets:			
Cash and cash equivalents	\$ 706	\$ 283	\$ 989
Investments:			
Mutual funds	156,441		156,441
Certificates of deposit		857	857
Due from other funds	343	15	358
Total assets	<u>157,490</u>	<u>1,155</u>	<u>158,645</u>
Liabilities:			
Accounts and other payables	<u>13</u>		<u>13</u>
Net Assets:			
Held in Trust for Pension Benefits	<u>\$ 157,477</u>	<u>\$ 1,155</u>	<u>\$ 158,632</u>

	Combining Schedule of Changes in Plan Net Assets		
	City Employees	Volunteer Fire	Totals
Additions:			
Contributions:			
Employer	\$ 2,830	\$ 160	\$ 2,990
Plan member	2,192	29	2,221
Total contributions	<u>5,022</u>	<u>189</u>	<u>5,211</u>
Investment income:			
Net appreciation in fair value of investments	20,551		20,551
Interest and dividends	2,459	53	2,512
Total	<u>23,010</u>	<u>53</u>	<u>23,063</u>
Less investment expense	(250)		(250)
Net investment income	<u>22,760</u>	<u>53</u>	<u>22,813</u>
Total additions	<u>27,782</u>	<u>242</u>	<u>28,024</u>
Deductions:			
Benefits	8,473	201	8,674
Administration	48	5	53
Total deductions	<u>8,521</u>	<u>206</u>	<u>8,727</u>
Net increase	19,261	36	19,297
Net assets held in trust for pension benefits, beginning of year	<u>138,216</u>	<u>1,119</u>	<u>139,335</u>
Net Assets Held in Trust for Pension Benefits, End of Year	<u>\$ 157,477</u>	<u>\$ 1,155</u>	<u>\$ 158,632</u>

Teacher Retirement

The faculty and professional personnel of the Board of Education participate in the State of Connecticut Teachers' Retirement System under Section 10.183 of the General Statutes of the State of Connecticut. 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 \$18,648 or 72% of the total Board of Education payroll of \$25,750.

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. For the year ended June 30, 2007, the City has recorded, in the General Fund, intergovernmental revenue and education expenditures in the amount of \$2,342 as payments made by the State of Connecticut on behalf of the City. The City does not have any liability for teacher pensions.

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.

15. 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, 2007

	Budgeted Amounts		Actual	Variance
	Original	Final		Favorable (Unfavorable)
General property taxes:				
Current tax levy	\$ 47,374	\$ 47,374	\$ 47,595	\$ 221
Motor vehicle supplement	600	600	684	84
Prior years levy	1,100	1,100	959	(141)
Interest and liens	700	700	682	(18)
Total	49,774	49,774	49,920	146
Licenses, permits and fees:				
Miscellaneous permits and fees	630	630	906	276
Intergovernmental revenues:				
Building maintenance	221	221	202	(19)
City housing	111	111	62	(49)
Fish and game license	50	50	60	10
New manufacturers machinery	168	168	137	(31)
Pequot funds	2,053	2,053	2,023	(30)
Total disability	2	2	3	1
Payment in lieu of taxes	1,653	1,653	1,572	(81)
Youth Services	86	86	87	1
School bond interest	227	227	340	113
Veterans exemptions	11	11	11	-
Federal DCPA match funds	10	10	11	1
Health services	80	80	96	16
LOCIP	304	304	301	(3)
Transportation	1,066	1,066	1,121	55
Special education	1,497	1,497	2,095	598
Education cost sharing	28,244	28,244	28,346	102
Services to Blind			50	50
Total	35,783	35,783	36,517	734
Charges for services:				
Town Clerk - recording fees	390	390	395	5
Town Clerk - conveyance tax	800	800	925	125
Land recording capital improvement fee	27	27	27	-
Probate court	19	19	20	1
Landfill	2,451	2,451	2,132	(319)
City property - relocation	45	45		(45)
Police outside services	23	23	21	(2)
Senior Citizens Center	42	42	44	2
Parking commission	124	124	124	-
Tuition	150	150	215	65
Total	4,071	4,071	3,903	(168)
Use of money:				
Interest from investments	550	550	920	370

(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, 2007

	Budgeted Amounts		Actual	Variance Favorable (Unfavorable)
	Original	Final		
Other revenue:				
Sewer assessments	\$ 600	\$ 600	\$ 600	\$ -
In lieu of taxes/telephone	200	200	229	29
NGCA debt service	26	26	26	-
Public utilities 10%	5,878	5,878	5,878	-
DPU - City service	73	73	73	-
Bond and note payments	100	100	100	-
Traffic violations	40	40	22	(18)
Anthem demutualization	600	600	620	20
Miscellaneous	204	204	247	43
Total	<u>7,721</u>	<u>7,721</u>	<u>7,795</u>	<u>74</u>
Total revenues	<u>98,529</u>	<u>98,529</u>	<u>99,961</u>	<u>1,432</u>
Other financing sources:				
Transfers in:				
Educational Grants			320	320
Cemetery Trust	30	30	52	22
Total	<u>30</u>	<u>30</u>	<u>372</u>	<u>342</u>
Total	<u>\$ 98,559</u>	<u>\$ 98,559</u>	100,333	<u>\$ 1,774</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.

2,342

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

(30)

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.

(600)Total Revenues and Other Financing Sources as Reported on the Statement of Revenues,
Expenditures and Changes in Fund Balances - Governmental Funds - Exhibit IV\$ 102,045

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, 2007

	Budgeted Amounts		Actual	Variance
	Original	Final		Favorable (Unfavorable)
General government:				
City Manager	\$ 319	\$ 319	\$ 315	\$ 4
Finance	1,275	1,282	1,268	14
City Treasurer	201	201	192	9
Assessment	334	337	336	1
Personnel	382	384	372	12
Law	418	418	408	10
City Clerk	356	356	346	10
City Council	133	148	147	1
Street lighting	562	562	562	-
Election	136	136	136	-
Planning and Neighborhood Services	970	1,065	1,062	3
Economic Development	270	255	250	5
Emergency Management	63	64	60	4
Total general government	5,419	5,527	5,454	73
Public safety:				
Police	9,329	9,368	9,238	130
Fire:				
East Great Plain	148	150	148	2
Laurel Hill	54	57	56	1
Occum	74	77	67	10
Taftville	145	150	144	6
Yantic	123	130	130	-
Fire Central	1,135	1,135	1,004	131
Total public safety	11,008	11,067	10,787	280
Social Services:				
Recreation	828	833	784	49
Human services	575	578	569	9
Senior Citizens Center	499	506	493	13
Youth and Family Services	240	242	242	-
Total social services	2,142	2,159	2,088	71
Public works:				
Engineering and administration	564	567	537	30
Fleet maintenance	1,190	1,190	1,201	(11)
Solid waste	2,804	2,804	2,657	147
Maintenance and cleaning	2,729	2,729	2,791	(62)
Parks and cemeteries	732	732	744	(12)
Building maintenance	946	946	960	(14)
Parking maintenance	124	124	122	2
Total public works	9,089	9,092	9,012	80
Board of Education	60,339	60,339	60,339	-

(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, 2007

	Budgeted Amounts		Actual	Variance Favorable (Unfavorable)
	Original	Final		
Other	\$ 6,457	\$ 6,358	\$ 6,228	\$ 130
Debt Service:				
Principal	4,341	4,341	4,341	-
Interest	1,463	1,463	1,463	-
Total debt service	5,804	5,804	5,804	-
Total	\$ 100,258	\$ 100,346	99,712	\$ 634

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

2,342

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

(425)

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

229

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

(600)

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

\$ 101,258

**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, 2007 AND 2006

(In Thousands)

	<u>2007</u>	<u>2006</u>
ASSETS		
Cash and cash equivalents	\$ 9,764	\$ 15,285
Investments	10,227	2,200
Receivables:		
Property taxes receivable, net	2,232	2,208
Property taxes accrued interest receivable, net	515	975
Intergovernmental receivable:		
School building grants receivable	722	988
Other grants receivable	2	259
Accounts receivable, net	655	636
Due from other funds	<u>3,200</u>	<u>624</u>
Total Assets	<u>\$ 27,317</u>	<u>\$ 23,175</u>
LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts payable and accrued expenses	\$ 4,010	\$ 4,447
Due to other funds	8,007	2,608
Deferred revenue	<u>3,224</u>	<u>4,831</u>
Total liabilities	<u>15,241</u>	<u>11,886</u>
Fund balance:		
Reserved for encumbrances	425	259
Unreserved:		
Designated for subsequent budget	2,020	1,700
Undesignated	<u>9,631</u>	<u>9,330</u>
Total fund balance	<u>12,076</u>	<u>11,289</u>
Total Liabilities and Fund Balance	<u>\$ 27,317</u>	<u>\$ 23,175</u>

CITY OF NORWICH, CONNECTICUT

EXHIBIT A-2

REPORT OF TAX COLLECTOR

FOR THE YEAR ENDED JUNE 30, 2007

(In Thousands)

Grand	Uncollected Taxes July 1, 2006	Lawful Corrections		Transfers To Suspense	Abatement	Adjusted Taxes Collectible	Collections				Net Uncollected Taxes June 30, 2007	Overpayment Credit Balances	Gross Uncollected Taxes June 30, 2007
		Additions	Deductions				Taxes	Interest	Fees	Total			
2005	\$ 50,534 *	\$ 14	\$ 427	\$	\$ 150	\$ 49,971	\$ 48,324	\$ 308	\$ 2	\$ 48,634	\$ 1,647	\$ 147	\$ 1,794
2004	1,564	2	105			1,461	909	216	9	1,134	552	60	612
2003	481	1	64			418	152	74	3	229	266	105	371
2002	410		12	396		2	36	18	1	55	(34)	67	33
2001	(47)		4			(51)	(2)	2		-	(49)	73	24
2000	(39)		2			(41)	(8)	2		(6)	(33)	53	20
1999	20		1			19	2	2		4	17	8	25
1998	39		1			38				-	38		38
1997	38		1			37				-	37	1	38
1996	35					35				-	35		35
1995	38					38				-	38		38
1994	32					32				-	32		32
1993	31		1			30				-	30		30
1992	22					22				-	22		22
1991	9		9 **							-			-
	<u>\$ 53,167</u>	<u>\$ 17</u>	<u>\$ 627</u>	<u>\$ 396</u>	<u>\$ 150</u>	<u>\$ 52,011</u>	49,413	622	15	50,050	<u>\$ 2,598</u>	<u>\$ 514</u>	<u>\$ 3,112</u>
							Suspense collections	80	70	150			
							Elderly tax credits expended in General Fund	78		78			
							Volunteer Fire Fighter Credits expended in Fire and Refuse Fund	72		72			
							Daticon tax incremental financing program	(234)	(22)	(256)			
							Increase in overpayments	(373)		(373)			
							Total tax collections	<u>\$ 49,036</u>	<u>\$ 670</u>	<u>\$ 15</u>	49,721		
							Property taxes receivable considered available:						
							June 30, 2006			(306)			
							June 30, 2007			<u>505</u>			
							Total			<u>\$ 49,920</u>			

57

* Includes motor vehicle supplemental levy of \$779.

** Operation of law

**Nonmajor
Governmental Funds**

NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

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

Fund	Funding Source	Function
Dog License	License fees	Operation of dog pound
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
Grant Operating	Various grants	Various activities and programs
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
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
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, 2007
(In Thousands)

	Special Revenue							
	Dog License	Town Aid Roads	School Lunch Program	Sidewalk	Fire and Refuse	Education Grants	Adult Education	Revolving Loan Program
ASSETS								
Cash and cash equivalents	\$	\$	\$ 297	\$	\$	\$	\$	\$
Investments								
Receivables, net:								
Property taxes					218			
Intergovernmental			212			600	25	
Loans								250
Other			22	154	188	14	59	
Due from other funds	40	99		22	142	393		
Other assets			41					
Total Assets	\$ 40	\$ 99	\$ 572	\$ 176	\$ 548	\$ 1,007	\$ 84	\$ 250
LIABILITIES AND FUND BALANCES								
Liabilities:								
Accounts and other payables	\$ 13	\$ 7	\$ 145	\$ 2	\$ 98	\$ 656	\$	\$
Due to other funds							56	
Deferred revenue			7	154	390	7		250
Total liabilities	13	7	152	156	488	663	56	250
Fund balance:								
Reserved:								
Encumbrances								
Inventories			41					
Trust purposes								
Unreserved:								
Undesignated	27	92	379	20	60	344	28	
Total fund balance	27	92	420	20	60	344	28	-
Total Liabilities and Fund Balances	\$ 40	\$ 99	\$ 572	\$ 176	\$ 548	\$ 1,007	\$ 84	\$ 250

(Continued on next page)

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

JUNE 30, 2007
(In Thousands)

	Special Revenue							
	Parking Commission	Youth Services	Grant Operating	C.O.P.S. Grant	Lead Paint Abatement	Other Grants and Programs	Economic Development	Planning and Neighborhood Assistance
ASSETS								
Cash and cash equivalents	\$	\$	\$	\$	\$	\$	\$	\$
Investments								
Receivables, net:								
Property taxes								
Intergovernmental		12		9				
Loans					668			
Other	45							
Due from other funds	56	61			262	153	27	61
Other assets								
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Assets	<u>\$ 101</u>	<u>\$ 73</u>	<u>\$ -</u>	<u>\$ 9</u>	<u>\$ 930</u>	<u>\$ 153</u>	<u>\$ 27</u>	<u>\$ 61</u>
LIABILITIES AND FUND BALANCES								
Liabilities:								
Accounts and other payables	\$ 8	\$ 9	\$	\$	\$ 4	\$ 14	\$	\$
Due to other funds				9				
Deferred revenue	26				668			
Total liabilities	<u>34</u>	<u>9</u>	<u>-</u>	<u>9</u>	<u>672</u>	<u>14</u>	<u>-</u>	<u>-</u>
Fund balance:								
Reserved:								
Encumbrances								
Inventories								
Trust purposes								
Unreserved:								
Undesignated	67	64			258	139	27	61
Total fund balance	<u>67</u>	<u>64</u>	<u>-</u>	<u>-</u>	<u>258</u>	<u>139</u>	<u>27</u>	<u>61</u>
Total Liabilities and Fund Balances	<u>\$ 101</u>	<u>\$ 73</u>	<u>\$ -</u>	<u>\$ 9</u>	<u>\$ 930</u>	<u>\$ 153</u>	<u>\$ 27</u>	<u>\$ 61</u>

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

JUNE 30, 2007
(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	Benefits Reserve
ASSETS									
Cash and cash equivalents	\$	\$	\$	\$	\$	\$	\$	\$	\$
Investments									
Receivables, net:									
Property taxes									
Intergovernmental				18					
Loans									
Other							130		
Due from other funds	46		99	37	49	78	55		622
Other assets									
Total Assets	<u>\$ 46</u>	<u>\$ -</u>	<u>\$ 99</u>	<u>\$ 55</u>	<u>\$ 49</u>	<u>\$ 78</u>	<u>\$ 55</u>	<u>\$ 130</u>	<u>\$ 622</u>
LIABILITIES AND FUND BALANCES									
Liabilities:									
Accounts and other payables	\$ 5	\$	\$	13	\$ 3	\$ 2	\$ 1	\$	
Due to other funds								31	
Deferred revenue						2			
Total liabilities	<u>5</u>	<u>-</u>	<u>-</u>	<u>13</u>	<u>3</u>	<u>4</u>	<u>1</u>	<u>31</u>	<u>-</u>
Fund balance:									
Reserved:									
Encumbrances									
Inventories									
Trust purposes									
Unreserved:									
Undesignated	41		99	42	46	74	54	99	622
Total fund balance	<u>41</u>	<u>-</u>	<u>99</u>	<u>42</u>	<u>46</u>	<u>74</u>	<u>54</u>	<u>99</u>	<u>622</u>
Total Liabilities and Fund Balances	<u>\$ 46</u>	<u>\$ -</u>	<u>\$ 99</u>	<u>\$ 55</u>	<u>\$ 49</u>	<u>\$ 78</u>	<u>\$ 55</u>	<u>\$ 130</u>	<u>\$ 622</u>

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

JUNE 30, 2007
(In Thousands)

	Special Revenue			Capital Projects			
	Brown Park	Esther Gilbert	Total	Capital Improvement	2000 Bond Issue	Intermodal Transportation Center	Landfill Closure
ASSETS							
Cash and cash equivalents	\$	\$	\$ 297	\$	\$ 516	\$ 1,064	\$
Investments			-				
Receivables, net:							
Property taxes			218				
Intergovernmental			876			487	
Loans			918				
Other			612				
Due from other funds	47	25	2,374	1,288		817	73
Other assets			41				
Total Assets	<u>\$ 47</u>	<u>\$ 25</u>	<u>\$ 5,336</u>	<u>\$ 1,288</u>	<u>\$ 516</u>	<u>\$ 2,368</u>	<u>\$ 73</u>
LIABILITIES AND FUND BALANCES							
Liabilities:							
Accounts and other payables	\$	\$	\$ 980	\$ 119	\$	\$ 210	\$
Due to other funds			96		516		
Deferred revenue			1,504			1,064	
Total liabilities	<u>-</u>	<u>-</u>	<u>2,580</u>	<u>119</u>	<u>516</u>	<u>1,274</u>	<u>-</u>
Fund balance:							
Reserved:							
Encumbrances			-	119			
Inventories			41				
Trust purposes	47	25	72				
Unreserved:							
Undesignated			2,643	1,050		1,094	73
Total fund balance	<u>47</u>	<u>25</u>	<u>2,756</u>	<u>1,169</u>	<u>-</u>	<u>1,094</u>	<u>73</u>
Total Liabilities and Fund Balances	<u>\$ 47</u>	<u>\$ 25</u>	<u>\$ 5,336</u>	<u>\$ 1,288</u>	<u>\$ 516</u>	<u>\$ 2,368</u>	<u>\$ 73</u>

(Continued on next page)

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

JUNE 30, 2007
(In Thousands)

	Capital Projects			Permanent Funds					Total Nonmajor Governmental Funds
	School Projects	Capital Lease	Total	Various Trusts	Public Parks & Gardens	Fred Abbot Summer Concert	Cemetery Trust	Total	
ASSETS									
Cash and cash equivalents	\$	\$	\$ 1,580	\$	\$ 3	\$	\$ 152	\$ 155	\$ 2,032
Investments			-				1,457	1,457	1,457
Receivables, net:									
Property taxes			-					-	218
Intergovernmental			487					-	1,363
Loans			-					-	918
Other			-					-	612
Due from other funds	118		2,296		36	5		41	4,711
Other assets			-					-	41
Total Assets	\$ 118	\$ -	\$ 4,363	\$ -	\$ 39	\$ 5	\$ 1,609	\$ 1,653	\$ 11,352
LIABILITIES AND FUND BALANCES									
Liabilities:									
Accounts and other payables	\$	\$	\$ 329	\$	\$	\$	\$	\$ -	\$ 1,309
Due to other funds			516					-	612
Deferred revenue			1,064					-	2,568
Total liabilities	-	-	1,909	-	-	-	-	-	4,489
Fund balance:									
Reserved:									
Encumbrances			119					-	119
Inventories			-					-	41
Trust purposes			-		39	5	1,609	1,653	1,725
Unreserved:									
Undesignated	118		2,335					-	4,978
Total fund balance	118	-	2,454	-	39	5	1,609	1,653	6,863
Total Liabilities and Fund Balances	\$ 118	\$ -	\$ 4,363	\$ -	\$ 39	\$ 5	\$ 1,609	\$ 1,653	\$ 11,352

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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, 2007
(In Thousands)

Special Revenue

	Dog License	Town Aid Roads	School Lunch Program	Sidewalk	Fire and Refuse	Education Grants	Adult Education	Revolving Loan Program
Revenues:								
Property taxes, interest and liens	\$	\$	\$	\$	3,056	\$	\$	\$
Intergovernmental revenues		239	1,439		1,474	7,616	681	36
Charges for services	24		540	70	1,413	287	894	
Investment income	1	2		1	30		1	
Other						180		
Total revenue	<u>25</u>	<u>241</u>	<u>1,979</u>	<u>71</u>	<u>5,973</u>	<u>8,083</u>	<u>1,576</u>	<u>36</u>
Expenditures:								
Current:								
General government								
Public safety	31				4,535			
Social services								36
Public works		330		127	622			
Education			1,869			8,073	1,617	
Capital outlay								
Total expenditures	<u>31</u>	<u>330</u>	<u>1,869</u>	<u>127</u>	<u>5,157</u>	<u>8,073</u>	<u>1,617</u>	<u>36</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(6)</u>	<u>(89)</u>	<u>110</u>	<u>(56)</u>	<u>816</u>	<u>10</u>	<u>(41)</u>	
Other Financing Sources (Uses):								
Transfers in					58	89	69	
Transfer out					(916)	(388)		(53)
Proceeds from capital leases								
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(858)</u>	<u>(299)</u>	<u>69</u>	<u>(53)</u>
Net Change in Fund Balances	(6)	(89)	110	(56)	(42)	(289)	28	(53)
Fund Balance at Beginning of Year	<u>33</u>	<u>181</u>	<u>310</u>	<u>76</u>	<u>102</u>	<u>633</u>		<u>53</u>
Fund Balance at End of Year	<u>\$ 27</u>	<u>\$ 92</u>	<u>\$ 420</u>	<u>\$ 20</u>	<u>\$ 60</u>	<u>\$ 344</u>	<u>\$ 28</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, 2007
(In Thousands)

	<u>Special Revenue</u>							
	<u>Parking Commission</u>	<u>Youth Services</u>	<u>Grant Operating</u>	<u>C.O.P.S. Grant</u>	<u>Lead Paint Abatement</u>	<u>Other Grants and Programs</u>	<u>Economic Development</u>	<u>Planning and Neighborhood Assistance</u>
Revenues:								
Property taxes, interest and liens	\$	\$	\$	\$	\$	\$	\$	\$
Intergovernmental revenues		159	12	6				
Charges for services	304							
Investment income	1							
Other		138			215	99		39
Total revenue	<u>305</u>	<u>297</u>	<u>12</u>	<u>6</u>	<u>215</u>	<u>99</u>	<u>-</u>	<u>39</u>
Expenditures:								
Current:								
General government	191		12			154		
Public safety				6				
Social services		265			129		9	
Public works								
Education								
Capital outlay								
Total expenditures	<u>191</u>	<u>265</u>	<u>12</u>	<u>6</u>	<u>129</u>	<u>154</u>	<u>9</u>	<u>-</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>114</u>	<u>32</u>			<u>86</u>	<u>(55)</u>	<u>(9)</u>	<u>39</u>
Other Financing Sources (Uses):								
Transfers in		1				31		
Transfer out	(124)		(42)					
Proceeds from capital leases								
Total other financing sources (uses)	<u>(124)</u>	<u>1</u>	<u>(42)</u>	<u>-</u>	<u>-</u>	<u>31</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	(10)	33	(42)		86	(24)	(9)	39
Fund Balance at Beginning of Year	<u>77</u>	<u>31</u>	<u>42</u>		<u>172</u>	<u>163</u>	<u>36</u>	<u>22</u>
Fund Balance at End of Year	<u>\$ 67</u>	<u>\$ 64</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 258</u>	<u>\$ 139</u>	<u>\$ 27</u>	<u>\$ 61</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, 2007
(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	Benefits Reserve
Revenues:									
Property taxes, interest and liens	\$	\$	\$	\$	\$	\$	\$	\$	\$
Intergovernmental revenues	100	213	44	51		146		130	
Charges for services				256	29	11	61	1	
Investment income			1					10	
Other	24			61	22	97			
Total revenue	<u>124</u>	<u>213</u>	<u>45</u>	<u>368</u>	<u>51</u>	<u>254</u>	<u>61</u>	<u>141</u>	<u>-</u>
Expenditures:									
Current:									
General government									
Public safety		221	54	393				7	
Social services					29	262	52		
Public works									
Education	126								
Capital outlay								332	
Total expenditures	<u>126</u>	<u>221</u>	<u>54</u>	<u>393</u>	<u>29</u>	<u>262</u>	<u>52</u>	<u>339</u>	<u>-</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(2)</u>	<u>(8)</u>	<u>(9)</u>	<u>(25)</u>	<u>22</u>	<u>(8)</u>	<u>9</u>	<u>(198)</u>	<u>-</u>
Other Financing Sources (Uses):									
Transfers in		6		19		42			622
Transfer out									
Proceeds from capital leases									
Total other financing sources (uses)	<u>-</u>	<u>6</u>	<u>-</u>	<u>19</u>	<u>-</u>	<u>42</u>	<u>-</u>	<u>-</u>	<u>622</u>
Net Change in Fund Balances	(2)	(2)	(9)	(6)	22	34	9	(198)	622
Fund Balance at Beginning of Year	<u>43</u>	<u>2</u>	<u>108</u>	<u>48</u>	<u>24</u>	<u>40</u>	<u>45</u>	<u>297</u>	<u>-</u>
Fund Balance at End of Year	<u>\$ 41</u>	<u>\$ -</u>	<u>\$ 99</u>	<u>\$ 42</u>	<u>\$ 46</u>	<u>\$ 74</u>	<u>\$ 54</u>	<u>\$ 99</u>	<u>\$ 622</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, 2007
(In Thousands)

	Special Revenue			Capital Projects				
	Brown Park	Esther Gilbert	Total	Capital Improvement	2000 Bond Issue	Intermodal Transportation Center	Landfill Closure	School Projects
Revenues:								
Property taxes, interest and liens	\$	\$	\$ 3,056	\$	\$	\$	\$	\$
Intergovernmental revenues			12,346	219		490		
Charges for services			3,890					
Investment income			47					
Other			875					
Total revenue	-	-	20,214	219	-	490	-	-
Expenditures:								
Current:								
General government			357					
Public safety			5,240					
Social services			789					
Public works			1,079				30	
Education			11,685					
Capital outlay			332	1,985		612		
Total expenditures	-	-	19,482	1,985	-	612	30	-
Excess (Deficiency) of Revenues Over Expenditures			732	(1,766)		(122)	(30)	
Other Financing Sources (Uses):								
Transfers in			937	1,774		75		118
Transfer out			(1,523)	(75)				
Proceeds from capital leases			-					
Total other financing sources (uses)	-	-	(586)	1,699	-	75		118
Net Change in Fund Balances			146	(67)		(47)	(30)	118
Fund Balance at Beginning of Year	47	25	2,610	1,236		1,141	103	
Fund Balance at End of Year	\$ 47	\$ 25	\$ 2,756	\$ 1,169	\$ -	\$ 1,094	\$ 73	\$ 118

(Continued on next page)

CITY OF NORWICH, CONNECTICUT

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

FOR THE YEAR ENDED JUNE 30, 2007
(In Thousands)

	Capital Projects		Permanent Funds					Interfund Eliminations	Total Nonmajor Governmental Funds
	Capital Lease	Total	Various Trusts	Public Parks & Gardens	Fred Abbot Summer Concert	Cemetery Trust	Total		
Revenues:									
Property taxes, interest and liens	\$	\$ -	\$	\$	\$	\$	\$ -	\$	\$ 3,056
Intergovernmental revenues		709					-		13,055
Charges for services		-					-		3,890
Investment income		-	1				203	204	251
Other		-					-		875
Total revenue	<u>-</u>	<u>709</u>	<u>1</u>	<u>-</u>	<u>-</u>	<u>203</u>	<u>204</u>	<u>-</u>	<u>21,127</u>
Expenditures:									
Current:									
General government		-	3				13	16	373
Public safety		-					-	-	5,240
Social services		-					-	-	789
Public works		30					-	-	1,109
Education		-					-	-	11,685
Capital outlay	192	2,789					-	-	3,121
Total expenditures	<u>192</u>	<u>2,819</u>	<u>3</u>	<u>-</u>	<u>-</u>	<u>13</u>	<u>16</u>	<u>-</u>	<u>22,317</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(192)</u>	<u>(2,110)</u>	<u>(2)</u>			<u>190</u>	<u>188</u>		<u>(1,190)</u>
Other Financing Sources (Uses):									
Transfers in		1,967		39	5	24	68	(423)	2,549
Transfer out		(75)	(68)			(52)	(120)	423	(1,295)
Proceeds from capital leases	192	192					-		192
Total other financing sources (uses)	<u>192</u>	<u>2,084</u>	<u>(68)</u>	<u>39</u>	<u>5</u>	<u>(28)</u>	<u>(52)</u>	<u>-</u>	<u>1,446</u>
Net Change in Fund Balances		(26)	(70)	39	5	162	136		256
Fund Balance at Beginning of Year		2,480	70			1,447	1,517	-	6,607
Fund Balance at End of Year	<u>\$ -</u>	<u>\$ 2,454</u>	<u>\$ -</u>	<u>\$ 39</u>	<u>\$ 5</u>	<u>\$ 1,609</u>	<u>\$ 1,653</u>	<u>\$ -</u>	<u>\$ 6,863</u>

CITY OF NORWICH, CONNECTICUT

FIRE AND REFUSE FUND REVENUES

BUDGETARY BASIS - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2007

	Budgeted Amounts		Actual	Variance
	Original	Final		Favorable (Unfavorable)
Taxes, interest and lien fees:				
Fire	\$ 2,722	\$ 2,722	\$ 2,694	\$ (28)
Volunteer fire	340	340	362	22
Total taxes, interest and lien fees	<u>3,062</u>	<u>3,062</u>	<u>3,056</u>	<u>(6)</u>
Intergovernmental:				
City Housing	163	163	163	-
In lieu of taxes - fire	41	41	41	-
Elderly reimbursement	251	251	242	(9)
Mashantucket Pequot	<u>1,028</u>	<u>1,028</u>	<u>1,028</u>	<u>-</u>
Total Intergovernmental	<u>1,483</u>	<u>1,483</u>	<u>1,474</u>	<u>(9)</u>
Charges for services:				
Refuse	1,526	1,526	1,338	(188)
Other	<u>75</u>	<u>75</u>	<u>75</u>	<u>-</u>
Total charges for services	<u>1,601</u>	<u>1,601</u>	<u>1,413</u>	<u>(188)</u>
Other:				
Special service	<u>58</u>	<u>58</u>	<u>58</u>	<u>-</u>
Investment income	<u>28</u>	<u>28</u>	<u>30</u>	<u>2</u>
Total	<u>\$ 6,232</u>	<u>\$ 6,232</u>	<u>\$ 6,031</u>	<u>\$ (201)</u>

CITY OF NORWICH, CONNECTICUT

FIRE AND REFUSE FUND EXPENDITURES

BUDGETARY BASIS - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2007

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		<u>Favorable</u> <u>(Unfavorable)</u>
Public safety:				
Employees	\$ 2,315	\$ 2,315	\$ 2,230	\$ 85
Replacement costs	638	638	721	(83)
Hospitalization	169	169	169	-
Fringe benefits	1,244	1,244	1,244	-
Other	340	340	340	-
Total public safety	<u>4,706</u>	<u>4,706</u>	<u>4,704</u>	<u>2</u>
Sanitation	<u>1,526</u>	<u>1,526</u>	<u>1,369</u>	<u>157</u>
Total	<u>\$ 6,232</u>	<u>\$ 6,232</u>	<u>\$ 6,073</u>	<u>\$ 159</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, 2007
(In Thousands)

	Business-Type Activities			Totals
	Golf Course Authority	Stadium Authority	Ice Rink Authority	
Assets:				
Current assets:				
Cash and cash equivalents	\$ 249	\$	\$ 14	\$ 263
Receivables, net:				
User charges		276	24	300
Due from other funds		88		88
Inventories			97	97
Total current assets	<u>249</u>	<u>364</u>	<u>135</u>	<u>748</u>
Capital assets, net	<u>2,260</u>	<u>7,490</u>	<u>1,163</u>	<u>10,913</u>
Total assets	<u>2,509</u>	<u>7,854</u>	<u>1,298</u>	<u>11,661</u>
Liabilities:				
Current liabilities:				
Accounts payable and accrued liabilities	102	124	23	249
Due to other funds			128	128
Unearned revenue	<u>212</u>		<u>3</u>	<u>215</u>
Total liabilities	<u>314</u>	<u>124</u>	<u>154</u>	<u>592</u>
Net Assets:				
Invested in capital assets, net of related debt	2,260	7,490	1,163	10,913
Unrestricted	<u>(65)</u>	<u>240</u>	<u>(19)</u>	<u>156</u>
Total Net Assets	<u>\$ 2,195</u>	<u>\$ 7,730</u>	<u>\$ 1,144</u>	<u>\$ 11,069</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, 2007

(In Thousands)

	Business-Type Activities			Totals
	Golf Course Authority	Stadium Authority	Ice Rink Authority	
Operating Revenues:				
Charges for services	\$ 1,221	\$ 152	\$ 795	\$ 2,168
Operating Expenses:				
Operations and maintenance	1,075	158	785	2,018
Depreciation	53	145	158	356
Total operating expenses	1,128	303	943	2,374
Operating Income (Loss)	93	(151)	(148)	(206)
Nonoperating Income (Expenses):				
Interest income	2	3		5
Interest expense	(1)			(1)
Total nonoperating income	1	3	-	4
Net Income (Loss) Before Contributions	94	(148)	(148)	(202)
Capital Contributions		84		84
Change in Net Assets	94	(64)	(148)	(118)
Net Assets at Beginning of Year	2,101	7,794	1,292	11,187
Net Assets at End of Year	\$ 2,195	\$ 7,730	\$ 1,144	\$ 11,069

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

FOR THE YEAR ENDED JUNE 30, 2007

(In Thousands)

	Business-Type Activities			Totals
	Golf Course Authority	Stadium Authority	Ice Rink Authority	
Cash Flows from Operating Activities:				
Cash received from charges for services	\$ 1,213	\$ 64	\$ 793	\$ 2,070
Cash paid to vendors	(585)	(56)	(424)	(1,065)
Cash paid to employees for services	(563)		(402)	(965)
Net cash provided by (used in) operating activities	<u>65</u>	<u>8</u>	<u>(33)</u>	<u>40</u>
Cash Flows from Noncapital Financing Activities:				
Advances to other funds		(192)		(192)
Cash Flows from Capital and Related Financing Activities:				
Purchase of capital assets	(39)	(10)	(8)	(57)
Prior year capital grant receivable received		200		200
Prior year capital acquisition payable paid		(200)		(200)
Principal payment on bonds	(25)			(25)
Interest payment on debt	(1)			(1)
Net cash used in capital and related financing activities	<u>(65)</u>	<u>(10)</u>	<u>(8)</u>	<u>(83)</u>
Cash Flows from Investing Activities:				
Income on investments	2	3		5
Net Increase (Decrease) in Cash and Cash Equivalents	<u>2</u>	<u>(191)</u>	<u>(41)</u>	<u>(230)</u>
Cash and Cash Equivalents at Beginning of Year	247	191	55	493
Cash and Cash Equivalents at End of Year	<u>\$ 249</u>	<u>\$ -</u>	<u>\$ 14</u>	<u>\$ 263</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:				
Operating income (loss)	\$ 93	\$ (151)	\$ (148)	\$ (206)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation expense	53	145	158	356
(Increase) decrease in receivables		(166)	(5)	(171)
Police services cost reimbursement credit		78		78
(Increase) decrease in inventories and other assets			(20)	(20)
Increase (decrease) in unearned revenues	(8)		3	(5)
Increase (decrease) in accounts payable and accrued liabilities	3	102	11	116
Increase (decrease) in due to other funds	(76)		(32)	(108)
Total adjustments	<u>(28)</u>	<u>159</u>	<u>115</u>	<u>246</u>
Net Cash Provided by (Used in) Operating Activities	<u>\$ 65</u>	<u>\$ 8</u>	<u>\$ (33)</u>	<u>\$ 40</u>
Noncash Capital and Financing Activities				
Capital asset contribution		<u>\$ 84</u>		

Internal Service Funds

INTERNAL SERVICE FUNDS

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

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

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

CITY OF NORWICH, CONNECTICUT

COMBINING STATEMENT OF NET ASSETS
INTERNAL SERVICE FUNDSJUNE 30, 2007
(In Thousands)

	<u>Medical Benefits</u>	<u>Workers' Compensation</u>	<u>Total</u>
Assets:			
Current:			
Cash and cash equivalents	\$ 297	\$	\$ 297
Accounts receivable	41		41
Due from other funds	<u>2,064</u>	<u>223</u>	<u>2,287</u>
Total assets	<u>2,402</u>	<u>223</u>	<u>2,625</u>
Liabilities:			
Current:			
Accounts payable	70	1	71
Risk management claims	<u>1,203</u>	<u>418</u>	<u>1,621</u>
Total current liabilities	<u>1,273</u>	<u>419</u>	<u>1,692</u>
Noncurrent:			
Risk management claims		<u>3,144</u>	<u>3,144</u>
Total liabilities	<u>1,273</u>	<u>3,563</u>	<u>4,836</u>
Net Assets:			
Unrestricted	<u>\$ 1,129</u>	<u>\$ (3,340)</u>	<u>\$ (2,211)</u>

CITY OF NORWICH, CONNECTICUT

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

**FOR THE YEAR ENDED JUNE 30, 2007
(In Thousands)**

	<u>Medical Benefits</u>	<u>Workers' Compensation</u>	<u>Total</u>
Operating Revenues:			
Charges for services	\$ 14,281	\$ 1,798	\$ 16,079
Operating Expenses:			
Claims expense	13,093	3,258	16,351
Premiums and administrative expenses	919		919
Total operating expenses	<u>14,012</u>	<u>3,258</u>	<u>17,270</u>
Operating Income (Loss)	269	(1,460)	(1,191)
Nonoperating Income:			
Interest income	<u>28</u>		<u>28</u>
Change in Net Assets	297	(1,460)	(1,163)
Net Assets at Beginning of Year	<u>832</u>	<u>(1,880)</u>	<u>(1,048)</u>
Net Assets at End of Year	<u>\$ 1,129</u>	<u>\$ (3,340)</u>	<u>\$ (2,211)</u>

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

FOR THE YEAR ENDED JUNE 30, 2007
(In Thousands)

	<u>Medical Benefits</u>	<u>Workers' Compensation</u>	<u>Total</u>
Cash Flows from Operating Activities:			
Cash received from charges for services	\$ 13,019	\$	\$ 13,019
Cash paid to vendors	<u>(14,058)</u>	<u> </u>	<u>(14,058)</u>
Net cash used in operating activities	(1,039)	-	(1,039)
Cash Flows from Investing Activities:			
Income on investments	<u>28</u>	<u> </u>	<u>28</u>
Net Decrease in Cash and Cash Equivalents	(1,011)		(1,011)
Cash and Cash Equivalents at Beginning of Year	<u>1,308</u>	<u> </u>	<u>1,308</u>
Cash and Cash Equivalents at End of Year	<u>\$ 297</u>	<u>\$ -</u>	<u>\$ 297</u>
Reconciliation of Operating Income (Loss) to Net Cash Used In Operating Activities:			
Operating Income (Loss)	<u>\$ 269</u>	<u>\$ (1,460)</u>	<u>\$ (1,191)</u>
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
(Increase) decrease in receivables	31		31
(Increase) decrease in due from other funds	(1,293)	177	(1,116)
Increase (decrease) in accounts payable and accrued liabilities	<u>(46)</u>	<u>1,283</u>	<u>1,237</u>
Total adjustments	<u>(1,308)</u>	<u>1,460</u>	<u>152</u>
Net Cash Used In Operating Activities	<u>\$ (1,039)</u>	<u>\$ -</u>	<u>\$ (1,039)</u>

Fiduciary Funds

FIDUCIARY FUNDS

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

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

The City's Agency Funds are listed below:

Student Activities

Rehabilitation Deposits

Bid Deposit

Dangerous Buildings

Performance Bonds

CITY OF NORWICH, CONNECTICUT

AGENCY FUNDS

COMBINING BALANCE SHEET

JUNE 30, 2007

(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	\$ 59	\$	\$	\$ 16	\$ 278	\$ 353
Due from other funds		32	52			84
	<u>59</u>	<u>32</u>	<u>52</u>	<u>16</u>	<u>278</u>	<u>437</u>
Total Assets	<u>\$ 59</u>	<u>\$ 32</u>	<u>\$ 52</u>	<u>\$ 16</u>	<u>\$ 278</u>	<u>\$ 437</u>
Liabilities:						
Due to student groups and agencies	<u>\$ 59</u>	<u>\$ 32</u>	<u>\$ 52</u>	<u>\$ 16</u>	<u>\$ 278</u>	<u>\$ 437</u>

CITY OF NORWICH, CONNECTICUT

AGENCY FUNDS

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

FOR THE YEAR ENDED JUNE 30, 2007

(In Thousands)

	<u>Balance July 1, 2006</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2007</u>
Student Activities				
Assets:				
Cash and cash equivalents	\$ <u>59</u>	\$ <u>219</u>	\$ <u>219</u>	\$ <u>59</u>
Liabilities:				
Due to student groups and agencies	\$ <u>59</u>	\$ <u>219</u>	\$ <u>219</u>	\$ <u>59</u>
Rehabilitation Deposits				
Assets:				
Due from other funds	\$ <u>68</u>	\$ <u>194</u>	\$ <u>230</u>	\$ <u>32</u>
Liabilities:				
Due to student groups and agencies	\$ <u>68</u>	\$ <u>194</u>	\$ <u>230</u>	\$ <u>32</u>
Bid Deposit				
Assets:				
Due from other funds	\$ <u>47</u>	\$ <u>299</u>	\$ <u>294</u>	\$ <u>52</u>
Liabilities:				
Due to student groups and agencies	\$ <u>47</u>	\$ <u>299</u>	\$ <u>294</u>	\$ <u>52</u>
Dangerous Buildings				
Assets:				
Cash and cash equivalents	\$ <u>21</u>	\$ <u>-</u>	\$ <u>5</u>	\$ <u>16</u>
Liabilities:				
Due to student groups and agencies	\$ <u>21</u>	\$ <u>-</u>	\$ <u>5</u>	\$ <u>16</u>
Performance Bonds				
Assets:				
Cash and cash equivalents	\$ <u>249</u>	\$ <u>144</u>	\$ <u>115</u>	\$ <u>278</u>
Liabilities:				
Due to student groups and agencies	\$ <u>249</u>	\$ <u>144</u>	\$ <u>115</u>	\$ <u>278</u>
Total - All Funds				
Assets:				
Cash and cash equivalents	\$ <u>329</u>	\$ <u>363</u>	\$ <u>339</u>	\$ <u>353</u>
Due from other funds	<u>115</u>	<u>493</u>	<u>524</u>	<u>84</u>
Total	\$ <u>444</u>	\$ <u>856</u>	\$ <u>863</u>	\$ <u>437</u>
Liabilities:				
Due to student groups and agencies	\$ <u>444</u>	\$ <u>856</u>	\$ <u>863</u>	\$ <u>437</u>

**Capital Assets Used in the
Operation of Governmental Funds**

**CAPITAL ASSETS USED IN THE OPERATION
OF GOVERNMENTAL FUNDS**

The following schedules present only the capital asset balances related to governmental funds. The assets are reported at historical cost or estimated historical cost.

The City's capitalization policy requires the recording of capital assets with original cost of \$5,000 or more. Provision for depreciation is not included in the schedules.

CITY OF NORWICH, CONNECTICUT

CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS

COMPARATIVE SCHEDULE BY SOURCE

JUNE 30, 2007 AND 2006

(In Thousands)

	<u>2007</u>	<u>2006</u>
Governmental Funds Capital Assets:		
Land	\$ 23,234	\$ 22,904
Buildings and improvements	39,636	39,251
Vehicles, machinery and equipment	15,484	14,349
Technology upgrade and infrastructure	29,004	27,214
Construction in progress	<u>4,330</u>	<u>3,001</u>
Total	<u>\$ 111,688</u>	<u>\$ 106,719</u>
Investment in Governmental Funds Capital Assets	<u>\$ 111,688</u>	<u>\$ 106,719</u>

CITY OF NORWICH, CONNECTICUT

CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS

SCHEDULE BY FUNCTION AND ACTIVITY

JUNE 30, 2007

(In Thousands)

<u>Function and Activity</u>	<u>Total</u>	<u>Land</u>	<u>Buildings and Improvements</u>	<u>Vehicles, Machinery and Equipment</u>	<u>Technology Upgrade and Infrastructure</u>	<u>Construction in Progress</u>
General Government	\$ 26,932	\$ 22,429	\$ 1,325	\$ 696	\$ 142	\$ 2,340
∞ Public Safety	10,976	19	2,919	7,835	203	
Public Works and Parks	38,939	73	9,933	4,447	22,496	1,990
Senior Center	2,316		1,996	218	102	
Parking Garage	2,352		2,352			
Education	<u>30,173</u>	<u>713</u>	<u>21,111</u>	<u>2,288</u>	<u>6,061</u>	
Total	<u>\$ 111,688</u>	<u>\$ 23,234</u>	<u>\$ 39,636</u>	<u>\$ 15,484</u>	<u>\$ 29,004</u>	<u>\$ 4,330</u>

CITY OF NORWICH, CONNECTICUT

CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS

SCHEDULE OF CHANGES BY FUNCTION AND ACTIVITY

FOR THE YEAR ENDED JUNE 30, 2007

(In Thousands)

<u>Function and Activity</u>	<u>Governmental Funds Capital Assets July 1, 2006</u>	<u>Additions</u>	<u>Deletions</u>	<u>Governmental Funds Capital Assets June 30, 2007</u>
General Government	\$ 26,059	\$ 985	\$ 112	\$ 26,932
Public Safety	10,351	1,739	1,114	10,976
Public Works and Parks	36,128	3,163	352	38,939
Senior Center	2,316			2,316
Parking Garage	2,352			2,352
Education	<u>29,513</u>	<u>666</u>	<u>6</u>	<u>30,173</u>
Total	\$ <u>106,719</u>	\$ <u>6,553</u>	\$ <u>1,584</u>	\$ <u>111,688</u>

Supplementary Data

CITY OF NORWICH, CONNECTICUT

SCHEDULE OF BONDS AND SERIAL NOTES PAYABLE

FOR THE YEAR ENDED JUNE 30, 2007

(In Thousands)

Description	Interest Rate (%)	Issue Date	Maturity Date	Original Amount Issued	Balance Beginning of Year	Issued During Year	Paid During Year	Balance End of Year
Governmental Activities:								
General purpose bonds payable:								
General purpose	4.3-5.6	09/15/1992	09/15/2007	\$ 3,000	\$ 400	\$ -	\$ 200	\$ 200
General purpose	4.5-5.0	02/01/1996	08/01/2006	3,000	160	-	160	-
General purpose and schools	4.5-5.7	11/01/1999	05/01/2008	4,665	1,300	-	650	650
Refunding - (09/15/1994) bonds	4.0-5.0	04/01/2001	04/01/2014	13,010	8,605	-	1,100	7,505
General purpose, schools, and water	4.0-5.0	04/01/2001	04/01/2009	10,510	1,585	-	525	1,060
General purpose - Wauregan Hotel	5.50-6.75	04/01/2001	04/01/2017	400	275	-	25	250
General purpose	4.0-5.0	04/15/2002	04/15/2022	3,345	2,304	-	259	2,045
General purpose	2.00-3.55	04/15/2004	04/15/2015	1,175	970	-	195	775
Refunding - (11/15/1997 and 11/01/1999) bonds	2.0-4.0	04/15/2004	04/15/2019	2,195	1,995	-	183	1,812
General purpose and water main	3.0-5.0	03/15/2005	09/15/2015	2,810	2,810	-	281	2,529
Refunding - (02/01/1996 and 04/01/2001) bonds	3.0-4.0	03/15/2005	09/15/2019	8,570	8,164	-	38	8,126
Total					28,568	-	3,616	24,952
Business-Type Activities:								
General purpose bonds payable:								
Stony Brook Reservoir	4.5-5.0	02/01/1996	08/01/2006	750	40	-	40	-
Sewers	4.5-5.7	11/01/1999	05/01/2008	3,045	50	-	25	25
Sewers	4.0-5.0	04/15/2002	04/15/2022	2,675	2,131	-	136	1,995
Sewers	2.00-3.55	04/15/2004	04/15/2015	1,945	1,750	-	195	1,555
Refunding - (11/15/1997 and 11/15/1999) Sewers	2.0-4.0	04/15/2004	04/15/2019	2,325	2,145	-	145	2,000
Refunding - (11/15/1997) Golf Course Improvements	2.0-4.0	04/15/2004	04/15/2007	55	25	-	25	-
Refunding - (02/01/1996) Stony Brook Reservoir	3.0-4.0	03/15/2005	09/15/2015	368	366	-	2	364
Sewers	3.0-5.0	03/15/2005	09/15/2015	710	710	-	74	636
State of Connecticut serial notes payable:								
Clean Water Act 106-C	2.00	10/31/1997	10/31/2016	3,410	1,913	-	167	1,746
Clean Water Act 298-C	2.00	06/30/2000	06/30/2019	1,508	981	-	75	906
Clean Water Act 349-C	2.00	12/31/2002	12/31/2021	881	705	-	39	666
Clean Water Act 9714-C	2.77	12/31/2002	12/31/2021	1,899	1,539	-	81	1,458
Economic Development	6.00	07/01/1995	07/01/2012	1,000	516	-	61	455
Industrial Park	1.00	10/26/2001	10/26/2008	200	200	-	-	200
Total					13,071	-	1,065	12,006
Total					\$ 41,639	\$ -	\$ 4,681	\$ 36,958

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		
2008	\$ 3,356	\$ 962	\$ 1,074	\$ 372	\$ 4,430	\$ 1,334
2009	2,600	831	1,281	342	3,881	1,173
2010	2,649	724	1,093	309	3,742	1,033
2011	2,576	629	1,098	274	3,674	903
2012	2,486	533	1,099	240	3,585	773
2013	2,477	434	1,110	204	3,587	638
2014	2,467	336	1,025	167	3,492	503
2015	1,399	236	1,030	134	2,429	370
2016	1,344	184	853	102	2,197	286
2017	893	139	630	78	1,523	217
2018	878	102	496	59	1,374	161
2019	868	67	399	41	1,267	108
2020	693	31	298	29	991	60
2021	133	13	302	18	435	31
2022	133	7	218	7	351	14
Total	\$ 24,952	\$ 5,228	\$ 12,006	\$ 2,376	\$ 36,958	\$ 7,604

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 SIX FISCAL YEARS
(In Thousands)

	FISCAL YEAR					
	2007	2006	2005	2004	2003	2002
Governmental activities:						
Invested in capital assets, net of related debt	\$ 44,114	\$ 38,680	\$ 34,514	\$ 24,968	\$ 25,716	\$ 17,812
Restricted	1,725	1,590	1,610			
Unrestricted	13,808	16,460	15,074	18,077	10,412	11,586
Total governmental activities net assets	<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	83,363	83,151	81,679	79,147	80,094	80,269
Restricted	876	643	279			
Unrestricted	24,307	19,927	17,083	11,119	8,272	7,720
Total business-type activities net assets	<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	127,477	121,831	116,193	104,115	105,810	98,081
Restricted	2,601	2,233	1,889			
Unrestricted	38,115	36,387	32,157	29,196	18,684	19,306
Total primary government net assets	<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.

TABLE 2

CITY OF NORWICH, CONNECTICUT

CHANGES IN NET ASSETS

LAST SIX FISCAL YEARS

(In Thousands)

	FISCAL YEAR					
	2007	2006	2005	2004	2003	2002
Expenses:						
Governmental activities:						
General government	\$ 11,926	\$ 9,638	\$ 8,958	\$ 10,414	\$ 11,597	\$ 11,810
Public safety	16,108	15,754	14,105	13,032	14,109	13,604
Social services	3,984	4,048	3,037	1,880	2,432	2,699
Public works	11,504	11,109	13,781	10,271	6,752	10,429
Education	75,171	71,268	64,819	61,478	61,797	60,404
Interest on long-term debt	1,454	1,476	1,646	1,948	2,222	2,236
Total governmental activities expenses	<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	66,885	67,275	57,133	56,062	53,171	48,003
Other enterprise funds	2,373	2,583	2,505	2,526	2,636	2,413
Total business-type activities expenses	<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>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	8,484	8,248	7,834	11,307	9,893	9,903
Operating grants and contributions	47,469	47,561	41,727	36,509	35,923	34,752
Capital grants and contributions	934	1,736	1,907	4,459	2,903	3,492
Total governmental activities program revenues	<u>56,887</u>	<u>57,545</u>	<u>51,468</u>	<u>52,275</u>	<u>48,719</u>	<u>48,147</u>
Business-type activities:						
Charges for services:						
Gas	16,612	18,999	15,099	12,911	12,724	9,688
Electric	49,607	46,158	38,706	36,089	32,142	30,051
Water	5,115	5,099	4,970	4,854	4,971	4,584
Sewer	5,340	5,384	4,077	4,030	3,826	3,564
Other nonmajor enterprise funds	2,168	2,269	2,299	2,166	2,275	2,340
Capital grants and contributions	1,037	1,696	2,115	141	75	7,534
Total business-type activities program revenues	<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>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	(63,260)	(55,748)	(54,878)	(46,748)	(50,190)	(53,035)
Business-type activities	10,621	9,747	7,628	1,603	206	7,345
Total Primary Government Net Expense	<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 SIX FISCAL YEARS

(In Thousands)

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

	FISCAL YEAR					
	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
General Fund:						
Reserved	\$ 425	\$ 259	\$ 398	\$ 415	\$ 305	\$ 289
Unreserved	<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>\$ 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	\$ 3,170	\$ 3,077	\$ 2,475	\$ 2,051	\$ 2,679	\$ 2,084
Unreserved, reported in:						
Special revenue funds	2,746	2,577	2,532	3,617	514	1,566
Capital projects funds	<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>\$ 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 SIX FISCAL YEARS
(In Thousands)

	FISCAL YEAR					
	2007	2006	2005	2004	2003	2002
Revenues:						
Property taxes, interest and liens	\$ 52,976	\$ 49,704	\$ 47,652	\$ 47,815	\$ 45,326	\$ 43,145
Intergovernmental	53,909	53,572	48,159	46,929	49,490	49,269
Charges for services, licenses, permits, fees and other	10,097	9,283	10,296	11,041	10,321	9,921
Investment income	1,171	813	462	517	379	575
Total revenues	<u>118,153</u>	<u>113,372</u>	<u>106,569</u>	<u>106,302</u>	<u>105,516</u>	<u>102,910</u>
Expenditures:						
General government	5,782	5,290	5,262	6,665	8,651	8,194
Public safety	16,163	15,634	13,736	12,725	12,646	12,615
Social services	4,272	4,273	3,782	3,094	2,319	2,568
Public works	10,412	9,964	10,095	9,178	7,399	8,918
Education	74,223	70,592	65,363	61,880	60,521	59,237
Other	4,286	3,531	3,529	2,832	1,720	2,328
Capital outlay	6,337	3,707	3,929	2,679	5,508	10,780
Debt service:						
Principal	3,616	3,975	3,928	4,180	4,135	3,803
Interest	1,425	1,631	1,759	1,998	2,517	2,385
Total expenditures	<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>(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	9,885	8,760	8,246	3,997	3,498	2,255
Transfers out	(3,666)	(3,375)	(3,240)	(4,157)	(3,498)	(2,255)
Proceeds from capital leases	192					
Bonds issued			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>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	(1,952)	160	3,076	4,104	100	(1,898)
Fund Balances at Beginning of Year	<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>\$ 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	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	Estimated Actual Taxable Value	Taxable Assessed Value as a Percentage of Actual Taxable Value	State Equalized Net Grand List
		Industrial and Commercial	Residential								
2007	2005	\$ 326,636	\$ 1,213,923	\$ 177,323	\$ 93,706	\$ 1,811,588	\$ 19,838	\$ 1,791,750	\$ 2,559,643	70.00 %	\$ N/A
2006	2004	326,235	1,190,123	165,690	90,463	1,772,511	27,325	1,745,186	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	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	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	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	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	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	2,053,901	70.00	1,756,642
1999	1997	379,088	869,792	133,003	82,907	1,464,790	28,504	1,436,286	2,051,837	70.00	1,719,567
1998	1996	369,386	866,146	130,559	81,346	1,447,437	29,911	1,417,526	2,025,037	70.00	1,653,814

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
- (N/A) October 1, 2005 Equalized Grand List is not available

CITY OF NORWICH, CONNECTICUT
PRINCIPAL PROPERTY TAXPAYERS
OCTOBER 1, 2005 AND OCTOBER 1, 1996

Business Name	Nature of Business	October 1, 2005			October 1, 1996		
		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 and Services	\$ 18,355	1	1.02%	\$ 18,242	2	1.29%
Phelps Dodge	Manufacturing - Copper	14,264	2	0.80%	22,537	1	1.59%
Norwichtown Mall Realty Associates	Shopping Center	11,717	3	0.65%	8,565	4	0.60%
Mashantucket Pequot Tribe	Real Estate	10,720	4	0.60%	11,064	3	0.78%
Plaza Enterprises	Shopping Center	10,577	5	0.59%			
US Foodservice	Food Distributors	8,580	6	0.48%			
Kalimian Elias as Trustee	Apartments	7,889	7	0.44%			
Bob's Discount Furniture	Retail Store and Distribution Warehouse	7,442	8	0.42%			
Norwich Realty Associates, LP	Shopping Center	6,545	9	0.37%			
Rose Hill Estates, LLC	Apartments	5,633	10	0.31%			
Hamilton Park Association	Apartments				7,812	5	0.55%
Royal Book Manufacturing	Manufacturing				7,309	6	0.52%
Genlyte Group, Inc.	Manufacturing - Lighting Fixtures				5,898	7	0.42%
Wal-Mart Stores, Inc.	Department Store				5,786	8	0.41%
Decorative Screen Printers	Manufacturing				4,888	9	0.34%
Big Y Food	Supermarket				4,782	10	0.34%
Total		\$ 101,722		5.68%	\$ 96,883		6.83%

Source: City of Norwich Assessor's Office

Note:

(1) The October 1, 2005 grand list was the base grand list utilized for the tax bills issued July 1, 2006 for the 2007 fiscal year.

CITY OF NORWICH, CONNECTICUT
PROPERTY TAX LEVIES AND COLLECTIONS

LAST TEN FISCAL YEARS
(In Thousands)

Fiscal Year Ended June 30,	Net Taxable Grand List	Mill Rate	Adjusted Tax Levy	Collections Within the Fiscal Year of Levy		Tax Collections In Subsequent Years	Tax Collections To Date	
				Amount	Percentage of Levy		Amount	Percentage of Levy
General Fund								
2007	\$ 1,791,750	27.77	\$ 49,971	\$ 48,324	96.70%	\$	\$ 48,324	96.70%
2006	1,745,186	26.72	46,541	44,977	96.64%	952	45,929	98.69%
2005	1,733,296	25.69	43,999	42,681	97.00%	947	43,628	99.16%
2004	1,166,095	36.47	42,774	41,136	96.17%	1,597	42,733	99.90%
2003	1,145,883	35.62	41,064	39,438	96.04%	1,599	41,037	99.93%
2002	1,141,544	33.89	38,794	37,208	95.91%	1,565	38,773	99.95%
2001	1,132,025	33.89	38,419	36,648	95.39%	1,753	38,401	99.95%
2000	1,437,731	25.62	37,050	34,976	94.40%	2,036	37,012	99.90%
1999	1,436,286	25.03	35,237	34,040	96.60%	1,159	35,199	99.89%
1998	1,417,526	24.48	34,581	32,705	94.58%	1,841	34,546	99.90%
City Consolidated District (CCD) Fire Tax								
2007	\$ 633,603	4.25	\$ 2,724	\$ 2,595	95.26%	\$	\$ 2,595	95.26%
2006	620,505	4.03	2,511	2,399	95.54%	67	2,466	98.21%
2005	614,657	3.84	2,332	2,233	95.75%	71	2,304	98.80%
2004	392,560	5.64	2,227	2,142	96.18%	81	2,223	99.82%
2003	390,492	5.49	2,157	2,072	96.06%	82	2,154	99.86%
2002	390,851	5.33	2,089	2,004	95.93%	83	2,087	99.90%
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%
1999	531,027	3.79	1,973	1,906	96.60%	62	1,968	99.75%
1998	529,045	4.33	2,283	2,159	94.57%	118	2,277	99.74%
Town Consolidated District (TCD) Volunteer Fire Relief Tax								
2007	\$ 1,158,147	0.31	\$ 361	\$ 351	97.23%	\$	\$ 351	97.23%
2006	1,124,681	0.30	337	326	96.74%	8	334	99.11%
2005	1,118,639	0.21	232	226	97.41%	5	231	99.57%
2004	773,535	0.30	233	225	96.57%	9	234	100.43%
2003	755,391	0.30	228	219	96.05%	9	228	100.00%
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%
1999	905,259	0.12	106	102	96.23%	4	106	100.00%
1998	888,481	0.12	106	100	94.34%	6	106	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			
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
1999	28,935	1,373	910	275	4,475	5,029	40,997	2.85%	1,174
1998	28,865	1,964	3,820	550	4,444	5,775	45,418	3.20%	1,292

* 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
FOR THE YEAR ENDED JUNE 30, 2007
(In Thousands)

Total Tax Collections, Including Interest and Lien Fees					\$	49,721
Total Tax Collections, Norwich Fire District						3,064
Reimbursement for Loss on:						
Tax relief for elderly - freeze						<u>20</u>
Base					\$	<u>52,805</u>
		General Purpose	Schools	Sewers	Urban Renewal	Pension Deficit
Debt Limitation:						
2-1/4 times base	\$	118,811	\$	\$	\$	\$
4-1/2 times base			237,623			
3-3/4 times base				198,019		
3-1/4 times base					171,616	
3 times base						158,415
Total debt limitation		<u>118,811</u>	<u>237,623</u>	<u>198,019</u>	<u>171,616</u>	<u>158,415</u>
Indebtedness:						
Bonds and serial notes payable*		14,204	8,154	9,871		
Bonds authorized and unissued		2,330		375		
Grants receivable			<u>(722)</u>			
Total indebtedness		<u>16,534</u>	<u>7,432</u>	<u>10,246</u>	<u>-</u>	<u>-</u>
Debt Limitation in Excess of Outstanding and Authorized Debt	\$	<u>102,277</u>	\$	<u>187,773</u>	\$	<u>158,415</u>

Note 1: In no event shall total debt exceed seven times annual receipts from taxation. The maximum amount permitted would be \$370 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 \$2,816 and State of Connecticut serial notes payable of \$1,913.

Note 4: School Building Grants totaling \$722 are applicable to outstanding bond issues.

CITY OF NORWICH, CONNECTICUT
LEGAL DEBT MARGIN INFORMATION

LAST TEN FISCAL YEARS
(In Thousands)

	FISCAL YEAR									
	2007	2006	2005	2004	2003	2002	2001	2000	1999	1998
Legal Debt Limit:										
Seven times taxable base	\$ 369,635	\$ 348,698	\$ 333,578	\$ 329,433	\$ 320,343	\$ 303,704	\$ 296,573	\$ 282,945	\$ 274,740	\$ 262,519
Indebtedness:										
Bonds and serial notes payable	36,958	41,639	46,764	47,499	50,400	55,918	53,850	52,675	41,082	45,419
Bonds authorized and unissued	2,705	2,705	2,705	4,640	4,455	2,730	8,220	9,938	25,297	25,297
Total indebtedness	<u>39,663</u>	<u>44,344</u>	<u>49,469</u>	<u>52,139</u>	<u>54,855</u>	<u>58,648</u>	<u>62,070</u>	<u>62,613</u>	<u>66,379</u>	<u>70,716</u>
Less:										
Water bonds and serial notes payable	(4,729)	(3,045)	(3,357)	(1,044)	(1,139)	(1,279)	(1,365)	(1,448)	(1,917)	(2,037)
School building grants	(722)	(988)	(1,262)	(1,842)	(1,943)	(2,280)	(3,337)	(3,445)	(3,882)	(4,385)
Net indebtedness applicable to legal debt limit (1)	<u>34,212</u>	<u>40,311</u>	<u>44,850</u>	<u>49,253</u>	<u>51,773</u>	<u>55,089</u>	<u>57,368</u>	<u>57,720</u>	<u>60,580</u>	<u>64,294</u>
Debt Limitation in Excess of Outstanding and Authorized Debt (1)	<u>\$ 335,423</u>	<u>\$ 308,387</u>	<u>\$ 288,728</u>	<u>\$ 280,180</u>	<u>\$ 268,570</u>	<u>\$ 248,615</u>	<u>\$ 239,205</u>	<u>\$ 225,225</u>	<u>\$ 214,160</u>	<u>\$ 198,225</u>
Total net debt applicable to the limit as a percentage of debt limit	9.26%	11.56%	13.45%	14.95%	16.16%	18.14%	19.34%	20.40%	22.05%	24.49%
Total indebtedness as a percentage of net taxable assessed value (1)	1.909%	2.310%	2.588%	4.224%	4.518%	4.826%	5.068%	4.015%	4.218%	4.536%
Total indebtedness per capita (1)	<u>\$ 932</u>	<u>\$ 1,099</u>	<u>\$ 1,238</u>	<u>\$ 1,360</u>	<u>\$ 1,453</u>	<u>\$ 1,525</u>	<u>\$ 1,588</u>	<u>\$ 1,656</u>	<u>\$ 1,734</u>	<u>\$ 1,830</u>
Calculation of Continuing Disclosure Agreement Ratios:										
Total indebtedness per legal debt limit calculation	\$ 39,663	\$ 44,344	\$ 49,469	\$ 52,139	\$ 54,855	\$ 58,648	\$ 62,070	\$ 62,613	\$ 66,379	\$ 70,716
Less authorized and unissued debt	<u>(2,705)</u>	<u>(2,705)</u>	<u>(2,705)</u>	<u>(4,640)</u>	<u>(4,455)</u>	<u>(2,730)</u>	<u>(8,220)</u>	<u>(9,938)</u>	<u>(25,297)</u>	<u>(25,297)</u>
Total direct debt	36,958	41,639	46,764	47,499	50,400	55,918	53,850	52,675	41,082	45,419
Less water and sewer indirect self-funding debt	<u>(12,006)</u>	<u>(13,071)</u>	<u>(14,064)</u>	<u>(7,089)</u>	<u>(6,079)</u>	<u>(6,549)</u>	<u>(6,957)</u>	<u>(4,713)</u>	<u>(4,919)</u>	<u>(5,182)</u>
Less school building grants	<u>(722)</u>	<u>(988)</u>	<u>(1,262)</u>	<u>(1,842)</u>	<u>(1,943)</u>	<u>(2,280)</u>	<u>(3,337)</u>	<u>(3,445)</u>	<u>(3,882)</u>	<u>(4,385)</u>
Total Net Direct Debt	<u>\$ 24,230</u>	<u>\$ 27,580</u>	<u>\$ 31,438</u>	<u>\$ 38,568</u>	<u>\$ 42,378</u>	<u>\$ 47,089</u>	<u>\$ 43,556</u>	<u>\$ 44,517</u>	<u>\$ 32,281</u>	<u>\$ 35,852</u>
Total direct debt as a percentage of State Equalized grand list	N/A	1.271%	1.868%	1.891%	2.338%	2.874%	3.269%	2.999%	2.389%	2.746%
Total direct debt per capita	\$ 1,007	\$ 1,135	\$ 1,291	\$ 1,311	\$ 1,415	\$ 1,548	\$ 1,491	\$ 1,511	\$ 1,176	\$ 1,292
Total net debt as a percentage of State Equalized grand list	N/A	0.842%	1.256%	1.535%	1.966%	2.420%	2.644%	2.534%	1.877%	2.168%
Total net debt per capita	\$ 660	\$ 752	\$ 868	\$ 1,065	\$ 1,189	\$ 1,304	\$ 1,206	\$ 1,277	\$ 924	\$ 1,020

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

(2) The City has no overlapping

(N/A) October 1, 2005 Equalized Grand List is not available

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	New London/ Norwich Market	State of Connecticut	United States
2007	36,693	5,513	20,083	1,033	N/A	4.9%	4.2%	4.4%	4.6%
2006	36,693	5,425	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	5,489	19,561	1,239	42,113	6.0%	4.6%	5.2%	6.5%
2002	36,117	5,419	18,500	542	N/A	2.8%	2.5%	3.5%	5.4%
2001	36,117	5,060	18,381	542	N/A	2.9%	2.5%	3.1%	4.7%
2000	34,852	5,119	18,600	610	N/A	3.2%	2.6%	2.6%	3.8%
1999	34,931	5,151	18,561	726	39,181	3.8%	3.3%	3.0%	4.3%
1998	35,142	5,280	18,333	930	N/A	4.8%	4.6%	3.8%	4.5%

Sources:

- (1) US Department of Commerce, Bureau of Census; State of Connecticut Department of Health.
(2) School enrollment includes Norwich students attending the quasi-private high school, Norwich Free Academy.
(3) U.S. Department of Labor and Employment Security Division; Labor Department, State of Connecticut.
N/A - Not available.

CITY OF NORWICH, CONNECTICUT

PRINCIPAL EMPLOYERS

CURRENT YEAR AND 2002

Business Name	Nature of Business	2007			2002		
		Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
William W. Backus Hospital	Medical Center	1,850	1	9.21%	1,537	1	8.31%
City of Norwich (incl. NPU & BOE)	Municipality	1,020	2	5.08%	944	2	5.10%
Computer Science Corporation	Computer Products and Services	500	3	2.49%	476	3	2.57%
Bob's Discount Furniture	Retail Store and Warehouse	433	4	2.16%			
ShopRite Norwich	Grocery Store	418	5	2.08%			
Interim Healthcare of Eastern CT	Healthcare	400	6	1.99%			
Three Rivers Community Tech College	Community College	307	7	1.53%	166	7	0.90%
US Foodservice	Food Distributors	278	8	1.38%	250	4	1.35%
Daticon	Legal document storage	212	9	1.06%			
The American Group	Ambulance Service and other operations	175	10	0.87%			
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	Financial Services				200	5	1.08%
Total		5,593		27.85%	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 SIX FISCAL YEARS

	FISCAL YEAR					
	2007	2006	2005	2004	2003	2002
General City:						
City Manager	3.0	3.0	3.0	3.0	3.0	3.0
Finance	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
Assessment	4.0	3.5	3.5	3.5	4.0	3.5
Personnel	4.5	4.5	4.5	4.5	5.5	5.5
City Clerk	5.0	5.0	5.0	5.0	5.0	5.0
City Council	2.0	2.0	2.0	2.0	2.0	1.5
Police	100.0	100.0	101.0	100.5	102.5	107.5
Fire	55.5	55.5	55.5	55.0	55.5	55.5
Recreation	7.0	7.0	7.0	6.0	9.0	9.0
Human Services	8.5	8.5	8.5	8.5	10.5	11.0
Senior Citizens Center	6.0	6.0	6.0	6.0	7.0	8.0
Youth Service Bureau	3.0	3.0	3.0	3.0	5.0	5.0
PW Engineering and Administration	6.0	7.0	7.0	6.5	8.0	8.0
PW Fleet Maintenance	9.0	9.0	9.0	9.0	10.0	11.0
PW Solid Waste	2.0	2.0	3.0	3.0	3.0	4.0
PW Street Maintenance	32.0	32.0	33.0	33.0	35.0	35.0
PW Parks & Cemeteries	9.0	9.0	10.0	11.0	12.0	12.0
PW Building Maintenance	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
Election	2.5	2.5	2.5	2.5	3.0	3.0
Planning and Neighborhood Services	13.0	13.0	12.0	11.0	12.5	13.0
Economic Development	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
Tourism	0.5	0.5	0.5	0.5	0.5	2.0
Total General City	<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	384.2	373.8	386.3	375.9	392.1	502.5
State and federal grant-funded positions	117.1	114.1	99.8	86.6	74.7	66.3
School Lunch (state and federal grant)	39.0	39.0	39.0	40.0	42.0	41.0
Adult Education (state and federal grant)	13.0	13.0	13.0	12.0	11.0	13.0
Family Resource Center (state grant)	22.0	24.0	10.0	10.0	10.0	10.0
Total Board of Education	<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>136.5</u>	<u>138.0</u>	<u>136.0</u>
Total	<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 SIX FISCAL YEARS**

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

(Continued on next page)

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

<u>Function</u>	<u>FISCAL YEAR</u>					
	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
Public Safety:						
Police:						
911 calls*	N/A	19,212	19,160	19,575	N/A	N/A
Non-emergency calls*	N/A	19,877	35,664	20,932	N/A	N/A
DWI arrests*	N/A	153	150	188	188	175
Fire:						
Central Fire Department Service Calls	2,629	2,942	2,503	3,088	2,571	2,214
East Great Plain VFD Service Calls	864	866	800	688	688	700
Laurel Hill VFD Service Calls	75	105	126	93	102	84
Occum VFD Service Calls	202	232	238	325	207	238
Taftville VFD Service Calls	631	539	538	450	495	496
Yantic VFD Service Calls	593	580	568	595	530	537
Emergency Management:						
Hours of emergency training	N/A	870	1,250	920	70	300
Shelters maintained	N/A	19	19	19	18	20
Flood assistance calls	N/A	73	41	62	N/A	N/A
Social Services:						
Recreation:						
Number of youth registrations	4,510	4,750	4,732	4,821	4,235	3,151
Number of youth program hours	2,205	2,000	1,970	1,971	N/A	N/A
Number of hours provided by volunteers	995	1,024	1,010	996	N/A	N/A
Human Services:						
General Human Services:						
Job placements	243	153	119	133	989	N/A
Individuals relocated due to condemnation	36	30	85	55	74	N/A
Rent and housing assistance cases	83	79	80	49	139	N/A
Senior Center:						
Preventative health clinic services	3,450	3,206	4,500	4,900	4,260	6,882
Outreach services	976	836	200	280	490	572
Youth and Family Services:						
Counseling cases	143	117	168	175	135	N/A
Young parent cases	98	92	107	97	68	N/A
Public Works:						
Engineering and Administration:						
Road miles paved	5.3	4.2	3.0	6.6	6.0	6.5
Department of Public Utilities:						
Gas service calls	6,136	5,552	6,294	4,740	5,328	4,060
Electric service calls	3,125	2,406	3,010	2,672	1,606	898
Water service calls	3,434	4,717	4,542	3,580	3,125	1,782
Sewer service calls	423	341	250	237	-	-

N/A - not available

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

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

(Continued on next page)

CITY OF NORWICH, CONNECTICUT

CAPITAL ASSET STATISTICS BY FUNCTION (CONTINUED)

LAST SIX FISCAL YEARS

		FISCAL YEAR					
		2007	2006	2005	2004	2003	2002
Building Maintenance:							
	Parking lots	9	9	9	9	9	9
	Parking garages	3	3	3	3	3	3
Utilities:							
Gas:							
	Gas distribution main (miles)	129	127	126	122	122	122
Electric:							
	Distribution lines	404	400	250	250	250	250
	Street lights	4,099	4,291	4,291	4,291	4,291	4,291
Water:							
	Water distribution system (miles)	191	164	150	150	150	150
Sewer:							
	Sewer distribution system (miles)	139	138	120	120	120	120