

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



**FISCAL YEAR ENDED JUNE 30, 2005  
DEPARTMENT OF FINANCE  
UNION SQUARE  
NORWICH, CONNECTICUT**

# **Comprehensive Annual Financial Report**

**of the**

## **City of Norwich, Connecticut**

Fiscal Year Ended June 30, 2005

Prepared By:

City of Norwich Finance Department

Joseph A. Ruffo, CPA  
Comptroller

joshua a. pothier  
Deputy Comptroller

**CITY OF NORWICH, CONNECTICUT**

**TABLE OF CONTENTS**

**JUNE 30, 2005**

**Page**

**INTRODUCTORY SECTION**

Comptroller's Letter of Transmittal.....	1
Certificate of Achievement for Excellence in Financial Reporting.....	7
Organizational Chart of the City.....	8
Organizational Chart of the Finance Department.....	9
Directory of Elected City Officials and NPU Commissioners.....	10
Directory of Appointed City Officials.....	11

**FINANCIAL SECTION**

Independent Auditors' Report.....	12
Management's Discussion and Analysis.....	14

**Exhibit**

Basic Financial Statements:

Government-wide Financial Statements:

I	Statement of Net Assets.....	23
II	Statement of Activities.....	24

Fund Financial Statements:

Governmental Funds:

III	Balance Sheet.....	25
IV	Statement of Revenues, Expenditures and Changes in Fund Balances.....	26

Proprietary Funds:

V	Statement of Net Assets.....	27
VI	Statement of Revenues, Expenses, and Changes in Fund Net Assets.....	28
VII	Statement of Cash Flows.....	29

Fiduciary Funds:

VIII	Statement of Fiduciary Net Assets.....	30
IX	Statement of Changes in Plan Net Assets – Pension Trust Funds.....	31

Notes to Financial Statements.....	32
------------------------------------	----

Required Supplementary Information:

General Fund:

RSI-1	Schedule of Revenues and Other Financing Sources – Budget and Actual.....	64
RSI-2	Schedule of Expenditures and Other Financing Uses – Budget and Actual.....	66

Combining and Individual Fund Statements and Schedules:

General Fund:

A-1	Comparative Balance Sheet.....	68
A-2	Report of Tax Collector.....	69

Nonmajor Governmental Funds:

B-1	Combining Balance Sheet.....	70
B-2	Combining Statement of Revenues, Expenditures and Changes in Fund Balances.....	75
B-3	Fire and Refuse Fund Revenues: Budgetary Basis – Budget and Actual.....	80

**Exhibit**

**Page**

Combining and Individual Fund Statements and Schedules (continued):

Nonmajor Governmental Funds (continued):

B-4	Fire and Refuse Fund Expenditures: Budgetary Basis – Budget and Actual.....	81
B-5	Schedule of Fire District Taxes.....	82
Nonmajor Enterprise Funds:		
C-1	Combining Statement of Net Assets .....	83
C-2	Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets.....	84
C-3	Combining Statement of Cash Flows.....	85
Internal Service Funds:		
D-1	Combining Statement of Net Assets .....	86
D-2	Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets.....	87
D-3	Combining Statement of Cash Flows.....	88
Fiduciary Funds:		
Agency Funds:		
E-1	Combining Balance Sheet .....	89
E-2	Combining Statement of Changes in Assets and Liabilities .....	90
Capital Assets Used in the Operation of Governmental Funds:		
F-1	Schedule by Source .....	91
F-2	Schedule by Function and Activity .....	92
F-3	Schedule of Changes by Function and Activity .....	93

**Schedule**

Supplemental Schedule:

1	Schedule of Bonds and Serial Notes Payable .....	94
---	--	----

**STATISTICAL SECTION**

**Table**

Government-Wide Information:

1	Net Assets by Component – Accrual Basis – Last Four Fiscal Years .....	95
2	Changes in Net Assets – Accrual Basis – Last Four Fiscal Years.....	96
3	Fund Balances of Governmental Funds – Modified Accrual Basis – Last Four Fiscal Years .....	98
4	Changes in Fund Balances of Governmental Funds – Modified Accrual Basis – Last Four Fiscal Years.....	99
5	Assessed and Estimated Actual Value of Taxable Property – Last Ten Fiscal Years.....	100
6	Property Tax Levies and Collections – Last Ten Fiscal Years.....	101
7	Building Permits Issued – Last Ten Fiscal Years .....	102
8	Principal Taxpayers.....	103
9	Statement of Debt Limitation.....	104
10	Ratios of Outstanding Debt by Type – Last Ten Fiscal Years.....	105
11	Demographic and Employment Statistics – Last Ten Fiscal Years .....	106
12	Principal Employers 2005 and 2002 .....	107
13	Budgeted Full-Time Equivalent Employees – Last Four Fiscal Years.....	108
14	Operating Indicators by Function – Fiscal Year 2004 .....	109
15	Capital Asset Statistics by Function – Last Two Fiscal Years .....	111



CITY OF NORWICH  
CONNECTICUT

JOSEPH A. RUFFO, C.P.A.  
COMPTROLLER  
(860) 823-3730  
Fax (860) 823-3812

100 Broadway Room 105  
Norwich, CT 06360-4431

November 18, 2005

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, 2005. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the City. To the best of our knowledge and belief, the enclosed data are accurate in all material respects and are reported in a manner to present fairly the financial position and results of operations of the City. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

The City's management is responsible for establishing and maintaining an internal control structure designed to ensure that its assets are protected from loss, theft or misuse, and to ensure that adequate accounting data is compiled to manage spending within prescribable budget limitations and for the preparation of financial statements in conformity with 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 1-95 and 1-90 to Boston and New York. Route 2 links the City with Hartford and 1-91. State Route 82 connects downtown Norwich with 1-395. Rail transportation and freight service is available to major points including New York, Boston, Providence and Montreal. Air services are available at Groton-New London Airport to the south, Green Airport (providence) to the east and Bradley Airport to the north. Norwich Harbor provides a 600 foot turning basin connecting with the Thames River and Long Island Sound.

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

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

### **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 \$1,175 for fiscal year 2005. 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.

## **Major Initiatives**

### **Downtown Activities**

*The Arts* - Downtown Norwich is continuing to expand its role as the arts and entertainment center for the region. The Spirit of Broadway and The Donald L. Oat Theatre are providing excellent and professional productions to the community. The theatres are the impetus and catalyst for continued downtown revitalization and community involvement in the arts throughout the region. Both theatres enjoy consistent attendance at their productions and gallery openings. Norwich Arts Council gallery continues to offer art openings and sales.

*Rose City Renaissance - a Connecticut Main Street program.* The City officially became a designated Main Street City in November 2004. The Main Street Program began in 1980 as an initiative of the National Trust for Historic Preservation. An all volunteer committee worked for over two years to establish, fund raise, and hire an executive director who will coordinate efforts to create a viable downtown for employees and residents to work, shop, eat, and play. Rick Kramer was hired as Executive Director and will work with a board of directors and four committees dedicated to furthering economic development efforts, a direct result, which will be, improved marketing and revitalization of Norwich's historic downtown. \$100,000 per year was raised to support the program in its first four years. Its office is located at 77 Main Street.

*Wauregan Hotel project.* This project is underway for renovations that will result in 70 apartments. Becker and Becker Associates remain preferred developer and have a development agreement with the City to restore the historic Wauregan Hotel structure and create 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. The Wauregan Hotel renovation is expected to be completed in summer 2006.

*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 will be held on December 6, 2005 with an anticipated completion date of December 2006. 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.

*Flatiron Building Façade Restoration.* The façade of this uniquely-shaped building located at 9-15 Main Street is currently being restored through a combination of funding by the owner and a forgivable loan utilizing Connecticut Department of Economic and Community Development grant funds. Over \$500,000 of improvements are anticipated to be made on the façade between July 2005 and May 2006.

*Laurel Hill Bridge.* The State of Connecticut Department of Transportation began repairing the Laurel Hill Bridge on Route 2 in spring 2005 and is expected to finish the repairs in December 2005. The bridge will feature brass rose medallions to tie it into the Rose of New England theme.

### **Industrial Sector Activities**

*Norwich Business Park.* Thirty-nine companies currently occupy the 450-acre Park and are major contributors to the City's Grand List. Consumers' Avenue, The Park's newest road with three sites is currently built out with two new businesses. The Byrnes Agency opened its doors for business in August of 2003 and the Atlantic City Linen Services - New England, a commercial laundry facility contracting to the local casino hotels opened in November 2004 with 100 employees. ACLS New England has taken an option on the remaining parcel next door for expansion of their facility.

While not technically inside the boundaries of the Park, three new housing developments are in the works and will provide much needed residential units for employees of the Park and throughout the region. The units are comprised mainly of two bedroom rental and condominium units.

Major long-term companies in the Park include Computer Sciences Corporation, also the Park's largest employer with 700 employees. Longwood Engineered Products has a work force of 155. Consumer's Interstate Corporation, a wholesale paper and food distributor whose business has tripled with new contracts with the local casinos, employs 75, and Levine Distributing, another beverage distributor, employs 55 people. Collins & Jewell Company employs 40 people who custom build machines for industrial applications all over the world. Daticon, employing over 300 people from around the region, is a newly constructed legal and medical document storage and retrieval facility. Prime Enterprises, an electrical contractor, is expanding its business to include a new 10,500 square-foot building which is quickly being sought out for new build-out. Another parcel at the entrance to the Park is being developed into condo-style business/light industrial spaces, with two of three spaces already having interested parties. Interest in two empty and available buildings in the Park remains strong. The new owner of 24 Stott Avenue recently installed a new roof on the building, is in the process of moving in a new tenant, and has recently expressed interest in one of those buildings.

### **Other Business Development**

*Waterfront Development.* A recent zone change created waterfront property ripe for recreational, residential and commercial development. Preliminary plans are being drawn and funding sources are being explored. The entire rezoned waterfront along the Thames River encompassing property from the Norwich Harbor to the Mohegan Sun Casino in Montville has deep water and rail access and is expected to be the next area for intense development in the City. Shipping Street region, part of the rezoned area, contains nearly 20 acres of waterfront property. Because of its close proximity to the Mohegan Sun Casino, the Shipping Street parcels have attracted the recent interest of several developers.

*Foxwoods Expansion.* Foxwoods Casino broke ground on November 15, 2005 for a \$700 million expansion which includes a high-rise hotel and performance hall. The project, which is expected to be completed in the summer of 2008, will employ 1,800 construction workers and is expected to create 2,300 new jobs. This will indubitably have trickle-down effects on Norwich's economy.

*Ninety-Nine Restaurant & Pub.* This family chain restaurant opened a location on Salem Turnpike in August 2005.

*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 square foot expansion.

### **Housing**

Driven by casino expansion, housing needs have escalated in the past couple years with no let up in demand for housing in the foreseeable future. Fortunately, the City of Norwich is positioned to take advantage of this unprecedented demand. Existing infrastructure and zoning can accommodate the residential development growth. Between January 2004 and November 2005, over 3,500 units have been approved by the Planning & Neighborhood Services Department. About 1,000 of these units have been built, 850 are currently in construction and the rest are in the pre-construction phase.

### ***Budgetary Control***

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

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

### ***Cash Management***

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

### ***Pension Administrator***

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

### ***Risk Management***

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

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

### ***Awards and Acknowledgements***

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Norwich, Connecticut for its comprehensive annual financial report for the year ended June 30, 2004. This was the twelfth consecutive year that the City has received this prestigious award.

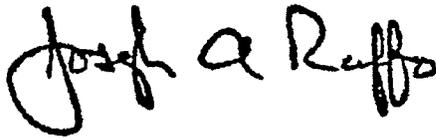
In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized comprehensive annual financial report. The CAFR must satisfy both accounting principles generally accepted in the United States of America and applicable legal requirements.

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 2005, the Government Finance Officers Association ("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.

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, 2004

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.



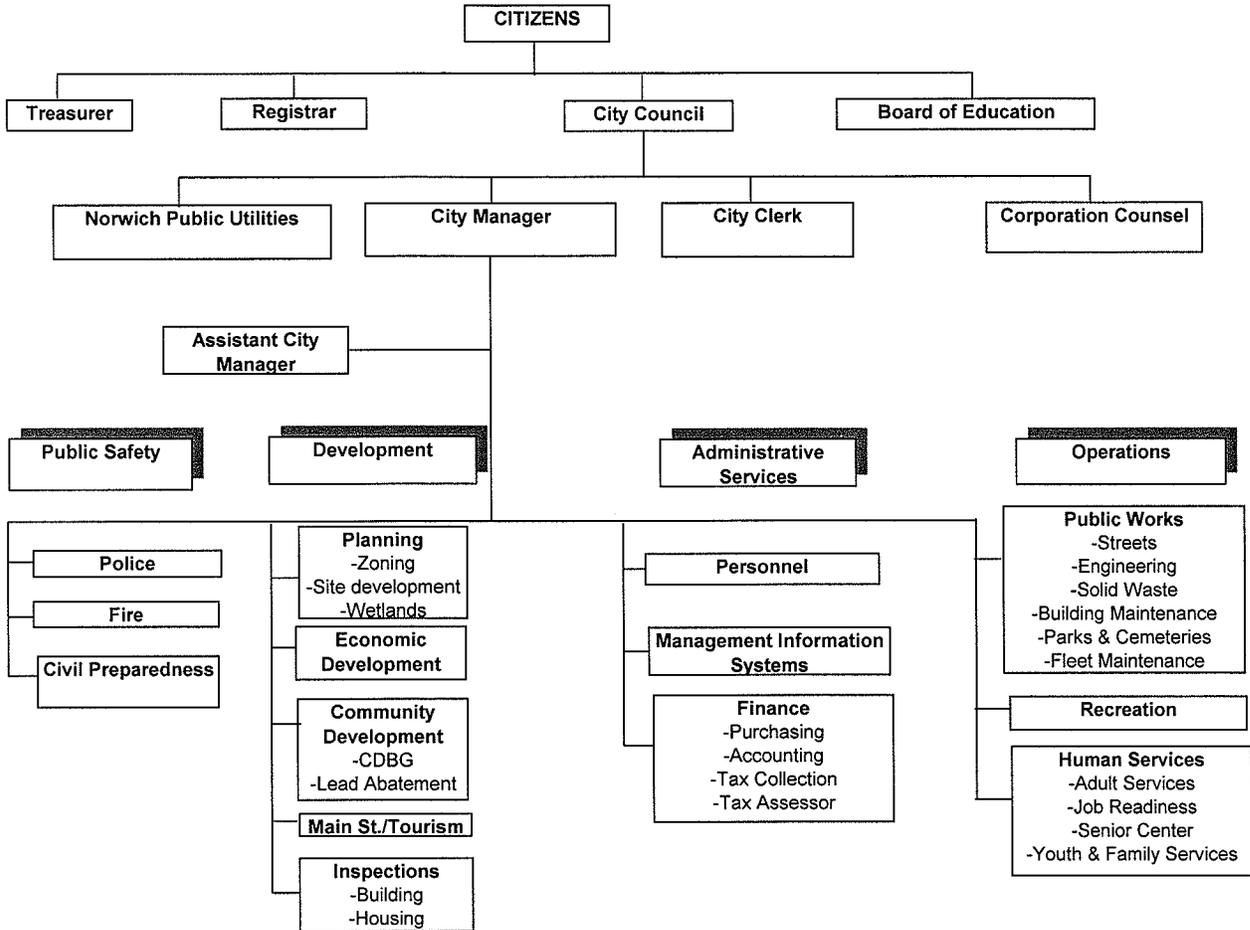
*Nancy L. Ziehl*

President

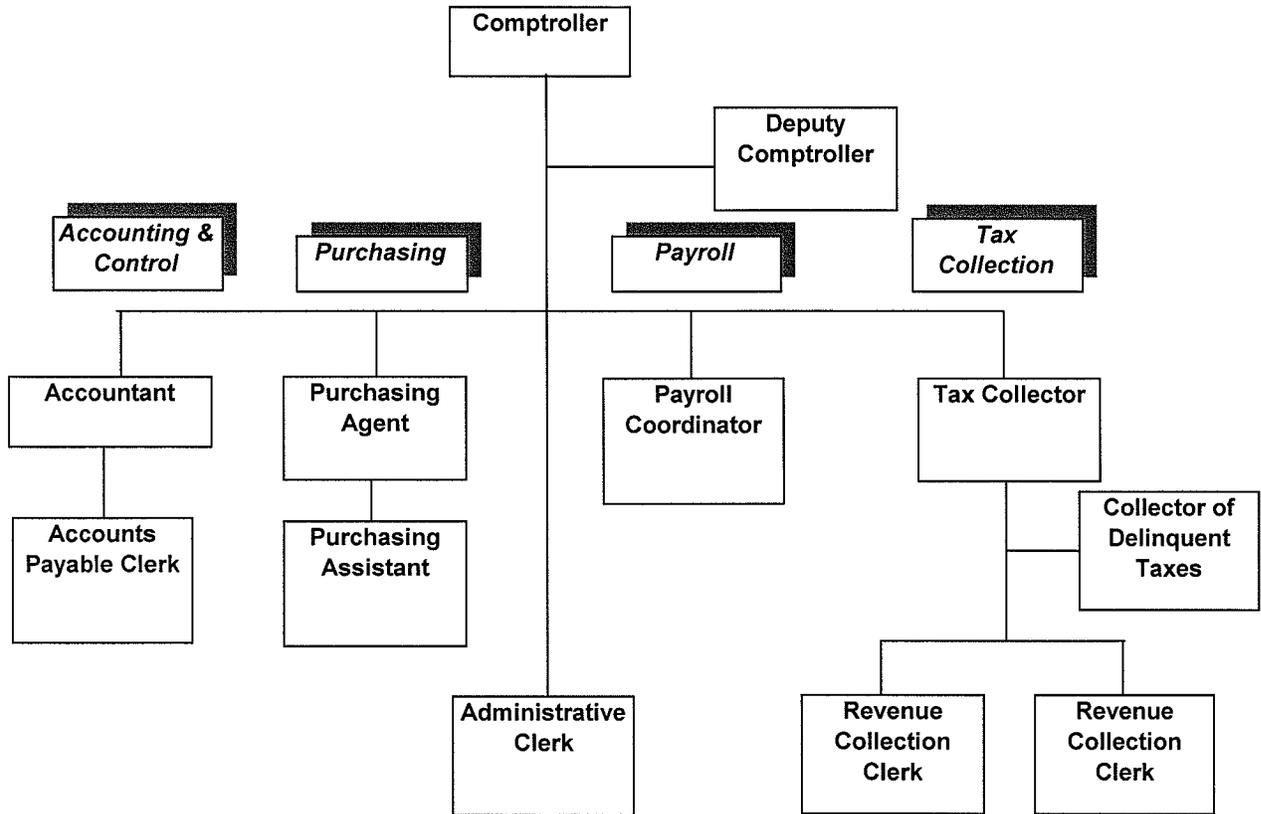
*Jeffrey R. Emer*

Executive Director

# City of Norwich Organizational Chart of the City



# City of Norwich Finance Department Organizational Chart of the Finance Department



**CITY OF NORWICH, CONNECTICUT**

**DIRECTORY OF ELECTED CITY OFFICIALS  
AND NPU COMMISSIONERS**

**CITY COUNCIL**

	<u>Term Length</u>	<u>Term Expires</u>
Arthur L. Lathrop, Mayor (R)	4 Years	12/6/05
Benjamin P. Lathrop, President Pro Tempore (D)	2 Years	12/6/05
Jacqueline Caron (D)	2 Years	12/6/05
John D. Crooks, Sr. (R)	2 Years	12/6/05
John Paul Mereen (R)	2 Years	12/6/05
John M. Newson (D)	2 Years	12/6/05
Todd C. Postler (D)	2 Years	12/6/05

**BOARD OF EDUCATION**

	<u>Term Length</u>	<u>Term Expires</u>
John P. LeVangie, Chairperson (D)	2 Years	11/8/05
Jeremy Booty, Vice Chairperson (R)	2 Years	11/8/05
Nicole Kaiser, Secretary (D)	2 Years	11/8/05
Cora Lee Boulware (D)	2 Years	11/8/05
Kelly Ann Graves (D)	2 Years	11/8/05
Lorrie Herz (D)	2 Years	11/8/05
Charles Jaskiewicz (D)	2 Years	11/8/05
Charles K. Norris (R)	2 Years	11/8/05
Angelo P. Yeitz, Jr. (R)	2 Years	11/8/05

**TREASURER**

	<u>Term Length</u>	<u>Term Expires</u>
William J. Murray (D)	2 Years	12/6/05

**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	3/01/06
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, CONNECTICUT**

**DIRECTORY OF APPOINTED CITY OFFICIALS**

---

City Manager .....	Richard A. Podurgiel
Assistant City Manager .....	Robert Zarnetske
Assessor .....	Charles Glinski
Building Inspector .....	James Troeger
Chief of Police .....	Louis Fusaro
City Clerk.....	DeeAnne Brennan
City Planner (Interim).....	Elizabeth Rasmussen
Community Development .....	Kathryn Crees
Comptroller.....	Joseph Ruffo
Deputy Comptroller.....	joshua pothier
Corporation Counsel.....	Michael E. Driscoll
Emergency Management Director.....	Gene M. Arters
Engineer .....	William Mansfield
Fire Chief .....	Ken Scandariato
Health Director .....	Patrick McCormack, MPH
Human Services Director .....	Beverly Goulet
Management Information System Director.....	Dianne Daniels
Norwich Housing Authority .....	Charles Whitty
Parking Administrator .....	Judy Rizzuto
Personnel Director .....	Thomas Dawkins
Planning and Neighborhood Services Director.....	Peter Davis
Public Utilities Manager.....	Richard E. DesRoches
Public Works Director.....	Joseph Loyacano
Purchasing Agent.....	William R. Block
Recreation Director.....	Luis DePina
Senior Affairs Director .....	Susan Sabrowski
Superintendent of Schools (Interim) .....	Donald Steinman
Tax Collector .....	Theresa Giovanni
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



*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, 2005, 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, 2005, 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 September 22, 2005 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.

A handwritten signature in black ink that reads "Amy T. Wolf, CPA". The signature is written in a cursive style.

September 22, 2005

## CITY OF NORWICH, CONNECTICUT

### MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2005

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, 2005. 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 \$150.2 million. Total net assets for Governmental Activities at fiscal year-end were \$51.2 million and total net assets for business-type activities were \$99 million. The total unrestricted net asset at June 30, 2005 was \$32.2 million.
- On a government-wide basis, during the year, the City's net assets increased by \$5.1 million from \$145.1 million to \$150.2 million. The governmental activities net assets increased by \$2.3 million, and net assets increased by \$2.8 million for business-type activities. Governmental activities expenses were \$106.3 million, while total revenues including administrative reimbursements were \$108.6 million.
- At the close of the year, the City's governmental funds reported, on a current financial resource basis, combined ending fund balances of \$19.2 million, an increase of \$3.1 million from the prior fiscal year. Of the total fund balance as of June 30, 2005, \$16.4 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 million, an increase of \$1.3 million from the prior fiscal year. Included in the fiscal year 2006 budget is an appropriation of \$1.2 million from the unreserved fund balance. As of June 30, 2005, \$10.6 million of the total fund balance is unreserved representing 11.5 percent of total General Fund expenditures and transfers out.
- The City's governmental activities total debt decreased by \$352 thousand during the current fiscal year. The City issued new governmental debt of \$2.8 million and refunded \$7.9 million of outstanding governmental bonds during fiscal year 2005. The City made all of its scheduled bond payments.

#### **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 \$145.1 million to \$150.2 million. The analysis below focuses on the net assets (Table 1) and changes in net assets (Table 2) of the City’s governmental and business-type activities.

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total Government-Wide</b>	
	<u>2005</u>	<u>2004*</u>	<u>2005</u>	<u>2004*</u>	<u>2005</u>	<u>2004*</u>
Current and other assets .....	\$ 37,409	\$ 37,610	\$ 26,498	\$ 24,352	\$ 63,907	\$ 61,962
Capital assets .....	64,196	63,788	99,185	97,063	163,381	160,851
<b>Total assets .....</b>	<b>101,605</b>	<b>101,398</b>	<b>125,683</b>	<b>121,415</b>	<b>227,288</b>	<b>222,813</b>
Long-term debt outstanding .....	41,312	41,664	21,013	18,803	62,325	60,467
Unearned revenue .....	3,580	3,273	227	215	3,807	3,488
Other liabilities .....	5,515	7,552	5,402	6,182	10,917	13,734
<b>Total liabilities.....</b>	<b>50,407</b>	<b>52,489</b>	<b>26,642</b>	<b>25,200</b>	<b>77,049</b>	<b>77,689</b>
Net assets:						
Invested in capital assets, net of debt .....	34,514	31,791	81,679	81,362	116,193	113,153
Restricted.....	1,610	1,596	279		1,889	1,596
Unrestricted .....	15,074	15,522	17,083	14,853	32,157	30,375
<b>Total net assets.....</b>	<b>\$ 51,198</b>	<b>\$ 48,909</b>	<b>\$ 99,041</b>	<b>\$ 96,215</b>	<b>\$150,239</b>	<b>\$145,124</b>
*Restated to include restatement amounts summarized in Note 1 and changes to various asset and liability classifications.						

Net assets of the City’s governmental activities increased by 4.7 percent (\$51.2 million compared to \$48.9 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 \$15.5 million at June 30, 2004 to \$15.1 million at the end of this year. The net assets of business-type activities increased by 2.9 percent (\$99.0 million compared to \$96.2 million) in 2005.

**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>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>
Revenues:						
Program revenues:						
Charges for services .....	\$ 7,834	\$ 6,866	\$65,151	\$60,052	\$ 72,985	\$ 66,918
Operating grants and contributions.	41,727	36,509			41,727	36,509
Capital grants and contributions .....	1,907	4,458	2,115	141	4,022	4,599
General revenues:						
Property taxes .....	45,426	48,044			45,426	48,044
Grants and contributions not restricted to specific purposes ...	5,030	5,251			5,030	5,251
Other general revenues .....	1,217				1,217	
Unrestricted investment earnings ...	488	529	204	138	692	667
Total revenues .....	<u>103,629</u>	<u>101,657</u>	<u>67,470</u>	<u>60,331</u>	<u>171,099</u>	<u>161,988</u>
Program expenses:						
General government .....	5,233	7,726			5,233	7,726
Public safety .....	14,105	13,032			14,105	13,032
Social services .....	3,037	1,880			3,037	1,880
Public works .....	13,781	10,271			13,781	10,271
Education .....	64,819	61,478			64,819	61,478
Employee benefits and other .....	3,725	2,688			3,725	2,688
Interest on long-term debt .....	1,646	1,948			1,646	1,948
Department of Public Utilities .....			57,133	51,622	57,133	51,622
Other Enterprise Funds .....			2,505	2,526	2,505	2,526
Total program expenses .....	<u>106,346</u>	<u>99,023</u>	<u>59,638</u>	<u>54,148</u>	<u>165,984</u>	<u>153,171</u>
Excess (deficiency) before transfers and special items .....	(2,717)	2,634	7,832	6,183	5,115	8,817
Administrative reimbursements .....	5,006	4,441	(5,006)	(4,441)		
Transfers .....		(159)		159		
Increase in net assets .....	<u>\$ 2,289</u>	<u>\$ 6,916</u>	<u>\$ 2,826</u>	<u>\$ 1,901</u>	<u>\$ 5,115</u>	<u>\$ 8,817</u>

The City's total revenues (excluding special items and transfers) was \$171.1 million. The total cost of all programs and services was \$166.0 million. Our analysis below separately considers the operations of governmental and business-type activities.

**Governmental Activities**

Governmental activities increased the City’s assets by \$2.3 million during the year. Total revenues of \$108.6 million including \$5 million of administrative reimbursements paid from the City’s business-type activities provided funding for the City’s \$106.3 of governmental program expenses incurred during the year.

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>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>
General government .....	\$ 5,233	\$ 7,726	\$ 1,739	\$ 612
Public safety .....	14,105	13,032	13,689	12,229
Social services .....	3,037	1,880	1,231	1,767
Public works .....	13,781	10,271	9,274	5,821
Education .....	64,819	61,478	23,640	23,615
All others .....	5,371	4,636	5,305	2,704
Totals.....	<u>\$106,346</u>	<u>\$99,023</u>	<u>\$54,878</u>	<u>\$46,748</u>

**Business-type Activities**

Revenues of the City’s business-type activities (see Table 2) increased by 11.8 percent (\$67.5 million in 2005 compared to \$60.3 million in 2004) and expenses increased by 10.8 percent. The primary cause for the increase in revenues and expenditures was the increase of the rates and usage 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 \$19.3 million, which is an increase from last year's total of \$16.2 million. Included in this year's total change in fund balance, is an increase of \$1.3 million in the City's General Fund. The primary reasons for the General Fund's increase mirror the general fund activities analysis highlighted in RSI-1 and RSI-2.

The Other Governmental funds have a total fund balance of \$7.9 million, up from \$6.5 million in the prior year. The increase is primarily due to the issuance of \$2.8 million of capital bonds in March 2005.

### ***Proprietary Funds***

Net assets of the proprietary fund consisting of the Department of Public Utilities were \$87.7 million, as compared to \$85.1 million in the prior year, and Other Enterprise Funds were \$11.3 million, as compared to \$11.1 million in the prior year.

Unrestricted net assets of the Department of Public Utilities was \$17 million, and \$80 thousand for Other Enterprise Funds. The Department of Public Utilities had operating revenues of \$62.9 million from user fees, and Other Enterprise funds had \$2.3 million. There was a total net gain for the Department of Public Utilities of \$2.6 million after capital contributions of \$1.7 million, and a total net gain for Other Enterprise funds of \$204 thousand. The total change in net assets for the fiscal year ended June 30, 2005 was \$2.8 million.

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

The difference between the original budget and the final amended budget was \$28 thousand. The additional appropriation approved during the year established funding for a Blight Control Enforcement Officer from January 2005 to the end of the fiscal year. This new position is now a regular, full-time position in fiscal year 2006.

During the year, actual revenues and other financing sources on a budgetary basis were \$91.5 million, which exceeded budgetary estimates by \$1.6 million. Actual tax revenues were less than budget by \$405 thousand. Actual intergovernmental revenue was \$368 thousand over budgetary estimates primarily due to higher-than-expected Special Education Excess Cost grant revenues. Actual charges for services were \$700 thousand over budgetary estimates primarily due to higher-than-expected conveyance tax collections.

Actual expenditures on a budgetary basis and other financing uses totaled \$90.1 million, which were less than actual revenues and other financing sources on a budgetary basis by \$1.5 million.

**CAPITAL ASSET AND DEBT ADMINISTRATION**

*Capital Assets*

At June 30, 2005, the City had \$163.4 million invested in a broad range of capital assets, including land, building and system improvements, machinery and equipment, park facilities, roads, sewers and bridges – Table 4. This amount represents a net increase (including additions, deductions, and depreciation) of \$2.5 million, or \$1.6 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>2005</u>	<u>2004*</u>	<u>2005</u>	<u>2004*</u>	<u>2005</u>	<u>2004*</u>
Land and land improvements...	\$23,629	\$23,436	\$ 2,397	\$ 2,397	\$ 26,026	\$ 25,833
Buildings and improvements...	19,903	18,061	35,028	35,920	54,931	53,981
Vehicles, machinery, equipment, pumping, and distribution systems .....	4,477	4,820	35,504	36,815	39,981	41,635
Technology upgrade and road infrastructure.....	13,715	14,279			13,715	14,279
Construction in progress.....	<u>2,472</u>	<u>3,192</u>	<u>26,256</u>	<u>21,931</u>	<u>28,728</u>	<u>25,123</u>
Totals .....	<u>\$64,196</u>	<u>\$63,788</u>	<u>\$99,185</u>	<u>\$97,063</u>	<u>\$163,381</u>	<u>\$160,851</u>

\*As restated

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

*(in thousands)*

Occum downstream passage.....	\$1,513
DPU – Financial management systems .....	1,459
Sewer line extensions .....	1,028
Norwich Transportation Center .....	726
Road overlays .....	532
Water mains.....	453
Dodd Stadium improvements .....	<u>426</u>
TOTAL .....	<u>\$6,137</u>

The City’s fiscal-year 2005-06 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, 2005 the City had total bonds and notes outstanding of \$46 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 \$1 million during fiscal 2005.

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Totals</b>	
	<u>2005</u>	<u>2004*</u>	<u>2005</u>	<u>2004*</u>	<u>2005</u>	<u>2004*</u>
General obligation bonds.....	\$31,921	\$32,946	\$ 7,777	\$ 7,443	\$39,698	\$40,389
Notes payable .....	_____	_____	6,269	6,619	6,269	6,619
<b>TOTAL .....</b>	<u><b>\$31,921</b></u>	<u><b>\$32,946</b></u>	<u><b>\$14,046</b></u>	<u><b>\$14,062</b></u>	<u><b>\$45,967</b></u>	<u><b>\$47,008</b></u>

\*As restated

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

State statutes limit the amount of general obligation debt a governmental entity may issue to up to seven times its annual receipts from taxation. The current debt limitation for the City of Norwich is \$333.6 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 2005, the unemployment rate for the Norwich Labor Market Area was 5.9 percent, up from 5.8 percent in the prior year. Connecticut’s overall unemployment rate stands at 5.3 percent, compared with 4.8 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 2006 general fund budget calls for \$94.7 million in revenues and expenditures, an approximate 4.6 percent increase in both over fiscal year 2005. On the revenue side, the fiscal year 2006 mill rate increased 1.03 mills from 25.69 to 26.72 – a 4 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 5 percent increase in revenues over fiscal year 2005 from \$62.9 million to \$66.0 million. Norwich Public Utilities budgeted \$2.4 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.

CITY OF NORWICH, CONNECTICUTSTATEMENT OF NET ASSETS  
JUNE 30, 2005

(thousands)

	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
<b>ASSETS:</b>			
Cash and cash equivalents .....	\$ 23,950	\$ 13,209	\$ 37,159
Investments .....	2,723		2,723
Receivables, net .....	10,238	11,265	21,503
Internal balances .....	407	(407)	
Inventories .....	35	1,634	1,669
Other assets .....	56	797	853
Capital assets, net .....	64,196	99,185	163,381
<b>Total assets .....</b>	<b>101,605</b>	<b>125,683</b>	<b>227,288</b>
<b>LIABILITIES:</b>			
Accounts and other payables .....	5,243	5,402	10,645
Due to Fiduciary Funds .....	272		272
Unearned revenue .....	3,580	227	3,807
Noncurrent liabilities:			
Due within one year .....	7,171	2,436	9,607
Due in more than one year .....	34,141	18,577	52,718
<b>Total liabilities .....</b>	<b>50,407</b>	<b>26,642</b>	<b>77,049</b>
<b>NET ASSETS:</b>			
Invested in capital assets, net of related debt .....	34,514	81,679	116,193
Restricted for trust purposes:			
Expendable .....	140		140
Permanent .....	1,470		1,470
Restricted for conservation and development .....		279	279
Unrestricted .....	15,074	17,083	32,157
<b>Total net assets .....</b>	<b>\$ 51,198</b>	<b>\$ 99,041</b>	<b>\$150,239</b>

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

CITY OF NORWICH, CONNECTICUT

STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2005

(thousands)

FUNCTIONS/PROGRAMS	EXPENSES	CHARGES FOR SERVICES	PROGRAM REVENUES		NET (EXPENSE) REVENUE AND CHANGES IN NET ASSETS		TOTAL
			OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	
<b>Governmental activities:</b>							
General government .....	\$ 5,233	\$ 2,682	\$ 183	\$ 629	\$ (1,739)		\$ (1,739)
Public safety .....	14,105	232	184		(13,689)		(13,689)
Social services .....	3,037	485	1,321		(1,231)		(1,231)
Public works .....	13,781	2,988	1,236	283	(9,274)		(9,274)
Education .....	64,819	1,447	38,737	995	(23,640)		(23,640)
Employee benefits and other .....	3,725				(3,725)		(3,725)
Interest on long-term debt .....	1,646		66		(1,580)		(1,580)
<b>Total governmental activities .....</b>	<b>106,346</b>	<b>7,834</b>	<b>41,727</b>	<b>1,907</b>	<b>(54,878)</b>		<b>(54,878)</b>
<b>Business-type activities:</b>							
<b>Department of Public Utilities:</b>							
Gas .....	14,099	15,099				\$ 1,000	1,000
Electric .....	33,469	38,706		88		5,325	5,325
Water .....	4,640	4,970		453		783	783
Sewer .....	4,925	4,077		1,148		300	300
<b>Nonmajor Enterprise Funds:</b>							
Golf-course Authority .....	1,242	1,280				38	38
Stadium Authority .....	253	167		426		340	340
Ice Rink Authority .....	1,010	852				(158)	(158)
<b>Total business-type activities .....</b>	<b>59,638</b>	<b>65,151</b>		<b>2,115</b>		<b>7,628</b>	<b>7,628</b>
<b>TOTAL .....</b>	<b>\$165,984</b>	<b>\$72,985</b>	<b>\$41,727</b>	<b>\$4,022</b>	<b>(54,878)</b>	<b>7,628</b>	<b>(47,250)</b>
<b>General revenues:</b>							
Property taxes .....					45,426		45,426
Grants and contributions not restricted to specific programs .....					5,030		5,030
Unrestricted investment earnings .....					488	204	692
Administrative reimbursements .....					5,006	(5,006)	
Miscellaneous .....					1,217		1,217
<b>Total general revenues .....</b>					<b>57,167</b>	<b>(4,802)</b>	<b>52,365</b>
Change in net assets .....					2,289	2,826	5,115
Net assets, July 1, 2004, as restated .....					48,909	96,215	145,124
Net assets, June 30, 2005 .....					<u>\$ 51,198</u>	<u>\$99,041</u>	<u>\$150,239</u>

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

CITY OF NORWICH, CONNECTICUT

GOVERNMENTAL FUNDS

BALANCE SHEET  
JUNE 30, 2005

(thousands)

	GENERAL	COMMUNITY DEVELOPMENT	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
<u>A S S E T S</u>				
Cash and cash equivalents.....	\$13,837	\$ 872	\$ 8,168	\$22,877
Investments.....	1,323		1,400	2,723
Receivables, net.....	5,277	2,103	2,842	10,222
Due from other funds.....	1,511	2	992	2,505
Other assets.....		29	62	91
TOTAL.....	<u>\$21,948</u>	<u>\$3,006</u>	<u>\$13,464</u>	<u>\$38,418</u>
<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.....	\$ 4,012	\$ 64	\$ 785	\$ 4,861
Due to other funds.....	2,233	13	1,291	3,537
Deferred revenue.....	4,732	2,595	3,450	10,777
Total liabilities.....	<u>10,977</u>	<u>2,672</u>	<u>5,526</u>	<u>19,175</u>
Fund balances:				
Reserved.....	398		2,475	2,873
Unreserved, reported in:				
General Fund.....	10,573			10,573
Special Revenue Funds.....		334	2,198	2,532
Capital Project Funds.....			3,265	3,265
Total fund balances.....	<u>10,971</u>	<u>334</u>	<u>7,938</u>	<u>19,243</u>
TOTAL.....	<u>\$21,948</u>	<u>\$3,006</u>	<u>\$13,464</u>	

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.....	64,196
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.....	7,197
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.....	(485)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.....	<u>(38,953)</u>
Net assets of governmental activities.....	<u>\$ 51,198</u>

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, 2005

(thousands)

	GENERAL	COMMUNITY DEVELOPMENT	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
<b>Revenues:</b>				
Property taxes, interest, and liens.....	\$44,964		\$ 2,688	\$ 47,652
Intergovernmental revenues.....	36,185	\$ 797	11,177	48,159
Charges for services.....	3,586		3,276	6,862
Licenses, permits, and fees.....	614			614
Investment income.....	390		72	462
Other.....	6,069	408	1,231	7,708
<b>Total revenues .....</b>	<b>91,808</b>	<b>1,205</b>	<b>18,444</b>	<b>111,457</b>
<b>Expenditures:</b>				
<b>Current:</b>				
General government .....	4,879	98	285	5,262
Public safety .....	9,048	69	4,619	13,736
Social services .....	1,815	698	645	3,158
Public works .....	8,814		1,905	10,719
Education .....	56,267	6	9,090	65,363
Other .....	3,448		81	3,529
Capital outlay.....			3,929	3,929
Debt service.....	5,495			5,495
<b>Total expenditures .....</b>	<b>89,766</b>	<b>871</b>	<b>20,554</b>	<b>111,191</b>
Excess (deficiency) of revenues over expenditures.....	2,042	334	(2,110)	266
<b>Other financing sources (uses):</b>				
Transfers in.....	1,226		2,014	3,240
Transfers out.....	(2,014)		(1,226)	(3,240)
Bonds issued.....			2,810	2,810
Refunding bonds issued.....	8,202			8,202
Payment to refunding bond escrow agent.....	(8,128)			(8,128)
Refunding bonds - net original issue premium.....	118			118
Refunding bonds - cost of issuance and other bonding costs.....	(192)			(192)
<b>Total other financing sources (uses) .....</b>	<b>(788)</b>		<b>3,598</b>	<b>2,810</b>
Net change in fund balances.....	1,254	334	1,488	3,076
Fund balance, July 1, 2004, as restated.....	9,717		6,450	
Fund balance, June 30, 2005.....	<u>\$10,971</u>	<u>\$ 334</u>	<u>\$ 7,938</u>	

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period .....	535
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 .....	(127)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.....	(2,688)
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 .....	1,054
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 .....	431
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) .....	8
<b>Change in net assets of governmental activities (Exhibit II) .....</b>	<b>\$ 2,289</b>

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

CITY OF NORWICH, CONNECTICUT

PROPRIETARY FUNDS

STATEMENT OF NET ASSETS  
JUNE 30, 2005

(thousands)

	DEPARTMENT OF PUBLIC UTILITIES	BUSINESS-TYPE ACTIVITIES..... NONMAJOR ENTERPRISE FUNDS	TOTAL	GOVERNMENTAL ..ACTIVITIES.. INTERNAL SERVICE FUNDS
<b>ASSETS:</b>				
Current assets:				
Cash and cash equivalents .....	\$ 12,702	\$ 507	\$ 13,209	\$1,073
Receivables, net:				
User charges .....	8,046	47	8,093	
Assessments receivable .....	2,899		2,899	
Other .....	273		273	16
Due from other funds .....				1,169
Inventories .....	1,559	75	1,634	
Other assets .....	797		797	
<b>Total current assets .....</b>	<b>26,276</b>	<b>629</b>	<b>26,905</b>	<b>2,258</b>
Capital assets, net .....	87,915	11,270	99,185	
<b>Total assets .....</b>	<b>114,191</b>	<b>11,899</b>	<b>126,090</b>	<b>2,258</b>
<b>LIABILITIES:</b>				
Current liabilities:				
Accounts payable and accrued liabilities .....	5,283	119	5,402	
Due to other funds .....	204	203	407	2
Unearned revenue .....		227	227	
Notes payable - current .....	415		415	
Bonds payable - current .....	545	33	578	
Capital leases payable - current .....	714		714	
Compensated absences - current .....	226		226	
Risk management claims - current .....	503		503	1,338
<b>Total current liabilities .....</b>	<b>7,890</b>	<b>582</b>	<b>8,472</b>	<b>1,340</b>
Noncurrent liabilities:				
Customer deposits .....	429		429	
Due to CMEEC .....	1,240		1,240	
Notes payable .....	5,852		5,852	
Bonds payable .....	7,177	22	7,199	
Capital leases payable .....	1,508		1,508	
Compensated absences .....	2,041		2,041	
Risk management claims .....	308		308	1,403
<b>Total noncurrent liabilities .....</b>	<b>18,555</b>	<b>22</b>	<b>18,577</b>	<b>1,403</b>
<b>Total liabilities .....</b>	<b>26,445</b>	<b>604</b>	<b>27,049</b>	<b>2,743</b>
<b>NET ASSETS:</b>				
Invested in capital assets, net of related debt .....	70,464	11,215	81,679	
Restricted for conservation and development .....	279		279	
Unrestricted .....	17,003	80	17,083	(485)
<b>Total net assets .....</b>	<b>\$ 87,746</b>	<b>\$11,295</b>	<b>\$ 99,041</b>	<b>\$ (485)</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, 2005

(thousands)

	.....BUSINESS-TYPE ACTIVITIES.....			GOVERNMENTAL
	DEPARTMENT OF PUBLIC UTILITIES	NONMAJOR ENTERPRISE FUNDS	TOTAL	ACTIVITIES. INTERNAL SERVICE FUNDS
Operating revenues:				
Charges for services .....	\$62,852	\$ 2,299	\$65,151	\$11,968
Operating expenses:				
Purchased gas and electric .....	32,019		32,019	
General and administrative .....	8,832		8,832	
Operations and maintenance .....	6,990	2,172	9,162	
Administrative payment to City of Norwich .....	4,984	22	5,006	
Depreciation and loss on disposal .....	4,615	329	4,944	
Customer accounts .....	1,323		1,323	
Bad debt expense .....	628		628	
Gross revenue and property taxes .....	2,168		2,168	
Claims .....				11,256
Premiums and administrative charges .....				730
Total operating expenses.....	61,559	2,523	64,082	11,986
Operating income (loss) .....	1,293	(224)	1,069	(18)
Nonoperating income (expenses):				
Interest income .....	198	6	204	26
Interest expense .....	(558)	(4)	(562)	
Total nonoperating income (expenses).....	(360)	2	(358)	26
Income (loss) before contributions .....	933	(222)	711	8
Capital contributions .....	1,689	426	2,115	
Change in net assets .....	2,622	204	2,826	8
Total net assets, July 1, 2004, as restated .....	85,124	11,091	96,215	(493)
Total net assets, June 30, 2005 .....	\$87,746	\$11,295	\$99,041	\$ (485)

28

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

## CITY OF NORWICH, CONNECTICUT

## PROPRIETARY FUNDS

STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2005

(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 .....	\$ 58,194	\$ 2,286	\$ 60,480	\$ 11,662
Cash paid to vendors .....	(46,435)	(1,175)	(47,610)	(11,756)
Cash paid to employees for services .....	(10,711)	(894)	(11,605)	
Net cash provided (used) by operating activities .....	1,048	217	1,265	(94)
Cash flows from (to) capital and related financing activities:				
Issuance of bonds .....	710		710	
Proceeds from capital leases .....	1,447		1,447	
Cash advance from CMEEC and other funds .....	1,535		1,535	
Assessments and state grant subsidies .....	1,181		1,181	
Purchase of fixed assets .....	(6,075)	(112)	(6,187)	
Principal payment on bonds and notes .....	(728)	(30)	(758)	
Principal payment on capital leases .....	(833)	(2)	(835)	
Interest payment on debt .....	(557)	(4)	(561)	
Net cash provided (used) by capital and related financing activities .....	(3,320)	(148)	(3,468)	
Cash flows from investing activities:				
Income on investments .....	198	6	204	26
Net increase (decrease) in cash and cash equivalents .....	(2,074)	75	(1,999)	(68)
Cash and cash equivalents, July 1, 2004, as restated (see Footnote 1K) ...	14,776	432	15,208	1,141
Cash and cash equivalents, June 30, 2005 .....	\$ 12,702	\$ 507	\$ 13,209	\$1,073
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES				
Operating income (loss) .....	\$ 1,293	\$(224)	\$ 1,069	\$ (18)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation expense and loss on disposal .....	4,615	329	4,944	
Provision for uncollectible accounts .....	628		628	
(Increase) decrease in receivables .....	(4,673)	(25)	(4,698)	438
(Increase) decrease in due from other funds .....	15		15	(744)
(Increase) decrease in inventories and other assets .....	(389)	(3)	(392)	
Increase (decrease) in unearned revenues .....		12	12	
Increase (decrease) in accounts payable and accrued liabilities .....	(417)	51	(366)	230
Increase (decrease) in due to other funds .....	(24)	77	53	
Total adjustments .....	(245)	441	196	(76)
Net cash provided (used) by operating activities .....	\$ 1,048	\$ 217	\$ 1,265	\$ (94)
Noncash capital and financing activities .....	\$1,279	\$426	\$1,705	\$ -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, 2005

(thousands)

	PENSION TRUST FUNDS	AGENCY FUNDS
ASSETS:		
Cash and cash equivalents .....	\$ 361	\$120
Investments:		
Common stock and equities .....	88,533	
Mutual funds .....	38,924	
Certificates of deposit .....	871	
Due from other funds .....	<u>240</u>	<u>32</u>
Total assets .....	<u>128,929</u>	<u>\$152</u>
LIABILITIES:		
Accounts and other payables .....	12	
Due to student groups and agencies .....	<u>          </u>	<u>\$152</u>
Total liabilities .....	<u>12</u>	<u>\$152</u>
NET ASSETS:		
Held in trust for pension benefits .....	<u>\$128,917</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, 2005

---

(thousands)

Additions:	
Contributions:	
Employer.....	\$ 1,550
Plan members.....	<u>2,115</u>
Total contributions .....	3,665
Investment income:	
Net appreciation in fair value of investments.....	\$ 9,795
Interest and dividends.....	<u>2,599</u>
Total investment income.....	12,394
Less: Investment expense.....	<u>(197)</u>
Net investment income .....	<u>12,197</u>
Total additions.....	15,862
Deductions:	
Benefits.....	7,868
Administration.....	82
Lump sum distributions and withdrawals.....	<u>12</u>
Total deductions.....	<u>7,962</u>
Net increase.....	7,900
Net assets held in trust for pension benefits, July 1, 2004.....	<u>121,017</u>
Net assets held in trust for pension benefits, June 30, 2005.....	<u>\$128,917</u>

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

---

**CITY OF NORWICH, CONNECTICUT**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2005**

*(amounts expressed in thousands)*

---

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**A. Reporting Entity**

The City 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. 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 \$485 has been established as an allowance for uncollected taxes. At June 30, 2005 this represents 18.3% of property taxes receivable.

#### ***F. Inventories and Prepaid Items***

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

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

#### ***G. Capital Assets***

Capital assets, which include property, plant, equipment, and infrastructure assets, (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of 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 but does not vest. 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). If an employee is retiring, limited accumulated unused sick leave is not paid but added to the credited service used to calculate pension benefits. 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.

**K. Restatements**

The following restatements have been processed to change the classification of the City's Water and Sewer capital projects and the associated assets and liabilities from governmental-type activities to business-type activities. Additionally, other restatements have been processed to report previously unrecorded assets of the City and adjustments to reported amounts for the City's infrastructure and educational capital assets.

	<b>Fund Based Assets and Liabilities</b>	<b>Governmental Long-term Assets and Liabilities</b>	<b>Business-type Activities</b>	<b>Total Government- wide</b>
Net assets, as previously reported .....	\$16,995	\$26,049	\$90,266	\$133,310
Reclassify sewer activities to Enterprise Funds:				
Sewer Assessment Fund - net assets.....	(298)		298	
Sewer Assessment Fund - net, receivables .....		(1,422)	2,844	1,422
Bond Expenditure Fund - net assets .....	(592)		592	
Bonded debt outstanding - sewer line extensions .....		6,918	(6,918)	
Capitalized assets, net - sewer line extensions .....		(4,028)	4,028	
Sewer line extensions:				
Capital assets not previously reported .....			2,764	2,764
Community Development Housing Loans:				
Loans receivable - not previously reported .....		2,201		2,201
New funds - derived from prior year reserve account balances:				
Other grants and programs .....	165			165
Educational programs .....	64			64
Police asset forfeiture .....	149			149
Police grants and programs.....	52			52
Recreation grants and programs .....	16			16
Social services grants and programs.....	99			99
Senior Citizens programs .....	32			32
Landfill closure .....	(15)			(15)
Bond Expenditure Fund:				
Defer long-term interfund receivable in fund statement.....	(500)	500		
Education - Capital assets:				
Restatement of prior capital assets, net.....		6,184		6,184
Infrastructure - Capital assets:				
Restatement of prior capital assets, net.....		(1,319)		(1,319)
Capital asset transfer:				
Watermain construction.....		(2,341)	2,341	
Net assets, as restated July 1, 2004.....	<u>\$16,167</u>	<u>\$32,742</u>	<u>\$96,215</u>	<u>\$145,124</u>

## 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 \$38,953 difference are as follows:

Bonds payable .....	\$32,700
Deferred charge on refunding (to be amortized over life of debt).....	(779)
Accrued interest payable .....	382
Net pension obligation.....	640
Compensated absences .....	3,332
Landfill closure.....	<u>2,678</u>
Net adjustment to reduce fund balance - total governmental funds to arrive at net assets - governmental activities .....	<u>\$38,953</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 \$535 difference are as follows:

Capital outlay .....	\$ 3,440
Depreciation expense.....	<u>(2,905)</u>
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities .....	<u>\$ 535</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 \$1,054 difference are as follows:

Debt issued or incurred:	
Issuance of general obligation bonds.....	\$(2,810)
Principal repayments:	
General obligation debt.....	<u>3,864</u>
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities .....	<u>\$ 1,054</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 \$431 difference are as follows:

Compensated absences.....	\$ 432
Net pension obligation .....	233
Landfill closure .....	(219)
Other .....	<u>(15)</u>
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities .....	<u>\$ 431</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 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 \$28 were made during the year.

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

**B. Deficit Fund Equity**

Certain individual funds had fund balance/net asset deficits at June 30, 2005 as follows:

Internal Service Funds:

Workers' Compensation ..... \$1,470\*

\* The City's current funding policy funds workers' compensation claims on a pay-as-you go basis while maintaining an additional reserve of \$400 thousand.

**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, 2005:

Deposits:	
Demand accounts .....	\$12,323
Savings accounts .....	18,529
Certificates of deposit .....	<u>3,236</u>
Total deposits .....	34,088
Petty cash .....	6
Cash equivalents:	
State Short-Term Investment Fund (STIF) .....	5
State Tax Exempt Bond Proceeds Fund (TEPF).....	13
MBIA, Inc. - Cooperative Liquid Assets Security System (CLASS).....	272
Evergreen Institutional Treasury Money Market Fund...	513
Financial Investors Trust Money Market Fund.....	4,937
Less: Certificates of deposit classified as investments .....	<u>(2,194)</u>
 TOTAL CASH AND CASH EQUIVALENTS .....	 <u>\$37,640</u>

**Deposits**

At June 30, 2005, the carrying amount of the City’s deposits, including \$2,194 of certificates of deposits classified as investments, was \$39,834 and the bank balance was \$36,264.

*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 does not have a deposit policy for custodial credit risk. Of the June 30, 2005 bank balance, \$1,152 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 \$3,601, based on June 30, 2005 deposits, was collateralized (collateral held by the pledging bank’s trust department is not in the City’s name). The balance of deposits of \$31,511 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, 2005, the City’s cash equivalents amounted to \$5,740. 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

\*Fund is not rated.

**B. Investments**

Investments as of June 30, 2005 in all funds are as follows:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Weighted Average Maturity (Years)</u>
Interest Bearing Investments:		
Certificate of deposits * .....	\$ 2,194	2.03
U.S. treasury securities .....	26	1.88
Federal agency securities .....	103	1.02
Corporate bonds .....	207	2.03
Other Investments:		
Common stock equities:		
Cemetery Trust Fund .....	779	
Pension Trust Fund .....	9,566	
Open-end mutual funds:		
Cemetery Trust Fund:		
Columbia mutual funds .....	149	
Fidelity Institutional funds .....	136	
Pension Trust Fund:		
Russell Real Estate Equity Fund .....	14,377	
Bank of New York Pooled Account .....	<u>103,514</u>	
 TOTAL.....	 <u>\$131,051</u>	

Portfolio weighted average maturity for interest bearing investments ..... 1.99

\*Subject to coverage by Federal Depository Insurance and collateralization as described under "Deposits" above.

*Interest Rate Risk* – The City does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

*Credit Risk – Investments* - As indicated above, State Statutes limit the investment options of cities and towns. The City has no investment policy that would further limit its investment choices. The following table provides a summary of the City’s investments (excluding U.S. government guaranteed obligations) as 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 .....	AAA - A	Aaa - A2
Columbia mutual funds.....	Not Rated	Not Rated
Fidelity Institutional funds.....	Not Rated	Not Rated
Russell Real Estate Equity Fund.....	Not Rated	Not Rated
Bank of New York Pooled Account .....	Not Rated	Not Rated

*Concentration of Credit Risk* – The City does not have a formal investment policy that restricts investments in any one issuer that is in excess of five percent of the City’s total investments.

*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 other investments are held in openend mutual funds which, because they are pooled investments rather than separate identifiable securities, are not subject to custodial risk determination.

## 5. RECEIVABLES

Receivables as of year end for the City’s individual major funds and nonmajor, 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.....	\$3,927			\$ 263	\$ 4,190
Intergovernmental.....	1,657			1,178	2,835
User charges.....			\$10,001	253	10,254
Assessments .....			2,899	80	2,979
Housing and rehabilitation loans.		\$ 2,103		1,020	3,123
Accounts and other .....	413		273	324	1,010
	<hr/>				
Gross receivables .....	5,997	2,103	13,173	3,118	24,391
	<hr/>				
Less:					
Allowance for uncollectibles:					
Taxes and accrued interest on taxes .....	(720)				(720)
User charges ....			(1,955)	(53)	(2,008)
Accounts.....				(160)	(160)
	<hr/>				
Total allowance.....	(720)		(1,955)	(213)	(2,888)
	<hr/>				
Net total receivables....	<u>\$5,277</u>	<u>\$ 2,103</u>	<u>\$11,218</u>	<u>\$2,905</u>	<u>\$21,503</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 .....	\$2,815		\$ 2,815
School building construction grant receivables ....	1,262		1,262
Other deferred revenues .....		\$ 655	655
Community Development Fund:			
Housing loans and interest .....	2,103		2,103
Grant drawdowns prior to meeting all eligibility requirements .....		492	492
Nonmajor funds:			
Taxes and accrued interest on delinquent property taxes .....	240		240
Lead abatement – unamortized loans .....		1,016	1,016
Grant drawdowns prior to meeting all eligibility requirements .....		1,307	1,307
Advance program fee collections .....		110	110
Other deferred receivables .....	777		777
	<hr/>		
Total deferred/unearned revenue for governmental funds .....	<u>\$7,197</u>	<u>\$3,580</u>	<u>\$10,777</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, 2005 is presented below.

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund.....	Community Development .....	\$ 13
General Fund.....	Department of Public Utilities.....	4
General Fund.....	Nonmajor Governmental .....	1,291
General Fund.....	Nonmajor Enterprise .....	203
Community Development Fund.....	Internal Service Fund .....	2
Nonmajor Governmental.....	Department of Public Utilities.....	200
Nonmajor Governmental.....	General Fund .....	792
Internal Service Funds .....	General Fund.....	1,169
Pension Trust .....	General Fund.....	240
Agency Fund.....	General Fund.....	32
		<hr/>
TOTAL .....		<u>\$3,946</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.....		\$2,014	\$2,014
Nonmajor Governmental.....	\$1,226		1,226
	<hr/>		
Total transfer out .....	\$1,226	\$2,014	\$3,240

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.

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.

## 7. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2005 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 .....	\$ 22,870	\$ 225			\$ 23,095
Construction in progress .....	3,192	(2,553)	\$ 1,833		2,472
	<hr/>				
Total capital assets, not being depreciated	26,062	(2,328)	1,833	25,567	
Capital assets, being depreciated:					
Land improvements.....	804		8		812
Buildings and improvements.....	34,664	1,891	946		37,501
Vehicles, machinery and equipment .....	13,390		653	\$(501)	13,542
Technology upgrade and infrastructure.	25,269	437			25,706
	<hr/>				
Total capital assets being depreciated .....	74,127	2,328	1,607	(501)	77,561
Less accumulated depreciation for:					
Land improvements.....	(238)		(40)		(278)
Buildings and improvements.....	(16,603)		(995)		(17,598)
Vehicles, machinery and equipment .....	(8,570)		(869)	374	(9,065)
Technology upgrade and infrastructure.	(10,990)		(1,001)		(11,991)
	<hr/>				
Total accumulated depreciation.....	(36,401)		(2,905)	374	(38,932)
	<hr/>				
Total capital assets, being depreciated, net	37,726	2,328	(1,298)	(127)	38,629
	<hr/>				
Governmental activities capital assets, net	\$ 63,788	\$ - 0 -	\$ 535	\$(127)	\$ 64,196

	<b><u>Beginning</u></b> <b><u>Balance*</u></b>	<b><u>Transfers</u></b>	<b><u>Increases</u></b>	<b><u>Decreases</u></b>	<b><u>Ending</u></b> <b><u>Balance</u></b>
<b>Business-type activities</b>					
Capital assets, not being depreciated:					
Land .....	\$ 2,397				\$ 2,397
Construction in progress .....	21,931	\$(757)	\$ 5,082		26,256
	<hr/>				
Total capital assets, not being depreciated .....	24,328	(757)	5,082		28,653
	<hr/>				
Capital assets, being depreciated:					
Structures and improvements .....	62,444		685		63,129
Machinery, equipment, pumping and distribution systems .....	106,207	757	1,299	\$(414)	107,849
	<hr/>				
Total capital assets, being depreciated .....	168,651	757	1,984	(414)	170,978
	<hr/>				
Less accumulated depreciation for:					
Structures and improvements .....	(26,524)		(1,577)		(28,101)
Machinery, equipment, pumping collection and distribution systems .....	(69,392)		(3,249)	296	(72,345)
	<hr/>				
Total accumulated depreciation .....	(95,916)		(4,826)	296	(100,446)
	<hr/>				
Total capital assets, being depreciated, net	72,735	757	(2,842)	(118)	70,532
	<hr/>				
Business-type activities capital assets, net\$	97,063	\$ -0-	\$ 2,240	\$(118)	\$ 99,185
	<hr/> <hr/>				

\*As restated

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

**Governmental activities:**

General government .....	\$ 82
Public safety .....	504
Social services .....	70
Public works .....	1,297
Education .....	952

Total depreciation expense - governmental activities .....

\$2,905

**Business-type activities:**

Department of Public Utilities .....	\$4,497
Golf Course Authority .....	57
Stadium Authority .....	111
Ice Rink Authority .....	161

Total depreciation expense - business-type activities .....

\$4,826

## Construction Commitments

The City has active construction projects as of June 30, 2005. At year end the City's commitments with contractors are as follows:

<u>Project</u>	<u>Cumulative Authorization</u>	<u>Cumulative Expenditures</u>	<u>Encumbered</u>	<u>Balance June 30, 2005</u>
Water Main Construction .....	\$ 3,110	\$2,794		\$ 316
Intermodal Transportation Center.....	1,747	1,304		443
Expansion/Renovation of Middle School.....	885	1		884
OTIS Library Expansion.....	800	250		550
Wawecus St. Bridge.....	800	176	\$612	12
Sewers - Harland and Ox Hill Road .	800	800		
Pine Street Sewers .....	765	478		287
Fire Fighting Equipment.....	575	568		7
Paving and Drainage.....	545	532		13
Dodd Stadium Improvements .....	510	426		84
<b>TOTAL .....</b>	<b>\$10,537</b>	<b>\$7,329</b>	<b>\$612</b>	<b>\$2,596</b>

## 8. LONG-TERM DEBT

### Changes in Long-Term Liabilities

Long-term liability activity for the year ended June 30, 2005, was as follows:

	<u>Beginning Balance*</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due With One Year</u>
<b>Governmental activities</b>					
Bonds payable:					
General obligation bonds .	\$33,407	\$11,012	\$11,719	\$32,700	\$4,132
Less deferred amount on refunding.....	(461)	(347)	(29)	(779)	
Total bonds payable .....	32,946	10,665	11,690	31,921	4,132
Compensated absences.....	3,764		432	3,332	1,076
Landfill closure .....	2,459	366	147	2,678	625
Net pension obligation .....	873		233	640	
Risk management claims.....	1,622	11,256	10,137	2,741	1,338
Governmental activity long-term liabilities.....	<u>\$41,664</u>	<u>\$22,287</u>	<u>\$22,639</u>	<u>\$41,312</u>	<u>\$7,171</u>

\*As restated.

	<u>Beginning Balance*</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<b>Business-type activities</b>					
Bonds and notes payable:					
General obligation bonds .....	\$ 7,443	\$1,078	\$ 726	\$ 7,795	\$ 578
Less deferred amount on refunding .....		(18)		(18)	
State of Connecticut - serial note .	6,619		350	6,269	415
Total bonds and notes payable .....	14,062	1,060	1,076	14,046	993
CMEEC loan .....		1,240		1,240	
Compensated absences.....	2,146	121		2,267	226
Capital leases.....	1,608	1,447	833	2,222	714
Workers compensation.....	587		176	411	103
Risk management claims.....	400			400	400
Business-type activity long-term liabilities.....	\$18,803	\$3,868	\$2,085	\$20,586	\$2,436

\*As restated.

A schedule of bonds outstanding at June 30, 2005 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, 2005</u>
<b>Governmental activities</b>					
General purpose bonds payable:					
General purpose, schools, and water main .....	4.5-5.0	05/01/1986	05/01/2006	\$15,000	\$ 780
General purpose.....	4.3-5.6	09/15/1992	09/15/2007	\$3,000	600
General purpose.....	4.5-5.0	02/01/1996	08/01/2006	\$3,000	320
General purpose and schools .....	4.5-5.7	11/01/1999	05/01/2008	\$4,665	1,975
Refunding - (09/15/1994) bonds .	4.0-5.0	04/01/2001	04/01/2014	\$13,010	9,705
General purpose, schools, and water .....	4.0-5.0	04/01/2001	04/01/2009	\$10,510	2,100
General purpose - Wauregan Hotel .....	5.50-6.75	04/01/2001	04/01/2017	\$400	300
General purpose.....	4.0-5.0	04/15/2002	04/15/2022	\$3,345	2,563
General purpose.....	2.00-3.55	04/15/2004	04/15/2015	\$1,175	1,175
Refunding - (11/15/1997 and 11/01/1999) bonds .....	2.0-4.0	04/15/2004	04/15/2019	\$2,195	2,170
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	8,202
TOTAL.....					<u>\$32,700</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, 2005</u>
<b>Business-type Activities</b>					
General purpose bonds payable:					
Stony Brook Reservoir .....	4.5-5.0	02/01/1996	08/01/2006	\$750	\$ 80
Sewers.....	4.5-5.7	11/10/1999	05/01/2008	\$ 3,045	75
Sewers.....	4.0-5.0	04/15/2002	04/15/2022	\$2,675	2,267
Sewers.....	2.00-3.55	04/15/2004	04/15/2015	\$1,945	1,945
Refunding - (11/15/1997 and 11/01/1999) Sewers .....	2.0-4.0	04/15/2004	04/15/2019	\$2,325	2,295
Refunding - (11/15/1997) Golf Course Improvements..	2.0-4.0	04/15/2004	04/15/2007	\$55	55
Refunding - (02/1/1996) Stony Brook Reservoir.....	3.0-4.0	03/15/2005	09/15/2015	\$368	368
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	2,078
Clean Water Act 298-C .....	2.00	06/30/2000	06/30/2019	\$1,508	1,056
Clean Water Act 349-C .....	2.00	12/31/2002	12/31/2021	\$881	744
Clean Water Act 9714-C .....	2.77	12/31/2002	12/31/2021	\$1,899	1,617
Economic Development.....	6.00	07/01/1995	07/01/2012	\$1,000	574
Industrial Park.....	1.00	10/26/2001	10/26/2008	\$200	200
TOTAL.....					<u>\$14,064</u>

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

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2006 .....	\$ 4,132	\$1,324	\$ 5,456
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
2011-2015.....	11,405	2,168	13,573
2016-2020.....	4,676	523	5,199
2021-2022.....	266	20	286
TOTAL.....	<u>\$32,700</u>	<u>\$7,677</u>	<u>\$40,377</u>

The State of Connecticut reimburses the City for eligible principal and interest costs of the portion of the capital improvement bond issue used for school construction. The amount of such reimbursement for the year ended June 30, 2005 was \$348. Additional payments aggregating \$1,262 are expected to be received through the bonds maturity dates.

The annual debt service requirements of the City's bond and notes payable of business-type activities are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2006 .....	\$ 993	\$ 431	\$ 1,424
2007 .....	1,064	403	1,467
2008 .....	1,074	372	1,446
2009 .....	1,281	342	1,623
2010 .....	1,093	309	1,402
2011-2015 .....	5,362	1,019	6,381
2016-2020 .....	2,676	309	2,985
2021-2022 .....	521	25	546
<b>TOTAL .....</b>	<b>\$14,064</b>	<b>\$3,210</b>	<b>\$17,274</b>

***Prior Year Defeasance of Debt***

In 2001, the City defeased \$12.3 million in general obligation bonds by placing the proceeds of the new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and liability for the defeased bonds are not included in the City's financial statements. At June 30, 2005, \$8.7 million of bonds outstanding are considered defeased.

In 2004, the City defeased \$4.2 million in general obligation bonds by placing the proceeds of the new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and liability for the defeased bonds are not included in the City's financial statements. At June 30, 2005, \$1.9 million of bonds outstanding are considered defeased.

***Current Year Refunding***

On March 15, 2005, the City issued \$8.570 million in general obligation bonds with interest rates of 3.0% to 4.0% to advance refund \$8.205 million of outstanding bonds from the following issues:

<u>Issue</u>	<u>Issue</u>	<u>Original Amount</u>	<u>Refunded</u>
February 1, 1996.....		\$3,750	\$1,750
April 5, 2001.....		\$10,510	\$6,455

The net proceeds of \$8,496 (after payment of \$192 in underwriters fees, and other issuance costs) plus \$118 of original issue premium were used to purchase U.S. Government Securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide selected debt service payments on the following bonds. As a result, the above portions of the bonds refunded are considered defeased and the liability for those bonds have been removed as recorded long-term debt of the Town. At June 30, 2005, \$8.2 million of bonds outstanding are considered defeased.

***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 2004-2005 were \$833. The net undepreciated value of assets purchased by capital lease approximates the principal balances payable of \$2,222 at June 30, 2005. The following is a summary of capital lease commitments as of June 30, 2005.

<u>Year Ending June 30,</u>	<u>Enterprise Funds</u>
2006 .....	\$ 819
2007 .....	551
2008 .....	388
2009 .....	388
2010 .....	<u>342</u>
Total payments .....	2,488
Less: interest .....	<u>(266)</u>
Principal balance.....	<u><u>\$2,222</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, 2005</u>
City:	
Vested:	
Sick .....	\$ 507
Vacation .....	604
Other .....	68
Non-vested:	
Sick .....	1,008*
Board of Education:	
Vested:	
Sick .....	839
Other .....	217
Non-vested:	
Sick .....	36*
Other .....	<u>53*</u>
TOTAL .....	<u><u>\$3,332</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 \$2,678, is based on the amount estimated to be paid for all equipment, facilities and services required to close, monitor and maintain the landfill as of June 30, 2005. 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 \$872 thousand has been drawdown. The remaining portion will be funded through the issuance of General Obligation Bonds.

***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
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>\$6,770</b>	<b>\$4,065</b>	<b>\$2,705</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 .....	\$107,222	\$21,914	\$85,308
Schools .....	\$214,443	\$9,329	\$205,114
Sewers .....	\$178,703	\$13,607	\$165,096
Urban renewal .....	\$154,876		\$154,876
Pension deficit.....	\$142,962		\$142,962

The total of the City’s net statutory indebtedness of \$44,850 does not exceed the legal debt limitation of \$333.6 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, 2005 is summarized as follows:

CMEEC - debt service fixed cost obligation .....	\$21,352
Department's - rate stabilization funds on deposit with CMEEC .....	<u>11,162*</u>
Net deferred fixed cost obligation .....	<u>\$10,190</u>

\* Assumes that the \$1.240 million of approved rate stabilization funds borrowed by the Department and reported as a loan payable to CMEEC at June 30, 2005 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 \$2.950 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 .....	\$398	\$ 830	\$1,228
Inventories .....		35	35
Trusts .....		<u>1,610</u>	<u>1,610</u>
TOTAL .....	<u>\$398</u>	<u>\$2,475</u>	<u>\$2,873</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 \$1,234 has been designated to balance the General Fund budget for the 2005-2006 fiscal year.

## 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 \$125 per person in 2005 for hospitalization with a maximum aggregate for all claims of approximately \$9,428.

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 and the Department of Public Utilities 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 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:				
2004-2005 .....	\$889	\$11,008	\$11,026	\$871
2003-2004 .....	\$893	\$9,158	\$9,162	\$889
Workers’ Compensation:				
2004-2005 .....	\$1,844	\$1,480	\$1,043	\$2,281
2003-2004 .....	\$2,408	\$1,042	\$1,606	\$1,844

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.

## 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, 276 retirees meet these eligibility requirements. Expenditures for postretirement health care benefits are recognized and funded on a pay-as-you-go basis and approximated \$535 for the year ended June 30, 2005.

### 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, 2004, the Plan members consisted of :

Retirees and beneficiaries currently receiving benefits.....	376
Terminated employees not yet receiving benefits .....	10
Active plan members.....	<u>546</u>
 TOTAL.....	 <u>932</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 as revenues in the period in which employee services are performed. 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, 2004 actuarial valuation reflects the following changes in actuarial assumptions and methods:

The funding method was changed from frozen initial accrued liability method to the entry age normal method.

The salary scale assumption was modified from the graded salary scale of 3%, 3.5%, and 4% to 3.25% through 2006 and then 4% thereafter.

The amortization period was changed from a twenty to thirty year period.

The interest rate was increased from 8% to 8.25%.

Method Used to Value Investments: Investments are recorded at fair value. The funds are managed by the Bank of New York 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 6.2% 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, 2005 were as follows:

Annual required contribution .....	\$1,214
Interest on net pension obligation .....	72
Adjustment to annual required contribution.....	<u>(73)</u>
Annual pension cost .....	1,213
Contributions made .....	<u>1,446</u>
Decrease in net pension obligation.....	(233)
Net pension obligation beginning of year .....	<u>873</u>
Net pension obligation end of year .....	<u>\$ 640</u>

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

Actuarial valuation date	January 1, 2004
Actuarial cost method	Entry Age Normal
Amortization method	Level Dollar
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 4%
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 2014 Police and Fire Disable: RP2000 Blue Collar Table Projected to 2014 General Retires: RP2000 Disabled Life Mortality Table Term Vested: RP2000 Projected to 2014 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***

<b><u>Fiscal Year Ended</u></b>	<b><u>Annual Pension Cost (APC)</u></b>	<b><u>Percentage of APC Contributed</u></b>	<b><u>Net Pension Obligation</u></b>	<b><u>Actual Contribution</u></b>
6/30/03	\$1,207	135.2%	\$911	\$1,632
6/30/04	\$1,036	103.6%	\$873	\$1,074
6/30/05	\$1,213	119%	\$640	\$1,446

***F. Pension Plan Required Supplemental Information***

***Schedule of Employer Contributions***

<b><u>Year Ended</u></b>	<b><u>Annual Required Contribution</u></b>	<b><u>Percentage Contributed</u></b>
2000	\$1,712	117%
2001	\$935	78%
2002	\$1,226	70%
2003	\$1,226	133%
2004	\$1,049	102%
2005	\$1,214	119%

*Schedule of Funding Progress*

<b>Actuarial Valuation Date</b>	<b>Actuarial Value of Assets (a)</b>	<b>Actuarial Accrued Liability (AAL)- Entry Age (b)</b>	<b>Unfunded Frozen Actuarial Liability (UFAL) (b-a)</b>	<b>Funded Ratio (a/b)</b>	<b>Covered Payroll (c)</b>	<b>UFAL as a % of Covered Payroll (b-a/c)</b>
1-1-04	\$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)
1-1-99	111,926	110,115	(1,811)	101.6	23,305	(7.8)

\*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, 2005 were as follows:

Annual required contribution/annual pension cost.....	\$ 151
Contributions made .....	<u>(120)</u>
Net pension obligation, June 30, 2005 .....	<u>\$ 31</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
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>
6/30/2003	\$120	100%	\$-0-	\$120
6/30/2004	\$120	100%	\$-0-	\$120
6/30/2005	\$151	79%	\$31	\$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>
2005	\$151	79%
2004	\$120	100%
2003	\$120	100%
2002	\$120	100%

*Schedule of Funding Progress*

<b>Actuarial Valuation Date</b>	<b>Actuarial Value of Assets (a)</b>	<b>Actuarial Accrued Liability(AAL) Entry Age (b)</b>	<b>Unfunded AAL (b-a)</b>	<b>Funded Ratio (a/b)</b>
1-1-2004	\$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%
1-1-1999	N/A	N/A	N/A	N/A

**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, 2005 and the changes in net assets for the year then ended.

*Combining Schedule of Plan Net Assets*

	<b>City Employees</b>	<b>Volunteer Fire</b>	<b>Totals</b>
Assets:			
Cash and cash equivalents .....	\$ 165	\$ 196	\$ 361
Investments:			
Common stock and equities .....	88,533		88,533
Mutual funds .....	38,924		38,924
Certificates of deposit .....		871	871
Due from other funds .....	240		240
<b>Total assets .....</b>	<b>127,862</b>	<b>1,067</b>	<b>128,929</b>
Liabilities:			
Accounts and other payables .....	12		12
Net assets:			
Held in trust for pension benefits .....	<u>\$127,850</u>	<u>\$1,067</u>	<u>\$128,917</u>

*Combining Schedule of Changes in Plan Net Assets*

	<u>City Employees</u>	<u>Volunteer Fire</u>	<u>Totals</u>
Additions:			
Contributions:			
Employer.....	\$ 1,430	\$ 120	\$ 1,550
Plan members.....	2,107	8	2,115
	<hr/>		<hr/>
Total contributions .....	3,537	128	3,665
Investment income:			
Net appreciation (depreciation) in fair value of investments.....	9,795		9,795
Interest and dividends .....	2,567	32	2,599
	<hr/>		<hr/>
Total .....	12,362	32	12,394
Less: investment expense.....	(197)		(197)
	<hr/>		<hr/>
Net investment income.....	12,165	32	12,197
	<hr/>		<hr/>
Total additions.....	15,702	160	15,862
Deductions:			
Benefits.....	7,781	87	7,868
Administration.....	76	6	82
Lump sum distributions and withdrawals....	7	5	12
	<hr/>		<hr/>
Total deductions.....	7,864	98	7,962
	<hr/>		<hr/>
Net increase.....	7,838	62	7,900
Net assets held in trust for pension benefits, July 1, 2004.....	120,012	1,005	121,017
	<hr/>		<hr/>
Net assets held in trust for pension benefits, June 30, 2005.....	\$127,850	\$1,067	\$128,917
	<hr/> <hr/>		<hr/> <hr/>

**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.

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, 2005 the City has recorded, in the General Fund, intergovernmental revenue and education expenditures in the amount of \$1,100 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.

---

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, 2005

	.....BUDGETED AMOUNTS.....			VARIANCE FAVORABLE (UNFAVORABLE)
	ORIGINAL	FINAL	ACTUAL	
General property taxes:				
Current tax levy .....	\$42,606,113	\$42,606,113	\$ 42,134,474	\$ (471,639)
Motor vehicle supplement .....	610,000	610,000	647,424	37,424
Prior years levy .....	1,363,601	1,363,601	1,371,310	7,709
Interest and liens .....	790,000	790,000	810,995	20,995
Total .....	45,369,714	45,369,714	44,964,203	(405,511)
Licenses, permits, and fees:				
Miscellaneous permits and fees .....	545,000	545,000	613,944	68,944
Intergovernmental revenues:				
Welfare .....	25,000	25,000		(25,000)
Building maintenance .....	229,000	229,000	210,000	(19,000)
City housing .....	101,377	101,377	70,198	(31,179)
Fish and game license .....	50,000	50,000	55,106	5,106
New manufacturers machinery .....	172,156	172,156	136,309	(35,847)
Pequot funds .....	1,664,721	1,664,721	1,681,103	16,382
Payment in-lieu of taxes .....	1,725,823	1,725,823	1,650,249	(75,574)
Elderly taxes .....	130,365	130,365	159,280	28,915
Youth Services .....	81,000	81,000	86,013	5,013
School bond interest .....	304,778	304,778	340,243	35,465
Veterans exemptions .....	30,982	30,982	4,874	(26,108)
Federal DCPA match funds .....	16,311	16,311	15,920	(391)
Transportation .....	1,092,447	1,092,447	1,034,063	(58,384)
Special education .....	1,057,492	1,057,492	1,512,154	454,662
Services to Blind .....			31,690	31,690
Educational cost sharing .....	27,218,243	27,218,243	27,280,610	62,367
Total .....	33,899,695	33,899,695	34,267,812	368,117
Charges for services:				
Town Clerk - recording fees .....	304,000	304,000	460,150	156,150
Town Clerk - conveyance tax .....	554,000	554,000	1,002,651	448,651
Probate court .....	17,470	17,470	18,222	752
Landfill .....	2,213,410	2,213,410	2,168,775	(44,635)
City property - relocation .....	190,000	190,000	371,482	181,482
Police outside services .....	165,000	165,000	162,730	(2,270)
Senior Citizens Center .....	38,800	38,800	23,596	(15,204)
Parking commission .....	114,369	114,369	114,372	3
Tuition .....	150,000	150,000	125,015	(24,985)
Total .....	3,747,049	3,747,049	4,446,993	699,944

64

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

	.....BUDGETED AMOUNTS.....			VARIANCE FAVORABLE (UNFAVORABLE)
	ORIGINAL	FINAL	ACTUAL	
Use of money:				
Interest from investments .....	\$ 250,000	\$ 250,000	\$ 389,838	\$ 139,838
Other revenue:				
Sewer assessments .....	215,000	215,000	615,000	400,000
In-lieu of taxes/telephone .....	340,000	340,000	354,752	14,752
NGCA debt service .....	33,910	33,910	33,910	
Public utilities 10% .....	4,983,700	4,983,700	4,983,700	
DPU - City service .....	78,566	78,566	68,566	(10,000)
Bond and note payments .....	61,840	61,840	106,436	44,596
Traffic violations .....	18,000	18,000	42,500	24,500
Miscellaneous .....	242,000	270,000	614,878	344,878
Total .....	5,973,016	6,001,016	6,819,742	818,726
Total revenues .....	89,784,474	89,812,474	91,502,532	1,690,058
Other financing sources:				
Transfers in:				
Cemetery Trust .....	20,000	20,000	22,509	2,509
Municipal Ice Rink .....	100,000	100,000		(100,000)
Total .....	120,000	120,000	22,509	(97,491)
TOTAL .....	<u>\$89,904,474</u>	<u>\$89,932,474</u>	91,525,041	<u>\$1,592,567</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 .....			1,100,091	
Underliquidation of prior year encumbrances is recorded as miscellaneous revenue for budgetary reporting. This amount is excluded for financial reporting purposes .....			(91,228)	
Sewer assessment collections and related debt service charges are reported in Norwich Public Utilities enterprise fund and therefore are netted from the General Fund budgetary activities .....			(615,000)	
Certain activities processed through exchange accounts and other credits to expenditure accounts as reportable revenues and expenditures for GAAP reporting purposes .....			1,114,722	
Refunding bonds issued and related premium are reported as other financing sources .....			8,320,000	
Total revenues and other financing sources as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds - Exhibit IV .....			<u>\$101,353,626</u>	

65

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, 2005

99

	.....BUDGETED AMOUNTS.....			VARIANCE FAVORABLE (UNFAVORABLE)
	ORIGINAL	FINAL	ACTUAL	
General government:				
City Manager .....	\$ 295,886	\$ 297,108	\$ 294,276	\$ 2,832
Finance .....	910,665	918,684	915,491	3,193
City Treasurer .....	185,748	188,198	188,038	160
Assessment .....	304,426	306,866	293,876	12,990
Personnel .....	347,161	352,728	350,828	1,900
Law .....	393,460	393,460	394,784	(1,324)
City Clerk .....	327,965	332,214	327,822	4,392
City Council .....	117,766	117,766	105,905	11,861
Management Information Systems .....	182,107	183,529	183,400	129
Street lighting .....	470,900	470,900	470,900	
Election .....	116,147	116,654	113,782	2,872
Planning and Neighborhood Services .....	811,677	855,974	829,132	26,842
Economic Development .....	170,000	170,461	166,609	3,852
Emergency Management .....	60,714	60,714	59,334	1,380
<b>Total general government.....</b>	<b>4,694,622</b>	<b>4,765,256</b>	<b>4,694,177</b>	<b>71,079</b>
Public safety:				
Police .....	8,313,337	8,526,237	8,526,237	
Fire:				
East Great Plain .....	102,963	102,963	102,963	
Laurel Hill .....	46,688	46,688	47,093	(405)
Occum .....	49,688	49,688	49,326	362
Taftville .....	127,824	127,824	118,364	9,460
Yantic .....	108,865	108,865	107,993	872
Fire Central .....	775,478	775,478	775,059	419
<b>Total public safety.....</b>	<b>9,524,843</b>	<b>9,737,743</b>	<b>9,727,035</b>	<b>10,708</b>
Social Services:				
Recreation .....	641,831	651,171	643,831	7,340
Human services .....	505,453	514,344	472,220	42,124
General assistance .....	45,000	45,000	52,254	(7,254)
Senior Citizens Center .....	443,029	449,809	429,170	20,639
Youth and Family Services .....	213,723	217,056	217,840	(784)
<b>Total social services.....</b>	<b>1,849,036</b>	<b>1,877,380</b>	<b>1,815,315</b>	<b>62,065</b>

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

	.....BUDGETED AMOUNTS.....			VARIANCE
	ORIGINAL	FINAL	ACTUAL	FAVORABLE (UNFAVORABLE)
Public works:				
Engineering and administration .....	\$ 560,273	\$ 569,740	\$ 546,101	\$ 23,639
Fleet maintenance .....	1,019,096	1,029,986	1,077,839	(47,853)
Solid waste .....	2,762,394	2,764,708	2,759,253	5,455
Maintenance and cleaning .....	2,610,980	2,647,807	2,636,593	11,214
Parks and cemeteries .....	728,907	735,645	729,445	6,200
Building maintenance .....	821,403	828,939	824,023	4,916
Parking maintenance .....	114,369	116,050	97,047	19,003
Total public works .....	<u>8,617,422</u>	<u>8,692,875</u>	<u>8,670,301</u>	<u>22,574</u>
Board of Education .....	<u>54,159,644</u>	<u>54,159,644</u>	<u>54,159,644</u>	
Other .....	<u>5,250,935</u>	<u>4,891,604</u>	<u>4,890,208</u>	<u>1,396</u>
Debt service:				
Principal .....	4,575,000	4,575,000	4,328,534	246,466
Interest .....	1,832,972	1,832,972	1,780,928	52,044
Total debt service .....	<u>6,407,972</u>	<u>6,407,972</u>	<u>6,109,462</u>	<u>298,510</u>
TOTAL .....	<u>\$90,504,474</u>	<u>\$90,532,474</u>	<u>90,066,142</u>	<u>\$466,332</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 .....			1,100,091	
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 ..			(375,209)	
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 .....			300,448	
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 ....			(615,000)	
Certain activities processed through exchange accounts and other credits to expenditure accounts as reportable revenues and expenditures for GAAP reporting purposes .....			1,303,170	
Bond refunding issuance costs and payments to the escrow agent are reported as other financing uses..			<u>8,320,000</u>	
Total expenditures and other financing sources as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds - Exhibit IV .....			<u>\$100,099,642</u>	

67

## **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, 2005 AND 2004

(thousands)

	2005	2004
<u>A S S E T S</u>		
Cash and cash equivalents .....	\$13,837	\$14,500
Investments .....	1,323	
Receivables:		
Property taxes receivable, net .....	2,161	3,475
Property taxes accrued interest receivable, net .....	1,046	1,564
Intergovernmental receivable:		
School building grants receivable .....	1,262	1,610
Other grants receivable .....	395	232
Accounts receivable, net .....	413	367
Due from other funds .....	1,511	1,418
Other assets .....		9
	<u>\$21,948</u>	<u>\$23,175</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 .....	\$ 4,012	\$ 5,597
Due to other funds .....	2,233	179
Deferred revenue .....	<u>4,732</u>	<u>7,682</u>
Total liabilities .....	<u>10,977</u>	<u>13,458</u>
Fund balance:		
Reserved for encumbrances .....	398	415
Unreserved:		
Designated for subsequent budget .....	1,234	600
Undesignated .....	<u>9,339</u>	<u>8,702</u>
Total fund balance .....	<u>10,971</u>	<u>9,717</u>
TOTAL .....	<u>\$21,948</u>	<u>\$23,175</u>

CITY OF NORWICH, CONNECTICUT  
 REPORT OF TAX COLLECTOR  
 FOR THE YEAR ENDED JUNE 30, 2005  
 (thousands)

GRAND LIST	UNCOLLECTED TAXES	...LAWFUL CORRECTIONS...		TRANSFERS TO		ADJUSTED TAXES	.....COLLECTIONS.....				UNCOLLECTED TAXES
	JULY 1, 2004	ADDITIONS	DEDUCTIONS**	SUSPENSE	ABATEMENTS	COLLECTIBLE TAXES	TAXES	INTEREST	FEES	TOTAL	JUNE 30, 2005
2003....	\$45,200*	\$181	\$1,304		\$78	\$43,999	\$42,681	\$265	\$ 1	\$42,947	\$1,318
2002....	1,638	1	57		4	1,578	941	215	9	1,165	637
2001....	664		18		2	644	275	94	4	373	369
2000....	340		7	\$291	1	41	65	33	2	100	(24)
1999....	325		7	236		82	36	25	1	62	46
1998....	248		6	160		82	18	15	1	34	64
1997....	242		6	166		70	14	13		27	56
1996....	66		6	16		44	7	6		13	37
1995....	63		11	8		44	4	4		8	40
1994....	48		10	3		35	2	4		6	33
1993....	35	9	9	2		33	2	4		6	31
1992....	30		2	3		25	2	2		4	23
1991....	20		6	3		11	1	2		3	10
1990....	51		43	1		7	1	2		3	6
1989....	86		85	1				1		1	
1988....	113		113***								
1987....	7		7***								
<b>TOTAL</b>	<b>\$49,176</b>	<b>\$191</b>	<b>\$1,697</b>	<b>\$890</b>	<b>\$85</b>	<b>\$46,695</b>	<b>44,049</b>	<b>685</b>	<b>18</b>	<b>44,752</b>	<b>\$2,646</b>
							Suspense collections .....	102	107		209
							Total tax collections.....	<u>\$44,151</u>	<u>\$792</u>	<u>\$18</u>	44,961
Property taxes receivable considered available:											
										June 30, 2004.....	(390)
										June 30, 2005.....	<u>393</u>
										TOTAL .....	<u>\$44,964</u>

69

\*Includes motor vehicle levy of \$705  
 \*\*Includes adjustments of \$235 to reconcile beginning uncollected taxes to the ratebook file  
 \*\*\*Operation of law

**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
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, 2005

(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.....	\$80	\$101	\$171	\$131	\$ 70	\$1,686	\$50	\$304
Investments.....								
Receivables, net:								
Property taxes.....					263			
Intergovernmental.....			212					
Loans.....								4
Other.....	5		11	80	214		2	
Due from other funds.....					203	101		
Other assets.....			62					
TOTAL.....	<u>\$85</u>	<u>\$101</u>	<u>\$456</u>	<u>\$211</u>	<u>\$750</u>	<u>\$1,787</u>	<u>\$52</u>	<u>\$308</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.....	\$40	\$ 1	\$114		\$102	\$ 429		
Due to other funds.....	2							
Deferred revenue.....			5	\$ 80	421	1,128		\$250
Total liabilities.....	<u>42</u>	<u>1</u>	<u>119</u>	<u>80</u>	<u>523</u>	<u>1,557</u>		<u>250</u>
Fund balance:								
Reserved:								
Encumbrances.....		7		1	4			
Inventories.....			35					
Trust purposes.....								
Unreserved:								
Undesignated.....	43	93	302	130	223	230	\$52	58
Total fund balance.....	<u>43</u>	<u>100</u>	<u>337</u>	<u>131</u>	<u>227</u>	<u>230</u>	<u>52</u>	<u>58</u>
TOTAL.....	<u>\$85</u>	<u>\$101</u>	<u>\$456</u>	<u>\$211</u>	<u>\$750</u>	<u>\$1,787</u>	<u>\$52</u>	<u>\$308</u>

70

CITY OF NORWICH, CONNECTICUT

NONMAJOR GOVERNMENTAL FUNDS

COMBINING BALANCE SHEET (CONTINUED)

JUNE 30, 2005

(thousands)

	..... SPECIAL REVENUE .....							
	PARKING COMMISSION	YOUTH SERVICES	GRANT OPERATING	C.O.P.S. GRANT	LEAD PAINT ABATEMENT	OTHER GRANTS AND PROGRAMS	EDUCATION PROGRAMS	FIRE GRANTS AND PROGRAMS
<u>A S S E T S</u>								
Cash and cash equivalents.....	\$ 73		\$24	\$76	\$ 137			
Investments.....								
Receivables, net:								
Property taxes.....								
Intergovernmental.....		\$29						
Loans.....					1,016			
Other.....	42	25						
Due from other funds.....		17				\$147	\$47	\$1
Other assets.....								
TOTAL.....	<u>\$115</u>	<u>\$71</u>	<u>\$24</u>	<u>\$76</u>	<u>\$1,153</u>	<u>\$147</u>	<u>\$47</u>	<u>\$1</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.....	\$ 10							
Due to other funds.....	3		\$ 2		\$ 2			
Deferred revenue.....	42		7	\$12	1,020			\$1
Total liabilities.....	<u>55</u>		<u>9</u>	<u>12</u>	<u>1,022</u>			<u>1</u>
Fund balance:								
Reserved:								
Encumbrances.....								
Inventories.....								
Trust purposes.....						\$ 19	\$46	
Unreserved:								
Undesignated.....	60	\$71	15	64	131	128	1	
Total fund balance.....	<u>60</u>	<u>71</u>	<u>15</u>	<u>64</u>	<u>131</u>	<u>147</u>	<u>47</u>	
TOTAL.....	<u>\$115</u>	<u>\$71</u>	<u>\$24</u>	<u>\$76</u>	<u>\$1,153</u>	<u>\$147</u>	<u>\$47</u>	<u>\$1</u>

71

CITY OF NORWICH, CONNECTICUT

NONMAJOR GOVERNMENTAL FUNDS

COMBINING BALANCE SHEET (CONTINUED)

JUNE 30, 2005

(thousands)

	.....SPECIAL REVENUE.....								
	POLICE ASSET FORFEITURE	POLICE GRANTS AND PROGRAMS	RECREATION GRANTS AND PROGRAMS	SOCIAL SERVICES GRANTS AND PROGRAMS	SENIOR CITIZENS PROGRAMS	MOHEGAN PARK	BROWN PARK	ESTHER GILBERT	TOTAL
<u>A S S E T S</u>									
Cash and cash equivalents.....						\$316	\$47	\$25	\$3,291
Investments.....									
Receivables, net:									
Property taxes.....									263
Intergovernmental.....									241
Loans.....									1,020
Other.....									379
Due from other funds.....	\$128	\$53	\$17	\$48	\$48				810
Other assets.....									62
TOTAL.....	<u>\$128</u>	<u>53</u>	<u>\$17</u>	<u>\$48</u>	<u>\$48</u>	<u>\$316</u>	<u>\$47</u>	<u>\$25</u>	<u>\$6,066</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.....									\$ 696
Due to other funds.....									9
Deferred revenue.....				\$10					2,976
Total liabilities.....				10					3,681
Fund balance:									
Reserved:									
Encumbrances.....									12
Inventories.....									35
Trust purposes.....			\$ 3				\$47	\$25	140
Unreserved:									
Undesignated.....	\$128	\$53	14	38	\$48	\$316			2,198
Total fund balance.....	<u>128</u>	<u>53</u>	<u>17</u>	<u>38</u>	<u>48</u>	<u>316</u>	<u>47</u>	<u>25</u>	<u>2,385</u>
TOTAL.....	<u>\$128</u>	<u>\$53</u>	<u>\$17</u>	<u>\$48</u>	<u>\$48</u>	<u>\$316</u>	<u>\$47</u>	<u>\$25</u>	<u>\$6,066</u>

72

CITY OF NORWICH, CONNECTICUT

NONMAJOR GOVERNMENTAL FUNDS

COMBINING BALANCE SHEET (CONTINUED)

JUNE 30, 2005

(thousands)

.....CAPITAL PROJECTS.....

	CAPITAL IMPROVEMENT	SEWER OVERFLOW	BOND EXPENDITURE	2000 BOND ISSUE	INTERMODAL TRANSPORTATION CENTER	LANDFILL CLOSURE	TOTAL
<u>A S S E T S</u>							
Cash and cash equivalents.....	\$ 859		\$3,467	\$481			\$4,807
Investments.....							
Receivables, net:							
Property taxes.....							
Intergovernmental.....	304				\$ 629	\$4	937
Loans.....							
Other.....	2						2
Due from other funds.....			397		543		940
Other assets.....							
TOTAL.....	<u>\$1,165</u>	<u>\$ -0-</u>	<u>\$3,864</u>	<u>\$481</u>	<u>\$1,172</u>	<u>\$4</u>	<u>\$6,686</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.....	\$ 34		\$ 55				\$ 89
Due to other funds.....	297		1,096	\$481	\$ 162	\$4	2,040
Deferred revenue.....			474				474
Total liabilities.....	<u>331</u>		<u>1,625</u>	<u>481</u>	<u>162</u>	<u>4</u>	<u>2,603</u>
Fund balance:							
Reserved:							
Encumbrances.....	31		787				818
Inventories.....							
Trust purposes.....							
Unreserved:							
Undesignated.....	803		1,452		1,010		3,265
Total fund balance.....	<u>834</u>		<u>2,239</u>		<u>1,010</u>		<u>4,083</u>
TOTAL.....	<u>\$1,165</u>	<u>\$ -0-</u>	<u>\$3,864</u>	<u>\$481</u>	<u>\$1,172</u>	<u>\$4</u>	<u>\$6,686</u>

73

CITY OF NORWICH, CONNECTICUT

NONMAJOR GOVERNMENTAL FUNDS

COMBINING BALANCE SHEET (CONTINUED)

JUNE 30, 2005

(thousands)

.....PERMANENT FUNDS.....

	VARIOUS TRUSTS	CEMETERY TRUST	TOTAL	INTERFUND ELIMINATIONS	TOTAL NONMAJOR GOVERNMENTAL FUNDS
<u>A S S E T S</u>					
Cash and cash equivalents.....	\$70		\$ 70		\$ 8,168
Investments.....		\$1,400	1,400		1,400
Receivables, net:					
Property taxes.....					263
Intergovernmental.....					1,178
Loans.....					1,020
Other.....					381
Due from other funds.....				\$(758)	992
Other assets.....					62
TOTAL.....	<u>\$70</u>	<u>\$1,400</u>	<u>\$1,470</u>	<u>\$(758)</u>	<u>\$13,464</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.....					\$ 785
Due to other funds.....				\$(758)	1,291
Deferred revenue.....					3,450
Total liabilities.....				(758)	5,526
Fund balance:					
Reserved:					
Encumbrances.....					830
Inventories.....					35
Trust purposes.....	\$70	\$1,400	\$1,470		1,610
Unreserved:					
Undesignated.....					5,463
Total fund balance.....	<u>70</u>	<u>1,400</u>	<u>1,470</u>		<u>7,938</u>
TOTAL.....	<u>\$70</u>	<u>\$1,400</u>	<u>\$1,470</u>	<u>\$(758)</u>	<u>\$13,464</u>

74

CITY OF NORWICH, CONNECTICUT

NONMAJOR GOVERNMENTAL FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
FOR THE YEAR ENDED JUNE 30, 2005

(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.....					\$2,688			
Intergovernmental revenues.....		\$163	\$1,313		957	\$6,264		
Charges for services.....	\$27		523	\$ 36	1,499	597	\$202	
Investment income.....	1	3		2			1	\$ 2
Other.....	1					355	2	
Total revenues .....	29	166	1,836	38	5,144	7,216	205	2
Expenditures:								
Current:								
General government.....								
Public safety.....	31				4,425			
Social services.....								
Public works.....		212			624			
Education.....			1,736			6,986	232	
Other.....				1				
Capital outlay.....				175				
Total expenditures .....	31	212	1,736	176	5,049	6,986	232	
Excess (deficiency) of revenues over expenditures.....	(2)	(46)	100	(138)	95	230	(27)	2
Other financing sources (uses):								
Transfers in.....				150	592			
Transfers out.....					(747)			
Issuance of bonds.....								
Total other financing sources (uses) .				150	(155)			
Net change in fund balances.....	(2)	(46)	100	12	(60)	230	(27)	2
Fund balance (deficit), July 1, 2004 as restated.....	45	146	237	119	287	-0-	79	56
Fund balance, June 30, 2005.....	\$43	\$100	\$ 337	\$ 131	\$ 227	\$ 230	\$ 52	\$58

75

CITY OF NORWICH, CONNECTICUT

NONMAJOR GOVERNMENTAL FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2005

(thousands)

	.....SPECIAL REVENUE.....							
	PARKING COMMISSION	YOUTH SERVICES	GRANT OPERATING	C.O.P.S. GRANT	LEAD PAINT ABATEMENT	OTHER GRANTS AND PROGRAMS	EDUCATION PROGRAMS	FIRE GRANTS AND PROGRAMS
Revenues:								
Property taxes, interest and liens.....								
Intergovernmental revenues.....		\$189	\$68			\$ 12	\$ 50	\$34
Charges for services.....	\$ 302							
Investment income.....								
Other.....		103		\$ 4		80	12	
Total revenues .....	302	292	68	4		92	62	34
Expenditures:								
Current:								
General government.....	187		12			74		
Public safety.....				30		14		34
Social services.....		271			\$ 16			
Public works.....						22		
Education.....			57				79	
Other.....								
Capital outlay.....								
Total expenditures .....	187	271	69	30	16	110	79	34
Excess (deficiency) of revenues over expenditures.....	115	21	(1)	(26)	(16)	(18)	(17)	
Other financing sources (uses):								
Transfers in.....				37				
Transfers out.....	(114)							
Issuance of bonds.....								
Total other financing sources (uses) .	(114)			37				
Net change in fund balances.....	1	21	(1)	11	(16)	(18)	(17)	
Fund balance (deficit), July 1, 2004 as restated.....	59	50	16	53	147	165	64	-0-
Fund balance, June 30, 2005.....	\$ 60	\$ 71	\$15	\$ 64	\$131	\$147	\$ 47	\$-0-

76

CITY OF NORWICH, CONNECTICUT

NONMAJOR GOVERNMENTAL FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2005

(thousands)

	.....SPECIAL REVENUE.....								
	POLICE ASSET FORFEITURE	POLICE GRANTS AND PROGRAMS	RECREATION GRANTS AND PROGRAMS	SOCIAL SERVICES GRANTS AND PROGRAMS	SENIOR CITIZENS PROGRAMS	MOHEGAN PARK	BROWN PARK	ESTHER GILBERT	TOTAL
Revenues:									
Property taxes, interest and liens.....									\$ 2,688
Intergovernmental revenues.....	\$ 23	\$28		\$ 72					9,173
Charges for services.....			\$37		\$52	\$ 1			3,276
Investment income.....						5			14
Other.....	4	10		97					668
Total revenues .....	27	38	37	169	52	6			15,819
Expenditures:									
Current:									
General government.....									273
Public safety.....	48	37							4,619
Social services.....			36	230	36	53			642
Public works.....									858
Education.....									9,090
Other.....									1
Capital outlay.....									175
Total expenditures .....	48	37	36	230	36	53			15,658
Excess (deficiency) of revenues over expenditures.....	(21)	1	1	(61)	16	(47)			161
Other financing sources (uses):									
Transfers in.....									779
Transfers out.....						(42)			(903)
Issuance of bonds.....									
Total other financing sources (uses) .						(42)			(124)
Net change in fund balances.....	(21)	1	1	(61)	16	(89)			37
Fund balance (deficit), July 1, 2004 as restated.....	149	52	16	99	32	405	\$47	\$25	2,348
Fund balance, June 30, 2005.....	\$128	\$53	\$17	\$ 38	\$48	\$316	\$47	\$25	\$2,385

77

CITY OF NORWICH, CONNECTICUT

NONMAJOR GOVERNMENTAL FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2005

(thousands)

.....CAPITAL PROJECTS.....

	CAPITAL IMPROVEMENT	SEWER OVERFLOW	BOND EXPENDITURE	2000 BOND ISSUE	INTERMODAL TRANSPORTATION CENTER	LANDFILL CLOSURE	TOTAL
Revenues:							
Property taxes, interest and liens.....							
Intergovernmental revenues.....	\$ 1,183		\$ 30		\$ 629	\$162	\$ 2,004
Charges for services.....							
Investment income.....							
Other.....					563		563
Total revenues .....	1,183		30		1,192	162	2,567
Expenditures:							
Current:							
General government.....							
Public safety.....							
Social services.....							
Public works.....	900					147	1,047
Education.....							
Other.....			5				5
Capital outlay.....	1,484		1,545		725		3,754
Total expenditures .....	2,384		1,550		725	147	4,806
Excess (deficiency) of revenues over expenditures.....	(1,201)		(1,520)		467	15	(2,239)
Other financing sources (uses):							
Transfers in.....	1,400				265		1,665
Transfers out.....	(730)	\$ (1)					(731)
Issuance of bonds.....			2,810				2,810
Total other financing sources (uses) ..	670	(1)	2,810		265		3,744
Net change in fund balances.....	(531)	(1)	1,290		732	15	1,505
Fund balance (deficit), July 1, 2004 as restated.....	1,365	1	949	\$-0-	278	(15)	2,578
Fund balance, June 30, 2005.....	\$ 834	\$-0-	\$ 2,239	\$-0-	\$1,010	\$ -0-	\$ 4,083

78

CITY OF NORWICH, CONNECTICUT

NONMAJOR GOVERNMENTAL FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2005

(thousands)

.....PERMANENT FUNDS.....

	VARIOUS TRUSTS	CEMETERY TRUST	TOTAL	INTERFUND ELIMINATIONS	TOTAL NONMAJOR GOVERNMENTAL FUNDS
Revenues:					
Property taxes, interest and liens.....					\$ 2,688
Intergovernmental revenues.....					11,177
Charges for services.....					3,276
Investment income.....	\$ 1	\$ 57	\$ 58		72
Other.....					1,231
<b>Total revenues .....</b>	<b>1</b>	<b>57</b>	<b>58</b>		<b>18,444</b>
Expenditures:					
Current:					
General government.....		12	12		285
Public safety.....					4,619
Social services.....	3		3		645
Public works.....					1,905
Education.....					9,090
Other.....	75		75		81
Capital outlay.....					3,929
<b>Total expenditures .....</b>	<b>78</b>	<b>12</b>	<b>90</b>		<b>20,554</b>
Excess (deficiency) of revenues over expenditures.....	(77)	45	(32)		(2,110)
Other financing sources (uses):					
Transfers in.....				\$(430)	2,014
Transfers out.....		(22)	(22)	430	(1,226)
Issuance of bonds.....					2,810
<b>Total other financing sources (uses) .</b>		<b>(22)</b>	<b>(22)</b>		<b>3,598</b>
Net change in fund balances.....	(77)	23	(54)		1,488
Fund balance (deficit), July 1, 2004 as restated.....	147	1,377	1,524		6,450
Fund balance, June 30, 2005.....	\$ 70	\$1,400	\$1,470	\$ -0-	\$ 7,938

79

CITY OF NORWICH, CONNECTICUT

FIRE AND REFUSE FUND REVENUES

BUDGETARY BASIS - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2005

(thousands)

.....BUDGETED AMOUNTS.....

	ORIGINAL	FINAL	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
Taxes, interest and lien fees:				
Fire .....	\$2,487	\$2,487	\$2,452	\$(35)
Refuse .....	1,367	1,367	1,441	74
Volunteer fire .....	220	220	236	16
Total taxes, interest and lien fees .....	4,074	4,074	4,129	55
Intergovernmental:				
City housing .....	185	185	185	
In lieu of taxes - fire .....	300	300	300	
Elderly reimbursement .....	94	94	94	
Mashantucket Pequot .....	378	378	378	
Total intergovernmental .....	957	957	957	
Licenses, permits, fees and other:				
Special Service .....	592	592	592	
Other .....	50	50	58	8
Total licenses, permits, fees and other .....	642	642	650	8
TOTAL .....	\$5,673	\$5,673	\$5,736	\$ 63

CITY OF NORWICH, CONNECTICUT

FIRE AND REFUSE FUND EXPENDITURES

BUDGETARY BASIS - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2005

(thousands)				VARIANCE FAVORABLE (UNFAVORABLE)
.....BUDGETED AMOUNTS.....				
	ORIGINAL	FINAL	ACTUAL	
Public safety:				
Head of department .....	\$ 80	\$ 80	\$ 67	\$ 13
Employees .....	2,424	2,424	2,430	(6)
Clothing allowance .....	48	48	29	19
Replacement costs .....	517	517	527	(10)
Training .....	38	38	28	10
Fringe benefits .....	1,122	1,122	1,146	(24)
Hazmat technician .....	7	7		7
Other .....	220	220	198	22
Total public safety .....	4,456	4,456	4,425	31
Sanitation .....	1,367	1,367	1,371	(4)
TOTAL .....	<u>\$5,823</u>	<u>\$5,823</u>	<u>\$5,796</u>	<u>\$ 27</u>

CITY OF NORWICH, CONNECTICUT

SCHEDULE OF FIRE DISTRICT TAXES  
FOR THE YEAR ENDED JUNE 30, 2005

(thousands)

GRAND LIST	UNCOLLECTED TAXES JULY 1, 2004	..LAWFUL CORRECTIONS..		TRANSFERS TO SUSPENSE	ADJUSTED TAXES COLLECTIBLE	.....COLLECTIONS.....				UNCOLLECTED TAXES JUNE 30, 2005	
		ADDITIONS	DEDUCTIONS			TAXES	INTEREST	FEES	TOTAL		
2003 .....	\$2,645	\$7	\$70		\$2,582	\$2,476	\$20			\$2,496	\$106
2002 .....	144	1	8		137	73	17	\$1		91	64
2001 .....	69		2		67	27	9			36	40
2000 .....	39			\$27	12	9	3			12	3
1999 .....	30			23	7	2	2			4	5
1998 .....	23			14	9	1	1			2	8
1997 .....	23		1	15	7	1	1			2	6
1996 .....	9		1	2	6	1	1			2	5
1995 .....	9		2	1	6	1				1	5
1994 .....	9		2		7						7
1993 .....	7	1	2		6						6
1992 .....	6			1	5						5
1991 .....	3			1	2						2
1990 .....	2		1		1						1
1988 .....	4		4								
TOTAL ....	<u>\$3,022</u>	<u>\$9</u>	<u>\$93</u>	<u>\$84</u>	<u>\$2,854</u>	2,591	54	1		2,646	<u>\$263</u>
						Suspense collections .....	9	11		20	
						Total tax collections .....	<u>\$2,600</u>	<u>\$65</u>	<u>\$1</u>	2,666	
						Property taxes receivable considered available:					
						June 30, 2005 .....				22	
						TOTAL .....				<u>\$2,688</u>	

## **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, 2005

(thousands)

	..... BUSINESS-TYPE ACTIVITIES.....			
	GOLF COURSE AUTHORITY	STADIUM AUTHORITY	ICE RINK AUTHORITY	TOTALS
<b>ASSETS:</b>				
Current assets:				
Cash and cash equivalents .....	\$ 232	\$ 215	\$ 60	\$ 507
Receivables, net:				
User charges .....			47	47
Inventories .....			75	75
Total current assets.....	232	215	182	629
Capital assets, net .....	2,329	7,470	1,471	11,270
Total assets.....	2,561	7,685	1,653	11,899
<b>LIABILITIES:</b>				
Current liabilities:				
Accounts payable and accrued liabilities .....	83	13	23	119
Due to other funds .....	24		179	203
Unearned revenue .....	218	9		227
Bonds payable - current .....	33			33
Total current liabilities.....	358	22	202	582
Noncurrent liabilities:				
Bonds payable .....	22			22
Total liabilities.....	380	22	202	604
<b>NET ASSETS:</b>				
Invested in capital assets, net of related debt ...	2,274	7,470	1,471	11,215
Unrestricted .....	(93)	193	(20)	80
Total net assets.....	\$2,181	\$7,663	\$1,451	\$11,295

CITY OF NORWICH, CONNECTICUT

NONMAJOR ENTERPRISE FUNDS

COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS  
FOR THE YEAR ENDED JUNE 30, 2005

(thousands)

..... BUSINESS-TYPE ACTIVITIES.....

	GOLF COURSE AUTHORITY	STADIUM AUTHORITY	ICE RINK AUTHORITY	TOTALS
Operating revenues:				
Charges for services.....	\$1,280	\$ 167	\$ 852	\$ 2,299
Operating expenses:				
Operations and maintenance.....	1,181	142	849	2,172
Administrative payment to City of Norwich.....	9	4	9	22
Depreciation.....	57	111	161	329
Total operating expenses.....	1,247	257	1,019	2,523
Operating income (loss).....	33	(90)	(167)	(224)
Nonoperating income (expenses):				
Interest income.....	3	3		6
Interest expense.....	(4)			(4)
Total nonoperating income (expenses).....	(1)	3		2
Net income (loss) before contributions.....	32	(87)	(167)	(222)
Capital contributions.....		426		426
Change in net assets.....	32	339	(167)	204
Total net assets, July 1, 2004.....	2,149	7,324	1,618	11,091
Total net assets, June 30, 2005.....	\$2,181	\$7,663	\$1,451	\$11,295

CITY OF NORWICH, CONNECTICUTNONMAJOR ENTERPRISE FUNDSCOMBINING STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2005

(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 .....	\$1,283	\$ 176	\$ 827	\$ 2,286
Cash paid to vendors .....	(553)	(122)	(500)	(1,175)
Cash paid to employees for services .....	(613)		(281)	(894)
Net cash provided (used) by operating activities .....	117	54	46	217
Cash flows from (to) capital and related financing activities:				
Purchase of fixed assets .....	(101)	(11)		(112)
Principal payment on bonds .....	(30)			(30)
Principal payment on capital leases .....	(2)			(2)
Interest payment on debt .....	(4)			(4)
Net cash provided (used) by capital and related financing activities .....	(137)	(11)		(148)
Cash flows from investing activities:				
Income on investments .....	3	3		6
Net increase (decrease) in cash and cash equivalents .....	(17)	46	46	75
Cash and cash equivalents, July 1, 2004 .....	249	169	14	432
Cash and cash equivalents, June 30, 2005 .....	<u>\$ 232</u>	<u>\$ 215</u>	<u>\$ 60</u>	<u>\$ 507</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES				
Operating income (loss) .....	\$ 33	\$ (90)	\$ (167)	\$ (224)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation expense .....	57	111	161	329
(Increase) decrease in receivables .....			(25)	(25)
(Increase) decrease in inventories and other assets .....		23	(26)	(3)
(Increase) decrease in unearned revenues .....	3	9		12
Increase (decrease) in accounts payable and accrued liabilities ..	22	13	16	51
Increase (decrease) in due to other funds .....	2	(12)	87	77
Total adjustments .....	84	144	213	441
Net cash provided by operating activities .....	<u>\$117</u>	<u>\$ 54</u>	<u>\$ 46</u>	<u>\$ 217</u>

## **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).

**Health 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, 2005

(thousands)

	MEDICAL BENEFITS	WORKERS' COMPENSATION	TOTAL
<b>ASSETS:</b>			
Current:			
Cash and cash equivalents.....	\$1,073		\$1,073
Accounts receivable.....	16		16
Due from other funds.....	769	\$ 400	1,169
Total assets.....	1,858	400	2,258
<b>LIABILITIES:</b>			
Risk management claims:			
Current.....	871	467	1,338
Noncurrent.....		1,403	1,403
Due to other funds.....	2		2
Total liabilities.....	873	1,870	2,743
<b>NET ASSETS:</b>			
Unrestricted .....	\$ 985	\$(1,470)	\$ (485)

CITY OF NORWICH, CONNECTICUTINTERNAL SERVICE FUNDS

COMBINING STATEMENT OF REVENUES, EXPENSES,  
AND CHANGES IN FUND NET ASSETS  
FOR THE YEAR ENDED JUNE 30, 2005

(thousands)

	MEDICAL BENEFITS	WORKERS' COMPENSATION	TOTAL
Operating revenues:			
Charges for services.....	\$11,968		\$11,968
Operating expenses:			
Claims expense.....	11,008	\$ 248	11,256
Premiums and administrative expenses.....	730		730
Total operating expenses .....	11,738	248	11,986
Operating income (loss) .....	230	(248)	(18)
Nonoperating income:			
Interest income.....	26		26
Change in net assets .....	256	(248)	8
Total net assets, July 1, 2004, as restated.....	729	(1,222)	(493)
Total net assets, June 30, 2005 .....	\$ 985	\$(1,470)	\$ (485)

CITY OF NORWICH, CONNECTICUTINTERNAL SERVICE FUNDSCOMBINING STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2005

(thousands)

	MEDICAL BENEFITS	WORKERS' COMPENSATION	TOTAL
Cash flows from (to) operating activities:			
Cash received from charges for services..	\$ 11,662		\$ 11,662
Cash paid to vendors.....	(11,756)		(11,756)
Net cash provided (used) by operating activities.....	(94)		(94)
Cash flows from investing activities:			
Income on investments.....	26		26
Net increase (decrease) in cash and cash equivalents.....	(68)		(68)
Cash and cash equivalents, July 1, 2004 ...	1,141		1,141
Cash and cash equivalents, June 30, 2005 ..	\$ 1,073	\$ - 0 -	\$ 1,073
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES			
Operating income (loss) .....	\$ 230	\$(248)	\$ (18)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
(Increase) decrease in receivables .....	438		438
(Increase) decrease in due from other funds .....	(744)		(744)
Increase (decrease) in accounts payable and accrued liabilities .....	(18)	248	230
Total adjustments .....	(324)	248	(76)
Net cash provided (used) by operating activities.....	\$ (94)	\$ -0-	\$ (94)

## **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

CITY OF NORWICH, CONNECTICUTAGENCY FUNDSCOMBINING BALANCE SHEET  
JUNE 30, 2005

(thousands)

	STUDENT ACTIVITIES	REHABILITATION DEPOSITS	BID DEPOSIT	DANGEROUS BUILDINGS	TOTALS
ASSETS:					
Cash and cash equivalents.....	\$55		\$44	\$21	\$120
Due from other funds.....		\$32			32
Total assets.....	<u>\$55</u>	<u>\$32</u>	<u>\$44</u>	<u>\$21</u>	<u>\$152</u>
LIABILITIES:					
Due to student groups and agencies.....	<u>\$55</u>	<u>\$32</u>	<u>\$44</u>	<u>\$21</u>	<u>\$152</u>

CITY OF NORWICH, CONNECTICUT

AGENCY FUNDS

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
FOR THE YEAR ENDED JUNE 30, 2005

(thousands)

	BALANCE JULY 1, 2004	ADDITIONS	DEDUCTIONS	BALANCE JUNE 30, 2005
<u>STUDENT ACTIVITIES</u>				
Assets:				
Cash and cash equivalents.....	\$-0-	\$334	\$279	\$55
Liabilities:				
Due to student groups and agencies.....	\$-0-	\$334	\$279	\$55
<u>REHABILITATION DEPOSIT</u>				
Assets:				
Due from other funds.....	\$-0-	\$101	\$69	\$32
Liabilities:				
Due to student groups and agencies.....	\$-0-	\$101	\$69	\$32
<u>BID DEPOSIT</u>				
Assets:				
Cash and cash equivalents.....	\$52	\$220	\$228	\$44
Liabilities:				
Due to student groups and agencies.....	\$52	\$220	\$228	\$44
<u>DANGEROUS BUILDINGS</u>				
Assets:				
Cash and cash equivalents.....	\$-0-	\$26	\$5	\$21
Liabilities:				
Due to student groups and agencies.....	\$-0-	\$26	\$5	\$21
<u>TOTAL - ALL FUNDS</u>				
Assets:				
Cash and cash equivalents.....	\$52	\$580	\$512	\$120
Due from other funds.....	-0-	101	69	32
TOTAL .....	\$52	\$681	\$581	\$152
Liabilities:				
Due to student groups and agencies.....	\$52	\$681	\$581	\$152

**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 FUNDS

## SCHEDULE BY SOURCE

JUNE 30, 2005

(thousands)

## Governmental funds capital assets:

Land .....	\$ 23,095
Land improvements .....	812
Buildings and improvements .....	37,501
Vehicles, machinery and equipment .....	13,542
Technology upgrade and infrastructure .....	25,706
Construction in progress .....	<u>2,472</u>
TOTAL .....	<u>\$103,128</u>
Investment in governmental funds capital assets .....	<u>\$103,128</u>

CITY OF NORWICH, CONNECTICUT

CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS

SCHEDULE BY FUNCTION AND ACTIVITY  
AS OF JUNE 30, 2005

(thousands)

FUNCTION AND ACTIVITY	TOTAL	LAND	LAND IMPROVEMENTS	BUILDINGS AND IMPROVEMENTS	VEHICLES, MACHINERY AND EQUIPMENT	TECHNOLOGY UPGRADE AND INFRASTRUCTURE	CONSTRUCTION IN PROGRESS
General Government .....	\$ 25,694	\$22,290		\$ 1,325	\$ 634	\$ 141	\$1,304
Public Safety .....	9,886	19		2,912	6,751	204	
Public Works And Parks .....	34,269	73		9,861	4,152	19,199	984
Senior Center .....	2,298			1,997	200	101	
Parking Garage .....	2,352			2,352			
Education .....	28,629	713	\$812	19,054	1,805	6,061	184
<b>TOTAL .....</b>	<b>\$103,128</b>	<b>\$23,095</b>	<b>\$812</b>	<b>\$37,501</b>	<b>\$13,542</b>	<b>\$25,706</b>	<b>\$2,472</b>

CITY OF NORWICH, CONNECTICUTCAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDSSCHEDULE OF CHANGES BY FUNCTION AND ACTIVITY  
FOR THE YEAR ENDED JUNE 30, 2005

FUNCTION AND ACTIVITY	(thousands)			GOVERNMENTAL FUNDS CAPITAL ASSETS JUNE 30, 2005
	GOVERNMENTAL FUNDS CAPITAL ASSETS* JULY 1, 2004	ADDITIONS	DELETIONS	
General Government .....	\$ 24,907	\$ 787		\$ 25,694
Public Safety .....	9,945	374	\$433	9,886
Public Works and Parks .....	33,406	931	68	34,269
Senior Center .....	2,298			2,298
93 Parking Garage .....	2,352			2,352
Education .....	27,281	1,348		28,629
TOTAL .....	<u>\$100,189</u>	<u>\$3,440</u>	<u>\$501</u>	<u>\$103,128</u>

\*As restated

CITY OF NORWICH, CONNECTICUT

SCHEDULE OF BONDS AND SERIAL NOTES PAYABLE  
FOR THE YEAR ENDED JUNE 30, 2005

(thousands)

DESCRIPTION	INTEREST RATE (%)	ISSUE DATE	MATURITY DATE	ORIGINAL AMOUNT ISSUED	BALANCE BEGINNING OF YEAR	ISSUED DURING YEAR	REFUNDED 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	\$ 1,570			\$ 790	\$ 780
General purpose .....	4.3-5.6	09/15/1992	09/15/2007	\$3,000	800			200	600
General purpose .....	4.5-5.0	02/01/1996	08/01/2006	\$3,000	1,880		\$1,400	160	320*
General purpose and schools .....	4.5-5.0	11/15/1997	05/15/2005	\$5,805	240			240	
General purpose and schools .....	4.5-5.7	11/01/1999	05/01/2008	\$4,665	2,540			565	1,975*
Refunding - (09/15/1994) bonds .....	4.0-5.0	04/01/2001	04/01/2014	\$13,010	10,805			1,100	9,705
General purpose, schools, and water .....	4.0-5.0	04/01/2001	04/01/2009	\$10,510	9,055		6,455	500	2,100*
General purpose - Wauregan Hotel ...	5.50-6.75	04/01/2001	04/01/2017	\$400	325			25	300
General purpose .....	4.0-5.0	04/15/2002	04/15/2022	\$3,345	2,822			259	2,563
General purpose .....	2.00-3.55	04/15/2004	04/15/2015	\$1,175	1,175				1,175
Refunding - (11/15/1997 and 11/01/1999) bonds .....	2.0-4.0	04/15/2004	04/15/2019	\$2,195	2,195			25	2,170
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			8,202
Total .....					33,407	11,012	7,855	3,864	32,700
Business-type Activities									
General purpose bonds payable:									
Stony Brook Reservoir .....	4.5-5.0	02/01/1996	08/01/2006	\$750	470		350	40	80*
Sewers .....	4.5-5.0	11/15/1997	05/15/2005	\$270	60			60	
Sewers .....	4.5-5.7	11/01/1999	05/01/2008	\$3,045	215			140	75*
Sewers .....	4.0-5.0	04/15/2002	04/15/2022	\$2,675	2,403			136	2,267
Sewers .....	2.00-3.55	04/15/2004	04/15/2015	\$1,945	1,945				1,945
Refunding - (11/15/1997 and 11/15/1999) Sewers .....	2.0-4.0	04/15/2004	04/15/2019	\$2,325	2,325			30	2,295
Refunding - (11/15/1997) Golf Course Improvements .....	2.0-4.0	04/15/2004	04/15/2007	\$55	55				55
Refunding - (02/01/1996) Stony Brook Reservoir .....	3.0-4.0	03/15/2005	09/15/2015	\$368		368			368
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	2,240			162	2,078
Clean Water Act 298-C .....	2.00	06/30/2000	06/30/2019	\$1,508	1,131			75	1,056
Clean Water Act 349-C .....	2.00	12/31/2002	12/31/2021	\$881	781			37	744
Clean Water Act 9714-C .....	2.77	12/31/2002	12/31/2021	\$1,899	1,693			76	1,617
Economic Development .....	6.00	07/01/1995	07/01/2012	\$1,000	628			54	574
Industrial Park .....	1.00	10/26/2001	10/26/2008	\$200	200				200
Total .....					14,146	1,078	350	810	14,064
TOTAL .....					\$47,553	\$12,090	\$8,205	\$4,674	\$46,764

\*Unrefunded balance

CITY OF NORWICH, CONNECTICUTNET ASSETS BY COMPONENT  
ACCRUAL BASIS  
LAST FOUR FISCAL YEARS

	.....FISCAL YEAR.....			
	2002	2003	2004	2005*
(thousands)				
Governmental activities:				
Invested in capital assets, net of related debt .....	\$17,812	\$25,716	\$24,968	\$34,514
Restricted .....				1,610
Unrestricted .....	11,586	10,412	18,077	15,074
Total governmental activities net assets.....	<u>\$29,398</u>	<u>\$36,128</u>	<u>\$43,045</u>	<u>\$51,198</u>
Business-type activities:				
Invested in capital assets, net of related debt .....	\$80,269	\$80,094	\$ 79,147	\$81,679
Restricted .....				279
Unrestricted .....	7,720	8,272	11,119	17,083
Total business-type activities net assets.....	<u>\$87,989</u>	<u>\$88,366</u>	<u>\$90,266</u>	<u>\$99,041</u>
Primary government:				
Invested in capital assets, net of related debt .....	\$ 98,081	\$105,810	\$104,115	\$116,193
Restricted .....				1,889
Unrestricted .....	19,306	18,684	29,196	32,157
Total primary government net assets.....	<u>\$117,387</u>	<u>\$124,494</u>	<u>\$133,311</u>	<u>\$150,239</u>

\*Includes reclassification of water and sewer capital projects net assets from governmental-type to business-type activities.

CITY OF NORWICH, CONNECTICUT

CHANGES IN NET ASSETS  
 ACCRUAL BASIS  
 LAST FOUR FISCAL YEARS

(thousands)

	.....FISCAL YEAR.....			
	2002	2003	2004	2005*
<b>Expenses:</b>				
Governmental activities:				
General government .....	\$ 8,323	\$ 9,448	\$ 7,726	\$ 5,233
Public safety .....	13,604	14,109	13,032	14,105
Social services .....	2,699	2,432	1,880	3,037
Public works .....	10,429	6,752	10,271	13,781
Education .....	60,404	61,797	61,478	64,819
Other .....	3,487	2,149	2,688	3,725
Interest on long-term debt .....	2,236	2,222	1,948	1,646
Total governmental activities expenses.....	101,182	98,909	99,023	106,346
Business-type activities:				
Department of Public Utilities .....	48,003	53,171	56,062	57,133
Other Enterprise Funds .....	2,413	2,636	2,526	2,505
Total business-type activities expenses.....	50,416	55,807	58,588	59,638
Total primary government expenses.....	151,598	154,716	157,611	165,984
<b>Program Revenues:</b>				
Governmental activities:				
Charges for services .....	9,903	9,893	11,307	7,834
Operating grants and contributions .....	34,752	35,923	36,509	41,727
Capital grants and contributions .....	3,492	2,903	4,459	1,907
Total governmental activities program revenues.....	48,147	48,719	52,275	51,468
Business-type activities:				
Charges for services .....	50,227	55,938	60,050	65,151
Capital grants and contributions .....	7,534	75	141	2,115
Total business-type activities program revenues.....	57,761	56,013	60,191	67,266
Total primary government program revenues.....	105,908	104,732	112,466	119,103
<b>Net (expense)/revenue:</b>				
Governmental activities .....	(53,035)	(50,190)	(46,748)	(54,878)
Business-type activities .....	7,345	206	1,603	7,628
Total primary government net expense.....	(45,690)	(49,984)	(45,145)	(47,250)

CITY OF NORWICH, CONNECTICUT  
 CHANGES IN NET ASSETS ACCRUAL BASIS  
 LAST FOUR FISCAL YEARS

(thousands)

	.....FISCAL YEAR.....			
	2002	2003	2004	2005*
General Revenues and Transfers:				
Governmental activities:				
Property taxes .....	\$ 42,572	\$ 46,923	\$ 48,044	\$ 45,426
Unrestricted grants and contributions .....	9,596	9,643	5,250	5,030
Investment earnings .....	419	354	530	488
Other general revenues .....				1,217
Administrative reimbursements .....				5,006
Transfers .....			(160)	
Total governmental activities.....	52,587	56,920	53,664	57,167
Business-type activities:				
Investment earnings .....	267	171	138	204
Administrative reimbursement .....				(5,006)
Transfers .....			160	
Total business-type activities.....	267	171	298	(4,802)
Total primary government.....	52,854	57,091	53,962	52,365
Changes in Net Assets:				
Governmental activities .....	(448)	6,730	6,916	2,289
Business-type activities .....	7,612	377	1,901	2,826
Total primary government.....	\$ 7,164	\$ 7,107	\$ 8,817	\$ 5,115

\* Includes reclassification of water and sewer capital projects from governmental-type to business-type activities and separate identification of administrative reimbursements paid from business-type activities to the City's governmental-type General Fund.

CITY OF NORWICH, CONNECTICUT

FUND BALANCES OF GOVERNMENTAL FUNDS  
 MODIFIED ACCRUAL BASIS  
 LAST FOUR FISCAL YEARS

	.....FISCAL YEAR.....			
	2002	2003	2004	2005
(thousands)				
General Fund:				
Reserved .....	\$ 289	\$ 305	\$ 415	\$ 398
Unreserved .....	8,158	8,771	9,302	10,573
Total General Fund.....	<u>\$8,447</u>	<u>\$9,076</u>	<u>\$9,717</u>	<u>\$10,971</u>
All other governmental funds:				
Reserved .....	\$ 678	\$2,679	\$2,051	\$2,475
Unreserved, reported in:				
Special Revenue Funds .....	3,006	514	3,617	2,532
Capital Projects Funds .....	660	622	1,610	3,265
Total all other governmental funds.....	<u>\$4,344</u>	<u>\$3,815</u>	<u>\$7,278</u>	<u>\$8,272</u>

CITY OF NORWICH, CONNECTICUT

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
 MODIFIED ACCRUAL BASIS  
 LAST FOUR FISCAL YEARS

	FISCAL YEAR.....			
	2002	2003	2004	2005
<b>Revenues:</b>				
Property taxes, interest and liens .....	\$ 43,145	\$ 45,326	\$ 47,815	\$ 47,652
Intergovernmental .....	49,269	49,490	46,929	48,159
Charges for services, licenses, permits, fees and other .....	9,921	10,321	11,041	15,184
Investment income .....	575	379	517	462
<b>Total revenues.....</b>	<b>102,910</b>	<b>105,516</b>	<b>106,302</b>	<b>111,457</b>
<b>Expenditures:</b>				
<b>Current:</b>				
General government .....	8,194	8,651	6,665	5,262
Public safety .....	12,615	12,646	12,725	13,736
Social Services .....	2,568	2,319	3,094	3,782
Public works .....	8,918	7,399	9,178	10,095
Education .....	59,237	60,521	61,880	65,363
Other .....	2,328	1,720	2,832	3,529
Capital outlay .....	10,780	5,508	2,679	3,929
Debt service .....	6,188	6,652	6,178	5,495
<b>Total expenditures.....</b>	<b>110,828</b>	<b>105,416</b>	<b>105,231</b>	<b>111,191</b>
<b>Excess of revenues over/(under) expenditures .....</b>	<b>(7,918)</b>	<b>100</b>	<b>1,071</b>	<b>266</b>
<b>Other financing sources (uses):</b>				
Transfers in .....	2,255	3,498	3,997	3,240
Transfers out .....	(2,255)	(3,498)	(4,157)	(3,240)
Bonds issued .....	6,020		3,120	2,810
Refunding bonds issued .....			4,575	8,202
Payment to refunding bond escrow agent .....			(4,502)	(8,128)
Net original issue premium .....				118
Cost of issuance and other bonding costs .....				(192)
<b>Total other financing sources (uses).....</b>	<b>6,020</b>		<b>3,033</b>	<b>2,810</b>
<b>Net change in fund balances .....</b>	<b>(1,898)</b>	<b>100</b>	<b>4,104</b>	<b>3,076</b>
<b>Fund balances, beginning .....</b>	<b>14,689</b>	<b>12,791</b>	<b>12,891</b>	<b>16,167*</b>
<b>Fund balances, ending .....</b>	<b>\$ 12,791</b>	<b>\$ 12,891</b>	<b>\$ 16,995</b>	<b>\$ 19,243</b>
<b>Debt service as a % of noncapital expenditures .....</b>	<b>6.19%</b>	<b>6.66%</b>	<b>6.02%</b>	<b>5.12%</b>

\* as restated

CITY OF NORWICH, CONNECTICUT

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

(thousands)

FISCAL YEAR	GRAND LIST YEAR	.....REAL ESTATE.....		..PERSONAL PROPERTY..		TOTAL ASSESSED VALUE	LESS EXEMPTIONS	TOTAL TAXABLE ASSESSED VALUE	ESTIMATED ACTUAL TAXABLE VALUE	ASSESSED VALUE AS A PERCENTAGE OF ACTUAL VALUE
		INDUSTRIAL/ COMMERCIAL	RESIDENTIAL	MOTOR VEHICLES	OTHER					
1996	1994	\$371,185	\$ 858,542	\$113,339	\$ 73,670	\$1,416,736	\$17,170	\$1,399,566	\$1,999,380	70.86%
1997	1995	363,024	864,520	127,051	72,947	1,427,542	20,916	1,406,626	2,009,466	71.04%
1998	1996	369,386	866,146	130,559	81,346	1,447,437	29,911	1,417,526	2,025,037	71.48%
1999	1997	379,088	869,792	133,003	82,907	1,464,790	28,504	1,436,286	2,051,837	71.39%
2000	1998	372,632	878,483	133,366	82,252	1,466,733	29,002	1,437,731	2,053,901	71.41%
2001	1999	262,884	664,166	147,670	84,383	1,159,103	27,078	1,132,025	1,617,179	71.67%
2002	2000	266,090	665,460	152,219	85,345	1,169,114	27,570	1,141,544	1,630,777	71.69%
2003	2001	270,108	669,398	152,670	82,207	1,174,383	28,500	1,145,883	1,636,976	71.74%
2004	2002	273,991	679,020	154,864	83,388	1,191,263	25,168	1,166,095	1,665,850	71.51%
2005	2003	408,784	1,095,366	153,492	100,570	1,758,212	24,916	1,733,296	2,476,137	71.01%

100

Source: City of Norwich Assessor's Office

Notes: Revaluations were done for Grand Lists October 1, 1999 and October 1, 2003. The next revaluation will be on the October 1, 2008. Property is assessed at approximately 70% of its market value.

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	TAX COLLECTIONS FIRST YEAR OF LEVY	PERCENTAGE COLLECTED FIRST YEAR OF LEVY	TAX COLLECTIONS IN SUBSEQUENT YEARS	TOTAL COLLECTIONS TO DATE	PERCENTAGE COLLECTED TO DATE
<u>General Fund</u>								
1996	\$1,399,566	22.22	\$30,587	\$29,077	95.06%	\$1,477	\$30,554	99.89%
1997	1,406,626	24.22	33,912	32,206	94.97%	1,666	33,872	99.88%
1998	1,417,526	24.48	34,581	32,705	94.58%	1,839	34,544	99.89%
1999	1,436,286	25.03	35,237	34,040	96.60%	1,141	35,181	99.84%
2000	1,437,731	25.62	37,050	34,976	94.40%	2,010	36,986	99.83%
2001	1,132,025	33.89	38,419	36,648	95.39%	1,725	38,373	99.88%
2002	1,141,544	33.89	38,794	37,208	95.91%	1,586	38,794	100.00%
2003	1,145,883	35.62	41,064	39,438	96.04%	1,257	40,695	99.10%
2004	1,166,095	36.47	42,774	41,136	96.17%	1,000	42,136	98.51%
2005	1,733,296	25.69	43,999	42,681	97.00%		42,681	97.00%
<u>City Consolidated District (CCD) Fire Tax</u>								
1996	526,879	4.70	2,436	2,316	95.07%	114	2,430	99.75%
1997	530,288	4.39	2,317	2,200	94.95%	111	2,311	99.74%
1998	529,045	4.33	2,283	2,159	94.57%	120	2,279	99.82%
1999	531,027	3.79	1,973	1,906	96.60%	61	1,967	99.70%
2000	529,962	3.64	1,940	1,831	94.38%	102	1,933	99.64%
2001	386,583	5.33	2,063	1,968	95.40%	90	2,058	99.76%
2002	390,851	5.33	2,089	2,004	95.93%	82	2,086	99.86%
2003	390,492	5.49	2,157	2,072	96.06%	46	2,118	98.19%
2004	392,560	5.64	2,227	2,142	96.18%	24	2,166	97.26%
2005	614,657	3.84	2,332	2,262	97.00%		2,262	97.00%
<u>Town Consolidated District (TCD) Volunteer Fire Relief Tax</u>								
1996	872,687	0.12	103	98	95.15%	5	103	100.00%
1997	876,338	0.12	105	100	95.24%	5	105	100.00%
1998	888,481	0.12	106	100	94.34%	6	106	100.00%
1999	905,259	0.12	106	102	96.23%	4	106	100.00%
2000	907,769	0.14	128	121	94.53%	7	128	100.00%
2001	745,442	0.31	231	220	95.24%	11	231	100.00%
2002	750,693	0.28	211	202	95.73%	9	211	100.00%
2003	755,391	0.30	228	219	96.05%	7	226	99.12%
2004	773,535	0.30	233	224	96.14%	6	230	98.71%
2005	1,118,639	0.21	232	225	96.98%		225	96.98%

101

TABLE 7

CITY OF NORWICH, CONNECTICUTBUILDING PERMITS ISSUED  
LAST TEN FISCAL YEARS

FISCAL YEAR ENDED	.....RESIDENTIAL.....		.....COMMERCIAL.....		.....INDUSTRIAL.....		.....OTHER.....		.....TOTAL.....	
	NUMBER	VALUE (thousands)	NUMBER	VALUE (thousands)	NUMBER	VALUE (thousands)	NUMBER	VALUE (thousands)	NUMBER	VALUE (thousands)
1996	767	\$ 7,501	141	\$26,435	1	\$ 543	35	\$ 1,222	944	\$35,701
1997	653	5,463	252	25,633	6	156	35	968	946	32,220
1998	1,009	7,687	272	6,413	3	95	82	4,305	1,366	18,500
1999	1,044	6,454	250	10,303	9	3,034	59	12,300	1,362	32,091
2000	1,084	14,620	443	9,487	13	602	41	931	1,581	25,640
2001	1,049	7,823	244	9,511	13	4,597	35	1,879	1,341	23,810
2002	1,401	13,357	253	11,965	7	475	15	309	1,676	26,106
2003	1,342	19,089	270	15,096	6	2,785	24	1,295	1,642	38,265
2004	1,694	45,594	193	16,004	7	827	24	3,115	1,918	65,540
2005	1,775	34,060	262	21,316	1	1	9	5	2,047	55,382

Source: Building Official, City of Norwich

CITY OF NORWICH, CONNECTICUT

PRINCIPAL TAXPAYERS  
OCTOBER 1, 2003 AND OCTOBER 1, 1994

(thousands)

BUSINESS NAME	NATURE OF BUSINESS	.....OCTOBER 1, 2003.....		.....OCTOBER 1, 1994.....			
		TAXABLE ASSESSED VALUE	RANK	PERCENTAGE OF TOTAL TAXABLE ASSESSED VALUE	TAXABLE ASSESSED VALUE	RANK	PERCENTAGE OF TOTAL TAXABLE ASSESSED VALUE
Phelps Dodge	Manufacturing - Copper	\$13,790	1	0.80%	\$24,222	1	1.73%
Computer Science Corporation	Computer Products & Services	12,547	2	0.72%	16,398	2	1.17%
Mashantucket Pequot Tribe	Real Estate	7,639	3	0.44%	7,154	5	0.51%
Norwichtown Mall Realty Associates	Shopping Center	7,255	4	0.42%	8,065	3	0.58%
Hamilton Park Associates	Apartments	6,151	5	0.35%	7,812	4	0.56%
Kalimian Elias as Trustee	Apartments	5,189	6	0.30%	5,550	8	0.40%
Norwich Realty Associates, LP	Shopping Center	4,902	7	0.28%			
Bob's Discount Furniture	Retail Store & Distribution Warehouse	4,837	8	0.28%			
Wal-Mart Stores, Inc.	Department Store	4,482	9	0.26%	5,052	10	0.36%
US Foodservice	Food Distributors	4,138	10	0.24%			
Agency Rent-A-Car	Motor Vehicle Rentals				6,500	6	0.46%
Genlyte Group, Inc.	Manufacturing - Lighting Fixtures				6,000	7	0.43%
Decorative Screen Printers	Manufacturing				<u>5,122</u>	9	<u>0.37%</u>
TOTAL .....		<u>\$70,930</u>		<u>4.09%</u>	<u>\$91,875</u>		<u>6.57%</u>

Source: City of Norwich, Assessor's Office

CITY OF NORWICH, CONNECTICUTSTATEMENT OF DEBT LIMITATION

(thousands)

Total tax collections (including interest and lien fees) for the year ended June 30, 2005.....					\$44,961
Total tax collections, Norwich Fire District .....					2,666
Reimbursement for loss on:					
Tax relief for elderly - freeze.....					<u>27</u>
BASE .....					<u>\$47,654</u>
	<u>General Purpose</u>	<u>Schools</u>	<u>Sewers</u>	<u>Urban Renewal</u>	<u>Pension Deficit</u>
Debt limitation:					
2-1/4.....	\$107,222				
4-1/2.....		\$214,443			
3-3/4.....			\$178,703		
3-1/4.....				\$154,876	
3.....					\$142,962
Total debt limitation .	<u>107,222</u>	<u>214,443</u>	<u>178,703</u>	<u>154,876</u>	<u>142,962</u>
Indebtedness:					
Bonds and serial notes payable .....	19,584	10,591	13,232		
Bonds authorized, and unissued.....	2,330		375		
Grants receivable....		(1,262)			
Total indebtedness ....	<u>21,914</u>	<u>9,329</u>	<u>13,607</u>		
Debt limitation in excess of outstanding and authorized debt.....	<u>\$ 85,308</u>	<u>\$205,114</u>	<u>\$165,096</u>	<u>\$154,876</u>	<u>\$142,962</u>

Note 1: In no event shall total debt exceed seven times annual receipts from taxation. The minimum amount permitted would be \$333.6 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 \$1,166 and State of Connecticut serial notes payable of \$2,191.

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

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 DEBT TO TAXABLE ASSESSED VALUE	DEBT PER CAPITA
	GENERAL OBLIGATION BONDS	CAPITAL LEASES	GENERAL OBLIGATION BONDS	REVENUE BONDS	NOTES	CAPITAL LEASES			
1996 .....	\$27,110	\$3,322	\$3,750	\$1,100	\$2,929	\$7,970	\$46,181	3.30%	\$1,311
1997 .....	25,220	2,573	3,750	825	3,770	7,007	43,145	3.07%	1,225
1998 .....	28,865	1,964	3,820	550	4,444	5,775	45,418	3.20%	1,292
1999 .....	28,935	1,373	910	275	4,475	5,029	40,997	2.85%**	1,174
2000 .....	33,875	753	840		5,106	5,591	46,165	3.21%	1,325
2001 .....	42,680	150	770		6,221	4,029	53,850	4.76%	1,491
2002 .....	43,011		705		7,411	2,722	53,849	4.72%	1,491
2003 .....	40,945		630		7,019	1,806	50,400	4.40%	1,415
2004 .....	40,325		555		6,619	1,641	49,140	4.21%	1,357
2005 .....	32,700*		7,795		6,269*	2,222	48,986	2.83%**	1,352

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

\*Sewer extension bonds converted to business-type activity

\*\*Revaluation years

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

FISCAL YEAR	POPULATION <sup>1</sup>	SCHOOL ENROLLMENT <sup>2</sup>	EMPLOYED <sup>3</sup>	UNEMPLOYED <sup>3</sup>	.....PERCENTAGE UNEMPLOYED <sup>3</sup> .....			
					CITY OF NORWICH	NEW LONDON/ NORWICH MARKET	STATE OF CONNECTICUT	UNITED STATES
1996	35,225	5,418	18,000	1,184	6.2%	5.9%	5.7%	5.4%
1997	35,225	5,320	18,475	1,146	5.8%	5.7%	5.1%	4.5%
1998	35,142	5,280	18,333	930	4.8%	4.6%	3.8%	4.5%
1999	34,931	5,151	18,561	726	3.8%	3.3%	3.0%	4.3%
2000	34,852	5,119	18,600	610	3.2%	2.6%	2.6%	3.8%
2001	36,117	5,060	18,381	542	2.9%	2.5%	3.1%	4.7%
2002	36,117	5,419	18,500	542	2.8%	2.5%	3.5%	5.4%
2003	35,628	5,489	19,561	1,239	6.0%	4.6%	5.2%	6.5%
2004	36,218	5,507	19,745	1,207	5.8%	4.3%	4.8%	5.8%
2005	36,218	5,425	20,033	1,248	5.9%	4.9%	5.3%	4.9%

106

<sup>1</sup> U.S. Department of Commerce, Bureau of Census; State of Connecticut Department of Health.

<sup>2</sup> School enrollment includes Norwich students attending the quasi-private high school, Norwich Free Academy.

<sup>3</sup> U.S. Department of Labor and Employment Security Division; Labor Department, State of Connecticut.

CITY OF NORWICH, CONNECTICUT

PRINCIPAL EMPLOYERS  
2005 AND 2002

BUSINESS NAME	NATURE OF BUSINESS	.....2005.....			.....2002.....		
		EMPLOYEES	RANK	PERCENTAGE OF TOTAL CITY EMPLOYMENT	EMPLOYEES	RANK	PERCENTAGE OF TOTAL CITY EMPLOYMENT
William W. Backus Hospital	Medical Center	1,650	1	8.24%	1,537	1	8.31%
City of Norwich (incl. NPU & BOE)	Municipality	978	2	4.88%	944	2	5.10%
Computer Science Corporation	Computer Products and Services	700	3	3.49%	476	3	2.57%
ShopRite Norwich	Grocery Store	418	4	2.09%			
Interim Healthcare of Eastern CT	Healthcare	400	5	2.00%			
Daticon	Legal document storage	300	6	1.50%			
Norwich Inn and Spa	Lodging/Health Spa	300	6	1.50%			
US Foodservice	Food Distributors	223	8	1.11%	250	4	1.35%
Bob's Discount Furniture	Retail Store and Distribution Warehouse	202	9	1.01%			
The American Group	Financial Services	200	10	1.00%	200	5	1.08%
Big Y Foods	Grocery Store	200	10	1.00%			
Phelps Dodge	Manufacturing - Copper				177	6	0.96%
Three Rivers Community Tech College	Community College				166	7	0.90%
Ortronics	Communication Technology				160	8	0.86%
Gunther International	Light Machinery Assembly				150	9	0.81%
TOTAL .....		<u>5,571</u>		<u>27.82%</u>	<u>4,060</u>		<u>21.94%</u>

Source: Norwich Community Development Corporation

This information was not reported prior to 2002.

CITY OF NORWICH, CONNECTICUTBUDGETED FULL-TIME EQUIVALENT EMPLOYEES  
LAST FOUR FISCAL YEARS

	.....FISCAL YEAR.....			
	2002	2003	2004	2005
General City:				
City Manager.....	3.0	3.0	3.0	3.0
Finance.....	13.0	13.0	12.0	12.0
Treasurer.....	3.0	3.0	3.0	3.0
Assessment.....	3.5	4.0	3.5	3.5
Personnel.....	5.5	5.5	4.5	4.5
City Clerk.....	5.0	5.0	5.0	5.0
City Council.....	1.5	2.0	2.0	2.0
M.I.S.....	2.0	2.0	2.0	2.0
Police.....	107.5	102.5	100.5	101.0
Fire.....	55.5	55.5	55.0	55.5
Recreation.....	9.0	9.0	6.0	7.0
Human Services.....	11.0	10.5	8.5	8.5
Senior Citizens Center.....	8.0	7.0	6.0	6.0
Youth Service Bureau.....	5.0	5.0	3.0	3.0
PW Engineering & Administration.....	8.0	8.0	6.5	7.0
PW Fleet Maintenance.....	11.0	10.0	9.0	9.0
PW Solid Waste.....	4.0	3.0	3.0	3.0
PW Street Maintenance.....	35.0	35.0	33.0	33.0
PW Parks & Cemeteries.....	12.0	12.0	11.0	10.0
PW Building Maintenance.....	7.5	8.0	7.0	7.0
PW Parking Maintenance.....	2.0	2.0	2.0	2.0
Election.....	3.0	3.0	2.5	2.5
Planning & Neighborhood Services.....	13.0	12.5	11.0	12.0
Economic Development.....	1.0	0.0	0.0	0.0
Emergency Management.....	1.0	1.0	1.0	1.0
Tourism.....	2.0	0.5	0.5	0.5
Subtotal - General City.....	332.0	322.0	300.5	303.0
Board of Education:				
General Fund-funded positions.....	502.5	392.1	375.9	386.3
State & federal grant-funded positions....	66.3	74.7	86.6	99.8
School Lunch (federal grant).....	41.0	42.0	40.0	39.0
Adult Education (state grant).....	13.0	11.0	12.0	13.0
Subtotal - Board of Education.....	622.7	519.8	514.5	538.0
Norwich Public Utilities.....	136.0	138.0	136.5	137.0
Grand totals.....	1,090.7	979.8	951.5	978.0

CITY OF NORWICH, CONNECTICUT  
 OPERATING INDICATORS BY FUNCTION  
 FISCAL YEAR 2004

FUNCTION	FISCAL YEAR 2004
General Government:	
Finance:	
Number of bills mailed .....	48,334
Number of internal control reviews performed .....	4
Assessor:	
Number of deeds processed .....	1,600
Number of veterans exemptions .....	2,779
Board of assessment appeals adjustments .....	425
Personnel:	
Number of applications processed .....	1,221
Vacancies filled through promotion .....	28
Vacancies filled through new hires .....	33
Employee turnover rate .....	7.1%
City Clerk:	
Land records recorded .....	11,401
Marriage licenses issued .....	372
Death certificates recorded .....	542
Birth certificates recorded .....	1,594
Management Information Systems:	
Help desk calls .....	1,800
Website hits .....	27,500
Election:	
Voters added .....	1,096
Voters removed .....	1,058
Voter changes .....	927
Total voters .....	17,987
Planning and Neighborhood Services:	
Site development plans .....	21
Zoning permit applications .....	456
Zoning complaints .....	138
Code violations .....	465
Citations issued .....	208
Education:	
Average class size - Kindergarten.....	17.8
Average class size - Grade 2.....	18.2
Average class size - Grade 5.....	20.4
Average class size - Grade 7.....	21.2
Total expenditure per student.....	\$7,742
Public Safety:	
Police:	
911 calls .....	19,575
Non-emergency calls .....	20,932
DWI arrests .....	188

CITY OF NORWICH, CONNECTICUT  
 OPERATING INDICATORS BY FUNCTION  
 FISCAL YEAR 2004

FUNCTION	FISCAL YEAR 2004
Public Safety (continued):	
Fire:	
Central Fire Department:	
Service calls.....	3,088
East Great Plain VFD:	
Service calls.....	688
Laurel Hill VFD:	
Service calls.....	93
Occum VFD:	
Service Calls.....	325
Taftville VFD:	
Service calls.....	450
Yantic VFD:	
Service calls.....	595
Emergency Management:	
Hours of emergency training .....	920
Shelters maintained .....	19
Flood assistance calls .....	62
Social Services:	
Recreation:	
Number of youth registrations .....	4,821
Number of youth program hours .....	1,971
Number of hours provided by volunteers .....	996
Human Services:	
General Human Services:	
Job placements .....	133
Individuals relocated due to condemnation.....	55
Rent and housing assistance cases.....	49
Senior Center:	
Preventative health clinic services.....	4,900
Outreach services .....	280
Youth and Family Services:	
Counseling cases.....	175
Young parent cases.....	97
Public Works:	
Engineering and Administration:	
Road miles paved .....	6.6
Utilities:	
Gas service calls.....	4,740
Electric service calls.....	2,672
Water service calls.....	3,580
Sewer service calls.....	237

TABLE 15

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

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