

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



**FISCAL YEAR ENDED JUNE 30, 2006**  
**DEPARTMENT OF FINANCE**  
**UNION SQUARE**  
**NORWICH, CONNECTICUT**



# **Comprehensive Annual Financial Report**

**of the**

## **City of Norwich, Connecticut**

Fiscal Year Ended June 30, 2006

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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Fax (860) 823-3812

100 Broadway Room 105  
Norwich, CT 06360-4431

November 1, 2006

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, 2006. 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 my 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 generally accepted accounting principles. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

The CAFR is presented in three sections: introductory, financial, and statistical. The introductory section includes this transmittal letter. The financial section includes the management's discussion and analysis (MD&A), basic financial statements, required supplementary information, and the combining and individual fund statements and schedules, as well as the auditors' report. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis.

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

### **Profile of Government**

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

The City is approximately three hours from New York City by rail or highway transportation. Providence, Rhode Island is approximately an hour from the City and Boston is approximately two hours away. The City is served by interstate, intrastate, and local bus lines. The City is served by Interstate 395 from north to south connecting Norwich with 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, 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 \$1,135 for fiscal year 2006. 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**

- *Bob's Discount Furniture Warehouse Expansion.* The warehouse and distribution center located at 70 Jewett City Road in Taftville is currently undergoing a \$12 million, 230,000 sq. ft. expansion.
- *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 and 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 Summer 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 and construction could be started as early as Spring 2007.
- *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.
- *Downtown Businesses.* – This past year has also seen the expansion and opening of a few downtown businesses; including the Harp & Dragon pub, City Perk coffee shop, and Caesar Diavlo's restaurant.

#### **Housing Market**

- From July 2003 through June 2006, the Building Division has issued \$103 million in residential building permits. This boom is partially due to the City's proximity to the Foxwoods and Mohegan Sun casinos.
- Taking real estate sales from October 2003 through November 2005, properties have been selling for, on average, 29.42% higher than their October 1, 2003 valuation (the last revaluation).
- There are currently 660 units of condominiums and apartments under construction.
- *Wauregan Hotel project.* This project is near completion for renovations that will result in 70 apartments. Becker and Becker Associates are restoring the historic Wauregan Hotel structure and creating affordable housing units with mixed-use commercial/retail on the ground floor. This \$16 million project is funded through a combination of public and private funds, including certain historic tax credits. The City has committed \$800,000 to the project.

## **Public Buildings & Infrastructure**

- *Laurel Hill Bridge.* The State of Connecticut Department of Transportation finished \$4.5 million repairs on the Laurel Hill Bridge on Route 2 over the Shetucket River in December 2005. The bridge features brass rose medallions to tie it into the Rose of New England theme.
- *Otis Library expansion.* An important community resource is the 150-year-old Otis Library located at 261 Main St. The groundbreaking ceremony for this expansion was held on December 6, 2005 with an anticipated completion date of Spring 2007. The expansion will provide another anchor for downtown development, and is a major component of the City's development efforts in the downtown. The project is expected to cost \$10 million; with \$4.5 million coming from the State of Connecticut, \$800,000 from the City of Norwich, \$1.6 million from the Library's endowment, \$300,000 from the Kresge Foundation and the remainder coming from fundraising.
- *Three Rivers Community College* – The State of Connecticut Department of Public Works is designing a \$62 million project to consolidate the two campuses of the Three Rivers Community College onto the New London Turnpike campus. The estimated completion date is January 2009.

## ***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 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, 2005. This was the thirteenth 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.

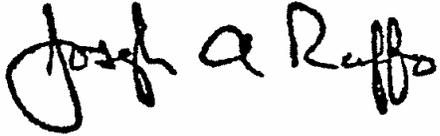
A Certificate of Achievement is valid for a period of one year only. I believe that our current comprehensive annual financial report continues to conform to the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

For fiscal years beginning July 1, 2000 through 2006, the GFOA awarded the City a "Distinguished Budget Presentation Award" for its adopted budget. The budgets submitted had to satisfy four different criteria: the budget as a Policy Document, the budget as a Financial Plan, the budget as an Operations Guide, and the budget as a Communications Device. The award earned by the City is the highest form of recognition in the area of budgeting.

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

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

Respectfully submitted,

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

Joseph A. Ruffo, CPA  
Comptroller

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Norwich,  
Connecticut

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 2005

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.



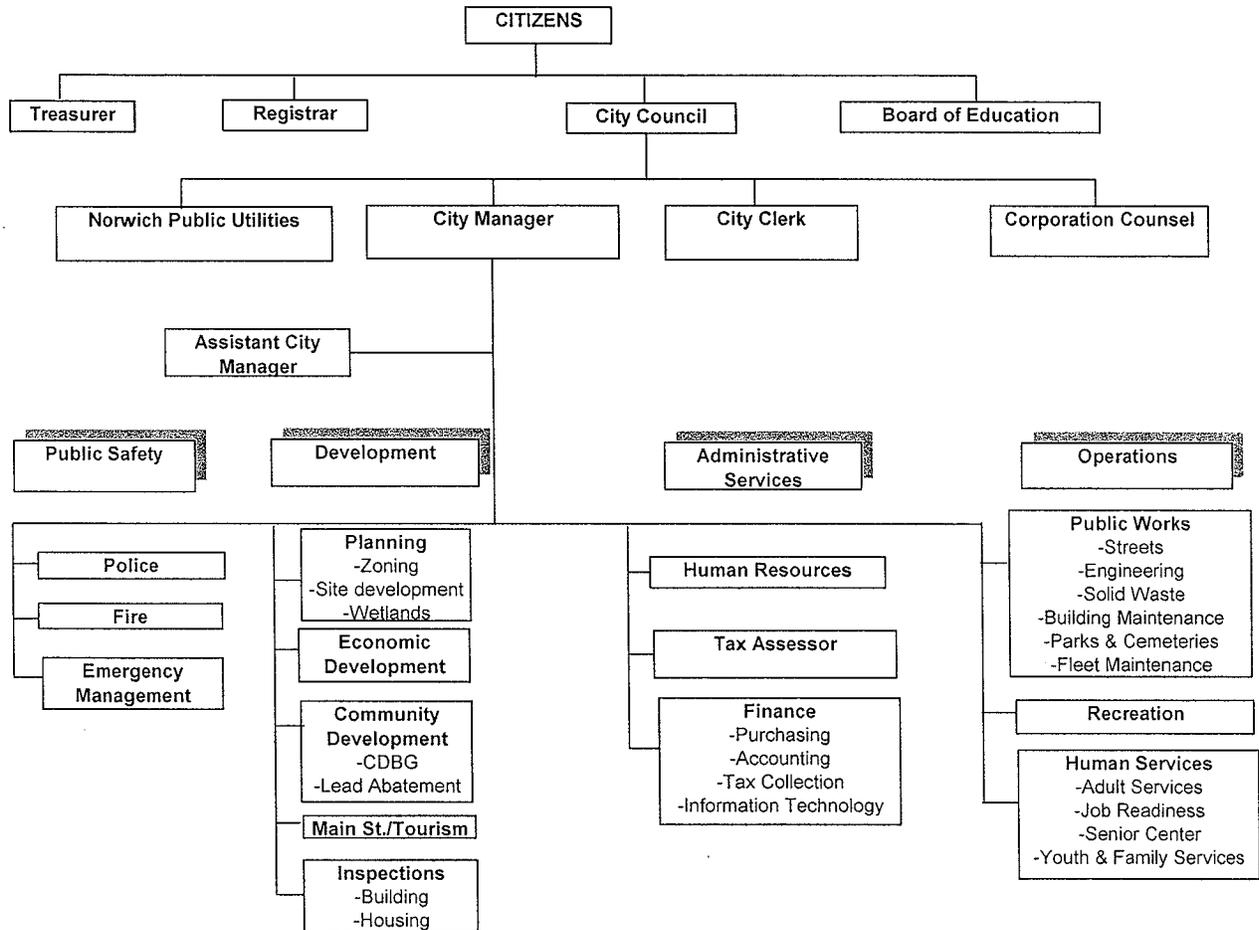
*Carla E. Perry*

President

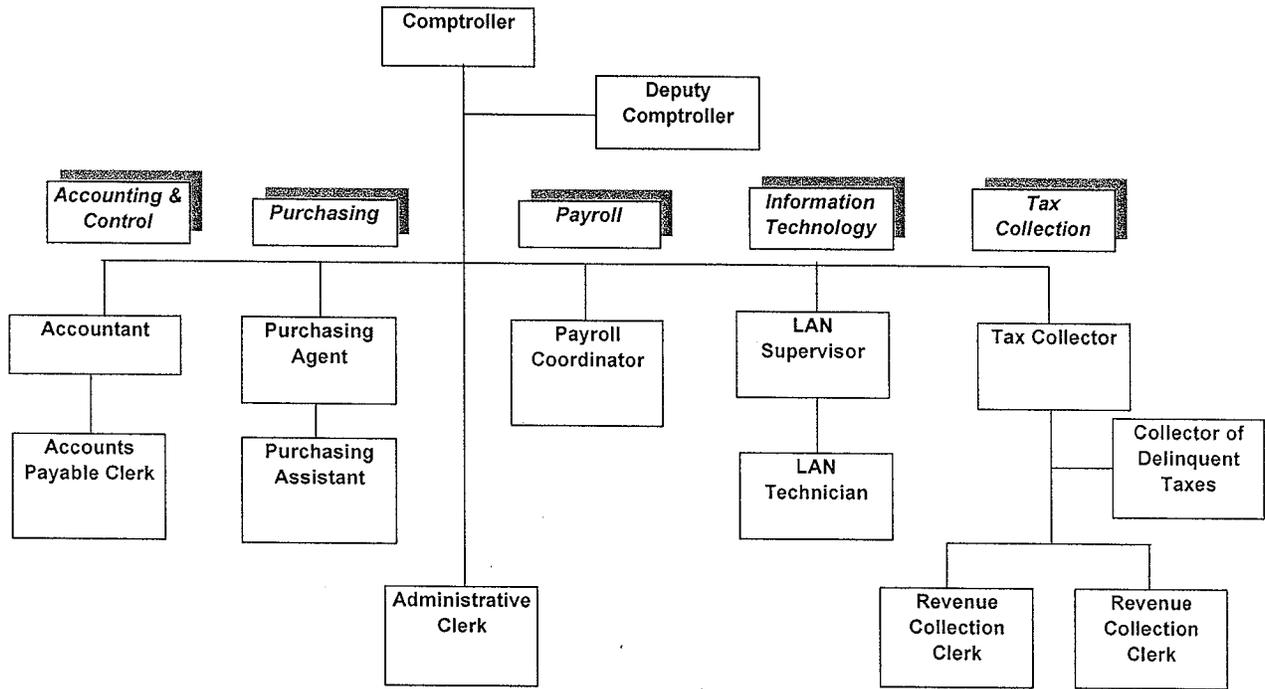
*Jeffrey R. Emery*

Executive Director

# City of Norwich Organization Chart



# City of Norwich Finance Department Organization Chart



## DIRECTORY OF ELECTED CITY OFFICIALS AND NPU COMMISSIONERS

### CITY COUNCIL

	<u>Term Length</u>	<u>Term Expires</u>
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 Mereen (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>
William J. Murray (D)	2 Years	12/4/07

### REGISTRAR OF VOTERS

	<u>Term Length</u>	<u>Term Expires</u>
Nancy DePietro (D)	2 Years	1/4/07
Gerald Kortfelt (R)	2 Years	1/4/07

### APPOINTED NPU COMMISSIONERS

	<u>Term Length</u>	<u>Term Expires</u>
Stanley Israelite, Chairman (D)	5 Years	3/01/07
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

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

**DIRECTORY OF CITY ADMINISTRATIVE  
OFFICIALS**

City Manager .....	Robert Zarnetske
Assistant City Manager .....	Jennifer Elazhari
Assessor .....	Charles Glinski
Building Inspector .....	James Troeger
Chief of Police .....	Louis Fusaro
City Clerk.....	DeeAnne Brennan
City Planner .....	Michael Schaefer
Community Development .....	Kathryn Crees
Comptroller .....	Joseph Ruffo
Deputy Comptroller.....	Joshua Pothier
Corporation Counsel .....	Michael E. Driscoll
Emergency Mgmt Director.....	Gene M. Arters
Engineer .....	William Mansfield
Fire Chief.....	Ken Scandariato
Health Director .....	Patrick McCormack, MPH
Human Services Director .....	Beverly Goulet
LAN Supervisor.....	Leon Barnowski
Norwich Housing Authority.....	Charles Whitty
Parking Administrator .....	Judy Rizzuto
Human Resources Director .....	Thomas Dawkins
Planning & Development Director .....	Peter Davis
Public Utilities Manager .....	John Bilda
Public Works Director.....	Joseph Loyacano
Purchasing Agent.....	William R. Block
Recreation Director .....	Luis DePina
Senior Affairs Director.....	Susan Sabrowski
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



*Scully & Wolf, LLP / Certified Public Accountants / Glastonbury, Connecticut 06033*

## INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Norwich, Connecticut, as of and for the year ended June 30, 2006, 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 examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

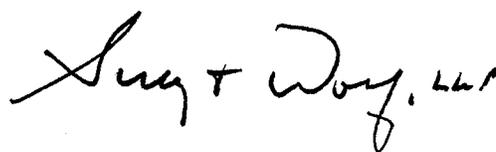
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Norwich, as of June 30, 2006, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 11, 2006 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 assessing the results of our audit.

Management's discussion and analysis and budgetary comparison information on pages 14 through 22 and 64 through 67 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.

October 11, 2006

A handwritten signature in black ink, appearing to read "Amy + Wong, CPA". The signature is written in a cursive, flowing style.

## CITY OF NORWICH, CONNECTICUT

### **MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2006**

This discussion and analysis of the City of Norwich, Connecticut's ("City") financial performance is offered by management to provide an overview of the City's financial activities for the fiscal year ended June 30, 2006. Please read this MD&A in conjunction with the transmittal letter beginning on page 1 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 \$160.4 million. Total net assets for governmental activities at fiscal year-end were \$56.7 million and total net assets for business-type activities were \$103.7 million. Total unrestricted net assets at June 30, 2006 was \$36.4 million.
- On a government-wide basis, during the year, the City's net assets increased by \$10.2 million from \$150.2 million to \$160.4 million. Governmental activities net assets increased by \$5.5 million and net assets increased by \$4.7 million for business-type activities. Governmental activities expenses were \$113.3 million, while total revenues including transfers were \$118.8 million.
- At the close of the year, the City's governmental funds reported, on a current financial resource basis, combined ending fund balances of \$19.4 million, an increase of \$160 thousand from the prior fiscal year. Of the total fund balance as of June 30, 2006, \$16.1 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 \$11.3 million, an increase of \$318 thousand from the prior fiscal year. Included in the fiscal year 2007 budget is an appropriation of \$1.7 million from the unreserved fund balance. As of June 30, 2006, \$11.0 million of the total fund balance is unreserved representing 11.4 percent of total General Fund expenditures and transfers out.
- The City's governmental activities total bonded debt decreased by \$4.1 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 non-financial 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 (Exhibit 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 (Exhibit 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 (Exhibit 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 \$150.2 million to \$160.4 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.

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total Government-Wide</b>	
	<b><u>2006</u></b>	<b><u>2005</u></b>	<b><u>2006</u></b>	<b><u>2005</u></b>	<b><u>2006</u></b>	<b><u>2005</u></b>
Current and other assets.....	\$ 38,186	\$ 37,409	\$ 30,725	\$ 26,498	\$ 68,911	\$ 63,907
Capital assets .....	65,251	64,196	99,252	99,185	164,503	163,381
<b>Total assets.....</b>	<b><u>103,437</u></b>	<b><u>101,605</u></b>	<b><u>129,977</u></b>	<b><u>125,683</u></b>	<b><u>233,414</u></b>	<b><u>227,288</u></b>
Long-term debt outstanding.....	37,459	41,312	18,784	21,013	56,243	62,325
Unearned revenue .....	2,788	3,580	220	227	3,008	3,807
Other liabilities .....	6,460	5,515	7,252	5,402	13,712	10,917
<b>Total liabilities .....</b>	<b><u>46,707</u></b>	<b><u>50,407</u></b>	<b><u>26,256</u></b>	<b><u>26,642</u></b>	<b><u>72,963</u></b>	<b><u>77,049</u></b>
Net assets: .....						
Invested in capital assets, net of debt.....	38,680	34,514	83,151	81,679	121,831	116,193
Restricted.....	1,590	1,610	643	279	2,233	1,889
Unrestricted .....	<u>16,460</u>	<u>15,074</u>	<u>19,927</u>	<u>17,083</u>	<u>36,387</u>	<u>32,157</u>
<b>Total net assets.....</b>	<b><u>\$ 56,730</u></b>	<b><u>\$ 51,198</u></b>	<b><u>\$103,721</u></b>	<b><u>\$ 99,041</u></b>	<b><u>\$160,451</u></b>	<b><u>\$150,239</u></b>

Net assets of the City’s governmental activities increased by \$5.5 million (\$56.7 million compared to \$51.2 million). Unrestricted net assets – the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements – changed from \$15.1 million at June 30, 2005 to \$16.5 million at the end of this year. The net assets of business-type activities increased by 4.7 percent (\$103.7 million compared to \$99.0 million) in 2006.

**Table 2**  
**Changes In Net Assets**  
**(in thousands)**

	<u>Governmental</u> <u>Activities</u>		<u>Business-Type</u> <u>Activities</u>		<u>Total</u> <u>Government-Wide</u>	
	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>
Revenues:						
Program revenues:						
Charges for services .....	\$ 8,248	\$ 7,834	\$77,909	\$65,151	\$ 86,157	\$ 72,985
Operating grants and contributions.	47,561	41,727			47,561	41,727
Capital grants and contributions.....	1,736	1,907	1,696	2,115	3,432	4,022
General revenues:						
Property taxes .....	49,726	45,426			49,726	45,426
Grants and contributions not restricted to specific purposes ...	4,786	5,030			4,786	5,030
Other general revenues .....	540	1,217			540	1,217
Unrestricted investment earnings ...	843	488	318	204	1,161	692
Total revenues.....	<u>113,440</u>	<u>103,629</u>	<u>79,923</u>	<u>67,470</u>	<u>193,363</u>	<u>171,099</u>
Program expenses:						
General government .....	9,638	8,958			9,638	8,958
Public safety .....	15,754	14,105			15,754	14,105
Social services .....	4,048	3,037			4,048	3,037
Public works .....	11,109	13,781			11,109	13,781
Education .....	71,268	64,819			71,268	64,819
Interest on long-term debt.....	1,476	1,646			1,476	1,646
Department of Public Utilities.....			67,275	57,133	67,275	57,133
Other Enterprise Funds .....			2,583	2,505	2,583	2,505
Total program expenses .....	<u>113,293</u>	<u>106,346</u>	<u>69,858</u>	<u>59,638</u>	<u>183,151</u>	<u>165,984</u>
Excess (deficiency) before transfers.....	147	(2,717)	10,065	7,832	10,212	5,115
Transfers.....	<u>5,385</u>	<u>5,006</u>	<u>(5,385)</u>	<u>(5,006)</u>		
Increase in net assets .....	<u>\$ 5,532</u>	<u>\$ 2,289</u>	<u>\$ 4,680</u>	<u>\$ 2,826</u>	<u>\$ 10,212</u>	<u>\$ 5,115</u>

The City's total revenues were \$193.4 million. The total cost of all programs and services was \$183.2 million. Our analysis below separately considers the operations of governmental and business-type activities.

**Governmental Activities**

Governmental activities increased the City’s assets by \$5.5 million during the year. Total revenues of \$113.4 million including a \$5.4 million transfer from the City’s business-type activities provided funding for the City’s \$113.3 of governmental program expenses incurred during the year.

Operating grants and contributions increased \$5.8 million and property tax revenues increased \$4.3 million which provided additional resources necessary to fund the City’s programs expense increase of \$6.9 million over the previous year. Increases in both operating grants and contributions and education program expenses is largely attributable to the State’s increased contribution to the State Teacher’s retirement plan realized as both an on-behalf grant contribution and expense of the City. Additionally, the City was designated as a priority school district by the State of Connecticut resulting in substantial increases in educational grant funding for expanded program services in 2006.

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.

	<u>Total Cost of Services</u>		<u>Net Cost of Services</u>	
	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>
General government .....	\$ 9,638	\$ 8,958	\$ 6,195	\$ 5,464
Public safety .....	15,754	14,105	14,375	13,689
Social services .....	4,048	3,037	1,675	1,231
Public works .....	11,109	13,781	7,252	9,274
Education .....	71,268	64,819	24,826	23,640
All others .....	1,476	1,646	1,425	1,580
Totals.....	<u>\$113,293</u>	<u>\$106,346</u>	<u>\$55,748</u>	<u>\$54,878</u>

**Business-type Activities**

Revenues of the City’s business-type activities (see Table 2) increased by 18.5 percent (\$79.9 million in 2006 compared to \$67.5 million in 2005) and expenses increased by 17.2 percent. The primary cause for the increase in revenues and expenditures was the necessary increase of user rates to offset increased purchase power costs of gas and electricity at Norwich Public Utilities.

## **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 \$19.4 million, which is an increase from last year's total of \$19.3 million. Included in this year's total change in fund balance, is an increase of \$318 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 \$8.1 million, up from \$7.9 million in the prior year.

### ***Proprietary Funds***

Net assets of the proprietary funds consisting of the Department of Public Utilities were \$92.5 million, as compared to \$87.7 million in the prior year, and Other Enterprise Funds were \$11.2 million, as compared to \$11.3 million in the prior year.

Unrestricted net assets of the Department of Public Utilities was \$19.8 million, and \$84 thousand for Other Enterprise Funds. The Department of Public Utilities had operating revenues of \$75.6 million from user fees, and Other Enterprise funds had \$2.3 million. The total change in net assets for the fiscal year ended June 30, 2006 was \$4.7 million.

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

The difference between the original budget and the final amended budget was \$576 thousand. The additional appropriations approved during the year were for increased energy and special education costs.

During the year, actual revenues and other financing sources on a budgetary basis were \$95.1 million, which exceeded budgetary estimates by \$1.6 million. Actual tax revenues were less than budget by \$302 thousand. Actual intergovernmental revenue was \$930 thousand over budgetary estimates primarily due to higher-than-expected Special Education Excess Cost grant revenues. Actual charges for services were \$232 thousand over budgetary estimates primarily due to higher-than-expected conveyance tax collections.

Actual expenditures on a budgetary basis and other financing uses totaled \$94.6 million, which were less than actual revenues and other financing sources on a budgetary basis by \$458 thousand.

**CAPITAL ASSET AND DEBT ADMINISTRATION**

*Capital Assets*

At June 30, 2006, the City had \$164.5 million invested in a broad range of capital assets, including land, building and system improvements, machinery and equipment, park facilities, roads, sewers and bridges – Table 4. This amount represents a net increase (including additions, deductions, and depreciation) of \$1.1 million, or 0.7 percent, over last year.

**Table 4**  
*Capital Assets at Year-end (Net of Depreciation)*  
*(in thousands)*

	<u>Governmental</u> <u>Activities</u>		<u>Business-Type</u> <u>Activities</u>		<u>Total</u> <u>Primary Government</u>	
	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>
Land and land improvements ..	\$23,398	\$23,629	\$ 2,397	\$ 2,397	\$ 25,795	\$ 26,026
Buildings and improvements...	19,801	19,903	33,556	35,028	53,357	54,931
Vehicles, machinery, equipment, pumping, and distributions systems.....	4,580	4,477	40,726	35,504	45,306	39,981
Technology upgrade and road infrastructure .....	14,471	13,715			14,471	13,715
Construction in progress.....	<u>3,001</u>	<u>2,472</u>	<u>22,573</u>	<u>26,256</u>	<u>25,574</u>	<u>28,728</u>
Totals .....	<u>\$65,251</u>	<u>\$64,196</u>	<u>\$99,252</u>	<u>\$99,185</u>	<u>\$164,503</u>	<u>\$163,381</u>

This year’s major capital asset additions included the following:

*(in thousands)*

Road overlays .....	\$1,910
Yantic Lane water main.....	1,076
Sewer line extensions .....	298
DPU - Financial management systems .....	284
Occum downstream passage.....	214
Police cruisers.....	203
Dodd Stadium scoreboard.....	<u>200</u>
TOTAL .....	<u>\$4,185</u>

The City’s fiscal-year 2006-07 capital budget calls for spending \$1.7 million for road overlays, 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, 2006 the City had total bonds and notes outstanding of \$40.9 million. 100 percent of this debt is backed by the full faith and credit of the City. The City’s total debt decreased by approximately \$5.1 million during fiscal 2006.

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Totals</b>	
	<b><u>2006</u></b>	<b><u>2005</u></b>	<b><u>2006</u></b>	<b><u>2005</u></b>	<b><u>2006</u></b>	<b><u>2005</u></b>
General obligation bonds.....	\$27,858	\$31,921	\$ 7,200	\$ 7,777	\$35,058	\$39,698
Notes payable .....	_____	_____	<u>5,854</u>	<u>6,269</u>	<u>5,854</u>	<u>6,269</u>
TOTAL .....	<u>\$27,858</u>	<u>\$31,921</u>	<u>\$13,054</u>	<u>\$14,046</u>	<u>\$40,912</u>	<u>\$45,967</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.

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 \$348.7 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 2006, the unemployment rate for the Norwich Labor Market Area was 4.9 percent, down from 5.9 percent in the prior year. Connecticut’s overall unemployment rate stands at 4.4 percent, compared with 5.3 percent for the same time last year. The State of Connecticut has not provided funding to the City and other municipalities to keep pace with the costs of providing basic services to their citizens. This, coupled with unfunded educational mandates and 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, debt reduction and a comprehensive re-zoning plan. The effects of these efforts are exemplified in the initiatives noted in the transmittal letter.

The fiscal year 2007 general fund budget calls for \$100.3 million in revenues and expenditures, an approximate 5.53 percent increase in both over fiscal year 2006. On the revenue side, the fiscal year 2007 mill rate increased 1.05 mills from 26.72 to 27.77 – a 3.93 percent increase. The City has not implemented any new programs or services.

In the City's business-type activities, the Norwich Public Utilities projects a 6.59 percent increase in revenues over fiscal year 2006 results from \$75.9 million to \$80.9 million. Norwich Public Utilities budgeted \$3.75 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, CONNECTICUTSTATEMENT OF NET ASSETS  
JUNE 30, 2006

(thousands)

	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
<b>ASSETS:</b>			
Cash and cash equivalents .....	\$ 22,635	\$ 14,736	\$ 37,371
Investments .....	3,514		3,514
Receivables, net .....	11,274	13,518	24,792
Internal balances .....	733	(733)	
Inventories .....		1,805	1,805
Other assets .....	30	1,399	1,429
Capital assets:			
Assets not being depreciated.....	25,905	24,970	50,875
Assets being depreciated, net.....	39,346	74,282	113,628
Total assets .....	103,437	129,977	233,414
<b>LIABILITIES:</b>			
Accounts and other payables .....	6,392	7,252	13,644
Due to Fiduciary Funds .....	68		68
Unearned revenue .....	2,788	220	3,008
Noncurrent liabilities:			
Due within one year.....	6,142	2,173	8,315
Due in more than one year.....	31,317	16,611	47,928
Total liabilities .....	46,707	26,256	72,963
<b>NET ASSETS:</b>			
Invested in capital assets, net of related debt .....	38,680	83,151	121,831
Restricted for trust purposes:			
Expendable.....	73		73
Permanent.....	1,517		1,517
Restricted for energy conservation .....		643	643
Unrestricted.....	16,460	19,927	36,387
Total net assets .....	\$ 56,730	\$103,721	\$160,451

The accompanying notes are an integral part of these financial statements.

CITY OF NORWICH, CONNECTICUT

STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2006

(thousands)

FUNCTIONS/PROGRAMS	EXPENSES	CHARGES FOR SERVICES	PROGRAM REVENUES		NET (EXPENSE) REVENUE AND CHANGES IN NET ASSETS		
			OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
<b>Governmental activities:</b>							
General government .....	\$ 9,638	\$ 3,097	\$ 74	\$ 272	\$ (6,195)		\$ (6,195)
Public safety .....	15,754	435	944		(14,375)		(14,375)
Social services .....	4,048	312	2,061		(1,675)		(1,675)
Public works .....	11,109	2,730	525	602	(7,252)		(7,252)
Education .....	71,268	1,674	43,906	862	(24,826)		(24,826)
Interest on long-term debt .....	1,476		51		(1,425)		(1,425)
<b>Total governmental activities .....</b>	<b>113,293</b>	<b>8,248</b>	<b>47,561</b>	<b>1,736</b>	<b>(55,748)</b>		<b>(55,748)</b>
<b>Business-type activities:</b>							
<b>Department of Public Utilities:</b>							
Gas .....	17,173	18,999		84		\$ 1,910	1,910
Electric .....	40,365	46,158		85		5,878	5,878
Water .....	4,708	5,099		374		765	765
Sewer .....	5,029	5,384		953		1,308	1,308
<b>Nonmajor Enterprise Funds:</b>							
Golf-course Authority .....	1,279	1,197				(82)	(82)
Stadium Authority .....	265	192		200		127	127
Ice Rink Authority .....	1,039	880				(159)	(159)
<b>Total business-type activities .....</b>	<b>69,858</b>	<b>77,909</b>		<b>1,696</b>		<b>9,747</b>	<b>9,747</b>
<b>TOTAL .....</b>	<b>\$183,151</b>	<b>\$86,157</b>	<b>\$47,561</b>	<b>\$3,432</b>	<b>(55,748)</b>	<b>9,747</b>	<b>(46,001)</b>
<b>General revenues:</b>							
Property taxes .....					49,726		49,726
Grants and contributions not restricted to specific programs .....					4,786		4,786
Unrestricted investment earnings .....					843	318	1,161
Miscellaneous .....					540		540
<b>Total general revenues .....</b>					<b>55,895</b>	<b>318</b>	<b>56,213</b>
Transfers .....					5,385	(5,385)	
Change in net assets .....					5,532	4,680	10,212
Net assets, July 1, 2005 .....					51,198	99,041	150,239
Net assets, June 30, 2006 .....					\$ 56,730	\$103,721	\$160,451

The accompanying notes are an integral part of these financial statements.

CITY OF NORWICH, CONNECTICUT

GOVERNMENTAL FUNDS

BALANCE SHEET  
JUNE 30, 2006

(thousands)

	GENERAL	COMMUNITY DEVELOPMENT	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
<u>A S S E T S</u>				
Cash and cash equivalents .....	\$15,285	\$ 254	\$ 5,788	\$21,327
Investments .....	2,200		1,314	3,514
Receivables, net .....	5,066	2,196	3,940	11,202
Due from other funds .....	624	2	1,851	2,477
Other assets .....			30	30
<b>TOTAL .....</b>	<b>\$23,175</b>	<b>\$2,452</b>	<b>\$12,923</b>	<b>\$38,550</b>
<u>L I A B I L I T I E S A N D F U N D B A L A N C E S</u>				
Liabilities:				
Accounts and other payables .....	\$ 4,447	\$ 127	\$ 1,357	\$ 5,931
Due to other funds .....	2,608	54	319	2,981
Deferred revenue .....	4,831	2,051	3,353	10,235
<b>Total liabilities .....</b>	<b>11,886</b>	<b>2,232</b>	<b>5,029</b>	<b>19,147</b>
Fund balances:				
Reserved .....	259		3,077	3,336
Unreserved, reported in:				
General Fund .....	11,030			11,030
Special Revenue Funds .....		220	2,357	2,577
Capital Project Funds .....			2,460	2,460
<b>Total fund balances .....</b>	<b>11,289</b>	<b>220</b>	<b>7,894</b>	<b>19,403</b>
<b>TOTAL .....</b>	<b>\$23,175</b>	<b>\$2,452</b>	<b>\$12,923</b>	

Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds .....	65,251
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds .....	7,447
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 .....	(1,048)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds .....	(34,323)
<b>Net assets of governmental activities .....</b>	<b>\$ 56,730</b>

The accompanying notes are an integral part of these financial statements.

CITY OF NORWICH, CONNECTICUT

GOVERNMENTAL FUNDS

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
FOR THE YEAR ENDED JUNE 30, 2006

(thousands)

	GENERAL	COMMUNITY DEVELOPMENT	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
<b>Revenues:</b>				
Property taxes, interest, and liens.....	\$46,826		\$ 2,878	\$ 49,704
Intergovernmental revenues.....	37,751	\$1,505	14,316	53,572
Charges for services.....	3,334		3,349	6,683
Licenses, permits, and fees.....	885			885
Investment income.....	682		131	813
Other.....	895	310	510	1,715
<b>Total revenues .....</b>	<b>90,373</b>	<b>1,815</b>	<b>21,184</b>	<b>113,372</b>
<b>Expenditures:</b>				
<b>Current:</b>				
General government .....	5,014		276	5,290
Public safety .....	9,608	390	5,636	15,634
Social services .....	1,965	1,403	905	4,273
Public works .....	8,902	128	934	9,964
Education .....	59,246	8	11,338	70,592
Other .....	3,526		5	3,531
Capital outlay.....			3,707	3,707
Debt service.....	5,606			5,606
<b>Total expenditures .....</b>	<b>93,867</b>	<b>1,929</b>	<b>22,801</b>	<b>118,597</b>
Excess (deficiency) of revenues over expenditures.....	(3,494)	(114)	(1,617)	(5,225)
<b>Other financing sources (uses):</b>				
Transfers in.....	6,286		2,474	8,760
Transfers out.....	(2,474)		(901)	(3,375)
<b>Total other financing sources (uses) .....</b>	<b>3,812</b>		<b>1,573</b>	<b>5,385</b>
Net change in fund balances .....	318	(114)	(44)	160
Fund balances, July 1, 2005.....	10,971	334	7,938	
Fund balances, June 30, 2006.....	\$11,289	\$ 220	\$ 7,894	

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 ..... 1,406

In the statement of activities, only the gain on the sale of capital assets is reported, whereas in the governmental funds, the proceeds from the sale increases financial resources. Thus, the change in net assets differs from the change in fund balance by the cost of the asset sold ..... (351)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds..... 250

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 ..... 4,132

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 ..... 498

Internal service funds are used by management to charge the costs of risk management to individual funds. The net revenue (expense) of the internal service fund is reported with governmental activities (Exhibit VI) ..... (563)

Change in net assets of governmental activities (Exhibit II) ..... \$ 5,532

The accompanying notes are an integral part of these financial statements.

CITY OF NORWICH, CONNECTICUT

PROPRIETARY FUNDS

STATEMENT OF NET ASSETS  
JUNE 30, 2006

(thousands)

	DEPARTMENT OF PUBLIC UTILITIES	NONMAJOR ENTERPRISE FUNDS	TOTAL	GOVERNMENTAL ..ACTIVITIES.. INTERNAL SERVICE FUNDS
ASSETS:				
Current assets:				
Cash and cash equivalents .....	\$ 14,243	\$ 493	\$ 14,736	\$ 1,308
Receivables, net:				
Intergovernmental .....		200	200	
User charges .....	9,768	129	9,897	
Assessments receivable .....	3,223		3,223	
Other .....	198		198	72
Due from other funds .....				1,171
Inventories .....	1,728	77	1,805	
Other assets .....	1,399		1,399	
<b>Total current assets .....</b>	<b>30,559</b>	<b>899</b>	<b>31,458</b>	<b>2,551</b>
Capital assets, net .....	88,124	11,128	99,252	
<b>Total assets .....</b>	<b>118,683</b>	<b>12,027</b>	<b>130,710</b>	<b>2,551</b>
LIABILITIES:				
Current liabilities:				
Accounts payable and accrued liabilities .....	6,470	333	6,803	173
Due to other funds .....	471	262	733	2
Unearned revenue .....		220	220	
Due to CMEEC - current .....	306		306	
Notes payable - current .....	425		425	
Bonds payable - current .....	617	25	642	
Capital leases payable - current .....	465		465	
Compensated absences - current .....	227		227	
Risk management claims - current .....	108		108	1,409
<b>Total current liabilities .....</b>	<b>9,089</b>	<b>840</b>	<b>9,929</b>	<b>1,584</b>
Noncurrent liabilities:				
Customer deposits .....	449		449	
Due to CMEEC .....	1,107		1,107	
Notes payable .....	5,428		5,428	
Bonds payable .....	6,559		6,559	
Capital leases payable .....	1,152		1,152	
Compensated absences .....	2,048		2,048	
Risk management claims .....	317		317	2,015
<b>Total noncurrent liabilities .....</b>	<b>17,060</b>		<b>17,060</b>	<b>2,015</b>
<b>Total liabilities .....</b>	<b>26,149</b>	<b>840</b>	<b>26,989</b>	<b>3,599</b>
NET ASSETS:				
Invested in capital assets, net of related debt .....	72,048	11,103	83,151	
Restricted for energy conservation .....	643		643	
Unrestricted .....	19,843	84	19,927	(1,048)
<b>Total net assets .....</b>	<b>\$ 92,534</b>	<b>\$11,187</b>	<b>\$103,721</b>	<b>\$ (1,048)</b>

The accompanying notes are an integral part of these financial statements.

## CITY OF NORWICH, CONNECTICUT

## PROPRIETARY FUNDS

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS  
FOR THE YEAR ENDED JUNE 30, 2006

(thousands)

	DEPARTMENT OF PUBLIC UTILITIES	BUSINESS-TYPE ACTIVITIES..... NONMAJOR ENTERPRISE FUNDS	TOTAL	GOVERNMENTAL ACTIVITIES. INTERNAL SERVICE FUNDS
Operating revenues:				
Charges for services .....	\$74,483	\$ 2,269	\$ 76,752	\$13,179
Use of property .....	688		688	
Other services .....	469		469	
Total operating revenues.....	75,640	2,269	77,909	13,179
Operating expenses:				
Purchased gas and electric .....	40,765		40,765	
General and administrative .....	9,522		9,522	
Operations and maintenance .....	7,295	2,235	9,530	
Depreciation .....	4,236	346	4,582	
Customer accounts .....	1,482		1,482	
Bad debt expense .....	684		684	
Gross revenue and property taxes .....	2,705		2,705	
Claims .....				13,504
Premiums and administrative charges .....				268
Total operating expenses.....	66,689	2,581	69,270	13,772
Operating income (loss) .....	8,951	(312)	8,639	(593)
Nonoperating income (expenses):				
Interest income .....	312	6	318	30
Interest expense .....	(526)	(2)	(528)	
Loss on disposal of capital assets .....	(60)		(60)	
Total nonoperating income (expenses).....	(274)	4	(270)	30
Income (loss) before contributions and transfers .....	8,677	(308)	8,369	(563)
Capital contributions .....	1,496	200	1,696	
Transfers out .....	(5,385)		(5,385)	
Change in net assets .....	4,788	(108)	4,680	(563)
Total net assets, July 1, 2005 .....	87,746	11,295	99,041	(485)
Total net assets, June 30, 2006 .....	\$92,534	\$11,187	\$103,721	\$(1,048)

The accompanying notes are an integral part of these financial statements.

CITY OF NORWICH, CONNECTICUTPROPRIETARY FUNDSSTATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2006

(thousands)

	.....BUSINESS-TYPE ACTIVITIES.....			GOVERNMENTAL
	DEPARTMENT OF PUBLIC UTILITIES	NONMAJOR ENTERPRISE FUNDS	TOTAL	.ACTIVITIES. INTERNAL SERVICE FUNDS
Cash flows from (to) operating activities:				
Cash received from charges for services .....	\$ 73,310	\$ 2,180	\$ 75,490	\$ 13,121
Cash paid to vendors .....	(50,247)	(1,255)	(51,502)	(12,916)
Cash paid to employees for services .....	(11,465)	(909)	(12,374)	
Net cash provided (used) by operating activities .....	11,598	16	11,614	205
Cash flows from (to) noncapital and related financing activities:				
Transfers to City .....	(5,385)		(5,385)	
Cash flows from (to) capital and related financing activities:				
Proceeds from capital leases .....	148		148	
Cash advance from CMEEC and other funds .....	440		440	
Assessments and state grant subsidies .....	607		607	
Purchase of capital assets .....	(3,940)	(4)	(3,944)	
Principal payment on bonds and notes .....	(961)	(30)	(991)	
Principal payment on capital leases .....	(752)		(752)	
Interest payment on debt .....	(526)	(2)	(528)	
Net cash provided (used) by capital and related financing activities ....	(4,984)	(36)	(5,020)	
Cash flows from investing activities:				
Income on investments .....	312	6	318	30
Net increase (decrease) in cash and cash equivalents .....	1,541	(14)	1,527	235
Cash and cash equivalents, July 1, 2005 .....	12,702	507	13,209	1,073
Cash and cash equivalents, June 30, 2006 .....	\$ 14,243	\$ 493	\$ 14,736	\$ 1,308
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES				
Operating income (loss) .....	\$ 8,951	\$ (312)	\$ 8,639	\$ (593)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation expense .....	4,236	346	4,582	
Provision for uncollectible accounts .....	684		684	
(Increase) decrease in receivables .....	(2,330)	(82)	(2,412)	(56)
(Increase) decrease in inventories and other assets .....	(772)	(2)	(774)	
Increase (decrease) in unearned revenues .....		(7)	(7)	
Increase (decrease) in accounts payable and accrued liabilities ....	829	14	843	856
Increase (decrease) in due to other funds .....		59	59	(2)
Total adjustments .....	2,647	328	2,975	798
Net cash provided (used) by operating activities .....	\$11,598	\$ 16	\$11,614	\$ 205
Noncash capital and financing activities .....	\$1,393	\$-0-	\$1,393	\$-0-

The accompanying notes are an integral part of these financial statements.

CITY OF NORWICH, CONNECTICUT

FIDUCIARY FUNDS

STATEMENT OF FIDUCIARY NET ASSETS  
JUNE 30, 2006

(thousands)

	PENSION TRUST FUNDS	AGENCY FUNDS
ASSETS:		
Cash and cash equivalents .....	\$ 1,355	\$376
Investments:		
Mutual funds .....	127,468	
Common stock and equities .....	10,032	
Certificates of deposit .....	492	
Due from other funds .....		<u>68</u>
Total assets .....	<u>139,347</u>	<u>\$444</u>
LIABILITIES:		
Accounts and other payables .....	12	
Due to student groups and agencies .....		<u>\$444</u>
Total liabilities .....	<u>12</u>	<u>\$444</u>
NET ASSETS:		
Held in trust for pension benefits .....	<u>\$139,335</u>	

30

The accompanying notes are an integral part of these financial statements.

CITY OF NORWICH, CONNECTICUTFIDUCIARY FUNDSSTATEMENT OF CHANGES IN PLAN NET ASSETS  
PENSION TRUST FUNDS  
FOR THE YEAR ENDED JUNE 30, 2006

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(thousands)

Additions:	
Contributions:	
Employer.....	\$ 2,126
Plan members.....	<u>2,169</u>
Total contributions .....	4,295
Investment income:	
Net appreciation in fair value of investments.....	\$11,931
Interest and dividends.....	<u>2,779</u>
Total investment income.....	14,710
Less: Investment expense.....	<u>(295)</u>
Net investment income .....	<u>14,415</u>
Total additions.....	18,710
Deductions:	
Benefits.....	7,994
Administration.....	77
Lump sum distributions and withdrawals.....	<u>221</u>
Total deductions.....	<u>8,292</u>
Net increase.....	10,418
Net assets held in trust for pension benefits, July 1, 2005.....	<u>128,917</u>
Net assets held in trust for pension benefits, June 30, 2006.....	<u>\$139,335</u>

The accompanying notes are an integral part  
of these financial statements.

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**CITY OF NORWICH, CONNECTICUT**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2006**

*(amounts expressed in thousands)*

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**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 of Norwich, Connecticut (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 changes in net assets) 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* - 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* - 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 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 four 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 non-current 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 \$566 has been established as an allowance for uncollected taxes. At June 30, 2006 this represents 20.4% 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 2 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 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 \$34,323 difference are as follows:

Bonds payable .....	\$28,568
Deferred charge on refunding (to be amortized over life of debt) .....	(710)
Accrued interest payable .....	288
Net pension obligation .....	557
Compensated absences .....	3,340
Landfill closure .....	<u>2,280</u>
Net adjustment to reduce fund balance - total governmental funds to arrive at net assets - governmental activities .....	<u>\$34,323</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 \$7,447 difference are as follows:

Property taxes receivable .....	\$1,902
Accrued interest on property taxes receivable .....	975
Housing assistance loans receivable .....	2,051
School building grants receivable .....	1,104
Other receivables .....	<u>1,415</u>
Net adjustment to increase fund balance - total governmental funds to arrive at net assets - governmental activities .....	<u>\$7,447</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 \$1,406 difference are as follows:

Capital outlay .....	\$ 4,320
Depreciation expense .....	<u>(2,914)</u>
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities.....	<u>\$ 1,406</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 \$4,132 difference are as follows:

Principal repayments:	
General obligation debt .....	<u>\$4,132</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 \$498 difference are as follows:

Compensated absences .....	\$ (8)
Net pension obligation .....	83
Landfill closure .....	398
Other .....	<u>25</u>
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities.....	<u>\$498</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 is the City's only major governmental fund with a legally adopted budget.

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 \$576 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. Over-expended Departmental Budgets**

The following departmental budgets in the General Fund were over-expended at June 30, 2006:

	<b>Over-expended Amount</b> <i>(not rounded to thousands)</i>
Fire Departments:	
Laurel Hill.....	\$538
Occum.....	\$1,609
Taftville.....	\$224

**C. Deficit Fund Equity**

Certain individual funds had fund balance/net asset deficits at June 30, 2006 as follows:

Internal Service Funds:	
Workers' Compensation .....	\$1,880

#### 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, 2006:

Deposits:	
Demand accounts .....	\$ 7,280
Savings accounts .....	23,116
Certificates of deposit .....	<u>5,198</u>
Total deposits .....	35,594
Petty cash .....	6
Cash equivalents:	
State Short-Term Investment Fund (STIF) .....	5
State Tax Exempt Bond Proceeds Fund (TEPF) .....	1,065
MBIA, Inc. - Cooperative Liquid Assets Security System (CLASS) .....	283
Evergreen Institutional Treasury Money Market Fund ..	531
Financial Investors Trust Money Market Fund .....	4,002
Fidelity Institutional Money Market Fund .....	133
Merrimac U.S. Government Series .....	175
Less: Certificates of deposit classified as investments .....	<u>(2,692)</u>
TOTAL CASH AND CASH EQUIVALENTS .....	<u>\$39,102</u>

**Deposits**

At June 30, 2006, the carrying amount of the City’s deposits, including \$2,692 of certificates of deposits classified as investments, was \$35,594 and the bank balance was \$37,299.

*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, 2006 bank balance, \$1,902 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 \$3,655, based on June 30, 2006 deposits, was collateralized (collateral held by the pledging bank’s trust department is not in the City’s name). The balance of deposits of \$31,742 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, 2006, the City’s cash equivalents amounted to \$6,194. 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.

	<b><u>Standard and Poor’s</u></b>
State Short-Term Investment Fund (STIF).....	AAAm
State Tax Exempt Bond Proceeds Fund (TEPF) .....	*
MBIA, Inc. - Cooperative Liquid Assets Security System (CLASS).....	AA
Evergreen Institutional Treasury Money Market Fund .....	AAAm
Financial Investors Trust Money Market Fund .....	AAAm
Fidelity Institutional Money Market Fund .....	*
Merrimac U.S. Government Series.....	*

\*Fund is not rated.

**B. Investments**

Investments as of June 30, 2006 in all funds are as follows:

<b><u>Investment Type</u></b>	<b><u>Fair Value</u></b>	<b><u>Weighted Average Maturity (Years)</u></b>
Interest Bearing Investments:		
Certificate of deposits * .....	\$ 2,692	2.71
U.S. treasury securities .....	25	.87
Federal agency securities.....	99	1.25
Corporate bonds.....	198	2.09

<u>Investment Type</u>	<u>Fair Value</u>	<u>Weighted Average Maturity (Years)</u>
Other Investments:		
Common stock equities:		
Cemetery Trust Fund.....	\$ 831	
Pension Trust Fund.....	10,032	
Open-end mutual funds:		
Cemetery Trust Fund:		
Columbia mutual funds .....	161	
Pension Trust Fund:		
Russell Real Estate Equity Fund.....	17,030	
Investors Bank & Trust Pooled Account.....	<u>110,438</u>	
 TOTAL.....	 <u>\$141,506</u>	

Portfolio weighted average maturity for interest bearing investments ..... 2.66

\*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 twenty-five percent 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 has no formal custodial credit risk policy.

## 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 .....	\$3,999			\$ 271	\$ 4,270
Intergovernmental .....	1,247	\$ 145		2,394	3,786
User charges .....			\$12,287		12,287
Assessments .....			3,223	137	3,360
Housing and rehabilitation loans.....		2,051		1,098	3,149
Accounts and other.....	636		198	728	1,562
Gross receivables .....	<u>5,882</u>	<u>2,196</u>	<u>15,708</u>	<u>4,628</u>	<u>28,414</u>
Less:					
Allowance for uncollectibles:					
Taxes and accrued interest on taxes.....	(816)			(47)	(863)
User charges.....			(2,519)		(2,519)
Accounts .....				(240)	(240)
Total allowance .....	<u>(816)</u>		<u>(2,519)</u>	<u>(287)</u>	<u>(3,622)</u>
Net total receivables.....	<u>\$5,066</u>	<u>\$2,196</u>	<u>\$13,189</u>	<u>\$4,341</u>	<u>\$24,792</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.....	\$2,877		\$2,877
School building construction grant receivables....	988		988
Other deferred revenues.....	187	\$ 663	850
Community Development Fund:			
Housing loans and interest.....	2,051		2,051
Nonmajor funds:			
Taxes and accrued interest on delinquent property taxes.....	201		201
Lead abatement – unamortized loans.....		884	884
Grant drawdowns prior to meeting all eligibility requirements.....		1,233	1,233
Other receivables and deferred revenues.....	<u>1,143</u>	<u>8</u>	<u>1,151</u>
 Total deferred/unearned revenue for governmental funds.....	 <u>\$7,447</u>	 <u>\$2,788</u>	 <u>\$10,235</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, 2006 is presented below.

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund.....	Community Development .....	\$ 54
General Fund.....	Nonmajor Governmental.....	317
General Fund.....	Nonmajor Enterprise.....	253
Community Development Fund.....	Internal Service Fund.....	2
Nonmajor Governmental .....	Department of Public Utilities .....	471
Nonmajor Governmental .....	General Fund.....	1,380
Internal Service Funds .....	Nonmajor Governmental.....	2
Internal Service Funds .....	Nonmajor Enterprise.....	9
Internal Service Funds .....	General Fund.....	1,160
Agency Fund.....	General Fund.....	<u>68</u>
 TOTAL .....		 <u>\$3,716</u>

A summary of interfund transfers is presented below:

	.....Transfers-In.....		
	<u>General</u>	<u>Nonmajor Governmental</u>	<u>Total</u>
Transfers out:			
General Fund.....		\$2,474	\$2,474
Department of Public Utilities	\$5,385		5,385
Nonmajor Governmental.....	901		901
Total transfer out .....	<u>\$6,286</u>	<u>\$2,474</u>	<u>\$8,760</u>

Transfers from the General Fund to other nonmajor governmental funds are in support of the City's capital improvement program, fire services, and other special revenue programs accounted for outside of the General Fund. Transfers from nonmajor governmental funds to the General Fund are derived primarily from net income generated from parking services and landfill operations accounted for outside of the General Fund. The Department of Public Utilities annually transfers 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, 2006 was as follows:

	<u>Beginning Balance</u>	<u>Transfers</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Governmental activities</b>					
Capital assets, not being depreciated:					
Land .....	\$ 23,095			\$(191)	\$ 22,904
Construction in progress .....	2,472	\$(2,848)	\$ 3,377		3,001
Total capital assets, not being depreciated	<u>25,567</u>	<u>(2,848)</u>	<u>3,377</u>	<u>(191)</u>	<u>25,905</u>
Capital assets, being depreciated:					
Land improvements.....	812				812
Buildings and improvements.....	37,501	938			38,439
Vehicles, machinery and equipment .....	13,542	10	943	(146)	14,349
Technology upgrade and infrastructure	25,706	1,900		(392)	27,214
Total capital assets being depreciated.....	<u>77,561</u>	<u>2,848</u>	<u>943</u>	<u>(538)</u>	<u>80,814</u>

	<b><u>Beginning Balance</u></b>	<b><u>Transfers</u></b>	<b><u>Increases</u></b>	<b><u>Decreases</u></b>	<b><u>Ending Balance</u></b>
<b>Governmental activities:</b>					
Less accumulated depreciation for:					
Land improvements.....	\$ (278)		\$ (40)		\$ (318)
Buildings and improvements.....	(17,598)		(1,040)		(18,638)
Vehicles, machinery and equipment .....	(9,065)		(817)	\$ 113	(9,769)
Technology upgrade and infrastructure	(11,991)		(1,017)	265	(12,743)
Total accumulated depreciation .....	(38,932)		(2,914)	378	(41,468)
Total capital assets, being depreciated, net	38,629	\$2,848	(1,971)	(160)	39,346
Governmental activities capital assets, net	<u>\$ 64,196</u>	<u>\$ -0-</u>	<u>\$ 1,406</u>	<u>\$(351)</u>	<u>\$ 65,251</u>
<b>Business-type activities:</b>					
Capital assets, not being depreciated:					
Land .....	\$ 2,397				\$ 2,397
Construction in progress .....	26,256	\$(8,188)	\$ 4,505		22,573
Total capital assets, not being depreciated .....	28,653	(8,188)	4,505		24,970
Capital assets, being depreciated:					
Structures and improvements.....	63,129	127			63,256
Machinery, equipment, pumping and distribution systems .....	107,849	8,061	204	\$(1,236)	114,878
Total capital assets, being depreciated .....	170,978	8,188	204	(1,236)	178,134
Less accumulated depreciation for:					
Structures and improvements.....	(28,101)		(1,599)		(29,700)
Machinery, equipment, pumping collection and distribution systems....	(72,345)		(2,983)	1,176	(74,152)
Total accumulated depreciation .....	(100,446)		(4,582)	1,176	(103,852)
Total capital assets, being depreciated, net	70,532	8,188	(4,378)	(60)	74,282
Business-type activities capital assets, net	<u>\$ 99,185</u>	<u>\$ - 0 -</u>	<u>\$ 127</u>	<u>\$ (60)</u>	<u>\$ 99,252</u>

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

**Governmental activities:**

General government.....	\$ 100
Public safety.....	501
Social services .....	59
Public works .....	1,240
Education .....	<u>1,014</u>
Total depreciation expense - governmental activities .....	<u>\$2,914</u>

**Business-type activities:**

Department of Public Utilities .....	\$4,236
Golf Course Authority .....	55
Stadium Authority.....	133
Ice Rink Authority .....	<u>158</u>
Total depreciation expense - business-type activities .....	<u>\$4,582</u>

**Construction Commitments**

The City has active construction projects as of June 30, 2006. At year end the City's commitments with contractors are as follows:

<u>Project</u>	<u>Cumulative Authorization</u>	<u>Current Expenditures</u>	<u>Cumulative Expenditure</u>	<u>Encumbered</u>	<u>Balance June 30, 2006</u>
Intermodal Transportation Center .	\$14,058	\$ 340	\$1,644		\$12,414
OTIS Library Expansion.....	800	33	283		517
Wawecus Street Bridge.....	800	676	851	\$ 4	(55)
New London Turnpike/Pleasant Bridge.....	200	9	64	182	(46)
Main, Water, Boswell Sidewalks ..	400	365	400		
Expansion/Renovation of Middle School.....	885	621	622		263
Fire Apparatus/Ladder Truck.....	800	26	26	730	44
Brown Park Wall.....	350	57	203	49	98
Paving and Drainage - 2005.....	545	13	545		
Sidewalks .....	300	87	87	211	2
Paving and Drainage - 2006.....	969	809	789	76	104
TOTAL .....	<u>\$20,107</u>	<u>\$3,036</u>	<u>\$5,514</u>	<u>\$1,252</u>	<u>\$13,341</u>

## 8. LONG-TERM DEBT

### Changes in Long-Term Liabilities

Long-term liability activity for the year ended June 30, 2006, was as follows:

	<b><u>Beginning Balance</u></b>	<b><u>Additions</u></b>	<b><u>Reductions</u></b>	<b><u>Ending Balance</u></b>	<b><u>Due Within One Year</u></b>
<b>Governmental activities:</b>					
Bonds payable:					
General obligation bonds.....	\$32,700		\$ 4,132	\$28,568	\$3,616
Less deferred amount on refunding.....	(779)		(69)	(710)	
Total bonds payable .....	31,921		4,063	27,858	3,616
Compensated absences.....	3,332	\$ 1,084	1,076	3,340	1,092
Landfill closure .....	2,678		398	2,280	25
Net pension obligation .....	640	62	145	557	
Risk management claims.....	2,741	14,777	14,094	3,424	1,409
Governmental activity long-term liabilities.....	<u>\$41,312</u>	<u>\$15,923</u>	<u>\$19,776</u>	<u>\$37,459</u>	<u>\$6,142</u>
	<b><u>Beginning Balance</u></b>	<b><u>Additions</u></b>	<b><u>Reductions</u></b>	<b><u>Ending Balance</u></b>	<b><u>Due Within One Year</u></b>
<b>Business-type activities:</b>					
Bonds and notes payable:					
General obligation bonds.....	\$ 7,795		\$ 578	\$ 7,217	\$ 642
Less deferred amount on refunding.....	(18)		(1)	(17)	
State of Connecticut - serial note.	6,269		415	5,854	425
Total bonds and notes payable.....	14,046		992	13,054	1,067
CMEEC loan .....	1,240	\$370	197	1,413	306
Compensated absences.....	2,267	226	218	2,275	227
Capital leases .....	2,222	148	753	1,617	465
Workers compensation.....	411	214	200	425	108
Risk management claims.....	400		400		
Business-type activity long-term liabilities.....	<u>\$20,586</u>	<u>\$958</u>	<u>\$2,760</u>	<u>\$18,784</u>	<u>\$2,173</u>

A schedule of bonds outstanding at June 30, 2006 is presented below:

<u>Description</u>	<u>Interest Rate (%)</u>	<u>Issue Date</u>	<u>Maturity Date</u>	<u>Original Amount Issued</u>	<u>Balance Outstanding June 30, 2006</u>
<b>Governmental activities:</b>					
General purpose bonds payable:					
General purpose.....	4.3-5.6	09/15/1992	09/15/2007	\$3,000	\$ 400
General purpose.....	4.5-5.0	02/01/1996	08/01/2006	\$3,000	160
General purpose and schools.....	4.5-5.7	11/01/1999	05/01/2008	\$4,665	1,300
Refunding - (09/15/1994) bonds .	4.0-5.0	04/01/2001	04/01/2014	\$13,010	8,605
General purpose, schools, and water .....	4.0-5.0	04/01/2001	04/01/2009	\$10,510	1,585
General purpose - Wauregan					
Hotel .....	5.50-6.75	04/01/2001	04/01/2017	\$400	275
General purpose.....	4.0-5.0	04/15/2002	04/15/2022	\$3,345	2,304
General purpose.....	2.00-3.55	04/15/2004	04/15/2015	\$1,175	970
Refunding - (11/15/1997 and 11/01/1999) bonds .....	2.0-4.0	04/15/2004	04/15/2019	\$2,195	1,995
General purpose and water main .	3.0-5.0	03/15/2005	09/15/2015	\$2,810	2,810
Refunding - (02/01/1996 and 04/01/2001) bonds .....	3.0-4.0	03/15/2005	09/15/2019	\$8,570	<u>8,164</u>
TOTAL.....					<u>\$28,568</u>

<u>Description</u>	<u>Interest Rate (%)</u>	<u>Issue Date</u>	<u>Maturity Date</u>	<u>Original Amount Issued</u>	<u>Balance Outstanding June 30, 2006</u>
<b>Business-type Activities:</b>					
General purpose bonds payable:					
Stony Brook Reservoir .....	4.5-5.0	02/01/1996	08/01/2006	\$750	\$ 40
Sewers .....	4.5-5.7	11/10/1999	05/01/2008	\$ 3,045	50
Sewers .....	4.0-5.0	04/15/2002	04/15/2022	\$2,675	2,131
Sewers .....	2.00-3.55	04/15/2004	04/15/2015	\$1,945	1,750
Refunding - (11/15/1997 and 11/01/1999) Sewers .....	2.0-4.0	04/15/2004	04/15/2019	\$2,325	2,145
Refunding - (11/15/1997)					
Golf Course Improvements..	2.0-4.0	04/15/2004	04/15/2007	\$55	25
Refunding - (02/1/1996) Stony Brook Reservoir.....					
	3.0-4.0	03/15/2005	09/15/2015	\$368	366
Sewers .....	3.0-5.0	03/15/2005	09/15/2015	\$710	710
State of Connecticut serial notes payable:					
Clean Water Act 106-C .....	2.00	10/31/1997	10/31/2016	\$3,410	1,913
Clean Water Act 298-C .....	2.00	06/30/2000	06/30/2019	\$1,508	981
Clean Water Act 349-C .....	2.00	12/31/2002	12/31/2021	\$881	705
Clean Water Act 9714-C .....	2.77	12/31/2002	12/31/2021	\$1,899	1,539
Economic Development.....	6.00	07/01/1995	07/01/2012	\$1,000	516
Industrial Park.....	1.00	10/26/2001	10/26/2008	\$200	<u>200</u>
TOTAL.....					<u>\$13,071</u>

The annual debt service requirements of the governmental activities bonded indebtedness is as follows:

<b><u>Year Ending June 30,</u></b>	<b><u>Principal</u></b>	<b><u>Interest</u></b>	<b><u>Total</u></b>
2007 .....	\$ 3,616	\$1,125	\$ 4,741
2008 .....	3,356	962	4,318
2009 .....	2,600	831	3,431
2010 .....	2,649	724	3,373
2011 .....	2,576	629	3,205
2012-2016 .....	10,173	1,723	11,896
2017-2021 .....	3,465	352	3,817
2022 .....	133	7	140
<b>TOTAL .....</b>	<b>\$28,568</b>	<b>\$6,353</b>	<b>\$34,921</b>

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, 2006 was \$325. Additional principal payments aggregating \$988 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:

<b><u>Year Ending June 30,</u></b>	<b><u>Principal</u></b>	<b><u>Interest</u></b>	<b><u>Total</u></b>
2007 .....	\$ 1,064	\$ 403	\$ 1,467
2008 .....	1,074	372	1,446
2009 .....	1,281	342	1,623
2010 .....	1,093	309	1,402
2011 .....	1,098	274	1,372
2012-2016 .....	5,117	847	5,964
2017-2021 .....	2,125	225	2,350
2022 .....	219	7	226
<b>TOTAL .....</b>	<b>\$13,071</b>	<b>\$2,779</b>	<b>\$15,850</b>

***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, 2006, the following bonds outstanding are considered defeased:

<b><u>Original Issue</u></b>	<b><u>Date Refunded</u></b>	<b><u>Refunded Amount</u></b>	<b><u>Defeased Balance</u></b>
April 5, 2001 .....	03/15/05	\$6,455	\$ 6,455
February 1, 1996 .....	03/15/05	\$1,750	1,750
November 1, 1999 .....	04/15/04	\$4,210	1,930
September 15, 1994 .....	04/01/01	\$12,320	7,870
<b>Total defeased bonds .....</b>			<b>\$18,005</b>

**Capital Leases**

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 2005-2006 were \$752. The net undepreciated value of assets purchased by capital lease approximates the principal balances payable of \$1,617 at June 30, 2006. The following is a summary of capital lease commitments as of June 30, 2006.

<u>Year Ending June 30,</u>	<u>Enterprise Funds</u>
2007 .....	\$ 534
2008 .....	429
2009 .....	429
2010 .....	<u>382</u>
Total payments.....	1,774
Less: interest .....	<u>(157)</u>
Principal balance .....	<u><u>\$1,617</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 non-vested estimated liabilities are summarized as follows:

	<u>June 30, 2006</u>
City:	
Vested:	
Sick .....	\$ 444
Vacation.....	659
Other .....	64
Non-vested:	
Sick .....	1,111*
Board of Education:	
Vested:	
Sick .....	736
Other .....	196
Non-vested:	
Sick .....	85*
Other .....	<u>45*</u>
TOTAL .....	<u><u>\$3,340</u></u>

\*Based on estimated percentage of total non-vested 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 thirty years after closure. The current estimated total cost of the landfill closure and postclosure care of \$2,280, 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, 2006. 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 \$3.3 million in State grants of which \$1.0 million has been drawdown.

***Bonds Authorized/Unissued***

Bonds authorized/unissued are as follows:

<u>Description</u>	<u>Authorized</u>	<u>Bonded</u>	<u>Authorized Unissued</u>
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
<b>TOTAL .....</b>	<b><u>\$8,310</u></b>	<b><u>\$4,065</u></b>	<b><u>\$4,245</u></b>

***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 .....	\$112,082	\$18,795	\$93,287
Schools.....	\$224,163	\$8,293	\$215,870
Sewers.....	\$186,803	\$13,223	\$173,580
Urban renewal.....	\$161,896		\$161,896
Pension deficit.....	\$149,442		\$149,442

The total of the City’s net statutory indebtedness of \$40,311 does not exceed the legal debt limitation of \$348.7 million (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, 2006 is summarized as follows:

CMEEC - debt service fixed cost obligation.....	\$19,484
Department's - rate stabilization funds on deposit with CMEEC .....	<u>11,501*</u>
Net deferred fixed cost obligation.....	<u>\$ 7,983</u>

\* Assumes that the \$1.413 million of approved rate stabilization funds borrowed by the Department and reported as a loan payable to CMEEC at June 30, 2006 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 \$2.9 million.

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 Inventory – 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>Nonmajor Funds</u>	<u>Total</u>
Encumbrances and commitments .....	\$259	\$1,457	\$1,716
Inventories .....		30	30
Trusts .....		1,590	1,590
		<hr/>	
TOTAL.....	<u>\$259</u>	<u>\$3,077</u>	<u>\$3,336</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 \$1,700 has been designated to balance the General Fund budget for the 2006-2007 fiscal year.

## **C. Department of Public Utilities - Restricted Net Assets**

Connecticut Municipal Electric Energy Cooperative (CMEEC) administers a Municipal Energy and Load Conservation Fund (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, 2006 on behalf of the Department was \$643. 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 2006 for hospitalization with a maximum aggregate for all claims of approximately \$10,822.

The City self insures for workers' compensation benefits. The City purchases commercial insurance for claims in excess of coverage provided by the workers' compensation account with an individual claim maximum of \$500 and a \$10,000 aggregate maximum per year.

The workers' compensation costs are funded by the General Fund. Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Claim liabilities are calculated considering the effects of inflation, recent claim settlement trends including frequency and amount of pay-outs and other economic and social factors.

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

	<b>Beginning of Fiscal Year <u>Liability</u></b>	<b>Current Year Claims and Changes in <u>Estimates</u></b>	<b>Claim <u>Payments</u></b>	<b>Balance at Fiscal <u>Year End</u></b>
Medical:				
2005-2006 .....	\$871	\$13,094	\$12,821	\$1,144
2004-2005 .....	\$889	\$11,008	\$11,026	\$871
Workers' Compensation:				
2005-2006 .....	\$1,870	\$1,683	\$1,273	\$2,280
2004-2005 .....	\$1,257	\$1,696	\$1,083	\$1,870

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:

	<b>Beginning of Fiscal Year <u>Liability</u></b>	<b>Current Year Claims and Changes in <u>Estimates</u></b>	<b>Claim <u>Payments</u></b>	<b>Balance at Fiscal <u>Year End</u></b>
2005-2006 .....	\$411	\$214	\$200	\$425
2004-2005 .....	\$587	\$32	\$208	\$411

## 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, 296 retirees meet these eligibility requirements. Expenditures for postretirement health care benefits are recognized and funded on a pay-as-you-go basis and approximated \$1,018 for the year ended June 30, 2006.

## 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 10 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 three years out of the last ten consecutive year period with a maximum of 70% of average earnings. Police who retire at normal retirement (after 20 years of service) receive 48% of average annual pay (highest three years out of last ten 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 as of July 1, 2004 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. Board of Education employees who retire at age 55 with 25 years of service or age 60 with 10 years of service receive a retirement benefit of 2% during the highest three consecutive year period times number of years of service. The maximum benefit is 70% of average earnings. 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, 2005, the Plan members consisted of :

Retirees and beneficiaries currently receiving benefits .....	386
Terminated employees not yet receiving benefits.....	11
Active plan members.....	<u>555</u>
 TOTAL .....	 <u>952</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, 2005 actuarial valuation reflects the following changes in actuarial assumptions and methods:

The valuation reflects the ad-hoc COLA which became effective in November 2004.

The salary scale assumption was modified from 3.25% through 2006 and then 4% thereafter to 3.25% through 2006 then 3.5% thereafter. The change was made to better reflect future experience under the Plan.

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 7.0%. Police and firefighter participants are required to contribute 8.0%. The City's funding policy provides for periodic employer contributions at actuarially determined rates. The City's current contribution percentage is 8.5% 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, 2006 were as follows:

Annual required contribution.....	\$1,862
Interest on net pension obligation .....	53
Adjustment to annual required contribution .....	<u>(54)</u>
Annual pension cost.....	1,861
Contributions made.....	<u>(2,006)</u>
Decrease in net pension obligation .....	(145)
Net pension obligation beginning of year .....	<u>640</u>
Net pension obligation end of year .....	<u>\$ 495</u>

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

Actuarial valuation date	January 1, 2005
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 Retires: RP2000 Disabled Life Mortality Table Term Vested: RP2000 Projected to 2015 Health Annuitants Table
Retirement Age:	General City: Earlier of age 60 and 10 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, 2.1% females  
 Age 50: .36% males, .53% females

Expenses: 5% of normal cost

\*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>
6/30/04	\$1,036	104%	\$873	\$1,074
6/30/05	\$1,213	119%	\$640	\$1,446
6/30/06	\$1,861	108%	\$495	\$2,006

**F. Pension Plan Required Supplemental Information**

*Schedule of Employer Contributions*

<u>Year Ended</u>	<u>Annual Required Contribution</u>	<u>Percentage Contributed</u>
2001	\$935	78%
2002	\$1,226	70%
2003	\$1,226	133%
2004	\$1,049	102%
2005	\$1,214	119%
2006	\$1,862	108%

*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>
1-1-05	\$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)
1-1-00	124,663	116,304	(8,359)*	107.2	25,372	(32.9)

\*Effective 1/1/00, the unfunded frozen actuarial liability was restated as the difference between the Actuarial Value of Assets and the Entry Age Normal Accrued Liability as of 1/1/00 (but not less than 0), then further adjusted by the additional liability for the retiree cost of living increase.

**City of Norwich Volunteer Firefighters' Relief Plan**

**A. Plan Description**

The City of Norwich is the administrator of a Volunteer Firefighters' Relief Plan ("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 \$10 multiplied by the years of credited service (to a maximum of 30 years).

At January 1, 2004, the Plan members consisted of:

Retirees and beneficiaries receiving benefits.....	41
Active plan members.....	<u>113</u>
TOTAL.....	<u>154</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, 2004 actuarial valuation reflects the following change in actuarial assumptions and methods:

The interest rate of return changed from 6.5% to 4.5% compounded annually.

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 \$120 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, 2006 were as follows:

Annual required contribution/annual pension cost.....	\$ 151
Contributions made.....	<u>(120)</u>
Increase in net pension obligation.....	31
Net pension obligation, beginning of year.....	<u>31</u>
Net pension obligation, end of year.....	<u>\$ 62</u>

The following is a summary of certain significant actuarial assumptions:

Actuarial valuation date	July 1, 2004
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	4.50%

**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>
6/30/2004	\$120	100%	\$-0-	\$120
6/30/2005	\$151	79%	\$31	\$120
6/30/2006	\$151	79%	\$62	\$120

**F. Pension Plan Required Supplemental Information**

*Schedule of Employer Contributions*

<u>Year Ended</u>	<u>Annual Required Contribution (ARC)</u>	<u>Percentage Contributed</u>
2006	\$151	79%
2005	\$151	79%
2004	\$120	100%
2003	\$120	100%
2002	\$120	100%
2001	\$100	100%

*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 AAL (b-a)</u>	<u>Funded Ratio (a/b)</u>
1-1-2005	N/A	N/A	N/A	N/A
1-1-2004	\$1,057	\$2,779	\$1,722	38.02%
1-1-2003	N/A	N/A	N/A	N/A
1-1-2002	\$933	\$2,054	\$1,121	45.40%
1-1-2001	\$797	\$1,888	\$1,091	42.20%
1-1-2000	\$797	\$1,708	\$911	46.65%

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, 2006 and the changes in net assets for the year then ended.

*Combining Schedule of Plan Net Assets*

	<u>City Employees</u>	<u>Volunteer Fire</u>	<u>Totals</u>
Assets:			
Cash and cash equivalents.....	\$ 727	\$ 628	\$ 1,355
Investments:			
Mutual funds .....	127,468		127,468
Common stock and equities .....	10,032		10,032
Certificates of deposit .....		492	492
Total assets.....	138,227	1,120	139,347
Liabilities:			
Accounts and other payables.....	11	1	12
Net assets:			
Held in trust for pension benefits.....	\$138,216	\$1,119	\$139,335

*Combining Schedule of Changes in Plan Net Assets*

	<u>City Employees</u>	<u>Volunteer Fire</u>	<u>Totals</u>
Additions:			
Contributions:			
Employer.....	\$ 2,006	\$ 120	\$ 2,126
Plan members.....	2,160	9	2,169
Total contributions.....	4,166	129	4,295
Investment income:			
Net appreciation (depreciation) in fair value of investments .....	11,931		11,931
Interest and dividends .....	2,735	44	2,779
Total.....	14,666	44	14,710
Less: investment expense.....	(295)		(295)
Net investment income.....	14,371	44	14,415
Total additions .....	18,537	173	18,710

	<u>City Employees</u>	<u>Volunteer Fire</u>	<u>Totals</u>
Deductions:			
Benefits .....	\$ 7,880	\$ 114	\$ 7,994
Administration.....	74	3	77
Lump sum distributions and withdrawals ...	217	4	221
Total deductions.....	8,171	121	8,292
Net increase.....	10,366	52	10,418
Net assets held in trust for pension benefits, July 1, 2005 .....	127,850	1,067	128,917
Net assets held in trust for pension benefits, June 30, 2006 .....	\$138,216	\$1,119	\$139,335

### **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 sixty and has accumulated twenty years of credited service in the public schools of Connecticut, or (2) attained any age and has accumulated thirty-five years of credited service, at least twenty-five 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 \$18,340 or 73% of the total Board of Education payroll of \$25,055.

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, 2006 the City has recorded, in the General Fund, intergovernmental revenue and education expenditures in the amount of \$2,325 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, 2006

(amounts not expressed in thousands)

	.....BUDGETED AMOUNTS.....			VARIANCE FAVORABLE (UNFAVORABLE)
	ORIGINAL	FINAL	ACTUAL	
General property taxes:				
Current tax levy .....	\$44,447,905	\$44,447,905	\$44,345,439	\$ (102,466)
Motor vehicle supplement .....	630,000	630,000	625,921	(4,079)
Prior years levy .....	1,350,000	1,350,000	1,082,238	(267,762)
Interest and liens .....	700,000	700,000	772,205	72,205
Total .....	47,127,905	47,127,905	46,825,803	(302,102)
Licenses, permits, and fees:				
Miscellaneous permits and fees .....	530,000	530,000	885,109	355,109
Intergovernmental revenues:				
Building maintenance .....	228,000	228,000	223,299	(4,701)
City housing .....	222,000	222,000	178,036	(43,964)
Fish and game license .....	50,000	50,000	58,624	8,624
New manufacturers machinery .....	130,218	130,218	166,387	36,169
Pequot funds .....	1,516,046	1,516,046	1,484,474	(31,572)
Total disability .....			2,165	2,165
Payment in-lieu of taxes .....	1,243,988	1,243,988	1,329,251	85,263
Elderly taxes .....	147,013	147,013	143,991	(3,022)
Youth Services .....	86,000	86,000	86,810	810
School bond interest .....	250,092	250,092	336,421	86,329
Veterans exemptions .....	4,705	4,705		(4,705)
Federal DCPA match funds .....	11,000	11,000	12,760	1,760
Health services .....	75,000	75,000	101,243	26,243
Transportation .....	1,071,805	1,071,805	1,165,988	94,183
Special education .....	1,321,488	1,321,488	1,961,948	640,460
Services to Blind .....			45,830	45,830
Education cost sharing .....	28,138,332	28,138,332	28,128,685	(9,647)
Total .....	34,495,687	34,495,687	35,425,912	930,225
Charges for services:				
Town Clerk - recording fees .....	350,000	350,000	451,645	101,645
Town Clerk - conveyance tax .....	600,000	600,000	1,113,912	513,912
Land recording capital improvement fee .....			21,987	21,987
Probate court .....	18,678	18,678	18,675	(3)
Landfill .....	2,292,000	2,292,000	1,905,957	(386,043)
City property - relocation .....	221,000	221,000	62,633	(158,367)
Police outside services .....	172,500	172,500	180,521	8,021
Senior Citizens Center .....	30,800	30,800	37,803	7,003
Parking Commission .....	137,737	137,737	123,737	(14,000)
Tuition .....	150,000	150,000	288,042	138,042
Total .....	3,972,715	3,972,715	4,204,912	232,197

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CITY OF NORWICH, CONNECTICUT  
 GENERAL FUND  
 SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES  
 BUDGET AND ACTUAL (NON GAAP BUDGETARY BASIS), ETC.

(amounts not expressed in thousands)

	.....BUDGETED AMOUNTS.....			VARIANCE FAVORABLE (UNFAVORABLE)
	ORIGINAL	FINAL	ACTUAL	
Use of money:				
Interest from investments .....	\$ 436,000	\$ 436,000	\$ 681,787	\$ 245,787
Other revenue:				
Sewer assessments .....	710,000	710,000	710,000	
In-lieu of taxes/telephone .....	300,000	300,000	253,007	(46,993)
NGCA debt service .....	32,530	32,530	32,530	
Public utilities 10% .....	5,385,400	5,385,400	5,385,400	
DPU - City service .....	71,618	71,618	71,618	
Bond and note payments .....	104,556	104,556	101,849	(2,707)
Traffic violations .....	21,000	21,000	29,665	8,665
Miscellaneous .....	176,000	176,000	434,885	258,885
Total .....	6,801,104	6,801,104	7,018,954	217,850
Total revenues.....	93,363,411	93,363,411	95,042,477	1,679,066
Other financing sources:				
Transfers in:				
Cemetery Trust .....	30,000	30,000	29,650	(350)
Municipal Ice Rink .....	100,000	100,000		(100,000)
Total other financing sources.....	130,000	130,000	29,650	(100,350)
TOTAL.....	<u>\$93,493,411</u>	<u>\$93,493,411</u>	95,072,127	<u>\$1,578,716</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 .....			2,324,819	
Underliquidation of prior year encumbrances is recorded as miscellaneous revenue for budgetary reporting. This amount is excluded for financial reporting purposes .....			(28,050)	
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 .....			(710,000)	
Total revenues and other financing sources as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds - Exhibit IV .....			<u>\$96,658,896</u>	

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CITY OF NORWICH, CONNECTICUT

GENERAL FUND

SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES  
 BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
 FOR THE YEAR ENDED JUNE 30, 2006

(amounts not expressed in thousands)

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	.....BUDGETED AMOUNTS.....			VARIANCE FAVORABLE (UNFAVORABLE)
	ORIGINAL	FINAL	ACTUAL	
General government:				
City Manager .....	\$ 313,719	\$ 313,719	\$ 313,715	\$ 4
Finance .....	1,222,797	1,222,797	1,221,218	1,579
City Treasurer .....	188,406	188,406	185,182	3,224
Assessment .....	362,803	362,803	362,803	
Personnel .....	363,483	363,483	362,110	1,373
Law .....	406,000	406,000	344,779	61,221
City Clerk .....	350,503	350,503	343,515	6,988
City Council .....	109,391	123,961	123,869	92
Street lighting .....	491,000	491,000	491,000	
Election .....	130,475	130,475	122,026	8,449
Planning and Neighborhood Services .....	975,158	979,351	978,520	831
Economic Development .....	146,000	146,000	144,727	1,273
Emergency Management .....	62,385	65,185	60,734	4,451
Total general government.....	5,122,120	5,143,683	5,054,198	89,485
Public safety:				
Police .....	8,817,293	8,884,693	8,791,821	92,872
Fire:				
East Great Plain .....	149,520	156,520	152,760	3,760
Laurel Hill .....	55,937	60,137	60,675	(538)
Occum .....	71,583	75,983	77,592	(1,609)
Taftville .....	127,824	134,324	134,548	(224)
Yantic .....	121,784	129,384	129,145	239
Fire Central .....	857,457	897,057	882,205	14,852
Total public safety.....	10,201,398	10,338,098	10,228,746	109,352
Social Services:				
Recreation .....	750,326	756,426	729,306	27,120
Human services .....	548,898	548,898	541,642	7,256
Senior Citizens Center .....	478,529	483,229	474,947	8,282
Youth and Family Services .....	228,238	228,238	228,697	(459) *
Total social services.....	2,005,991	2,016,791	1,974,592	42,199

CITY OF NORWICH, CONNECTICUT  
 GENERAL FUND  
 SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES  
 BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS), ETC.

(amounts not expressed in thousands)

	.....BUDGETED AMOUNTS.....			VARIANCE FAVORABLE (UNFAVORABLE)
	ORIGINAL	FINAL	ACTUAL	
Public works:				
Engineering and administration .....	\$ 591,012	\$ 591,012	\$ 548,334	\$ 42,678
Fleet maintenance .....	1,050,183	1,143,783	1,129,366	14,417
Solid waste .....	2,774,850	2,774,850	2,710,293	64,557
Maintenance and cleaning .....	2,703,281	2,709,381	2,711,159	(1,778) *
Parks and cemeteries .....	699,047	700,147	757,997	(57,850) *
Building maintenance .....	817,484	872,684	852,558	20,126
Parking maintenance .....	137,737	137,737	133,018	4,719
Total public works .....	<u>8,773,594</u>	<u>8,929,594</u>	<u>8,842,725</u>	<u>86,869</u>
Board of Education .....	<u>56,867,626</u>	<u>57,167,626</u>	<u>56,970,626</u>	<u>197,000</u>
Other .....	<u>5,212,235</u>	<u>5,163,472</u>	<u>4,998,887</u>	<u>164,585</u>
Debt Service:				
Principal .....	4,710,000	4,710,000	4,710,000	
Interest .....	1,834,674	1,834,674	1,834,674	
Total debt service .....	<u>6,544,674</u>	<u>6,544,674</u>	<u>6,544,674</u>	
TOTAL .....	<u>\$94,727,638</u>	<u>\$95,303,938</u>	<u>94,614,448</u>	<u>\$689,490</u>

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 .....	2,324,819
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 .	(223,415)
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 .....	334,115
Sewer assessment collections and related debt service charges are reported in the Norwich Public Utilities enterprise fund and therefore are netted from the General Fund budgetary activities .....	<u>(710,000)</u>

Total expenditures and other financing sources as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds - Exhibit IV..... \$96,339,967

\* Budgetary compliance controlled at the major department level.

# 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, CONNECTICUTGENERAL FUNDCOMPARATIVE BALANCE SHEET  
JUNE 30, 2006 AND 2005

(thousands)

	2006	2005
<u>A S S E T S</u>		
Cash and cash equivalents .....	\$15,285	\$13,837
Investments .....	2,200	1,323
Receivables:		
Property taxes receivable, net .....	2,208	2,161
Property taxes accrued interest receivable, net .....	975	1,046
Intergovernmental receivable:		
School building grants receivable .....	988	1,262
Other grants receivable .....	259	395
Accounts receivable, net .....	636	413
Due from other funds .....	624	1,511
	<u>23,175</u>	<u>21,948</u>
TOTAL .....	<u>\$23,175</u>	<u>\$21,948</u>
 <u>L I A B I L I T I E S</u> <u>A N D</u> <u>F U N D   B A L A N C E</u>		
Liabilities:		
Accounts payable and accrued expenses .....	\$ 4,447	\$ 4,012
Due to other funds .....	2,608	2,233
Deferred revenue .....	4,831	4,732
	<u>11,886</u>	<u>10,977</u>
Total liabilities .....	<u>11,886</u>	<u>10,977</u>
Fund balance:		
Reserved for encumbrances .....	259	398
Unreserved:		
Designated for subsequent budget .....	1,700	1,234
Undesignated .....	9,330	9,339
	<u>11,289</u>	<u>10,971</u>
Total fund balance .....	<u>11,289</u>	<u>10,971</u>
	<u>23,175</u>	<u>21,948</u>
TOTAL .....	<u>\$23,175</u>	<u>\$21,948</u>



Nonmajor  
Governmental Funds

**NONMAJOR GOVERNMENTAL FUNDS**

**Special Revenue Funds**

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

<b>Fund</b>	<b>Funding Source</b>	<b>Function</b>
Dog License	License fees	Operation of dog pound
Town Aid Roads	State grant	Road maintenance
School Lunch Program	State and Federal grants, program income	Operations of the school lunch program
Sidewalk	Charges for service and City appropriation	Sidewalk replacement
Fire and Refuse	Taxes, charges for service and State grants	Fire and refuse services
Education Grants	Federal and State grants	Specific education programs
Adult Education	Federal and State grants	Adult Education programs
Revolving Loan Program	State grants	Loans for economic development and improvement
Parking Commission	Charges for service and fees	City parking authority
Youth Services	Federal and State grants, contributions and charges for service	Youth Service Bureau
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
Emergency Management Grants	Federal and State grants	Public safety
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 and investment income	Mohegan Park improvements and programs
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

NONMAJOR GOVERNMENTAL FUNDS

COMBINING BALANCE SHEET

JUNE 30, 2006

(thousands)

	.....SPECIAL REVENUE.....							
	DOG LICENSE	TOWN AID ROADS	SCHOOL LUNCH PROGRAM	SIDEWALK	FIRE AND REFUSE	EDUCATION GRANTS	ADULT EDUCATION	REVOLVING LOAN PROGRAM
<u>A S S E T S</u>								
Cash and cash equivalents.....	\$48	\$183	\$124	\$ 76		\$ 547	\$137	\$ 89
Investments.....								
Receivables, net:								
Property taxes.....					\$224			
Intergovernmental.....			216			740		
Loans.....								214
Other.....			12	137	218	4	3	
Due from other funds.....					155	138		
Other assets.....			30					
TOTAL.....	<u>\$48</u>	<u>\$183</u>	<u>\$382</u>	<u>\$213</u>	<u>\$597</u>	<u>\$1,429</u>	<u>\$140</u>	<u>\$303</u>
<u>L I A B I L I T I E S</u>								
<u>A N D</u>								
<u>F U N D B A L A N C E</u>								
Liabilities:								
Accounts and other payables.....	\$15	\$ 2	\$ 64		\$101	\$ 673	\$ 2	
Due to other funds.....							138	
Deferred revenue.....			8	\$137	394	123		\$250
Total liabilities.....	<u>15</u>	<u>2</u>	<u>72</u>	<u>137</u>	<u>495</u>	<u>796</u>	<u>140</u>	<u>250</u>
Fund balance:								
Reserved:								
Encumbrances.....		120						
Inventories.....			30					
Trust purposes.....								
Unreserved:								
Undesignated.....	33	61	280	76	102	633		53
Total fund balance.....	<u>33</u>	<u>181</u>	<u>310</u>	<u>76</u>	<u>102</u>	<u>633</u>		<u>53</u>
TOTAL.....	<u>\$48</u>	<u>\$183</u>	<u>\$382</u>	<u>\$213</u>	<u>\$597</u>	<u>\$1,429</u>	<u>\$140</u>	<u>\$303</u>

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CITY OF NORWICH, CONNECTICUT

NONMAJOR GOVERNMENTAL FUNDS

COMBINING BALANCE SHEET (CONTINUED)

JUNE 30, 2006

(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
<u>A S S E T S</u>								
Cash and cash equivalents.....	\$ 77		\$28	\$45	\$ 135			
Investments.....								
Receivables, net:								
Property taxes.....								
Intergovernmental.....		\$26		3				\$ 3
Loans.....					884			
Other.....	50							
Due from other funds.....		18	14		41	\$163	\$36	22
Other assets.....								
TOTAL.....	<u>\$127</u>	<u>\$44</u>	<u>\$42</u>	<u>\$48</u>	<u>\$1,060</u>	<u>\$163</u>	<u>\$36</u>	<u>\$25</u>
<u>L I A B I L I T I E S</u>								
<u>A N D</u>								
<u>F U N D B A L A N C E</u>								
Liabilities:								
Accounts and other payables.....	\$ 6	\$11						\$ 3
Due to other funds.....	8	2		\$48				
Deferred revenue.....	36				\$ 888			
Total liabilities.....	<u>50</u>	<u>13</u>		<u>48</u>	<u>888</u>			<u>3</u>
Fund balance:								
Reserved:								
Encumbrances.....		13				\$ 5		
Inventories.....								
Trust purposes.....								
Unreserved:								
Undesignated.....	77	18	\$42		172	158	\$36	22
Total fund balance.....	<u>77</u>	<u>31</u>	<u>42</u>		<u>172</u>	<u>163</u>	<u>36</u>	<u>22</u>
TOTAL.....	<u>\$127</u>	<u>\$44</u>	<u>\$42</u>	<u>\$48</u>	<u>\$1,060</u>	<u>\$163</u>	<u>\$36</u>	<u>\$25</u>

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CITY OF NORWICH, CONNECTICUT

NONMAJOR GOVERNMENTAL FUNDS

COMBINING BALANCE SHEET (CONTINUED)  
JUNE 30, 2006

(thousands)

	.....SPECIAL REVENUE.....							
	EMERGENCY MANAGEMENT GRANTS	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
<u>A S S E T S</u>								
Cash and cash equivalents.....								
Investments.....								
Receivables, net:								
Property taxes.....								
Intergovernmental.....			\$58	\$ 6	\$300			
Loans.....								
Other.....								
Due from other funds.....		\$68		103	33	\$29	\$55	\$57
Other assets.....								
TOTAL.....	\$-0-	\$68	\$58	\$109	\$333	\$29	\$55	\$57
<u>L I A B I L I T I E S</u> <u>A N D</u> <u>F U N D B A L A N C E</u>								
Liabilities:								
Accounts and other payables.....		\$25		\$ 1	\$285	\$ 5	\$ 9	\$12
Due to other funds.....			\$56					
Deferred revenue.....							6	
Total liabilities.....		25	56	1	285	5	15	12
Fund balance:								
Reserved:								
Encumbrances.....					12			
Inventories.....								
Trust purposes.....						1		
Unreserved:								
Undesignated.....		43	2	108	36	23	40	45
Total fund balance.....		43	2	108	48	24	40	45
TOTAL.....	\$-0-	\$68	\$58	\$109	\$333	\$29	\$55	\$57

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CITY OF NORWICH, CONNECTICUT

NONMAJOR GOVERNMENTAL FUNDS

COMBINING BALANCE SHEET (CONTINUED)  
JUNE 30, 2006

(thousands)

	.....SPECIAL REVENUE.....				.....CAPITAL PROJECTS.....			
	MOHEGAN PARK	BROWN PARK	ESTHER GILBERT	TOTAL	CAPITAL IMPROVEMENT	BOND EXPENDITURE	2000 BOND ISSUE	INTERMODAL TRANSPORTATION CENTER
<u>A S S E T S</u>								
Cash and cash equivalents.....	\$297	\$47	\$25	\$1,858	\$1,233	\$ 940	\$490	\$1,064
Investments.....								
Receivables, net:								
Property taxes.....				224				
Intergovernmental.....				1,352	307	467		68
Loans.....				1,098				
Other.....				424				
Due from other funds.....				932	182	668		1,085
Other assets.....				30				
TOTAL.....	<u>\$297</u>	<u>\$47</u>	<u>\$25</u>	<u>\$5,918</u>	<u>\$1,722</u>	<u>\$2,075</u>	<u>\$490</u>	<u>\$2,217</u>
<u>L I A B I L I T I E S</u> A N D <u>F U N D B A L A N C E</u>								
Liabilities:								
Accounts and other payables.....				\$1,214	\$ 21	\$ 110		\$ 12
Due to other funds.....				252	465	231	\$490	
Deferred revenue.....				1,842		447		1,064
Total liabilities.....				3,308	486	788	490	1,076
Fund balance:								
Reserved:								
Encumbrances.....				150	349	916		
Inventories.....				30				
Trust purposes.....		\$47	\$25	73				
Unreserved:								
Undesignated.....	\$297			2,357	887	371		1,141
Total fund balance.....	<u>297</u>	<u>47</u>	<u>25</u>	<u>2,610</u>	<u>1,236</u>	<u>1,287</u>		<u>1,141</u>
TOTAL.....	<u>\$297</u>	<u>\$47</u>	<u>\$25</u>	<u>\$5,918</u>	<u>\$1,722</u>	<u>\$2,075</u>	<u>\$490</u>	<u>\$2,217</u>

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CITY OF NORWICH, CONNECTICUT

NONMAJOR GOVERNMENTAL FUNDS

COMBINING BALANCE SHEET (CONTINUED)  
JUNE 30, 2006

(thousands)

	..CAPITAL PROJECTS..		.....PERMANENT FUNDS.....				TOTAL NONMAJOR GOVERNMENTAL FUNDS
	LANDFILL CLOSURE	TOTAL	VARIOUS TRUSTS	CEMETERY TRUST	TOTAL	INTERFUND ELIMINATIONS	
<u>A S S E T S</u>							
Cash and cash equivalents.....		\$3,727	\$70	\$ 133	\$ 203		\$ 5,788
Investments.....				1,314	1,314		1,314
Receivables, net:							
Property taxes.....							224
Intergovernmental.....		842					2,194
Loans.....							1,098
Other.....							424
Due from other funds.....	\$103	2,038				\$(1,119)	1,851
Other assets.....							30
TOTAL.....	<u>\$103</u>	<u>\$6,607</u>	<u>\$70</u>	<u>\$1,447</u>	<u>\$1,517</u>	<u>\$(1,119)</u>	<u>\$12,923</u>
<u>L I A B I L I T I E S</u> <u>A N D</u> <u>F U N D B A L A N C E</u>							
Liabilities:							
Accounts and other payables.....		\$ 143					\$ 1,357
Due to other funds.....		1,186				\$(1,119)	319
Deferred revenue.....		1,511					3,353
Total liabilities.....		2,840				(1,119)	5,029
Fund balance:							
Reserved:							
Encumbrances.....	\$ 42	1,307					1,457
Inventories.....							30
Trust purposes.....			\$70	\$1,447	\$1,517		1,590
Unreserved:							
Undesignated.....	61	2,460					4,817
Total fund balance.....	103	3,767	70	1,447	1,517		7,894
TOTAL.....	<u>\$103</u>	<u>\$6,607</u>	<u>\$70</u>	<u>\$1,447</u>	<u>\$1,517</u>	<u>\$(1,119)</u>	<u>\$12,923</u>

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CITY OF NORWICH, CONNECTICUT

NONMAJOR GOVERNMENTAL FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
FOR THE YEAR ENDED JUNE 30, 2006

(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.....					\$2,878			
Intergovernmental revenues.....		\$228	\$1,274		1,217	\$8,824		\$214
Charges for services.....	\$ 25		537	\$ 43	1,456	483	\$ 366	
Investment income.....	1	3		2	25		1	
Other.....						130		
Total revenues .....	26	231	1,811	45	5,576	9,437	367	214
Expenditures:								
Current:								
General government.....								
Public safety.....	36				4,996			
Social services.....								214
Public works.....		150		100	614			
Education.....			1,838			9,180	273	
Other.....								5
Capital outlay.....								
Total expenditures .....	36	150	1,838	100	5,610	9,180	273	219
Excess (deficiency) of revenues over expenditures.....	(10)	81	(27)	(55)	(34)	257	94	(5)
Other financing sources (uses):								
Transfers in.....					656	146		
Transfers out.....					(747)		(146)	
Issuance of bonds.....								
Total other financing sources (uses) .					(91)	146	(146)	
Net change in fund balances.....	(10)	81	(27)	(55)	(125)	403	(52)	(5)
Fund balance, July 1, 2005.....	43	100	337	131	227	230	52	58
Fund balance, June 30, 2006.....	\$ 33	\$181	\$ 310	\$ 76	\$ 102	\$ 633	\$ -0-	\$ 53

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CITY OF NORWICH, CONNECTICUT

NONMAJOR GOVERNMENTAL FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2006

(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
Revenues:								
Property taxes, interest and liens.....								
Intergovernmental revenues.....		\$167	\$62	\$ 15				\$ 3
Charges for services.....	\$ 329							
Investment income.....								
Other.....		97			\$ 91	\$ 35		38
Total revenues .....	329	264	62	15	91	35		41
Expenditures:								
Current:								
General government.....	188		12			63		
Public safety.....				79				
Social services.....		304	23		50		\$ 9	
Public works.....								45
Education.....								
Other.....								
Capital outlay.....								
Total expenditures .....	188	304	35	79	50	63	9	45
Excess (deficiency) of revenues over expenditures.....	141	(40)	27	(64)	41	(28)	(9)	(4)
Other financing sources (uses):								
Transfers in.....						115		
Transfers out.....	(124)							
Issuance of bonds.....								
Total other financing sources (uses) .	(124)					115		
Net change in fund balances.....	17	(40)	27	(64)	41	87	(9)	(4)
Fund balance, July 1, 2005.....	60	71	15	64	131	76	45	26
Fund balance, June 30, 2006.....	\$ 77	\$ 31	\$42	\$ -0-	\$172	\$163	\$36	\$22

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CITY OF NORWICH, CONNECTICUT

NONMAJOR GOVERNMENTAL FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2006

(thousands)

	.....SPECIAL REVENUE.....							
	EMERGENCY MANAGEMENT GRANTS	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
Revenues:								
Property taxes, interest and liens.....								
Intergovernmental revenues.....	\$15		\$59	\$ 12	\$388		\$101	
Charges for services.....						\$41	14	\$54
Investment income.....		\$ 1						
Other.....		42			8	2	67	
<b>Total revenues .....</b>	<b>15</b>	<b>43</b>	<b>59</b>	<b>12</b>	<b>396</b>	<b>43</b>	<b>182</b>	<b>54</b>
Expenditures:								
Current:								
General government.....								
Public safety.....	15		57	32	421		184	57
Social services.....						36		
Public works.....								
Education.....		47						
Other.....								
Capital outlay.....								
<b>Total expenditures .....</b>	<b>15</b>	<b>47</b>	<b>57</b>	<b>32</b>	<b>421</b>	<b>36</b>	<b>184</b>	<b>57</b>
Excess (deficiency) of revenues over expenditures.....		(4)	2	(20)	(25)	7	(2)	(3)
Other financing sources (uses):								
Transfers in.....					20		4	
Transfers out.....								
Issuance of bonds.....								
<b>Total other financing sources (uses) .</b>					<b>20</b>		<b>4</b>	
Net change in fund balances.....		(4)	2	(20)	(5)	7	2	(3)
Fund balance, July 1, 2005.....	-0-	47	-0-	128	53	17	38	48
Fund balance, June 30, 2006.....	<u>\$-0-</u>	<u>\$43</u>	<u>\$ 2</u>	<u>\$108</u>	<u>\$ 48</u>	<u>\$24</u>	<u>\$ 40</u>	<u>\$45</u>

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CITY OF NORWICH, CONNECTICUT

NONMAJOR GOVERNMENTAL FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2006

(thousands)

	.....SPECIAL REVENUE.....				.....CAPITAL PROJECTS.....			
	MOHEGAN PARK	BROWN PARK	ESTHER GILBERT	TOTAL	CAPITAL IMPROVEMENT	BOND EXPENDITURE	2000 BOND ISSUE	INTERMODAL TRANSPORTATION CENTER
Revenues:								
Property taxes, interest and liens.....				\$ 2,878				
Intergovernmental revenues.....				12,579	\$ 409	\$ 928		\$ 272
Charges for services.....	\$ 1			3,349				
Investment income.....	8			41				
Other.....				510				
Total revenues .....	9			19,357	409	928		272
Expenditures:								
Current:								
General government.....				263				
Public safety.....				5,636				
Social services.....	28			905				
Public works.....				909				
Education.....				11,338				
Other.....				5				
Capital outlay.....					1,257	2,109		341
Total expenditures .....	28			19,056	1,257	2,109		341
Excess (deficiency) of revenues over expenditures.....	(19)			301	(848)	(1,181)		(69)
Other financing sources (uses):								
Transfers in.....				941	1,450	229		200
Transfers out.....				(1,017)	(200)			
Issuance of bonds.....								
Total other financing sources (uses) .				(76)	1,250	229		200
Net change in fund balances.....	(19)			225	402	(952)		131
Fund balance, July 1, 2005.....	316	\$47	\$25	2,385	834	2,239	\$-0-	1,010
Fund balance, June 30, 2006.....	\$297	\$47	\$25	\$ 2,610	\$1,236	\$ 1,287	\$-0-	\$1,141

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CITY OF NORWICH, CONNECTICUT

NONMAJOR GOVERNMENTAL FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2006

(thousands)

	..CAPITAL PROJECTS..		.....PERMANENT FUNDS.....				TOTAL NONMAJOR GOVERNMENTAL FUNDS
	LANDFILL CLOSURE	TOTAL	VARIOUS TRUSTS	CEMETERY TRUST	TOTAL	INTERFUND ELIMINATIONS	
Revenues:							
Property taxes, interest and liens.....							\$ 2,878
Intergovernmental revenues.....	\$128	\$ 1,737					14,316
Charges for services.....							3,349
Investment income.....				\$ 90	\$ 90		131
Other.....							510
Total revenues .....	128	1,737		90	90		21,184
Expenditures:							
Current:							
General government.....				13	13		276
Public safety.....							5,636
Social services.....							905
Public works.....	25	25					934
Education.....							11,338
Other.....							5
Capital outlay.....		3,707					3,707
Total expenditures .....	25	3,732		13	13		22,801
Excess (deficiency) of revenues over expenditures.....	103	(1,995)		77	77		(1,617)
Other financing sources (uses):							
Transfers in.....		1,879				\$ (346)	2,474
Transfers out.....		(200)		(30)	(30)	346	(901)
Issuance of bonds.....							
Total other financing sources (uses) .		1,679		(30)	(30)		1,573
Net change in fund balances.....	103	(316)		47	47		(44)
Fund balance, July 1, 2005.....	-0-	4,083	\$70	1,400	1,470	-0-	7,938
Fund balance, June 30, 2006.....	\$103	\$ 3,767	\$70	\$1,447	\$1,517	\$ -0-	\$ 7,894

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CITY OF NORWICH, CONNECTICUTFIRE AND REFUSE FUND REVENUESBUDGETARY BASIS - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2006

	.....BUDGETED AMOUNTS.....			VARIANCE FAVORABLE (UNFAVORABLE)
	ORIGINAL	FINAL	ACTUAL	
(thousands)				
Taxes, interest and lien fees:				
Fire .....	\$2,577	\$2,577	\$2,543	\$ (34)
Volunteer fire .....	320	320	335	15
Total taxes, interest and lien fees .....	<u>2,897</u>	<u>2,897</u>	<u>2,878</u>	<u>(19)</u>
Intergovernmental:				
City housing .....	46	46	46	
In lieu of taxes - fire .....	309	309	309	
Elderly reimbursement .....	107	107	107	
Mashantucket Pequot .....	755	755	755	
Total intergovernmental .....	<u>1,217</u>	<u>1,217</u>	<u>1,217</u>	
Charges for services:				
Refuse .....	1,367	1,367	1,381	14
Other .....	75	75	75	
Total charges for services .....	<u>1,442</u>	<u>1,442</u>	<u>1,456</u>	<u>14</u>
Other:				
Special Service .....	656	656	656	
Investment income .....	25	25	25	
TOTAL .....	<u>\$6,237</u>	<u>\$6,237</u>	<u>\$6,232</u>	<u>\$ (5)</u>

CITY OF NORWICH, CONNECTICUT

FIRE AND REFUSE FUND EXPENDITURES

BUDGETARY BASIS - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2006

	(thousands)			VARIANCE FAVORABLE (UNFAVORABLE)
	ORIGINAL	FINAL	ACTUAL	
	.....BUDGETED AMOUNTS.....			
Public safety:				
Head of department .....	\$ 82	\$ 82	\$ 82	
Employees .....	2,595	2,595	2,507	\$ 88
Clothing allowance .....	49	49	18	31
Replacement costs .....	564	564	695	(131)
Training .....	39	39	27	12
Fringe benefits .....	1,365	1,365	1,374	(9)
Hazmat technician .....	7	7		7
Other .....	320	320	293	27
Total public safety .....	5,021	5,021	4,996	25
Sanitation .....	1,366	1,366	1,361	5
TOTAL .....	<u>\$6,387</u>	<u>\$6,387</u>	<u>\$6,357</u>	<u>\$ 30</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, CONNECTICUTNONMAJOR ENTERPRISE FUNDSCOMBINING STATEMENT OF NET ASSETS  
JUNE 30, 2006

(thousands)

	..... BUSINESS-TYPE ACTIVITIES.....			
	GOLF COURSE AUTHORITY	STADIUM AUTHORITY	ICE RINK AUTHORITY	TOTALS
<b>ASSETS:</b>				
Current assets:				
Cash and cash equivalents .....	\$ 247	\$ 191	\$ 55	\$ 493
Receivables, net:				
Intergovernmental .....		200		200
User charges .....		110	19	129
Inventories .....			77	77
Total current assets.....	247	501	151	899
Capital assets, net .....	2,274	7,541	1,313	11,128
Total assets.....	2,521	8,042	1,464	12,027
<b>LIABILITIES:</b>				
Current liabilities:				
Accounts payable and accrued liabilities .....	99	222	12	333
Due to other funds .....	76	26	160	262
Unearned revenue .....	220			220
Bonds payable .....	25			25
Total liabilities.....	420	248	172	840
<b>NET ASSETS:</b>				
Invested in capital assets, net of related debt ...	2,249	7,541	1,313	11,103
Unrestricted .....	(148)	253	(21)	84
Total net assets .....	\$2,101	\$7,794	\$1,292	\$11,187

CITY OF NORWICH, CONNECTICUTNONMAJOR ENTERPRISE FUNDSCOMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS  
FOR THE YEAR ENDED JUNE 30, 2006

(thousands)

	..... BUSINESS-TYPE ACTIVITIES.....			
	GOLF COURSE AUTHORITY	STADIUM AUTHORITY	ICE RINK AUTHORITY	TOTALS
Operating revenues:				
Charges for services.....	\$1,197	\$ 192	\$ 880	\$ 2,269
Operating expenses:				
Operations and maintenance.....	1,222	132	881	2,235
Depreciation.....	55	133	158	346
Total operating expenses .....	1,277	265	1,039	2,581
Operating income (loss).....	(80)	(73)	(159)	(312)
Nonoperating income (expenses):				
Interest income.....	2	4		6
Interest expense.....	(2)			(2)
Total nonoperating income (expenses) .....		4		4
Net income (loss) before contributions.....	(80)	(69)	(159)	(308)
Capital contributions.....		200		200
Change in net assets .....	(80)	131	(159)	(108)
Total net assets, July 1, 2005.....	2,181	7,663	1,451	11,295
Total net assets, June 30, 2006.....	\$2,101	\$7,794	\$1,292	\$11,187

CITY OF NORWICH, CONNECTICUTNONMAJOR ENTERPRISE FUNDSCOMBINING STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2006

(thousands)

	..... BUSINESS-TYPE ACTIVITIES.....			
	GOLF COURSE AUTHORITY	STADIUM AUTHORITY	ICE RINK AUTHORITY	TOTALS
Cash flows from (to) operating activities:				
Cash received from charges for services .....	\$1,199	\$ 73	\$ 908	\$ 2,180
Cash paid to vendors .....	(649)	(97)	(509)	(1,255)
Cash paid to employees for services .....	(505)		(404)	(909)
Net cash provided (used) by operating activities .....	45	(24)	(5)	16
Cash flows from (to) capital and related financing activities:				
Purchase of capital assets .....		(4)		(4)
Principal payment on bonds .....	(30)			(30)
Interest payment on debt .....	(2)			(2)
Net cash provided (used) by capital and related financing activities .....	(32)	(4)		(36)
Cash flows from investing activities:				
Income on investments .....	2	4		6
Net increase (decrease) in cash and cash equivalents .....	15	(24)	(5)	(14)
Cash and cash equivalents, July 1, 2005 .....	232	215	60	507
Cash and cash equivalents, June 30, 2006 .....	<u>\$ 247</u>	<u>\$ 191</u>	<u>\$ 55</u>	<u>\$ 493</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES				
Operating income (loss) .....	\$ (80)	\$ (73)	\$ (159)	\$ (312)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation expense .....	55	133	158	346
(Increase) decrease in receivables .....		(110)	28	(82)
(Increase) decrease in inventories and other assets .....			(2)	(2)
(Increase) decrease in unearned revenues .....	2	(9)		(7)
Increase (decrease) in accounts payable and accrued liabilities .	16	9	(11)	14
Increase (decrease) in due to other funds .....	52	26	(19)	59
Total adjustments .....	125	49	154	328
Net cash provided by operating activities .....	<u>\$ 45</u>	<u>\$ (24)</u>	<u>\$ (5)</u>	<u>\$ 16</u>
Noncash capital and financing activities:				
Capital acquisition grant receivable .....	<u>\$-0-</u>	<u>\$-0-</u>	<u>\$200</u>	<u>\$200</u>
Capital acquisition purchase invoice payable .....	<u>\$-0-</u>	<u>\$-0-</u>	<u>\$ (200)</u>	<u>\$ (200)</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, CONNECTICUTINTERNAL SERVICE FUNDSCOMBINING STATEMENT OF NET ASSETS  
JUNE 30, 2006

(thousands)

	MEDICAL BENEFITS	WORKERS' COMPENSATION	TOTAL
<b>ASSETS:</b>			
Current:			
Cash and cash equivalents.....	\$1,308		\$ 1,308
Accounts receivable.....	72		72
Due from other funds.....	771	\$ 400	1,171
Total assets .....	2,151	400	2,551
<b>LIABILITIES:</b>			
Current:			
Due to other funds.....	2		2
Accounts payable.....	173		173
Risk management claims.....	1,144	265	1,409
Total current liabilities....	1,319	265	1,584
Noncurrent:			
Risk management claims.....		2,015	2,015
Total liabilities .....	1,319	2,280	3,599
<b>NET ASSETS:</b>			
Unrestricted .....	\$ 832	\$ (1,880)	\$ (1,048)

CITY OF NORWICH, CONNECTICUTINTERNAL SERVICE FUNDSCOMBINING STATEMENT OF REVENUES, EXPENSES,  
AND CHANGES IN FUND NET ASSETS  
FOR THE YEAR ENDED JUNE 30, 2006

(thousands)

	MEDICAL BENEFITS	WORKERS' COMPENSATION	TOTAL
Operating revenues:			
Charges for services.....	\$13,179		\$13,179
Operating expenses:			
Claims expense.....	13,094	\$ 410	13,504
Premiums and administrative expenses.....	268		268
Total operating expenses .....	13,362	410	13,772
Operating income (loss) .....	(183)	(410)	(593)
Nonoperating income:			
Interest income.....	30		30
Change in net assets .....	(153)	(410)	(563)
Total net assets, July 1, 2005 .....	985	(1,470)	(485)
Total net assets, June 30, 2006 .....	\$ 832	\$ (1,880)	\$ (1,048)

CITY OF NORWICH, CONNECTICUTINTERNAL SERVICE FUNDSCOMBINING STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2006

(thousands)

	MEDICAL BENEFITS	WORKERS' COMPENSATION	TOTAL
Cash flows from (to) operating activities:			
Cash received from charges for services..	\$ 13,121		\$ 13,121
Cash paid to vendors.....	(12,916)		(12,916)
Net cash provided by operating activities .	205		205
Cash flows from investing activities:			
Income on investments.....	30		30
Net increase in cash and cash equivalents.....	235		235
Cash and cash equivalents, July 1, 2005 ...	1,073	\$ -0-	1,073
Cash and cash equivalents, June 30, 2006 ..	\$ 1,308	\$ -0-	\$ 1,308
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES			
Operating income (loss) .....	\$ (183)	\$ (410)	\$ (593)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
(Increase) decrease in receivables .....	(56)		(56)
(Increase) decrease in due from other funds .....	(2)		(2)
Increase (decrease) in accounts payable and accrued liabilities .....	446	410	856
Total adjustments .....	388	410	798
Net cash provided by operating activities .	\$ 205	\$ -0-	\$ 205

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 senior activities; performance bonds and pass-through grants. The City's Agency Funds are listed below:

Student Activities

Rehabilitation Deposits

Bid Deposit

Dangerous Buildings

Bond Performance

CITY OF NORWICH, CONNECTICUTAGENCY FUNDS

## COMBINING BALANCE SHEET

JUNE 30, 2006

(thousands)

	STUDENT ACTIVITIES	REHABILITATION DEPOSITS	BID DEPOSIT	DANGEROUS BUILDINGS	PERFORMANCE BONDS	TOTALS
<b>ASSETS:</b>						
Cash and cash equivalents.....	\$59		\$47	\$21	\$249	\$376
Due from other funds.....		\$68				68
Total assets .....	<u>\$59</u>	<u>\$68</u>	<u>\$47</u>	<u>\$21</u>	<u>\$249</u>	<u>\$444</u>
<b>LIABILITIES:</b>						
Due to student groups and agencies.....	<u>\$59</u>	<u>\$68</u>	<u>\$47</u>	<u>\$21</u>	<u>\$249</u>	<u>\$444</u>

CITY OF NORWICH, CONNECTICUT

AGENCY FUNDS

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
FOR THE YEAR ENDED JUNE 30, 2006

(thousands)

	BALANCE JULY 1, 2005	ADDITIONS	DEDUCTIONS	BALANCE JUNE 30, 2006
<u>STUDENT ACTIVITIES</u>				
Assets:				
Cash and cash equivalents.....	\$55	\$237	\$233	\$59
Liabilities:				
Due to student groups and agencies.....	\$55	\$237	\$233	\$59
<u>REHABILITATION DEPOSIT</u>				
Assets:				
Due from other funds.....	\$32	\$64	\$28	\$68
Liabilities:				
Due to student groups and agencies.....	\$32	\$64	\$28	\$68
<u>BID DEPOSIT</u>				
Assets:				
Cash and cash equivalents.....	\$44	\$131	\$128	\$47
Liabilities:				
Due to student groups and agencies.....	\$44	\$131	\$128	\$47
<u>DANGEROUS BUILDINGS</u>				
Assets:				
Cash and cash equivalents.....	\$21	\$5	\$5	\$21
Liabilities:				
Due to student groups and agencies.....	\$21	\$5	\$5	\$21
<u>PERFORMANCE BONDS</u>				
Assets:				
Cash and cash equivalents.....	\$-0-	\$594	\$345	\$249
Liabilities:				
Due to student groups and agencies.....	\$-0-	\$594	\$345	\$249
<u>TOTAL - ALL FUNDS</u>				
Assets:				
Cash and cash equivalents.....	\$120	\$ 967	\$711	\$376
Due from other funds.....	32	64	28	68
TOTAL .....	\$152	\$1,031	\$739	\$444
Liabilities:				
Due to student groups and agencies.....	\$152	\$1,031	\$739	\$444

06

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, CONNECTICUTCAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDSCOMPARATIVE SCHEDULE BY SOURCE  
JUNE 30, 2006 AND 2005

(thousands)	2006	2005
Governmental funds capital assets:		
Land.....	\$ 22,904	\$ 23,095
Land improvements.....	812	812
Buildings and improvements.....	38,439	37,501
Vehicles, machinery and equipment.....	14,349	13,542
Technology upgrade and infrastructure.....	27,214	25,706
Construction in progress.....	<u>3,001</u>	<u>2,472</u>
TOTAL .....	<u>\$106,719</u>	<u>\$103,128</u>
Investment in governmental funds capital assets....	<u>\$106,719</u>	<u>\$103,128</u>

CITY OF NORWICH, CONNECTICUTCAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS

## SCHEDULE BY FUNCTION AND ACTIVITY

AS OF JUNE 30, 2006

(thousands)

FUNCTION AND ACTIVITY	TOTAL	LAND	LAND IMPROVEMENTS	BUILDINGS AND IMPROVEMENTS	VEHICLES, MACHINERY AND EQUIPMENT	TECHNOLOGY UPGRADE AND INFRASTRUCTURE	CONSTRUCTION IN PROGRESS
General Government .....	\$ 26,059	\$22,098		\$ 1,325	\$ 767	\$ 142	\$1,727
Public Safety .....	10,351	19		2,913	7,189	203	27
Public Works and Parks .....	36,128	74		9,861	4,261	20,708	1,224
Senior Center .....	2,316			1,997	218	101	
Parking Garage .....	2,352			2,352			
Education .....	29,513	713	\$812	19,991	1,914	6,060	23
TOTAL .....	<u>\$106,719</u>	<u>\$22,904</u>	<u>\$812</u>	<u>\$38,439</u>	<u>\$14,349</u>	<u>\$27,214</u>	<u>\$3,001</u>

CITY OF NORWICH, CONNECTICUTCAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDSSCHEDULE OF CHANGES BY FUNCTION AND ACTIVITY  
FOR THE YEAR ENDED JUNE 30, 2006

FUNCTION AND ACTIVITY	(thousands)			GOVERNMENTAL FUNDS CAPITAL ASSETS JUNE 30, 2006
	GOVERNMENTAL FUNDS CAPITAL ASSETS JULY 1, 2005	ADDITIONS	DELETIONS	
General Government .....	\$ 25,694	\$ 557	\$192	\$ 26,059
Public Safety .....	9,886	554	89	10,351
Public Works and Parks .....	34,269	2,307	448	36,128
3 Senior Center .....	2,298	18		2,316
Parking Garage .....	2,352			2,352
Education .....	28,629	884		29,513
TOTAL .....	<u>\$103,128</u>	<u>\$4,320</u>	<u>\$729</u>	<u>\$106,719</u>

Supplementary Data

CITY OF NORWICH, CONNECTICUT

SCHEDULE OF BONDS AND SERIAL NOTES PAYABLE  
FOR THE YEAR ENDED JUNE 30, 2006

(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, schools, and water main	4.5-5.0	05/01/1986	05/01/2006	\$15,000	\$ 780		\$ 780	
General purpose .....	4.3-5.6	09/15/1992	09/15/2007	\$3,000	600		200	\$ 400
General purpose .....	4.5-5.0	02/01/1996	08/01/2006	\$3,000	320		160	160
General purpose and schools .....	4.5-5.7	11/01/1999	05/01/2008	\$4,665	1,975		675	1,300
Refunding - (09/15/1994) bonds .....	4.0-5.0	04/01/2001	04/01/2014	\$13,010	9,705		1,100	8,605
General purpose, schools, and water	4.0-5.0	04/01/2001	04/01/2009	\$10,510	2,100		515	1,585
General purpose - Wauregan Hotel ...	5.50-6.75	04/01/2001	04/01/2017	\$400	300		25	275
General purpose .....	4.0-5.0	04/15/2002	04/15/2022	\$3,345	2,563		259	2,304
General purpose .....	2.00-3.55	04/15/2004	04/15/2015	\$1,175	1,175		205	970
Refunding - (11/15/1997 and								
11/01/1999) bonds .....	2.0-4.0	04/15/2004	04/15/2019	\$ 2,195	2,170		175	1,995
General purpose and water main .....	3.0-5.0	03/15/2005	09/15/2015	\$2,810	2,810			2,810
Refunding - (02/01/1996 and								
04/01/2001) bonds .....	3.0-4.0	03/15/2005	09/15/2019	\$8,570	8,202		38	8,164
Total.....					32,700		4,132	28,568
Business-type Activities:								
General purpose bonds payable:								
Stony Brook Reservoir .....	4.5-5.0	02/01/1996	08/01/2006	\$750	80		40	40
Sewers .....	4.5-5.7	11/01/1999	05/01/2008	\$3,045	75		25	50
Sewers .....	4.0-5.0	04/15/2002	04/15/2022	\$2,675	2,267		136	2,131
Sewers .....	2.00-3.55	04/15/2004	04/15/2015	\$1,945	1,945		195	1,750
Refunding - (11/15/1997 and								
11/15/1999) Sewers .....	2.0-4.0	04/15/2004	04/15/2019	\$2,325	2,295		150	2,145
Refunding - (11/15/1997) Golf								
Course Improvements .....	2.0-4.0	04/15/2004	04/15/2007	\$55	55		30	25
Refunding - (02/01/1996) Stony								
Brook Reservoir .....	3.0-4.0	03/15/2005	09/15/2015	\$368	368		2	366
Sewers .....	3.0-5.0	03/15/2005	09/15/2015	\$710	710			710
State of Connecticut serial notes payable:								
Clean Water Act 106-C .....	2.00	10/31/1997	10/31/2016	\$3,410	2,078		165	1,913
Clean Water Act 298-C .....	2.00	06/30/2000	06/30/2019	\$1,508	1,056		75	981
Clean Water Act 349-C .....	2.00	12/31/2002	12/31/2021	\$881	744		39	705
Clean Water Act 9714-C .....	2.77	12/31/2002	12/31/2021	\$1,899	1,617		78	1,539
Economic Development .....	6.00	07/01/1995	07/01/2012	\$1,000	574		58	516
Industrial Park .....	1.00	10/26/2001	10/26/2008	\$200	200			200
Total.....					14,064		993	13,071
TOTAL .....					\$46,764	\$- 0 -	\$5,125	\$41,639

CITY OF NORWICH, CONNECTICUT

BOND AND SERIAL NOTES PAYABLE  
 SCHEDULE OF ANNUAL DEBT SERVICE REQUIREMENTS

(thousands)

FISCAL YEAR ENDING JUNE 30,	..GOVERNMENTAL ACTIVITIES..		..BUSINESS-TYPE ACTIVITIES..		...TOTAL PRIMARY GOVERNMENT..	
	..GENERAL OBLIGATION BONDS. PRINCIPAL	INTEREST	GENERAL OBLIGATION BONDS .....AND SERIAL NOTES..... PRINCIPAL	INTEREST	PRINCIPAL	INTEREST
2007 .....	\$ 3,616	\$1,125	\$1,064	\$ 403	\$4,680	\$1,528
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	219	7	352	14
TOTAL .....	<u>\$28,568</u>	<u>\$6,353</u>	<u>\$13,071</u>	<u>\$2,779</u>	<u>\$41,639</u>	<u>\$9,132</u>

# Statistical Section

CITY OF NORWICH, CONNECTICUTNET ASSETS BY COMPONENT  
LAST FIVE FISCAL YEARS

(thousands)

	.....FISCAL YEAR.....				
	2006	2005	2004	2003	2002
Governmental activities:					
Invested in capital assets, net of related debt .....	\$ 38,680	\$ 34,514	\$ 24,968	\$ 25,716	\$ 17,812
Restricted .....	1,590	1,610			
Unrestricted .....	16,460	15,074	18,077	10,412	11,586
Total governmental activities net assets .....	56,730	51,198	43,045	36,128	29,398
Business-type activities:					
Invested in capital assets, net of related debt .....	83,151	81,679	79,147	80,094	80,269
Restricted .....	643	279			
Unrestricted .....	19,927	17,083	11,119	8,272	7,720
Total business-type activities net assets .....	103,721	99,041	90,266	88,366	87,989
Primary government:					
Invested in capital assets, net of related debt .....	121,831	116,193	104,115	105,810	98,081
Restricted .....	2,233	1,889			
Unrestricted .....	36,387	32,157	29,196	18,684	19,306
Total primary government net assets .....	\$160,451	\$150,239	\$133,311	\$124,494	\$117,387

## Notes:

- (1) Schedule prepared on the accrual basis of accounting.
- (2) The City began to report accrual information when it implemented GASB Statement 34 in fiscal year 2002.

CITY OF NORWICH, CONNECTICUT

CHANGES IN NET ASSETS  
LAST FIVE FISCAL YEARS

(thousands)

	.....FISCAL YEAR.....				
	2006	2005	2004	2003	2002
Expenses:					
Governmental activities:					
General government.....	\$ 9,638	\$ 8,958	\$ 10,414	\$ 11,597	\$ 11,810
Public safety.....	15,754	14,105	13,032	14,109	13,604
Social services.....	4,048	3,037	1,880	2,432	2,699
Public works.....	11,109	13,781	10,271	6,752	10,429
Education.....	71,268	64,819	61,478	61,797	60,404
Interest on long-term debt.....	1,476	1,646	1,948	2,222	2,236
Total governmental activities expenses .....	113,293	106,346	99,023	98,909	101,182
Business-type activities:					
Department of Public Utilities.....	67,275	57,133	56,062	53,171	48,003
Other Enterprise Funds.....	2,583	2,505	2,526	2,636	2,413
Total business-type activities expenses .....	69,858	59,638	58,588	55,807	50,416
Total primary government expenses .....	<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.....	\$ 8,248	\$ 7,834	\$ 11,307	\$ 9,893	\$ 9,903
Operating grants and contributions.....	47,561	41,727	36,509	35,923	34,752
Capital grants and contributions.....	1,736	1,907	4,459	2,903	3,492
Total governmental activities program revenues .....	57,545	51,468	52,275	48,719	48,147
Business-type activities:					
Charges for services.....	77,909	65,151	60,050	55,938	50,227
Capital grants and contributions.....	1,696	2,115	141	75	7,534
Total business-type activities program revenues .....	79,605	67,266	60,191	56,013	57,761
Total primary government program revenues .....	137,150	118,734	112,466	104,732	105,908
Net (expense)/revenue:					
Governmental activities .....	(55,748)	(54,878)	(46,748)	(50,190)	(53,035)
Business-type activities .....	9,747	7,628	1,603	206	7,345
Total primary government net expense .....	<u>\$ (46,001)</u>	<u>\$ (47,250)</u>	<u>\$ (45,145)</u>	<u>\$ (49,984)</u>	<u>\$ (45,690)</u>

(Continued) - 1.

CITY OF NORWICH, CONNECTICUT  
 CHANGES IN NET ASSETS  
 LAST FIVE FISCAL YEARS

(thousands)

	.....FISCAL YEAR.....				
	2006	2005	2004	2003	2002
General revenues and other changes in net assets:					
Governmental activities:					
Property taxes.....	\$49,726	\$45,426	\$48,044	\$46,923	\$42,572
Unrestricted grants and contributions.....	4,786	5,030	5,250	9,643	9,596
Investment earnings.....	843	488	530	354	419
Other general revenues.....	540	1,217			
Transfers.....	5,385	5,006	(160)		
Total governmental activities .....	<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.....	318	204	138	171	267
Transfers.....	(5,385)	(5,006)	160		
Total business-type activities .....	<u>(5,067)</u>	<u>(4,802)</u>	<u>298</u>	<u>171</u>	<u>267</u>
Total primary government .....	<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 .....	\$ 5,532	\$2,289	\$6,916	\$6,730	\$ (448)
Business-type activities .....	4,680	2,826	1,901	377	7,612
Total primary government .....	<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 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 beginning in 2005.

CITY OF NORWICH, CONNECTICUT

FUND BALANCES, GOVERNMENTAL FUNDS  
LAST FIVE FISCAL YEARS

(thousands)

	.....FISCAL YEAR.....				
	2006	2005	2004	2003	2002
General Fund:					
Reserved .....	\$ 259	\$ 398	\$ 415	\$ 305	\$ 289
Unreserved .....	11,030	10,573	9,302	8,771	8,158
Total general fund .....	<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 .....	\$3,077	\$2,475	\$2,051	\$2,679	\$2,084
Unreserved, reported in:					
Special revenue funds .....	2,577	2,532	3,617	514	1,566
Capital projects funds .....	2,460	3,265	1,610	622	660
Total all other governmental funds .....	<u>\$8,114</u>	<u>\$8,272</u>	<u>\$7,278</u>	<u>\$3,815</u>	<u>\$4,310</u>

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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 34 in 2002.

CITY OF NORWICH, CONNECTICUT

CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS  
LAST FIVE FISCAL YEARS

(thousands)

	.....FISCAL YEAR.....				
	2006	2005	2004	2003	2002
Revenues:					
Property taxes, interest and liens .....	\$ 49,704	\$ 47,652	\$ 47,815	\$ 45,326	\$ 43,145
Intergovernmental .....	53,572	48,159	46,929	49,490	49,269
Charges for services, licenses, permits, fees and other .....	9,283	10,296	11,041	10,321	9,921
Investment income .....	813	462	517	379	575
<b>Total revenues.....</b>	<b>113,372</b>	<b>106,569</b>	<b>106,302</b>	<b>105,516</b>	<b>102,910</b>
Expenditures:					
General government .....	5,290	5,262	6,665	8,651	8,194
Public safety .....	15,634	13,736	12,725	12,646	12,615
Social services .....	4,273	3,782	3,094	2,319	2,568
Public works .....	9,964	10,095	9,178	7,399	8,918
Education .....	70,592	65,363	61,880	60,521	59,237
Other .....	3,531	3,529	2,832	1,720	2,328
Capital outlay .....	3,707	3,929	2,679	5,508	10,780
Debt service:					
Principal .....	3,975	3,928	4,180	4,135	3,803
Interest .....	1,631	1,759	1,998	2,517	2,385
<b>Total expenditures.....</b>	<b>118,597</b>	<b>111,383</b>	<b>105,231</b>	<b>105,416</b>	<b>110,828</b>
Excess of revenues over/(under) expenditures .....	(5,225)	(4,814)	1,071	100	(7,918)
Other financing sources (uses):					
Transfers in .....	8,760	8,246	3,997	3,498	2,255
Transfers out .....	(3,375)	(3,240)	(4,157)	(3,498)	(2,255)
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)		
<b>Total other financing sources.....</b>	<b>5,385</b>	<b>7,890</b>	<b>3,033</b>		<b>6,020</b>
Net change in fund balances .....	160	3,076	4,104	100	(1,898)
Fund balances, beginning .....	19,243	16,167*	12,891	12,791	14,689
Fund balances, ending .....	<u>\$ 19,403</u>	<u>\$ 19,243</u>	<u>\$ 16,995</u>	<u>\$ 12,891</u>	<u>\$12,791</u>
Debt service as a % of noncapital expenditures .....	<u>4.88%</u>	<u>5.29%</u>	<u>6.02%</u>	<u>6.66%</u>	<u>6.19%</u>

\* 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 34 in 2002.

CITY OF NORWICH, CONNECTICUT

ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY  
LAST TEN FISCAL YEARS

(thousands)

FISCAL YEAR	GRAND LIST YEAR	.....REAL 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	MOTOR VEHICLES	PERSONAL PROPERTY						
2006	2004	\$326,235	\$1,190,123	\$165,690	\$ 90,463	\$1,772,511	\$27,325	\$1,745,186	\$2,493,123	70.00%	N/A
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
1997	1995	363,024	864,520	127,051	72,947	1,427,542	20,916	1,406,626	2,009,466	70.00%	1,604,655

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Source: City of Norwich Assessor's Office

Notes:

- (1) 2003 and 1999 Real property grand list is adjusted to reflect statutory revaluation.
- (2) Assessed Value is 70% of Estimated Actual Value.
- (N/A) October 1, 2004 Equalized Grand List is not available.

CITY OF NORWICH, CONNECTICUT

PRINCIPAL PROPERTY TAXPAYERS  
OCTOBER 1, 2004 AND OCTOBER 1, 1995

BUSINESS NAME	NATURE OF BUSINESS	.....OCTOBER 1, 2004.....		.....OCTOBER 1, 1995.....			
		TAXABLE ASSESSED VALUE	RANK	PERCENTAGE OF TOTAL TAXABLE ASSESSED VALUE	TAXABLE ASSESSED VALUE	RANK	PERCENTAGE OF TOTAL TAXABLE ASSESSED VALUE
Phelps Dodge	Manufacturing - Copper	\$15,014	1	0.86%	\$22,076	1	1.57%
Computer Science Corporation	Computer Products & Services	13,801	2	0.79	18,122	2	1.29
Norwich Realty Associates, LP	Shopping Center	12,034	3	0.69			
Plaza Enterprises	Shopping Center	10,332	4	0.59			
Kalimian Elias as Trustee	Apartments	8,143	5	0.47	4,550	10	0.32
US Foodservice	Food Distributors	7,998	6	0.46			
Norwichtown Mall Realty Associates	Shopping Center	7,099	7	0.41	8,065	4	0.57
Bob's Discount Furniture	Retail Store & Distribution Warehouse	6,380	8	0.37			
Mashantucket Pequot Tribe	Real Estate	5,986	9	0.34	8,336	3	0.59
Rose Hill Estates, LLC	Apartments	5,663	10	0.32			
Hamilton Park Association	Apartments			0.00	7,812	5	0.56
Atlantic Packaging Group	Manufacturing			0.00	6,107	6	0.43
Genlyte Group, Inc.	Manufacturing - Lighting Fixtures			0.00	5,913	7	0.42
Wal-Mart Stores, Inc.	Department Store			0.00	5,878	8	0.42
Decorative Screen Printers	Manufacturing			0.00	4,697	9	0.33
Total.....		<u>\$92,450</u>		<u>5.30%</u>	<u>\$91,556</u>		<u>6.50%</u>

Source: City of Norwich, Assessor's Office

Note:

(1) The October 1, 2004 grand list was the base grand list utilized for the tax bills issued July 1, 2005 for the 2006 fiscal year.

CITY OF NORWICH, CONNECTICUT  
 PROPERTY TAX LEVIES AND COLLECTIONS  
 LAST TEN FISCAL YEARS

(thousands)

FISCAL YEAR ENDED JUNE 30,	NET TAXABLE GRAND LIST	MILL RATE	ADJUSTED TAX LEVY	COLLECTIONS WITHIN THE FISCAL YEAR OF LEVY..... AMOUNT	PERCENTAGE OF LEVY	TAX COLLECTIONS IN SUBSEQUENT YEARS	..TAX COLLECTIONS TO DATE.. AMOUNT	PERCENTAGE OF LEVY
<u>General Fund</u>								
2006	\$1,745,186	26.72	\$46,541	\$44,977	96.64%		\$44,977	96.64%
2005	1,733,296	25.69	43,999	42,681	97.00	\$ 837	43,518	98.91
2004	1,166,095	36.47	42,774	41,136	96.17	1,227	42,363	99.04
2003	1,145,883	35.62	41,064	39,438	96.04	1,626	41,064	100.00
2002	1,141,544	33.89	38,794	37,208	95.91	1,586	38,794	100.00
2001	1,132,025	33.89	38,419	36,648	95.39	1,758	38,406	99.97
2000	1,437,731	25.62	37,050	34,976	94.40	2,035	37,011	99.89
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
1997	1,406,626	24.22	33,912	32,206	94.97	1,668	33,874	99.89
<u>City Consolidated District (CCD) Fire Tax</u>								
2006	\$620,505	4.03	\$2,511	\$2,399	95.54%		\$2,399	95.54%
2005	614,657	3.84	2,332	2,233	95.75	\$56	2,289	98.16
2004	392,560	5.64	2,227	2,142	96.18	44	2,186	98.16
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	84	2,088	99.95
2001	386,583	5.33	2,063	1,968	95.40	95	2,063	100.00
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
1997	530,288	4.39	2,317	2,201	94.99	110	2,311	99.74
<u>Town Consolidated District (TCD) Volunteer Fire Relief Tax</u>								
2006	\$1,124,681	0.30	\$337	\$326	96.74%		\$326	96.74%
2005	1,118,639	0.21	232	226	97.41	\$4	230	99.14
2004	773,535	0.30	233	225	96.57	7	232	99.57
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
1997	876,338	0.12	105	100	95.24	5	105	100.00

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CITY OF NORWICH, CONNECTICUT

RATIOS OF OUTSTANDING DEBT BY TYPE  
LAST TEN FISCAL YEARS

(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			
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
1997 .....	25,220	2,573	3,750	825	3,770	7,007	43,145	3.07	1,225

\* Sewer extension bonds converted to business-type activity bonds in 2005.

Notes:

- (1) 2003 and 1999 Real property taxable assessed value adjusted to reflect statutory revaluation.
- (2) Details regarding the City's outstanding debt can be found in the notes to the financial statements.

CITY OF NORWICH, CONNECTICUT

## STATEMENT OF DEBT LIMITATION

JUNE 30, 2006

(thousands)

Total tax collections (including interest and lien fees) for the year ended June 30, 2006.....					\$46,913
Total tax collections, Norwich Fire District .....					2,877
Reimbursement for loss on:					
Tax relief for elderly - freeze.....					24
BASE .....					<u>\$49,814</u>
	<u>General Purpose</u>	<u>Schools</u>	<u>Sewers</u>	<u>Urban Renewal</u>	<u>Pension Deficit</u>
Debt limitation:					
2-1/4.....	\$112,082				
4-1/2.....		\$224,163			
3-3/4.....			\$186,803		
3-1/4.....				\$161,896	
3.....					\$149,442
Total debt limitation .	<u>112,082</u>	<u>224,163</u>	<u>186,803</u>	<u>161,896</u>	<u>149,442</u>
Indebtedness:					
Bonds and serial notes payable .....	16,465	9,281	12,848		
Bonds authorized, and unissued.....	2,330		375		
Grants receivable....		(988)			
Total indebtedness ....	<u>18,795</u>	<u>8,293</u>	<u>13,223</u>		
Debt limitation in excess of outstanding and authorized debt.....	<u>\$ 93,287</u>	<u>\$215,870</u>	<u>\$173,580</u>	<u>\$161,896</u>	<u>\$149,442</u>

Note 1: In no event shall total debt exceed seven times annual receipts from taxation. The minimum amount permitted would be \$348.7 million.

Note 2: Bonds authorized and unissued represent bond authorizations for which bonds have been issued to partially finance the project or interim financing has been issued.

Note 3: Bonds and serial notes payable do not include water bonds of \$1,506 and State of Connecticut serial notes payable of \$1,539.

Note 4: School Building Grants totaling \$1,262 are applicable to outstanding bond issues.

CITY OF NORWICH, CONNECTICUT

LEGAL DEBT MARGIN INFORMATION  
LAST TEN FISCAL YEARS

(thousands)

	FISCAL YEAR.....									
	2006	2005	2004	2003	2002	2001	2000	1999	1998	1997
Legal Debt Limit:										
Seven times taxable base.....	\$348,698	\$333,578	\$329,433	\$320,343	\$303,704	\$296,573	\$282,945	\$274,740	\$262,519	\$261,905
Indebtedness:										
Bonds and serial notes payable.....	41,639	46,764	47,499	50,400	55,918	53,850	52,675	41,082	45,419	43,145
Bonds authorized and unissued.....	2,705	2,705	4,640	4,455	2,730	8,220	9,938	25,297	25,297	4,575
Total indebtedness .....	44,344	49,469	52,139	54,855	58,648	62,070	62,613	66,379	70,716	47,720
Less:										
Water bonds and serial notes payable .....	(3,045)	(3,357)	(1,044)	(1,139)	(1,279)	(1,365)	(1,448)	(1,917)	(2,037)	(2,328)
School building grants .....	(988)	(1,262)	(1,842)	(1,943)	(2,280)	(3,337)	(3,445)	(3,882)	(4,385)	(3,421)
Net indebtedness applicable to legal debt limit (1)....	40,311	44,850	49,253	51,773	55,089	57,368	57,720	60,580	64,294	41,971
Debt limitation in excess of outstanding and authorized debt (1) .....	\$308,387	\$288,728	\$280,180	\$268,570	\$248,615	\$239,205	\$225,225	\$214,160	\$198,225	\$219,934
Total net debt applicable to the limit as a percentage of debt limit.....	11.56%	13.45%	14.95%	16.16%	18.14%	19.34%	20.40%	22.05%	24.49%	16.03%
Total indebtedness as a percentage of net taxable assessed value (1).....	2.310%	2.588%	4.224%	4.518%	4.826%	5.068%	4.015%	4.218%	4.536%	2.984%
Total indebtedness per capita (1).....	\$1,099	\$1,238	\$1,360	\$1,453	\$1,525	\$1,588	\$1,656	\$1,734	\$1,830	\$1,192
Calculation of Continuing Disclosure Agreement Ratios:										
Total indebtedness per legal debt limit calculation....	\$ 44,344	\$ 49,469	\$52,139	\$54,855	\$58,648	\$62,070	\$62,613	\$ 66,379	\$ 70,716	\$47,720
Less authorized and unissued debt.....	(2,705)	(2,705)	(4,640)	(4,455)	(2,730)	(8,220)	(9,938)	(25,297)	(25,297)	(4,575)
Total direct debt .....	41,639	46,764	47,499	50,400	55,918	53,850	52,675	41,082	45,419	43,145
Less: water and sewer indirect self-funding debt ..	(13,071)	(14,064)	(7,089)	(6,079)	(6,549)	(6,957)	(4,713)	(4,919)	(5,182)	(2,327)
Less: school building grants .....	(988)	(1,262)	(1,842)	(1,943)	(2,280)	(3,337)	(3,445)	(3,882)	(4,385)	(3,421)
Total net direct debt .....	\$ 27,580	\$ 31,438	\$38,568	\$ 42,378	\$47,089	\$ 43,556	\$44,517	\$ 32,281	\$ 35,852	\$37,397
Total direct debt as a percentage of State Equalized grand list .....	N/A	1.868%	1.891%	2.338%	2.874%	3.269%	2.999%	2.389%	2.746%	2.689%
Total direct debt per capita.....	\$1,135	\$1,291	\$1,311	\$1,415	\$1,548	\$1,491	\$1,511	\$1,176	\$1,292	\$1,225
Total net debt as a percentage of State Equalized grand list .....	N/A	1.256%	1.535%	1.966%	2.420%	2.644%	2.534%	1.877%	2.168%	2.331%
Total net debt per capita.....	\$752	\$868	\$1,065	\$1,189	\$1,304	\$1,206	\$1,277	\$924	\$1,020	\$1,062

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

(2) The City has no overlapping debt.

(N/A) October 1, 2004 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)	.....PERCENTAGE UNEMPLOYED (3).....			
					CITY OF NORWICH	NEW LONDON/ NORWICH MARKET	STATE OF CONNECTICUT	UNITED STATES
2006	36,693	5,425	20,284	1,044	4.9%	4.2%	4.4%	4.6%
2005	36,218	5,425	20,033	1,248	5.9%	4.9%	5.3%	4.9%
2004	36,218	5,507	19,745	1,207	5.8%	4.3%	4.8%	5.8%
2003	35,628	5,489	19,561	1,239	6.0%	4.6%	5.2%	6.5%
2002	36,117	5,419	18,500	542	2.8%	2.5%	3.5%	5.4%
2001	36,117	5,060	18,381	542	2.9%	2.5%	3.1%	4.7%
2000	34,852	5,119	18,600	610	3.2%	2.6%	2.6%	3.8%
1999	34,931	5,151	18,561	726	3.8%	3.3%	3.0%	4.3%
1998	35,142	5,280	18,333	930	4.8%	4.6%	3.8%	4.5%
1997	35,225	5,320	18,475	1,146	5.8%	5.7%	5.1%	4.5%

## Sources:

- (1) U.S. 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.

CITY OF NORWICH, CONNECTICUT

PRINCIPAL EMPLOYERS  
2006 AND 2002

BUSINESS NAME	NATURE OF BUSINESS	.....2006.....			.....2002.....		
		EMPLOYEES	RANK	PERCENTAGE OF TOTAL CITY EMPLOYMENT	EMPLOYEES	RANK	PERCENTAGE OF TOTAL CITY EMPLOYMENT
William W. Backus Hospital	Medical Center	1,600	1	7.89%	1,537	1	8.31%
City of Norwich (incl. NPU & BOE)	Municipality	1,000	2	4.93	944	2	5.10
Computer Science Corporation	Computer Products & Services	678	3	3.34	476	3	2.57
ShopRite Norwich	Grocery Store	418	4	2.06			
Interim Healthcare of Eastern CT	Healthcare	400	5	1.97			
Three Rivers Community Tech College	Community College	352	6	1.74	166	7	0.90
Daticon	Legal document storage	350	7	1.73			
Norwich Inn and Spa	Lodging/Health Spa	300	8	1.48			
Chelsea Groton Bank	Bank	225	9	1.11			
US Foodservice	Food Distributors	223	10	1.10	250	4	1.35
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	_____		_____	<u>200</u>	5	<u>1.08</u>
Total .....		<u>5,546</u>		<u>27.35%</u>	<u>4,060</u>		<u>21.94%</u>

Source: Norwich Community Development Corporation

Note:

(1) This information was not reported prior to 2002.

CITY OF NORWICH, CONNECTICUT

BUDGETED FULL-TIME EQUIVALENT  
CITY GOVERNMENT EMPLOYEES  
BY FUNCTION/PROGRAM  
LAST FIVE FISCAL YEARS

	.....FISCAL YEAR.....				
	2006	2005	2004	2003	2002
General City:					
City Manager.....	3.0	3.0	3.0	3.0	3.0
Finance.....	14.0	14.0	14.0	15.0	15.0
Treasurer.....	3.0	3.0	3.0	3.0	3.0
Assessment.....	3.5	3.5	3.5	4.0	3.5
Personnel.....	4.5	4.5	4.5	5.5	5.5
City Clerk.....	5.0	5.0	5.0	5.0	5.0
City Council.....	2.0	2.0	2.0	2.0	1.5
Police.....	100.0	101.0	100.5	102.5	107.5
Fire.....	55.5	55.5	55.0	55.5	55.5
Recreation.....	7.0	7.0	6.0	9.0	9.0
Human Services.....	8.5	8.5	8.5	10.5	11.0
Senior Citizens Center.....	6.0	6.0	6.0	7.0	8.0
Youth Service Bureau.....	3.0	3.0	3.0	5.0	5.0
PW Engineering & Administration.....	7.0	7.0	6.5	8.0	8.0
PW Fleet Maintenance.....	9.0	9.0	9.0	10.0	11.0
PW Solid Waste.....	2.0	3.0	3.0	3.0	4.0
PW Street Maintenance.....	32.0	33.0	33.0	35.0	35.0
PW Parks & Cemeteries.....	9.0	10.0	11.0	12.0	12.0
PW Building Maintenance.....	6.0	7.0	7.0	8.0	7.5
PW Parking Maintenance.....	2.0	2.0	2.0	2.0	2.0
Election.....	2.5	2.5	2.5	3.0	3.0
Planning & Neighborhood Services.....	13.0	12.0	11.0	12.5	13.0
Economic Development.....	0.0	0.0	0.0	0.0	1.0
Emergency Management.....	1.0	1.0	1.0	1.0	1.0
Tourism.....	0.5	0.5	0.5	0.5	2.0
<b>Total General City .....</b>	<b>299.0</b>	<b>303.0</b>	<b>300.5</b>	<b>322.0</b>	<b>332.0</b>
Board of Education:					
General Fund-funded positions.....	373.8	386.3	375.9	392.1	502.5
State and federal grant-funded positions.....	114.1	99.8	86.6	74.7	66.3
School Lunch (state and federal grant)...	39.0	39.0	40.0	42.0	41.0
Adult Education (state and federal grant)	13.0	13.0	12.0	11.0	13.0
Family Resource Center (state grant).....	24.0	10.0	10.0	10.0	10.0
<b>Total Board of Education.....</b>	<b>563.9</b>	<b>548.1</b>	<b>524.5</b>	<b>529.8</b>	<b>632.8</b>
<b>Norwich Public Utilities .....</b>	<b>137.0</b>	<b>137.0</b>	<b>136.5</b>	<b>138.0</b>	<b>136.0</b>
<b>TOTAL.....</b>	<b>999.9</b>	<b>988.1</b>	<b>961.5</b>	<b>989.8</b>	<b>1100.8</b>

CITY OF NORWICH, CONNECTICUTOPERATING INDICATORS BY FUNCTION/PROGRAM  
LAST THREE FISCAL YEARS

FUNCTION	.....FISCAL YEAR.....		
	2006	2005	2004
General Government:			
Finance:			
Number of tax and refuse bills mailed .....	68,182	67,225	66,048
Number of internal control reviews performed	2	7	4
Assessor:			
Number of deeds processed .....	2,100	1,800	1,600
Number of veterans exemptions .....	2,850	2,800	2,779
Board of assessment appeals adjustments .....	150	225	425
Personnel:			
Number of applications processed .....	1,518	1,850	1,221
Vacancies filled through promotion .....	24	12	28
Vacancies filled through new hires .....	23	33	33
Employee turnover rate .....	4.2%	5.4%	7.1%
City Clerk:			
Land records recorded .....	11,124	11,397	11,401
Marriage licenses issued .....	357	353	372
Death certificates recorded .....	561	638	542
Birth certificates recorded .....	998	1,210	1,594
Management Information Systems:			
Help desk calls.....	1,700	1,700	1,800
Website visits.....	94,797	27,500	27,500
Election:			
Voters added .....	N/A	1,200	1,096
Voters removed .....	N/A	800	1,058
Voter changes .....	N/A	650	927
Total voters .....	N/A	19,000	17,987
Planning and Neighborhood Services:			
Site development plans .....	N/A	18	21
Zoning permit applications .....	N/A	471	456
Zoning complaints .....	N/A	142	138
Code violations .....	N/A	475	465
Citations issued .....	N/A	119	208
Education:			
Average Class Size - Kindergarten.....	18.0	16.4	17.8
Average Class Size - Grade 2.....	18.6	19.5	18.2
Average Class Size - Grade 5.....	20.0	20.5	20.4
Average Class Size - Grade 7.....	22.0	21.9	21.2
Total expenditure per student.....	N/A	\$7,726	\$7,742
Public Safety:			
Police:			
911 calls .....	N/A	19,160	19,575
Non-emergency calls .....	N/A	35,664	20,932
DWI arrests .....	N/A	150	188

(Continued) - 1.

TABLE 14

CITY OF NORWICH, CONNECTICUT  
 OPERATING INDICATORS BY FUNCTION/PROGRAM, ETC.

FUNCTION	.....FISCAL YEAR.....		
	2006	2005	2004
Public Safety (continued):			
Fire:			
Central Fire Department:			
Service Calls .....	4,252	2,503	3,088
East Great Plain VFD:			
Service Calls .....	N/A	800	688
Laurel Hill VFD:			
Service Calls .....	N/A	126	93
Occum VFD:			
Service Calls.....	N/A	238	325
Taftville VFD:			
Service Calls .....	533	538	450
Yantic VFD:			
Service Calls .....	600	568	595
Emergency Management:			
Hours of emergency training .....	N/A	1,250	920
Shelters maintained .....	N/A	19	19
Flood assistance calls .....	N/A	41	62
Social Services:			
Recreation:			
Number of youth registrations .....	4,750	4,732	4,821
Number of youth program hours .....	2,000	1,970	1,971
Number of hours provided by volunteers .....	1,024	1,010	996
Human Services:			
General Human Services:			
Job placements .....	153	119	133
Individuals relocated due to condemnation .	30	85	55
Rent and housing assistance cases .....	79	80	49
Senior Center:			
Preventative health clinic services .....	3,206	4,500	4,900
Outreach services .....	836	200	280
Youth and Family Services:			
Counseling cases .....	117	168	175
Young parent cases .....	92	107	97
Public Works:			
Engineering and Administration:			
Road miles paved .....	4.2	3.0	6.6
Department of Public Utilities:			
Gas service calls.....	5,552	6,294	4,740
Electric service calls.....	2,406	3,010	2,672
Water service calls.....	4,717	4,542	3,580
Sewer service calls.....	341	250	237

N/A - not available

(Concluded) - 2.

CITY OF NORWICH, CONNECTICUTCAPITAL ASSET STATISTICS BY FUNCTION  
LAST THREE FISCAL YEARS

FUNCTION	.....FISCAL YEAR.....		
	2006	2005	2004
Education:			
School buildings .....	15	15	14
Administrative buildings .....	1	1	1
Public Safety:			
Police:			
Stations .....	1	1	1
Vehicles .....	39	39	39
Fire:			
Firefighting/ rescue vehicles .....	26	26	26
Other vehicles .....	11	11	11
Fire stations .....	7	7	7
Social Services:			
Recreation:			
Number of basketball courts .....	16	16	15
Number of football fields .....	1	1	1
Number of multi-use fields .....	15	15	15
Number of playgrounds .....	14	14	13
Number of soccer fields .....	4	4	4
Number of softball fields .....	5	5	5
Number of tennis courts .....	10	10	10
Mowers .....	5	5	5
Other vehicles .....	4	4	4
Public Works:			
Street Maintenance:			
Dump trucks .....	25	25	25
Sweepers .....	4	4	4
Parks and Cemeteries:			
Parks .....	7	7	7
Cemeteries .....	8	8	8
Mowers .....	8	7	6
Building Maintenance:			
Parking lots .....	9	9	9
Parking garages .....	3	3	3
Utilities:			
Gas:			
Gas distribution main (miles) .....	128	122	122
Electric:			
Distribution lines .....	400	250	250
Street lights .....	4,291	4,291	4,291
Water:			
Water distribution system (miles) .....	164	150	150
Sewer:			
Sewer distribution system (miles) .....	138	120	120