

FINAL OFFICIAL STATEMENT DATED OCTOBER 14, 2020

NEW MONEY / REFUNDING ISSUE: Book-Entry-Only

RATINGS: S&P Global Ratings: "AA"

In the opinion of Bond Counsel, rendered in reliance upon and assuming the accuracy of and continuing compliance by the City with certain representations and covenants relating to the applicable requirements of the Internal Revenue Code of 1986, as amended (the "Code"), under existing law, interest on the Series A Bonds is excluded from gross income for federal income tax purposes and such interest is not treated as an item of tax preference for purposes of calculating the federal alternative minimum tax. In the opinion of Bond Counsel, interest on the Series B Bonds is included in gross income for federal income tax purposes pursuant to the Code. In the opinion of Bond Counsel, under existing statutes, interest on the Series A Bonds and Series B (the "Bonds") is excluded from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates and is excluded from amounts on which the net Connecticut minimum tax is based in the case of individuals, trusts and estates required to pay the federal alternative minimum tax. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the accrued or receipt of interest on, the Bonds. (See "Tax Matters" herein.)



City of Norwich, Connecticut
\$1,205,000
General Obligation Bonds, Issue of 2020, Series A
(Bank Qualified)

Dated: Date of Delivery

Due: August 1,
As detailed inside the front cover:

The City of Norwich General Obligation Bonds, Issue of 2020, Series A (the "Series A Bonds") will be general obligations of the City of Norwich, Connecticut (the "City") and the City will pledge its full faith and credit to pay the principal of and the interest on the Series A Bonds when due (see "Security and Remedies" herein).

Interest on the Series A Bonds will be payable semiannually on February 1 and August 1 in each year until maturity, commencing February 1, 2021.

THE SERIES A BONDS ARE SUBJECT TO REDEMPTION PRIOR TO MATURITY.

\$15,920,000
General Obligation Refunding Bonds (Federally Taxable),
Issue of 2020, Series B

Dated: Date of Delivery

Due: Serially, February 1, 2021 and August 1, 2021 – 2033
As detailed inside the front cover:

The General Obligation Refunding Bonds (Federally Taxable), Issue of 2020, Series B (the "Series B Bonds") will be general obligations of the City and the City will pledge its full faith and credit to pay the principal of and the interest on the Series B Bonds when due (see "Security and Remedies" herein).

Interest on the Series B Bonds will be payable semiannually on February 1 and August 1 in each year until maturity, commencing February 1, 2021.

THE SERIES B BONDS ARE SUBJECT TO REDEMPTION PRIOR TO MATURITY.

The Series A Bonds and the Series B Bonds (collectively, the "Bonds") will be issued in book-entry-only form and registered in the name of Cede & Co., as nominee for the Depository Trust Company ("DTC"), New York, New York. The beneficial owners of the Bonds will not receive certificates representing their ownership interest in the Bonds as the case may be. Principal of, redemption premium, if any, and interest payments on, the Bonds will be made by the City to DTC, or its nominee as registered owner of the Bonds. DTC will credit its participants in accordance with their respective holdings shown in the records of DTC. It is anticipated that the beneficial owners of the Bonds will receive payment or credit from DTC participants and other nominees of the beneficial owners. Ownership of the Bonds may be in principal amounts of \$5,000 or integral multiples thereof. (See "Book-Entry-Only Transfer System" herein.)

Raymond James

The Registrar, Transfer Agent, Paying Agent, Certifying Agent and Escrow Agent will be U.S. Bank National Association, Goodwin Square, 225 Asylum Street, 23rd Floor, Hartford, Connecticut 06103.

The Bonds are offered for delivery when, as and if issued, subject to the approving opinion of Pullman & Comley, LLC, Bond Counsel, of Bridgeport and Hartford, Connecticut and certain other conditions. Certain matters will be passed upon for the Underwriter by Day Pitney LLP, of Hartford, Connecticut, Underwriters' Counsel. It is expected that delivery of the Bonds in book-entry-only form will be made to DTC on or about October 28, 2020.

City of Norwich, Connecticut
\$1,205,000
General Obligation Bonds, Issue of 2020, Series A

Dated: Date of Delivery

Due: August 1,
As detailed below:

Year	Principal	Coupon	Yield	CUSIP¹	Year	Principal	Coupon	Yield	CUSIP¹
2021	\$ 65,000	3.000%	0.290%	669402B24	2025	\$ 60,000	3.000%	0.490%	669402B65
2022	60,000	3.000%	0.320%	669402B32	2026	60,000	3.000%	0.660%	669402B73
2023	60,000	3.000%	0.340%	669402B40	2027	60,000	3.000%	0.810%	669402B81
2024	60,000	3.000%	0.390%	669402B57					

\$180,000 2.000% Term Bond due August 1, 2030² – Yield 1.350% CUSIP¹: 669402B99

\$300,000 2.000% Term Bond due August 1, 2035² – Yield 1.800% CUSIP¹: 669402C23

\$300,000 2.125% Term Bond due August 1, 2040 – Yield 2.150% CUSIP¹: 669402C31

² Priced assuming redemption on August 1, 2028; however, any such redemption is at the option of the City.

\$15,920,000
General Obligation Refunding Bonds (Federally Taxable),
Issue of 2020, Series B

Dated: Date of Delivery

Due: Serially, February 1, 2021 and August 1, 2021 – 2033
As detailed below:

Year	Principal	Coupon	Yield	CUSIP¹	Year	Principal	Coupon	Yield	CUSIP¹
2021 ³	\$ 1,395,000	0.390%	0.390%	669402C49	2027	\$ 1,180,000	1.350%	1.350%	669402D30
2021	1,350,000	0.440%	0.440%	669402C56	2028	1,160,000	1.570%	1.570%	669402D48
2022	1,310,000	0.560%	0.560%	669402C64	2029	1,150,000	1.670%	1.670%	669402D55
2023	1,275,000	0.730%	0.730%	669402C72	2030	1,130,000	1.770%	1.770%	669402D63
2024	1,220,000	0.850%	0.850%	669402C80	2031	1,120,000	1.920%	1.920%	669402D71
2025	1,225,000	1.000%	1.000%	669402C98	2032	605,000	2.070%	2.070%	669402D89
2026	1,205,000	1.250%	1.250%	669402D22	2033	595,000	2.170%	2.170%	669402D97

³ February 1 maturity.

¹ Copyright, American Bankers Association. CUSIP® is a registered trademark of the American Bankers Association. CUSIP numbers have been assigned by an independent company not affiliated with the City and are included solely for the convenience of the holders of the Bonds. The City is not responsible for the selection or use of these CUSIP numbers, does not undertake any responsibility for their accuracy, and makes no representation as to their correctness on the Bonds or as indicated above. The CUSIP number for a specific maturity is subject to being changed after the issuance of the Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part of such maturity or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Bonds.

No dealer, broker, salesman or other person has been authorized by the City to give any information or to make any representations not contained in this Official Statement or any supplement, which may be issued hereto, and if given or made, such other information or representations must not be relied upon as having been authorized by the City. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information set forth herein has been obtained by the City from sources which are believed to be reliable but is not guaranteed as to accuracy or completeness.

This Official Statement has been prepared only in connection with the initial offering and sale of the Bonds and may not be reproduced or used in whole or in part for any other purpose. The information, estimates and expressions of opinion in this Official Statement are subject to change without notice. Neither the delivery of this Official Statement nor any sale of the Bonds shall, under any circumstances, create any implication that there has been no material change in the affairs of the City since the date of this Official Statement.

The Bonds will not be registered under the Securities Act of 1933, as amended, in reliance upon an exemption contained in such Act. The Bonds have not been registered or qualified under the securities laws of any state. The Bonds have not been recommended by any federal or state securities commission or regulatory authority, and the foregoing authorities have neither reviewed nor confirmed the accuracy of this document.

The independent auditors for the City are not passing upon and do not assume responsibility for the accuracy or completeness of the financial information presented in this Official Statement (other than matters expressly set forth in their opinion in Appendix A), and they make no representation that they have independently verified the same.

Other than as to matters expressly set forth herein as the opinion of Bond Counsel, Bond Counsel is not passing on and does not assume any responsibility for the accuracy or adequacy of the statements made in this Official Statement and makes no representation that it has independently verified the same.

The Underwriter has provided the following sentence for inclusion in this Official Statement. The Underwriter has reviewed the information in this Official Statement in accordance with, and as part of, its responsibility to investors under federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information.

IN CONNECTION WITH THIS OFFERING THE UNDERWRITER MAY OVER ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF SUCH BONDS AT LEVELS ABOVE THOSE WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME. THE UNDERWRITER MAY OFFER AND SELL THE BONDS TO CERTAIN DEALERS AND DEALER BANKS AND OTHERS AT PRICES LOWER THAN THE PUBLIC OFFERING PRICES STATED ON THE COVER PAGE HEREOF, AND SAID PUBLIC OFFERING PRICES MAY BE CHANGED FROM TIME TO TIME BY THE UNDERWRITER.

(The remainder of this page left blank intentionally)

(This page intentionally left blank)

Table of Contents

	<i>Page</i>		<i>Page</i>
Series A Bond Issue Summary.....	1	IV. Tax Base Data.....	38
Series B Bond Issue Summary.....	2	Property Tax Assessments.....	38
I. Bond Information.....	3	Comparative Assessed Valuations.....	39
Introduction.....	3	Property Tax Levies and Collections.....	39
Global Health Emergency Risk.....	3	COVID-19 Outbreak-Municipal Tax Relief Programs.....	40
Municipal Advisor.....	6	Property Tax Receivables.....	40
The Bonds.....	6	Ten Largest Taxpayers.....	41
Optional Redemption for the Bonds.....	7	V. Debt Summary.....	42
Mandatory Sinking Fund Redemption.....	7	Principal Amount of Bonded Indebtedness.....	42
Authorization and Purpose.....	8	Short Term Debt.....	43
Use of Series A Bond Proceeds.....	8	Annual Bonded Debt Maturity Schedule.....	43
Plan of Refunding.....	9	Overlapping/Underlying Debt.....	43
Verification of Mathematical Computations.....	10	Debt Statement.....	44
Sources and Uses of Bond Proceeds.....	10	Current Debt Ratios.....	44
Book-Entry Only Transfer System.....	10	Bond Authorization.....	45
DTC Practices.....	11	Maturities.....	45
Replacement Bonds.....	11	Temporary Financing.....	45
Security and Remedies.....	12	Clean Water Fund Program.....	46
Qualifications for Financial Institutions.....	12	Limitation of Indebtedness.....	46
Availability of Continuing Disclosure Information....	13	Statement of Statutory Debt Limitation.....	47
Ratings.....	13	Authorized But Unissued Debt.....	48
Bond Insurance.....	13	Principal Amount of Outstanding Debt.....	48
Underwriting.....	13	Ratios of Net Long-Term Debt to Valuation, Population and Income.....	48
Tax Matters.....	14	Ratio of Annual Long-Term General Fund Debt Service Expenditures To Total General Fund Expenditures.....	49
Legal Opinion.....	18	VI. Financial Administration.....	50
II. The Issuer.....	19	Fiscal Year.....	50
Form of Government.....	19	Basis of Accounting and Accounting Policies.....	50
Principal Municipal Officials.....	20	Budget Procedure.....	50
Geography.....	20	Annual Audit.....	51
Community Profile.....	20	Risk Management.....	51
Municipal Services.....	22	Pensions Programs.....	51
Employee Relations and Collective Bargaining.....	30	Other Post Employment Benefits (OPEB).....	54
Municipal Employees.....	30	General Fund Unrestricted Fund Balance Policy.....	55
Employee Bargaining Groups.....	30	Investment Practices.....	55
Educational System.....	31	General Fund Balance Sheet.....	57
School Facilities.....	31	General Fund Revenues and Expenditures.....	58
School Enrollment.....	32	Analysis of General Fund Equity.....	58
III. Economic and Demographic Information.....	33	VII. Legal and Other Information.....	59
Population and Density.....	33	Legal Matters.....	59
Age Distribution of the Population.....	33	Litigation.....	59
Income Distribution.....	33	Transcript and Closing Documents.....	59
Income Levels.....	34	Concluding Statement.....	60
Educational Attainment.....	34	Appendix A - 2019 General Purpose Financial Statements	
Employment by Industry.....	34	Appendix B-1 - Form of Opinion of Bond Counsel	
Employment Data.....	35	- The Series A Bonds	
Major Employers.....	35	Appendix B-2 - Form of Opinion of Bond Counsel	
Building Permits.....	36	- The Series B Bonds	
Age Distribution of Housing.....	36	Appendix C-1 - Form of Continuing Disclosure Agreement	
Housing Inventory.....	36	- The Series A Bonds	
Owner Occupied Housing Values.....	37	Appendix C-2 - Form of Continuing Disclosure Agreement	
		- The Series B Bonds	

(This page intentionally left blank)

Series A Bond Issue Summary

The information in this Series A Bond Issue Summary and the front cover page is qualified in its entirety by the detailed information and financial statements appearing elsewhere in this Official Statement. This Official Statement speaks only as of its date and the information herein is subject to change.

Issuer:	City of Norwich, Connecticut (the "City").
Issue:	\$1,205,000 General Obligation Bonds, Issue of 2020, Series A (the "Series A Bonds").
Dated Date:	Date of delivery.
Interest Due:	Interest due February 1, 2021 and semiannually thereafter on August 1 and February 1 in each year until maturity.
Principal Due:	Principal due August 1 as detailed in this Official Statement.
Authorization and Purpose:	The Series A Bonds are being issued to fund various general purpose and urban renewal projects. See "Use of Proceeds" herein.
Redemption:	The Series A Bonds are subject to redemption prior to maturity as herein provided.
Security and Remedies:	The Series A Bonds will be general obligations of the City, and the City will pledge its full faith and credit to the payment of principal and interest on the Series A Bonds when due.
Credit Rating:	The City received a rating of "AA" from S&P Global Ratings ("S&P") on the Series A Bonds.
Bond Insurance:	The City does not expect to purchase a credit enhancement facility.
Tax Exemption:	See "Tax Matters" herein.
Bank Qualification:	The Series A Bonds <u>shall be</u> designated by the City as qualified tax-exempt obligations under the provisions of Section 265(b) of the Internal Revenue Code of 1986, as amended, for purposes of the deduction by financial institutions for interest expense allocable to the Series A Bonds.
Continuing Disclosure:	In accordance with the requirements of Rule 15c2-12(b)(5) promulgated by the Securities and Exchange Commission, the City will agree to provide, or cause to be provided, annual financial information and operating data and notices of certain events with respect to the Series A Bonds pursuant to a Continuing Disclosure Agreement to be executed by the City substantially in the form set forth in Appendix C to this Official Statement.
Registrar, Transfer Agent, Certifying Agent & Paying Agent:	U.S. Bank National Association, Goodwin Square, 225 Asylum Street, Hartford, Connecticut 06107.
Legal Opinion:	Pullman & Comley, LLC, of Bridgeport and Hartford, Connecticut will act as Bond Counsel.
Municipal Advisor:	Phoenix Advisors, LLC of Milford, Connecticut will act as Municipal Advisor. Telephone (203) 878-4945.
Delivery and Payment:	It is expected that delivery of the Series A Bonds in book-entry-only form will be made to The Depository Trust Company on or about October 28, 2020 against payment in Federal Funds.
Issuer Official:	Questions concerning the City, or this Official Statement, should be addressed to Mr. Joshua A. Pothier, Comptroller, City of Norwich, 100 Broadway, Norwich, Connecticut 06360. Telephone (860) 823-3720.

Series B Bond Issue Summary

The information in this Series B Bond Issue Summary and the front cover page is qualified in its entirety by the detailed information and financial statements appearing elsewhere in this Official Statement. This Official Statement speaks only as of its date and the information herein is subject to change.

Issuer:	City of Norwich, Connecticut (the "City").
Issue:	\$15,920,000 General Obligation Refunding Bonds (Federally Taxable), Issue of 2020, Series B (the "Series B Bonds").
Dated Date:	Date of delivery.
Interest Due:	Interest due February 1, 2021 and semiannually thereafter on August 1 and February 1 in each year until maturity.
Principal Due:	Principal due serially February 1, 2021 and August 1, 2021 through August 1, 2033 as detailed in this Official Statement.
Authorization and Purpose:	The Series B Bonds are being issued to refund all or a portion of certain of the City's outstanding general obligation bonds as more fully described herein.
Redemption:	The Series B Bonds are subject to redemption prior to maturity as herein provided.
Security and Remedies:	The Series B Bonds will be general obligations of the City, and the City will pledge its full faith and credit to the payment of principal and interest on the Series B Bonds when due.
Credit Rating:	The City received a rating of "AA" from S&P Global Ratings ("S&P") on the Series B Bonds.
Bond Insurance:	The City does not expect to purchase a credit enhancement facility.
Tax Exemption:	See "Tax Matters" herein.
Bank Qualification:	The Series B Bonds shall NOT be designated by the City as qualified tax-exempt obligations under the provisions of Section 265(b) of the Internal Revenue Code of 1986, as amended, for purposes of the deduction by financial institutions for interest expense allocable to the Series B Bonds.
Continuing Disclosure:	In accordance with the requirements of Rule 15c2-12(b)(5) promulgated by the Securities and Exchange Commission, the City will agree to provide, or cause to be provided, annual financial information and operating data and notices of certain events with respect to the Series B Bonds pursuant to a Continuing Disclosure Agreement to be executed by the City substantially in the form set forth in Appendix C to this Official Statement.
Registrar, Transfer Agent, Certifying Agent, Paying Agent & Escrow Agent:	U.S. Bank National Association, Goodwin Square, 225 Asylum Street, Hartford, Connecticut 06107.
Legal Opinion:	Pullman & Comley, LLC, of Bridgeport and Hartford, Connecticut will act as Bond Counsel.
Municipal Advisor:	Phoenix Advisors, LLC of Milford, Connecticut will act as Municipal Advisor. Telephone (203) 878-4945.
Delivery and Payment:	It is expected that delivery of the Series B Bonds in book-entry-only form will be made to The Depository Trust Company on or about October 28, 2020 against payment in Federal Funds.
Issuer Official:	Questions concerning the City, or this Official Statement, should be addressed to Mr. Joshua A. Pothier, Comptroller, City of Norwich, 100 Broadway, Norwich, Connecticut 06360. Telephone (860) 823-3720.

I. Bond Information

Introduction

This Official Statement, including the cover page and appendices, is provided for the purpose of presenting certain information relating to the City of Norwich, Connecticut (the "City"), in connection with the original issuance and sale of the City's \$1,205,000 General Obligation Bonds, Issue of 2020, Series A (the "Series A Bonds") and \$15,920,000 General Obligation Refunding Bonds (Federally Taxable), Issue of 2020, Series B (the "Series B Bonds" and collectively with the Series A Bonds, the "Bonds").

This Official Statement is not to be construed as a contract or agreement between the City and the purchasers or holders of any of the Bonds. Any statement made in this Official Statement involving matters of opinion or estimates are not intended to be representations of fact, and no representation is made that any such opinion or estimate will be realized. No representation is made that past experience, as might be shown by financial or other information herein, will necessarily continue or be repeated in the future. Neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the City since the date hereof. References to statutes, charters, or other laws herein may not be complete and such provisions of law are subject to repeal or amendment.

All quotations from and summaries and explanations of provisions of statutes, charters, or other laws and acts and proceedings of the City contained herein do not purport to be complete and are qualified in their entirety by reference to the original official documents; and all references to the Bonds and the proceedings of the City relating thereto are qualified in their entirety by reference to the definitive forms of the Bonds and such proceedings.

The City deems this Official Statement to be "final" for purposes of Securities and Exchange Commission Rule 15c2-12(b)(1), but it is subject to revision or amendment.

In accordance with the requirements of Rule 15c2-12(b)(5) promulgated by the Securities and Exchange Commission, the City will agree to provide, or cause to be provided, annual financial information and operating data and timely notice of the occurrence of certain events with respect to the Bonds pursuant to Continuing Disclosure Agreements to be executed substantially in the forms set forth in Appendix C to this Official Statement. The successful bidder's obligation to purchase the Bonds shall be conditioned upon its receiving, at or prior to the delivery of the Bonds, executed copies of the Continuing Disclosure Agreements.

U.S. Bank National Association will certify and act as the Registrar, Transfer Agent, Paying Agent, Escrow Agent and Certifying Agent for the Bonds.

Global Health Emergency Risk

Consideration for Bondholders

In making an investment decision with respect to the Bonds, investors should consider carefully the information in this Official Statement, including the following.

The COVID-19 Outbreak

The outbreak of COVID-19, a respiratory virus caused by a new strain of coronavirus, has been declared a Public Health Emergency of International Concern by the World Health Organization. On March 13, 2020, the President of the United States declared a national emergency. The outbreak of the virus has affected travel, commerce and financial markets globally, and economic growth worldwide.

The ongoing impact of COVID-19 has materially affected state, national, and global activity; and increased public health emergency response costs. Many states and municipalities have begun and continue to take measures that are having negative effects on global and local economies. In addition, businesses and people appear to have altered behaviors in manners that are negatively affecting the economy. The financial, stock and bond markets in the United States and globally have seen significant volatility attributed to COVID-19.

While a potential risk, the outbreak did not have a materially adverse financial effect on the City in Fiscal Year 2020, nor does the City anticipate the outbreak to have a materially adverse financial effect on the City for Fiscal Year 2021. However, the continued spread of the virus and any prolonged effects on the national and State economy could have a materially adverse effect on the City's future finances and economy, including the City's credit ratings and ability to pay debt service on the Bonds in the future.

State and Local Efforts to Mitigate the Ongoing Impact of COVID-19

On March 10, 2020, Governor Lamont declared a state of emergency throughout the State of Connecticut (the "State") as a result of the COVID-19 outbreak. State agencies were directed to use all resources necessary to prepare for and respond to the outbreak and resulting emergency. Immediately after the outbreak, the Governor restricted social and recreational gatherings to no more than five people, suspended activity at the State Capitol and legislative office building, suspended non-exigent operations of the judicial branch, limited restaurants to take-out and delivery only, required all businesses and not-for-profit entities in the State to employ, to the maximum extent possible, any telecommuting or work from home procedures that they can safely employ, required closure of all non-essential businesses and not-for-profit entities and instituted a 60-day residential rent moratorium. The Governor also cancelled all public-school classes through the 2019-2020 school year.

On April 30, 2020, Governor Lamont announced a four-stage plan to reopen the State's economy (the "Reopening Plan"). Phase one of the Reopening Plan began on May 20, 2020 and allowed retailers, offices, outdoor restaurants and outdoor recreation facilities to open. Phase two of the Reopening Plan commenced on June 17, 2020 and permitted (but did not require) certain businesses to open under sector-specific rules. Those businesses included but were not limited to hotels, indoor dining, libraries, nail salons and tattoo parlors, and the sector-specific rules include detailed information and requirements about physical distancing, facility capacity, hygiene, sanitizing, signage, personal protective equipment, scheduling, and training. Additionally, at varying dates within phase two, educational and community services, such as selected youth sports, public libraries, day camps and summer schools, will be permitted to open.

During phase two of the Reopening Plan and to assist municipalities in addressing the 2020-2021 school year, the State of Connecticut Department of Education released "Adapt, Advance, Achieve: Connecticut's Plan to Learn and Grow Together" which is a comprehensive plan that will serve as a roadmap for school districts as they plan to reopen schools. This plan includes in person schooling for all ages with a structure that ensures safety protocols, provides for students' social-emotional well-being and mitigating any barriers to accessing equitable opportunities that increased during the COVID-19 pandemic. While school districts retain discretion in implementing approaches to reopening, the six guiding principles of Adapt, Advance and Achieve require school districts to develop their reopening plans with a certain amount of regional consistency. Understanding that health developments may influence decisions to transition to different instructional models, school districts are encouraged to be flexible in their planning with contingency plans in place for blended or remote learning for all grades. To date, the Norwich school district plans to begin the school year on September 21, 2020 with varying methods of student return depending upon the grade. The elementary school and sixth grade middle school students will return to school on a reduced schedule, except that the sixth graders will be remote one day a week. The seventh and eighth grade middle schoolers and high school students will participate in full virtual learning. However, the City cannot predict how or when this plan may change or the potential economic impact any such change will have on the City.

It has been announced that phase three of the Reopening Plan will commence on October 8, 2020, which phase eases capacity restrictions on businesses and gatherings. Changes in this phase include increasing indoor capacity at restaurants, personal services, hair salons, barber shops, and libraries and increasing capacity at outdoor event venues (e.g. amphitheaters, race tracks, etc.). In addition, phase three expands the size of permitted indoor and outdoor private/social/recreational gatherings, graduations and religious gatherings.

Governor Lamont's Reopening Plan also includes stage four but entering that phase will depend upon the impact the prior phases have on communities and many other factors including, but not limited to, the continuing decline of new outbreaks of the virus and availability of personal protective equipment for hospital workers.

On March 18, 2020, the City Manager declared a local state of emergency. This step allows the City Manager to exercise emergency powers as needed to help the community and better positioned the City to access emergency federal aid. Effective March 17, 2020, City Hall closed to the public with essential services being handled remotely and by appointment. The Rose City Senior Center has been closed to the public, Recreational Programs have been cancelled until further notice and the City is conducting essential council and commission meetings remotely.

The City does not anticipate the outbreak to have a materially adverse financial effect on the City for Fiscal Year 2021. To date, the City's finances and financial plans remain stable. Approximately 35.1% of the City's annual revenues for Fiscal Year 2021 have already been received as of August 31, 2020, including the collection of approximately 51.6% of budgeted property taxes.

NPU supports general City activities by contributing 10% of its gross revenues (excluding sewer revenues) to the City's general fund (the "NPU Contribution"), which in recent years has equaled approximately 7.0% of the City's total annual budgeted general fund revenues. For the City's fiscal year ending June 30, 2021, which is based on NPU's gross revenues as of June 30, 2019, the NPU Contribution will be \$9,169,722. For fiscal year ending June 30, 2022, which is based on NPU's gross revenues as of June 30, 2020, the NPU Contribution is projected to be \$8,648,304. The \$521,418 decrease in year-to-year revenues from NPU is equivalent to 0.39% of the City's total budgeted general fund revenues for Fiscal Year 2020-2021. Although the City cannot reasonably predict at this time the impact of COVID-19 on its revenues, the City does not anticipate that the pandemic's impact, including any decrease in revenues it receives from NPU, will have a materially adverse effect on the City's overall finances.

COVID-19 Outbreak – Municipal Tax Relief Programs

On April 1, 2020, in response to the COVID-19 emergency, Governor Ned Lamont issued Executive Order No. 7S ("Order 7S"), as amended by Executive Order No. 7W on April 9, 2020 ("Order 7W"), which creates two short-term tax relief programs and requires all towns, cities, and boroughs as well as their water pollution control authorities to adopt either or both of them by a vote of the legislative body. One program defers tax payments by three months for taxpayers based on a showing of need, while the other reduces the interest chargeable for all taxpayers in the municipality for three months. Additionally, the programs also apply to benefit assessments, including C-Pace assessments, under Section 16a-40g of the Connecticut General Statutes.

All municipalities were directed to notify the Secretary of the Office of Policy and Management ("OPM") no later than April 25, 2020 which program or programs it intended to elect. At a City Council meeting held on April 20, 2020 the City Council elected to participate in the Low Interest Rate Program only. The "Low Interest Rate Program" lowers the interest rate to 3% per annum (0.25% monthly) on any unescrowed taxes on real estate, motor vehicles, and personal property as well as unescrowed municipal utility charges that are due between April 1, 2020 and July 1, 2020 and are not paid on time and also those which were already delinquent before April 1, 2020. After the three-month period which begins on the original due date, the regular rate of interest is restored on all remaining balances. Financial institutions and mortgage servicers that hold tax payments in escrow, including property tax payments, are required to continue to remit those taxes to the City according to the regular timetable, so long as the borrower remains current on its mortgage or is in a mortgage forbearance or deferment program.

Election by the City of the Low Interest Rate Program has resulted in a slight decrease in property tax collections for the property taxes due in July 2020 (1.7% decrease in the July and August collection rate compared to prior year). However, the City does not expect such negative cash flow to have a material adverse effect on the City for Fiscal Year 2021.

Government Response to COVID-19's Impact on the Economy

On March 27, 2020, Congress enacted the Coronavirus Aid, Relief, and Economic Stabilization Act (the "CARES Act") that provides in excess of \$2 trillion of relief to industries and entities throughout the country, including state and local governments. Under the CARES Act, \$150 billion was appropriated to states and other units of government for activities that are directly related to COVID-19; the amount paid to each state is based on population with a minimum payment of \$1.25 billion. The State received approximately \$1.4 billion in such funding, and it has the discretion to provide those funds to local governments. In addition, the CARES Act provides \$454 billion to the Federal Reserve to purchase business, state or municipal securities in order to provide a level of liquidity to the municipal market. Other financial relief affecting states and local governments includes \$30.9 billion for education, \$10 billion for airports, \$25 billion for transit providers, and \$17 billion for housing, including \$5 billion for Community Development Block Grants for COVID-19 related services.

On April 24, 2020, President Trump signed into law the Paycheck Protection Program and Health Care Enhancement Act. The legislation included \$484 billion of additional funding to support small businesses, hospitals and to enhance COVID-19 testing. On June 5, 2020, President Trump signed into law the Paycheck Protection Flexibility Act, which legislation eases restrictions on how and when the money lent to small businesses must be spent in order to be forgiven.

On March 28, 2020, President Trump approved Governor Lamont's request for a disaster declaration for the State of Connecticut. Under the declaration, it is expected that federal funding will be made available to state, tribal and eligible local governments and certain private nonprofit organizations for emergency protective measures, including direct federal assistance, for all areas of Connecticut impacted by COVID-19. The impacted agencies and towns will be reimbursed for 75 percent of the costs associated with their response and emergency protective measures.

On June 4, 2020, Governor Lamont established the Connecticut Municipal Coronavirus Relief Fund Program which details a process by which Connecticut municipalities can receive reimbursements from the State using the Coronavirus Relief Fund to offset non-budgeted COVID-19 related expenditures that are incurred on or after March 1, 2020 through December 30, 2020. It is expected that the moneys from the Program can be used as the City's 25% local match against the 75% FEMA Disaster Declaration reimbursement. Under the Program, the City's maximum reimbursement for COVID-19 related expenditures through June 30, 2020 is \$998,811.00. The Program will be re-evaluated for expense reimbursements beyond June 30, 2020.

Municipal Advisor

Phoenix Advisors, LLC, of Milford, Connecticut has served as Municipal Advisor to the City with respect to the issuance of the Bonds (the "Municipal Advisor"). The Municipal Advisor is not obligated to undertake, and has not undertaken, either to make an independent verification of or to assume responsibility for the accuracy, completeness, or fairness of the information contained in the Official Statement and the appendices hereto.

The Municipal Advisor is an independent firm and is not engaged in the business of underwriting, trading or distributing municipal securities or other public securities.

The Bonds

Series A Bonds

The Series A Bonds will mature on August 1 in each of the years as set forth on the front cover of this Official Statement. The Series A Bonds will be dated the date of delivery and will bear interest at the rate or rates per annum specified by the successful bidder, payable on February 1, 2021 and semiannually thereafter on August 1 and February 1 in each year until maturity, as set forth on the cover of this Official Statement. Interest will be calculated on the basis of twelve 30-day months and a 360-day year. Interest is payable to the registered owner as of the close of business on the fifteenth day of January and July in each year, or the preceding business day if such fifteenth day is not a business day, by check, mailed to the registered owner at the address as shown on the registration books of the City kept for such purpose, or so long as the Series A Bonds are registered in the name of Cede & Co., as nominee of DTC, by such other means as DTC, the Paying Agent and the City shall agree.

Series B Bonds

The Series B Bonds will mature on February 1, 2021 and then on August 1 in each of the years as set forth on the inside front cover of this Official Statement. The Series B Bonds will be dated the date of delivery and will bear interest at the rate or rates per annum specified by the successful bidder, payable on February 1, 2021 and semiannually thereafter on August 1 and February 1 in each year until maturity, as set forth on the cover of this Official Statement. Interest will be calculated on the basis of twelve 30-day months and a 360-day year. Interest is payable to the registered owner as of the close of business on the fifteenth day of January and July in each year, or the preceding business day if such fifteenth day is not a business day, by check, mailed to the registered owner at the address as shown on the registration books of the City kept for such purpose, or so long as the Series B Bonds are registered in the name of Cede & Co., as nominee of DTC, by such other means as DTC, the Paying Agent and the City shall agree.

Optional Redemption for the Bonds

The Bonds maturing on or before August 1, 2028 are not subject to redemption prior to maturity. The Bonds maturing on August 1, 2029 and thereafter are subject to redemption prior to maturity, at the election of the City, on or after August 1, 2028 at any time, in whole or in part and by lot within a maturity, in such amounts and in such order of maturity as the City may determine, at the following redemption price (expressed as a percentage of the principal amount of Bonds to be redeemed) plus interest accrued and unpaid to the redemption date:

<u>Period During Which Redeemed</u>	<u>Redemption Prices</u>
August 1, 2028 and thereafter	100%

Notice of redemption shall be given by the City or its agent by mailing a copy of the redemption notice by first-class mail at least thirty (30) days prior to the date fixed for redemption to the registered owner as the same shall last appear on the registration books for the Bonds. Failure to give such notice by mailing to any registered owner, or any defect therein, shall not affect the validity of the redemption of any other Bonds. Upon the giving of such notice, if sufficient funds available solely for redemption are on deposit with the Paying Agent, the Bonds or portions thereof so called for redemption will cease to bear interest after the specified redemption date.

If less than all of the Bonds of any one maturity shall be called for redemption, the particular Bonds or portions of Bonds of such maturity to be redeemed shall be selected by lot in such manner as the City in its discretion may determine; provided, however, that the portion of any Bond to be redeemed shall be in the principal amount of \$5,000 or a multiple thereof and that, in selecting Bonds for redemption, each Bond shall be considered as representing that number of Bonds which is obtained by dividing the principal amount of such Bond by \$5,000.

The City, so long as a book-entry system is used for the Bonds, will send any notice of redemption only to DTC (or successor securities depository) or its nominee. Any failure of DTC to advise any DTC Participant, or of any DTC Participant or Indirect Participant to notify any Indirect Participant or Beneficial Owner, of any such notice and its content or effect will not affect the validity of the redemption of such Bonds called for redemption. Redemption of portions of the Bonds of any maturity by the City will reduce the outstanding principal amounts of such maturity held by DTC. In such event it is the current practice of DTC to allocate by lot, through its book-entry system, among the interest held by DTC Participants in the Bonds to be redeemed, the interest to be reduced by such redemption in accordance with its own rules or other agreements with DTC Participants. The DTC Participants and Indirect Participants may allocate reductions of the interests in the Bonds to be redeemed held by the Beneficial Owners. Any such allocations of reductions of interests in the Bonds to be redeemed will not be governed by the determination of the City authorizing the issuance of the Bonds and will not be conducted by the City, the Registrar or Paying Agent.

Mandatory Sinking Fund Redemption

The Series A Bonds maturing on August 1, 2030, August 1, 2035 and August 1, 2040 are issued as term bonds and are subject to mandatory sinking fund redemption prior to maturity in part on August 1 of the respective years shown below in the principal amount shown below, without premium, from sinking fund installments deposited with the Paying Agent which are required to be made in amounts sufficient to redeem such Series A Bonds (or to pay such Series A Bonds at maturity in the case of the final sinking fund installment for such Series A Bonds) in the principal amounts shown below, plus accrued interest to the date of redemption:

<u>\$180,000 Term Bond</u>		<u>\$300,000 Term Bond</u>		<u>\$300,000 Term Bond</u>	
<u>Maturing August 1, 2030</u>		<u>Maturing August 1, 2035</u>		<u>Maturing August 1, 2040</u>	
<u>Due</u>	<u>Sinking Fund Installments</u>	<u>Due</u>	<u>Sinking Fund Installments</u>	<u>Due</u>	<u>Sinking Fund Installments</u>
2028	\$ 60,000	2031	\$ 60,000	2036	\$ 60,000
2029	60,000	2032	60,000	2037	60,000
2030 ¹	60,000	2033	60,000	2038	60,000
¹ Final Maturity		2034	60,000	2039	60,000
		2035 ¹	60,000	2040 ¹	60,000
		¹ Final Maturity		¹ Final Maturity	

Authorization and Purpose

The Series A Bonds are authorized and are being issued pursuant to Title 7 of the General Statutes of Connecticut, as amended, the Charter of the City, certain bond ordinances adopted by the City Council, and in some instances by the voters at referenda. The Series A Bonds are being issued to fund various general purpose and urban renewal projects, as set forth below.

The Series B Bonds are being issued pursuant to Section 7-370c of the General Statutes of the State of Connecticut, as amended, various ordinances adopted at meetings of the Common Council and referendum of the City, and a resolution adopted at a meeting of the City Council on September 8, 2020 authorizing the issuance of refunding bonds in an amount not to exceed \$16,500,000. The Series B Bonds are being issued to refund all or any portion of the aggregate principal amount outstanding of certain of the City's outstanding general obligation bonds. See "Plan of Refunding".

Use of Series A Bond Proceeds

Project	Total Amount of Authorization	This Issue: Series A Bonds
Infrastructure Improvement Program (2019).....	\$ 5,000,000	\$ 615,000
Code Correction Assistance.....	1,840,000	465,000
Public Safety Equipment (2017).....	3,200,000	80,000
Public Safety Radio System (2018).....	2,700,000	45,000
Totals	\$ 12,740,000	\$ 1,205,000

(The remainder of this page left blank intentionally)

Plan of Refunding

The Series B Bonds are being issued to refund at or prior to maturity all or any portion of the City's outstanding general obligation bonds, as set forth below (the "Refunded Bonds"). The refunding is contingent upon delivery of the Series B Bonds.

<i>Issue</i>	<i>Dated Date</i>	<i>Maturity Date</i>	<i>Interest Rate</i>	<i>Par Amount</i>	<i>Redemption Date</i>	<i>Redemption Price</i>
2011	12/13/2011	12/1/2020	2.000%	\$ 500,000	n/a	n/a
		12/1/2021	2.500%	500,000	n/a	n/a
		12/1/2022	2.500%	500,000	12/1/2021	100.00
		12/1/2023	2.500%	500,000	12/1/2021	100.00
		12/1/2024	3.000%	500,000	12/1/2021	100.00
		12/1/2025	3.000%	525,000	12/1/2021	100.00
		12/1/2026	3.000%	525,000	12/1/2021	100.00
		12/1/2027	3.000%	525,000	12/1/2021	100.00
		12/1/2028	3.000%	525,000	12/1/2021	100.00
		12/1/2029	3.000%	525,000	12/1/2021	100.00
		12/1/2030	3.125%	525,000	12/1/2021	100.00
		12/1/2031	3.250%	530,000	12/1/2021	100.00
Sub-Total				\$ 6,180,000		
2014	2/12/2014	2/1/2021	5.000%	\$ 645,000	n/a	n/a
		2/1/2022	5.000%	625,000	n/a	n/a
		2/1/2023	5.000%	620,000	n/a	n/a
		2/1/2024	4.500%	620,000	n/a	n/a
		2/1/2025	3.000%	595,000	2/1/2024	100.00
		2/1/2026	3.000%	595,000	2/1/2024	100.00
		2/1/2027	3.125%	595,000	2/1/2024	100.00
		2/1/2028	3.250%	595,000	2/1/2024	100.00
		2/1/2029	3.250%	595,000	2/1/2024	100.00
		2/1/2030	3.500%	595,000	2/1/2024	100.00
		2/1/2031	3.500%	595,000	2/1/2024	100.00
		2/1/2032	3.500%	595,000	2/1/2024	100.00
		2/1/2033	3.750%	595,000	2/1/2024	100.00
2/1/2034	3.750%	595,000	2/1/2024	100.00		
Sub-Total				\$ 8,460,000		
Grand-Total				<u>14,640,000</u>		

Upon delivery of the Series B Bonds, a portion of the Series B Bond proceeds will be deposited in an irrevocable escrow deposit fund (the "Escrow Deposit Fund") established with U.S. Bank National Association, as escrow agent (the "Escrow Agent") under an escrow agreement (the "Escrow Agreement") to be dated as of the date of delivery between the Escrow Agent and the City. The Escrow Agent will use such proceeds to purchase a portfolio of non-callable direct obligations of, or obligations guaranteed by, the government of the United States of America, including, United States Treasury securities, United States Treasury State and Local Government Series securities ("SLGS"), Federal National Mortgage Association ("FNMA") and Federal Home Loan Mortgage Corporation ("FHLMC") securities and any other securities permitted by Section 7-400 of the Connecticut General Statutes, as amended, all of which shall not be callable or prepayable at the option of the issuer thereof (the "Escrow Securities"). The principal of and interest on the Escrow Securities, when due, will provide amounts sufficient to pay the principal, interest and redemption premium on the Refunded Bonds on the date such payments are due. All investment income on and the maturing principal of the Escrow Securities held in the Escrow Deposit Fund and needed to pay the principal, interest payments, and redemption prices of the Refunded Bonds will be irrevocably deposited by the City for payment of the Refunded Series B Bonds. The balance of the proceeds of the Series B Bonds will be used to pay costs of issuance and Underwriter's discount.

Verification of Mathematical Computations

The accuracy of the mathematical computations regarding (i) the adequacy of maturing principal of and interest earned on the Escrow Securities deposited with the Escrow Agent to pay, when due, the principal of, accrued interest and redemption premium on the Refunded Bonds on the maturity and redemption dates and (ii) the yield on the Series B Bonds will be verified by AMTEC of Avon, Connecticut (the "Verification Agent"). Such verification of the accuracy of the mathematical computations will be based upon information and assumptions supplied to the Verification Agent by the Underwriter.

Sources and Uses of Bond Proceeds:

Sources:	Series A Bonds	Series B Bonds
Par Amount of the Bonds.....	\$ 1,205,000.00	\$ 15,920,000.00
Net Original Issue Premium	49,682.95	-
Total Sources	\$ 1,254,682.95	\$ 15,920,000.00
Uses:		
Deposit to Escrow Deposit Fund	\$ -	\$ 15,779,267.94
Deposit to Project Deposit Fund	1,234,800.16	-
Costs of Issuance	14,500.00	74,364.85
Underwriter's Discount	5,382.79	66,367.21
Total Uses	\$ 1,254,682.95	\$ 15,920,000.00

Book-Entry-Only Transfer System

The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. For the Bonds, one fully-registered Bond certificate will be issued for each maturity of the Bonds in the aggregate principal amount of such maturity and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a S&P Global Ratings rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all the Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of the Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices shall be sent to DTC. If less than all of the Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the City as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal, Interest and redemption payments with respect to the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the City or Agent, on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC nor its nominee, the Paying Agent, or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the City or the Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the City or the Paying Agent. Under such circumstances, in the event that a successor depository is not obtained, Bond certificates are required to be printed and delivered.

The City may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the City believes to be reliable, but the City takes no responsibility for the accuracy thereof.

DTC Practices

The City can make no assurances that DTC, Direct Participants, Indirect Participants or other nominees of the Beneficial Owners of the Bonds act in a manner described in this Official Statement. DTC is required to act according to rules and procedures established by DTC and its participants which are on file with the Securities and Exchange Commission.

Replacement Bonds

In the event that: (a) DTC determines not to continue to act as securities depository for the Bonds, and the City fails to identify another qualified securities depository for the Bonds to replace DTC; or (b) the City determines to discontinue the book-entry system of evidence and transfer of ownership of the Bonds, the City will issue fully registered Bond certificates directly to the Beneficial Owner. A Beneficial Owner of the Bonds, upon registration of certificates held in such Beneficial Owner's name, will become the registered owner of the Bonds.

Security and Remedies

The Bonds will be general obligations of the City and the City will pledge its full faith and credit to pay the principal of and interest on the Bonds when due.

Unless paid from other sources, the Bonds are payable from general property tax revenues of the City. The City has the power under Connecticut statutes to levy ad valorem taxes on all property subject to taxation by the City without limit as to rate or amount, except as to certain classified property such as certified forest land taxable at a limited rate and dwelling houses of qualified elderly persons of low income and of qualified disabled persons taxable at limited amounts. There was, however, no such certified forest land on the last completed grand list of the City, and, under existing statutes, the State of Connecticut is obligated to pay the City the amount of tax revenue which the City would have received except for the limitation on its power to tax such dwelling houses.

Payment of the Bonds is not limited to property tax revenues or any other revenue source, but certain revenues of the City may be restricted as to use and therefore may not be available to pay debt service on the Bonds.

There are no statutory provisions for priorities in the payment of general obligations of the City. There are no statutory provisions for a lien on any portion of the tax levy or other revenues to secure the Bonds, or judgments thereon, in priority to other claims.

The City is subject to suit on its general obligation debt and a court of competent jurisdiction has power in appropriate proceedings to render a judgment against the City. A Court of competent jurisdiction also has the power in appropriate proceedings to order a payment of a judgment on such Bonds from funds lawfully available therefor or, in the absence thereof, to order the City to take all lawful action to obtain the same, including the raising of the required amount in the next annual tax levy. In exercising their discretion as to whether to enter such an order, the courts may take into account all relevant factors, including the current operating needs of the City and the availability and adequacy of other remedies.

Enforcement of a claim for payment of principal of or interest on the Bonds would also be subject to the applicable provisions of Federal bankruptcy laws, as well as other bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights and to provisions of other statutes, if any, heretofore or hereafter enacted by the Congress or the Connecticut General Assembly extending the time for payment or imposing other constraints upon enforcement insofar as the same may be constitutionally applied.

Under the Federal Bankruptcy Code, the City may seek relief only, among other requirements, if it is specifically authorized, in its capacity as a municipality or by name, to be a debtor under Chapter 9 thereof, or by State law or a governmental officer or organization empowered by State law to authorize such entity to become a debtor under such chapter. Section 7-566 of the Connecticut General Statutes, as amended, provides that no Connecticut municipality shall file a petition in bankruptcy under Chapter 9 of Title 11 of the United States Code without the express prior written consent of the Governor. This prohibition applies to any town, city, borough, metropolitan district and any other political subdivision of the State of Connecticut having the power to levy taxes and issue bonds or other obligations.

THE CITY OF NORWICH HAS NEVER DEFAULTED IN THE PAYMENT OF PRINCIPAL OR INTEREST ON ITS BONDS

Qualification for Financial Institutions

The Series A Bonds shall be designated by the City as qualified tax-exempt obligations under the provisions of Section 265(b) of the Internal Revenue Code of 1986, as amended, for purposes of the deduction by financial institutions for certain interest expense allocable to the Series A Bonds.

Availability of Continuing Disclosure Information

The City prepares, in accordance with State law, annual audited financial statements and files such annual audits with the State of Connecticut, Office of Policy and Management. The City provides, and will continue to provide, to the Municipal Securities Rulemaking Board's ("MSRB") Electronic Municipal Market Access System ("EMMA") ongoing disclosure in the form of the Comprehensive Annual Financial Report, recommended and adopted budgets, and other materials relating to its management and financial condition, as may be necessary or requested.

In accordance with the requirements of Rule 15c2-12(b)(5) promulgated by the Securities and Exchange Commission, in connection with the issuance of the Bonds, the City will agree to provide or cause to be provided, (i) annual financial information and operating data, (ii) timely notice of certain events with respect to the Bonds, but not in excess of ten (10) business days after the occurrence of the event, and (iii) timely notice of a failure of the City to provide the required annual financial information on or before the date specified in the Continuing Disclosure Agreement to be executed in substantially the form attached as APPENDIX C-1 and C-2 - FORM OF CONTINUING DISCLOSURE AGREEMENTS to this Official Statement. The Underwriter's obligation to purchase the Bonds shall be conditioned upon its receiving at or prior to the delivery of the Bonds executed copies of the Continuing Disclosure Agreements.

The City has previously undertaken in Continuing Disclosure Agreements entered into for the benefit of holders of certain of its general obligation bonds to provide certain annual financial information and event notices pursuant to Rule 15c2-12(b)(5). The City has not materially failed to meet any of its undertakings under such agreements during the past 5 years.

Ratings

The City received a rating of "AA" from S&P Global Ratings ("S&P") on the Bonds. The City furnished to the Rating Agencies certain information and materials, some of which may not have been included in this Official Statement. Such ratings reflect only the views of the Rating Agencies and will be subject to revision or withdrawal, which could affect the market price of the Bonds. The Rating Agencies should be contacted directly for their rating on the Bonds and the explanation of such rating.

The City expects to furnish to the Rating Agencies information and materials that they may request. However, the City may issue short-term or other debt for which a rating is not required. The City's Municipal Advisor, Phoenix Advisors, LLC, recommends that all bonded debt be submitted for a credit rating.

Bond Insurance

The City does not expect to purchase a credit enhancement facility for the Bonds.

Underwriting

The Bonds are being purchased by Raymond James & Associates, Inc. (the "Underwriter") pursuant to a bond purchase agreement with the City (the "Bond Purchase Agreement"). Pursuant to the Bond Purchase Agreement, the Underwriter has agreed, subject to certain conditions, to purchase the Series A Bonds from the City at the net aggregate purchase price of \$1,249,300.16, (consisting of the principal amount of \$1,205,000.00, plus original issue premium of \$49,682.95 and less underwriter's discount of \$5,382.79). Pursuant to the Bond Purchase Agreement, the Underwriter has agreed, subject to certain conditions, to purchase the Series B Bonds from the City at the net aggregate purchase price of \$15,853,632.79, (consisting of the principal amount of \$15,920,000.00 less underwriter's discount of \$66,367.21). The Underwriter will be obligated to purchase all such Bonds, if any such Bonds are purchased. The Bonds may be offered and sold to certain dealers (including unit investment trusts and other affiliated portfolios of certain underwriters and other dealers depositing the Bonds into investment trusts) at prices lower than the public offering prices stated on the cover page of this Official Statement, and such public offering prices may be changed, from time to time, by the Underwriter.

Tax Matters

Tax Status of the Series A Bonds

Federal Taxes. In the opinion of Bond Counsel, under existing law, (i) interest on the Series A Bonds is excluded from gross income for federal income tax purposes, and (ii) such interest is not an item of tax preference for purposes of the federal alternative minimum tax.

Bond Counsel's opinion with respect to the Series A Bonds will be rendered in reliance upon and assuming the accuracy of and continuing compliance by the City with its representations and covenants relating to certain requirements of the Internal Revenue Code of 1986, as amended (the "Code"). The Code and regulations promulgated thereunder establish certain requirements which must be satisfied at and subsequent to the issuance of the Series A Bonds in order that interest on the Series A Bonds be and remain excluded from gross income for federal income tax purposes. Failure to comply with such requirements may cause interest on the Series A Bonds to be included in gross income for federal income tax purposes retroactively to the date of issuance of the Series A Bonds irrespective of the date on which such noncompliance occurs. In the Tax Regulatory Agreement, which will be delivered concurrently with the issuance of the Series A Bonds, the City will covenant to comply with certain provisions of the Code and will make certain representations designed to assure compliance with such requirements of the Code including, but not limited to, investment restrictions, periodic payments of arbitrage profits to the United States, requirements regarding the proper use of the Series A Bond proceeds and certain other matters. The opinion of Bond Counsel delivered on the date of issuance of the Series A Bonds is conditioned upon compliance by the City with such requirements.

No other opinion is expressed by Bond Counsel regarding the federal tax consequences of the ownership of, or the receipt or accrual of interest on, the Series A Bonds.

Original Issue Discount. The initial public offering prices of certain maturities of the Series A Bonds may be less than the stated principal amount (the "OID Bonds"). Under existing law, the difference between the stated principal amount and the initial offering price of each maturity of the OID Bonds will constitute original issue discount. The offering prices relating to the yields set forth on the inside cover page of this Official Statement for such OID Bonds is expected to be the initial offering prices to the public (excluding bond houses and brokers) at which a substantial amount of the OID Bonds are sold. Under existing law, original issue discount on the OID Bonds accrued and properly allocable to the owners thereof under the Code is excluded from gross income for federal income tax purposes if interest on the OID Bonds is excludable from gross income for federal income tax purposes.

Under the Code, for purposes of determining an owner's adjusted basis in an OID Bond purchased at an original issue discount, original issue discount is treated as having accrued while the owner holds such OID Bond and will be added to the owner's basis. The owner's adjusted basis will be used to determine taxable gain or loss upon the sale or other disposition (including redemption or payment at maturity) of such an OID Bond.

Prospective purchasers of OID Bonds should consult their own tax advisors as to the calculation of accrued original issue discount, the accrual of original issue discount in the case of owners of OID Bonds purchasing such OID Bonds after the initial offering and sale, and the state and local tax consequences of owning or disposing of such OID Bonds.

Original Issue Premium. The initial public offering prices of certain maturities of the Series A Bonds may be more than their stated principal amounts payable at maturity. In general, an owner who purchases a Series A Bond or Note at a premium to its principal amount must amortize the original issue premium as provided in the applicable Treasury Regulations, and amortized premium reduces the owner's basis in the Series A Bond or Note for federal income tax purposes. Prospective purchasers of Series A Bonds at a premium to its principal amount should consult their tax advisors regarding the amortization of premium and the effect upon basis.

Other Federal Tax Matters. Prospective purchasers of the Series A Bonds should be aware that ownership of the Series A Bonds may result in collateral federal income tax consequences to certain taxpayers, including, without limitation, financial institutions, certain insurance companies, recipients of Social Security or Railroad Retirement benefits, certain S corporations, foreign corporations subject to the branch profits tax, taxpayers eligible for the earned income credit, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations. Bond Counsel does not express any opinion regarding such collateral tax consequences. Prospective purchasers of the Series A Bonds should consult their tax advisors regarding collateral federal income tax consequences. Prospective purchasers of the Tax Exempt Obligation may also wish to consult with their tax advisors with respect to the need to furnish certain taxpayer information in order to avoid backup withholding.

State Taxes. In the opinion of Bond Counsel, under existing statutes, interest on the Series A Bonds is excluded from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates and is excluded from amounts on which the net Connecticut minimum tax is based for individuals, trusts and estates required to pay the federal alternative minimum tax.

Interest on the Series A Bonds is included in gross income for purposes of the Connecticut corporation business tax.

Accrued original issue discount on an OID Bond is also excluded from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates and is excluded from amounts on which the net Connecticut minimum tax is based for individuals, trusts and estates required to pay the federal alternative minimum tax.

Owners of the Series A Bonds should consult their own tax advisors with respect to the determination for state and local income tax purposes of original issue discount or original issue premium accrued upon sale or redemption thereof, and with respect to the state and local tax consequences of owning or disposing of such Series A Bonds.

Changes in Federal and State Tax Law. Legislation affecting tax-exempt obligations is regularly considered by the United States Congress. Court proceedings may also be filed, the outcome of which could modify the tax treatment of obligations such as the Series A Bonds. There can be no assurance that legislation enacted or proposed, or actions by a court, after the issuance of the Series A Bonds will not have an adverse effect on the tax status of interest on the Series A Bonds or the market value or marketability of the Series A Bonds. These adverse effects could result, for example, from changes to federal or state income tax rates, changes in the structure of federal or state income taxes (including replacement with another type of tax), or repeal (or reduction in the benefit) of the exclusion of interest on the Series A Bonds from gross income for federal or state income tax purposes for all or certain taxpayers.

Investors in the Series A Bonds should be aware that future legislative actions may increase, reduce or otherwise change (including retroactively) the financial benefits and the treatment of all or a portion of the interest on the Series A Bonds for federal income tax purposes for all or certain taxpayers. In all such events, the market value of the Series A Bonds may be adversely affected and the ability of holders to sell their Series A Bonds in the secondary market may be reduced. The Series A Bonds are not subject to special mandatory redemption, and the interest rates on the Series A Bonds are not subject to adjustment, in the event of any such change in the tax treatment of interest on the Series A Bonds.

General. The opinion of Bond Counsel is rendered as of its date, and Bond Counsel assumes no obligation to update or supplement its opinion to reflect any facts or circumstances that may come to its attention or any changes in law that may occur after the date of its opinion. Bond Counsel's opinions are based on existing law, which is subject to change. Such opinion is further based on factual representations made to Bond Counsel as of the date of issuance. Moreover, Bond Counsel's opinion is not a guarantee of a particular result, and are not binding on the Internal Revenue Service or the courts; rather, such opinion represents Bond Counsel's professional judgment based on its review of existing law, and in reliance on the representations and covenants that it deems relevant to such opinion.

The discussion above does not purport to deal with all aspects of federal or state or local taxation that may be relevant to a particular owner of the Series A Bonds. Prospective owners of the Series A Bonds, particularly those who may be subject to special rules, are advised to consult their own tax advisors regarding the federal, state and local tax consequences of owning and disposing of the Series A Bonds.

Tax Status of the Series B Bonds

Federal Income Taxes

In the opinion of Bond Counsel, under existing law, interest on the Series B Bonds is included in gross income for federal income tax purposes pursuant to the Code.

United States Tax Consequences

The following is a summary of certain United States federal income tax consequences resulting from the beneficial ownership of the Series B Bonds by certain persons. This summary does not consider all possible federal income tax consequences of the purchase, ownership, or disposition of the Series B Bonds, and is not intended to reflect the individual tax position of any beneficial owner. Moreover, except as expressly indicated, this summary is limited to those persons who purchase a Taxable Bond at its issue price, which is the first price at which a substantial amount of the Series B Bonds is sold to the public, and who hold Series B Bonds as “capital assets” within the meaning of the Code (generally, property held for investment). This summary does not address beneficial owners that may be subject to special tax rules, such as banks, insurance companies, dealers in securities or currencies, purchasers that hold Series B Bonds as a hedge against currency risks or as part of a straddle with other investments or as part of a “synthetic security” or other integrated investment (including a “conversion transaction”) comprising a bond and one or more other investments, or United States Holders (as defined below) that have a “functional currency” other than the United States dollar. This summary is applicable only to a person (a “United States Holder”) who or that is the beneficial owner of Series B Bonds and is (a) an individual citizen or resident of the United States, (b) a corporation or partnership or other entity created or organized under the laws of the United States or any State (including the District of Columbia), or (c) a person otherwise subject to federal income taxation on its worldwide income. This summary is based on the United States tax laws and regulations currently in effect and as currently interpreted and does not take into account possible changes in the tax laws or interpretations thereof any of which may be applied retroactively. Except as provided below, it does not discuss the tax laws of any state, local, or foreign governments.

United States Holders

Payments of Stated Interest. In general, for a United States Holder, interest on a Taxable Bond will be taxable as ordinary income at the time it is received or accrued, depending on the beneficial owner’s method of accounting for tax purposes.

Series B Bonds Purchased at Original Issue Premium. The initial public offering price of certain maturities of the Series B Bonds are greater than the principal amount payable on such Series B Bonds at maturity. The excess of the initial public offering price at which a substantial amount of these Series B Bonds are sold over the principal amount payable at maturity constitutes original issue premium. The offering prices relating to the yields set forth on the inside front cover page of this Official Statement are expected to be the initial public offering prices at which a substantial amount of each maturity of the Series B Bonds were ultimately sold to the public. Under Section 171 of the Code, a holder of a Taxable Bond may elect to treat such excess as “amortizable bond premium”, in which case the amount of interest required to be included in the taxpayer’s income each year with respect to interest on the Taxable Bond will be reduced by the amount of amortizable bond premium allocable (based on the Taxable Bond’s yield to maturity) to that year. If such an election is made, the amount of each reduction in interest income will result in a corresponding reduction in the taxpayer’s adjusted basis in the Taxable Bond. Any election to amortize bond premium is applicable to all taxable debt instruments held by the taxpayer at the beginning of the first taxable year to which the election applies or thereafter acquired by the taxpayer and may not be revoked without the consent of the Internal Revenue Service (“IRS”).

Series B Bonds Purchased at a Market Discount. A Taxable Bond will be treated as acquired at a market discount (market discount bond) if the amount for which a United States Holder purchased the Taxable Bond is less than the Taxable Bond’s adjusted issue price, unless such difference is less than a specified de minimis amount. In general, any payment of principal or any gain recognized on the maturity or disposition of a market discount bond will be treated as ordinary income to the extent that such gain does not exceed the accrued market discount on the Taxable Bond. Alternatively, a United States Holder of a market discount bond may elect to include market discount in income currently over the life of the market discount bond. That election applies to all debt instruments with market discount acquired by the electing United States Holder on or after the first day of the first taxable year to which the election applies and may not be revoked without the consent of the IRS. If an election is made to include market discount in income currently, the tax basis of the Taxable Bond in the hands of the United States Holder will be increased by the market discount thereon as such discount is included in income.

Market discount generally accrues on a straight-line basis unless the United States Holder elected to accrue such discount on a constant yield-to-maturity basis. That election is applicable only to the market discount bond with respect to which it is made and is irrevocable. A United States Holder of a market discount bond that does not elect to include market discount in income currently generally will be required to defer deductions for interest on borrowings allocable to the Taxable Bond in an amount not exceeding the accrued market discount on such Taxable Bond until maturity or disposition of the Taxable Bond.

Purchase, Sale, Exchange, and Retirement of Series B Bonds. A United States Holder's tax basis in a Taxable Bond generally will equal its cost, increased by any market discount included in the United States Holder's income with respect to the Taxable Bond, and reduced by the amount of any amortizable bond premium applied to reduce interest on the Taxable Bond. A United States Holder generally will recognize gain or loss on the sale, exchange, or retirement of a Taxable Bond equal to the difference between the amount realized on the sale or retirement (not including any amount attributable to accrued but unpaid interest) and the United States Holder's tax adjusted basis in the Taxable Bond. Except to the extent described above under Series B Bonds Purchased at a Market Discount, gain or loss recognized on the sale, exchange or retirement of a Taxable Bond will be capital gain or loss and will be long-term capital gain or loss if the Taxable Bond was held for more than one year. The material modification of the terms of any Taxable Bond may result in a deemed reissuance thereof, in which event a United States Holder may recognize taxable gain or loss without any corresponding receipt of proceeds.

Backup Withholding. United States Holders may be subject to backup withholding on payments of interest and, in some cases, disposition proceeds of the Series B Bonds, if they fail to provide an accurate Form W-9, "Request for Taxpayer Identification Number and Certification," or a valid substitute form, or have been notified by the IRS of a failure to report all interest and dividends, or otherwise fail to comply with the applicable requirements of backup withholding rules. Backup withholding is not an additional tax. Any amounts withheld under the backup withholding rules will be allowed as a credit against the United States Holder's United States federal income tax liability (or refund) provided the required information is timely furnished to the IRS. Prospective United States Holders should consult their tax advisors concerning the application of backup withholding rules.

Medicare Tax Affecting United States Holders. For taxable years beginning after December 31, 2012, a United States Holder that is an individual or estate, or a trust that does not fall into a special class of trusts that is exempt from such tax, will be subject to a Medicare tax on the lesser of (1) the United States Holder's "net investment income" for the taxable year and (2) the excess of the United States Holder's modified adjusted gross income for the taxable year over a certain threshold. A United States Holder's net investment income will generally include its interest income and its net gains from the disposition of the Series B Bonds, unless such interest income or net gains are derived in the ordinary course of the conduct of a trade or business (other than a trade or business that consists of certain passive or trading activities). A United States Holder that is an individual, estate, or trust, should consult its own tax advisor regarding the applicability of the Medicare tax.

Information Reporting

In general, information reporting requirements will apply with respect to payments to a United States Holder of principal and interest (and with respect to annual accruals of original issue discount) on the Series B Bonds, and with respect to payments to a United States Holder of any proceeds from a disposition of the Series B Bonds. This information reporting obligation, however, does not apply with respect to certain United States Holders including corporations, tax-exempt organizations, qualified pension and profit sharing trusts, and individual retirement accounts. In the event that a United States Holder subject to the reporting requirements described above fails to supply its correct taxpayer identification number in the manner required by applicable law or is notified by the IRS that it has failed properly to report payments of, interest and dividends, a backup withholding tax (currently at a rate of 24%) generally will be imposed on the amount of any interest and principal and the amount of any sales proceeds received by the United States Holder on or with respect to the Series B Bonds.

Any payments of interest and original issue discount on the Series B Bonds to a Non-United States Holder generally will be reported to the IRS and to the Non-United States Holder, whether or not such interest or original issue discount is exempt from United States withholding tax pursuant to a tax treaty or the portfolio interest exemption. Copies of these information returns also may be made available under the provisions of a specific treaty or agreement to the tax authorities of the country in which the payee resides.

Information reporting requirements will apply to a payment of the proceeds of the disposition of a Taxable Bond by or through (a) a foreign office of a custodian, nominee, other agent, or broker that is a United States person, (b) a foreign custodian, nominee, other agent, or broker that derives 50% or more of its gross income for certain periods from the conduct of a trade or business in the United States, (c) a foreign custodian, nominee, other agent, or

broker that is a controlled foreign corporation for United States federal income tax purposes, or (d) a foreign partnership if at any time during its tax year one or more of its partners are United States persons who, in the aggregate, hold more than 50% of the income or capital interest of the partnership or if, at any time during its taxable year, the partnership is engaged in the conduct of a trade or business within the United States, unless the custodian, nominee, other agent, broker, or foreign partnership has documentary evidence in its records that the beneficial owner is not a United States person and certain other conditions are met, or the beneficial owner otherwise establishes an exemption.

The federal income tax discussion set forth above is included for general information only and may not be applicable depending upon a beneficial owner's particular situation. Beneficial owners should consult their tax advisors with respect to the tax consequences of the purchase, ownership, and disposition of the Series B Bonds, including the tax consequences under state, local, foreign, and other tax laws and the possible effects of changes in federal or other tax laws.

State Taxes

In the opinion of Bond Counsel, under existing statutes, interest on the Series B Bonds is excluded from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates and is excluded from amounts on which the net Connecticut minimum tax is based in the case of individuals, trusts and estates required to pay the federal alternative minimum tax.

Interest on the Series B Bonds is included in gross income for purposes of the Connecticut corporation business tax.

Owners of the Series B Bonds should consult their tax advisors with respect to other applicable state and local tax consequences of ownership of the Series B Bonds and the disposition thereof, including the extent to which gains and losses from the sale or exchange of Series B Bonds held as capital assets reduce and increase, respectively, amounts taken into account in computing the Connecticut income tax on individuals, trusts and estates and the net Connecticut minimum tax on such taxpayers who are also required to pay the federal alternative minimum tax.

General

The opinion of Bond Counsel is rendered as of its date and Bond Counsel assumes no obligation to update or supplement their opinions to reflect any facts or circumstances that may come to their attention or any changes in law or the interpretation thereof that may occur after the date of their opinions. The discussion above does not purport to address all aspects of federal, state or local taxation that may be relevant to a particular owner of a Taxable Bond. Prospective owners of the Series B Bonds, particularly those who may be subject to special rules, are advised to consult their tax advisors regarding the federal, state and local tax consequences of owning and disposing of the Series B Bonds.

Legal Opinion

The legal opinions for the Bonds will be rendered by Pullman & Comley, LLC in substantially the form set forth in Appendix B-1 and Appendix B-2 to this Official Statement.

(The remainder of this page left blank intentionally)

II. The Issuer



Form of Government

The City operates under a Charter adopted in 1952, which was most recently revised on November 3, 2015. The City operates under a Council/Manager form of government. The City Manager is appointed by the City Council and serves as the Chief Executive Officer. The City Manager serves at the pleasure of the City Council and is responsible to the City Council for the supervision and administration of City departments. 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.

In addition to all powers granted to towns and cities under the Constitution of the State and the Connecticut General Statutes, the City Council also has specific powers to be executed through the enactment and enforcement of ordinances and bylaws which protect or promote the peace, safety, good government and welfare of the City and its inhabitants. The Council also has the power to provide for the organization, conduct, and operation of the departments, agencies and offices of the City; for the number, titles qualifications, powers, duties and compensation of all officers and employees of the City; and for making of rules and regulations necessary for the control, management and operation of all public buildings, grounds, parks, cemeteries or other property of the City.

Principal Municipal Officials

Office	Name	Manner of Selection / Term	Length of Current Service	Total Tenure with City
City Council:				
Mayor	Peter A. Nystrom	Elected – 4 years	3 years	15 years
President Pro Tempore	Mark Bettencourt	Elected – 2 years	1st year	9 years
Council Member	William Nash	Elected – 2 years	5 years	7 years
Council Member	Joseph A. DeLucia	Elected – 2 years	3 years	3 years
Council Member	Stacy Gould	Elected – 2 years	5 years	5 years
Council Member	Ella Myles	Elected – 2 years	1st year	1st year
Council Member	Derrell Q. Wilson	Elected – 2 years	1st year	1st year
City Manager	John Salomone	Appointed – Indefinite	4 years	4 years
Comptroller	Joshua A. Pothier	Appointed – Indefinite	6 years	17 years
Deputy Comptroller	Anthony Madeira	Appointed – Indefinite	6 years	14 years
Treasurer	Michael Gualtieri	Elected – 2 years	5 years	5 years
Collector of Taxes & Revenues	Karlene Deal	Appointed – Indefinite	4 years	4 years
Assessor	Donna Ralston	Appointed – Indefinite	10 years	10 years
City Clerk	Betsy Barrett	Appointed – Indefinite	8 years	8 years
Corporation Counsel	Michael E. Driscoll	Appointed – Indefinite	18 years	18 years
Superintendent of Schools	Kristen Stringfellow	Appointed – Indefinite	1st year	1st year
<u>Board of Education</u>				
Chairperson	Heather Romanski	Elected – 2 years	3 years	3 years
Vice Chairperson	Kevin Saythany	Elected – 2 years	1st year	3 years
Secretary	Carline Charmelus	Elected – 2 years	1st year	1st year
Board Member	Aaron Daniels	Elected – 2 years	11 years	11 years
Board Member	Christine DiStasio	Elected – 2 years	1st year	1st year
Board Member	Yvette Jacaruso	Elected – 2 years	13 years	13 years
Board Member	Swaranjit Singh Bhatia	Elected – 2 years	1st year	1st year
Board Member	Mark Kulos	Elected – 2 years	3 years	3 years
Board Member	Patricia Staley	Elected – 2 years	3 years	3 years

Geography

The City 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 about 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 the City with I-95 and I-90 to Boston and New York. Route 2 links the City with Hartford and I-91. State Route 82 connects downtown Norwich with I-395. Rail transportation and freight service is available to major points, including New York, Boston, Providence, and Montreal. Air service is 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.

Community Profile

History

The City was founded in 1659 by settlers from Old Saybrook led by Major John Mason and Reverend James Fitch. They purchased the land that would become Norwich from the local Native American Mohegan Tribe. In 1668, a wharf was established at Yantic Cove. Settlement was primarily in the three-mile area around the Norwichtown Green. The 69 founding families soon divided up the land in the Norwichtown vicinity for farms and businesses. By 1694 the public landing built at the head of the Thames River allowed ships to offload goods at the harbor. The distance between the port and Norwichtown was serviced by the East and West Roads, which later became Washington Street and Broadway.

Norwich merchants were shipping goods directly from England, but the Stamp Act of 1764, forced Norwich to become more self-sufficient. Soon large mills and factories sprang up along the three rivers which traverse the town, the Yantic, Shetucket, and Thames Rivers. During the American Revolution, Norwich supported the cause for independence by supplying soldiers, ships, and munitions. One of the most infamous figures of the Revolution, Benedict Arnold, was born in Norwich. Other Colonial-era noteworthies include Samuel Huntington, Christopher Leffingwell, and Daniel Lathrop.

Regular steamship service between New York and Boston helped Norwich to prosper as a shipping center through the early part of the 19th century. During the Civil War, Norwich once again rallied around the cause of freedom and saw the growth of its textile, armaments, and specialty item manufacturing. This was also spurred by the building of the Norwich-Worcester Railroad in 1832, bringing goods and people both in and out of Norwich.

Norwich served as a leadership center for Connecticut during the Civil War as Governor William Buckingham was from Norwich and used his home as a de facto office during the war years. Also, State Senator Lafayette Foster later became Acting Vice President after President Abraham Lincoln was assassinated. During this period, Frances M. Caulkins composed her histories of both Norwich and New London.

Through the end of the 19th century and into the early 20th century, Norwich served as home to many large mills. The population grew and became more diverse with an insurgence of different ethnic groups. These new residents helped to build the City's schools, churches, and social centers.

Today, Norwich is a thriving city with a stable population, wide range of municipal services, a modern industrial park, its own utility company, and a positive outlook for residential and business growth.

Education

The City school system includes two preschools, seven elementary, two middle schools, and an elementary clinical day treatment program. Of the seven elementary schools, two are designated as Commissioner's Network schools by the Connecticut Department of Education, two are Magnet schools, and one is a School Improvement Concept school. In addition, the City has three parochial schools, two Montessori schools, a charter school, and a regional adult education program. Norwich Free Academy is a privately-endowed high school and serves as one of the City's designated high schools. Also located in the City are a state regional technical high school, a middle college, and a community college.

Healthcare

Various health facilities, including the 213-bed William H. Backus Hospital (Backus), are located in the City. Backus, which is affiliated with Hartford Healthcare, also has an Outpatient Care Center on Salem Turnpike and the Family Health Center in Norwichtown Commons.

Industry

Norwich is also home to a modern industrial park operated by the Norwich Community Development Corporation, a private non-profit organization. The industrial park is conveniently located close to Route 2, I-395, and other major highways. The park offers commercial and industrial sites on more than 400 wooded acres currently employing over 2,000 people.

Recreation, Entertainment & Culture

The City has the 350-acre Mohegan Park in the heart of the City. Facilities at Mohegan Park include a beach, hiking trails, rose gardens, picnic areas, and two children's playgrounds. The City has several other parks, playgrounds, and recreation fields, as well as a number of fishing locations. The City also offers an eighteen-hole public golf course and a public ice skating rink.

The City has a number of historical and cultural attractions, including: Dodd Stadium - home of the Norwich Sea Unicorns, the Leffingwell House Museum, the Chestnut Street Playhouse, the Norwich Arts Council/ Donald Oat Theater, and the Slater Memorial Museum at Norwich Free Academy.

Municipal Services

Police

Police protection is provided to the City by a full-service, municipal police agency with 102 employees. The department is responsible for patrolling 223 miles of roads in nearly a 30 square mile area and operating a combined 911 communications center for dispatching police, fire, and EMS services. The department is particularly proud of its community policing efforts, which actively includes the public in solving crime and quality of life problems. The department presently administers several federal and state grants. These grants provide funding to enhance police operations in the areas of drug education and enforcement, safe neighborhood patrols, DUI and traffic enforcement, and technological improvements.

Fire

Fire protection in the City Consolidation District (CCD) is provided by a 59-employee full-time fire department. The outlying areas of the City are not part of the CCD and are protected by five volunteer fire companies, all of which are connected to the central fire department's switchboard for emergency dispatch.

Utilities

The City owns and operates natural gas, electric, water, and wastewater systems through its Norwich Department of Public Utilities (NPU), which was established in 1904. NPU is governed by Chapter 12 of the City Charter that establishes a five-member Board of Public Utilities' Commissioners who are appointed by the City Council. The General Manager, who is appointed by the Commissioners, is responsible for NPU's management and operations. NPU has 146 employees and serves approximately 21,000 electric customers, 9,600 gas customers, 11,000 water customers, and 7,700 wastewater customers. NPU supports general City activities by contributing 10% of its gross revenues (excluding sewer revenues) to the City's general fund. Contributions in fiscal year 2021 will be \$9.17 million, the equivalent of nearly five mills of taxes. NPU's budget is approved by the Commissioners and is then presented to the City Council for adoption.

Drinking Water Infrastructure

In 2020, NPU completed construction of an 9,700 foot emergency interconnection water line that will serve the Town of Sprague. The unique partnership provided NPU with additional state resources while allowing Sprague to avoid the cost of installing the water line on its own.

The project had a budget of \$3.2 million and was funded through the Department of Health's Clean Water State Revolving Fund (50% grant, 50% low-interest loan). The interconnection has the ability to provide Sprague with up to 60,000 gallons of water a day in an emergency.

Electric Infrastructure

NPU recently upgraded its distribution system in the Taftville section of Norwich, improving reliability for 900 customers and allowing for the decommissioning of Taftville Substation, which was over 50 years old. NPU also replaced over 150 utility poles throughout the City and is currently working on upgrading a 4.8KV distribution circuit to 13.8KV. Completing this project will allow for the replacement of the Shetucket River crossing, which feeds approximately 1,000 customers in the Laurel Hill area of Norwich. The project is expected to be complete by the end of 2019.

In 2018, NPU received the RP3 Platinum Award from the American Public Power Association that recognizes utilities that demonstrate high proficiency in four areas - reliability, safety, workforce development, and system improvement. Criteria within each of the four RP3 areas are based upon sound business practices and recognized industry best practices. In receiving a Platinum designation, NPU is among a select group of less than 100 utilities out of over 2,000 public power companies nationwide and the only one in Connecticut. The RP3 designation is for a three-year term and was also awarded to NPU in 2012 and 2015.

In 2019, NPU was recognized by the American Public Power Association's (APPA) as a Smart Energy Provider (SEP). The program recognizes utilities that demonstrate a commitment to and proficiency in energy efficiency, renewable energy, distributed generation, and other environmental and sustainable initiatives both within the organization and to all customers. This designation lasts for two years.

Wastewater

The City of Norwich Sewer Authority is in the midst of a large-scale upgrade to its wastewater treatment plant. The overall cost of this project is expected to exceed \$160 million, and the existing still-to-be-approved plant design and long-term control plan for this project is 100% complete. The project will be financed with State of Connecticut Clean Water Fund loans bearing interest at an anticipated 2% rate, Clean Water Fund grants, and local funding. When completed, annual debt service is estimated to be \$4.8M, to be paid from City sewer user fees, City budget contributions, and from sewer buy-in fees from users outside of Norwich. A formal plan to pay for the new project is under discussion with numerous municipal stakeholders.

NPU continues its multi-year Combined Sewer Overflow (CSO) program that has removed dozens of sewer system overflows over the past several years from the utility's wastewater infrastructure. NPU remains on track for the reduction of all CSO's in the coming years that will improve the water quality in the Shetucket and Thames rivers and Long Island Sound.

Natural Gas

NPU has been very successful in expanding its natural gas service throughout the city. This work has been funded through bond referendums totaling \$20.5 million, which were approved by voters in 2010, 2012, and 2014. Since 2010, nearly 2,100 new natural gas customers have been added to the NPU system. This activity has generated nearly \$3.2 million in new annual revenue for NPU. The City and the Board of Public Utilities Commissioners have entered into an agreement that revenues will be paid annually to the City from the operation of the natural gas utility in an amount sufficient to pay the debt service on bonds issued to finance the City's natural gas system extension.

In 2017, NPU was one of only 21 public natural gas systems in the United States - out of more than 700 APGA members - to be given the Systems Operational Achievement Recognition (SOAR) award, which is presented to natural gas utilities that demonstrate excellence in the four critical operational areas: worker safety, workforce development, systems integrity, and systems improvement.

CMEEC and Member Power Sales Contracts

The City, through NPU, is a member of the Connecticut Municipal Electric Energy Cooperative (CMEEC), a public corporation organized under Connecticut Public Act 75-634, subsequently enacted as Title 7-233, Chapter 101a, of the Connecticut General Statutes, as amended. CMEEC is empowered to undertake the planning, financing, acquisition, construction, and operation of facilities for the generation and transmission of electric power and energy for its members and others. The Act permits any Connecticut municipality that has an electric utility department to become a CMEEC member. The City is one of seven municipalities that own an electric utility in Connecticut. The City of Norwich, City of Groton, Town of Bozrah, Borough of Jewett City, Second Taxing District of the City of Norwalk, Third Taxing District of the City of Norwalk, and Town of Wallingford are the only Connecticut communities which have municipally-owned electric utilities, all of which, except the Town of Wallingford, are members. CMEEC, on behalf of its members, acts as a single integrated participant to New England Power Pool ("NEPOOL") and the NEPOOL Agreement.

CMEEC has entered into a power supply contract with each of its Members, including the City ("MPSC"). The MPSCs are all-requirements contracts under which each member is obligated to purchase substantially all of its power requirements from CMEEC. Under terms of the MPSCs, each system has been allocated a certain percentage of CMEEC's fixed costs consisting primarily of debt service, on a take or pay basis. These costs are required to be paid annually whether or not the City takes any power under the contract. Pursuant to the MPSC, the City has covenanted to maintain electric rates, which, together with other sources of revenue, will provide sufficient revenues to meet its payment obligation to CMEEC.

All payments due to CMEEC under the MPSC that are agreed to constitute operating expenses of the electric operations and may not be subordinated to any other obligation of the City. In addition, the City has agreed not to execute or adopt any instrument securing or issuing bonds, notes, leases or other evidences of indebtedness which are payable from and secured by liens on the revenues derived from the ownership or operations of its electric system without providing for the payment of operating expenses (including payments to be made under the MPSC) from such revenues ahead of debt service on such bonds, notes, leases or other evidence of indebtedness.

The foregoing discussion of the MPSC is intended to be a summary of such contract and is qualified in its entirety by reference to the contracts themselves, which may be obtained from the City.

The Connecticut Transmission Municipal Electric Energy Cooperative

NPU is also a member of The Connecticut Transmission Municipal Electric Energy Cooperative ("TRANSCO"), a public body corporate and politic, created pursuant to Chapter 101a of the Connecticut General Statutes, as amended. The members of TRANSCO include the members of CMEEC (the "Members") and the Town of Wallingford. The purpose of TRANSCO is to obtain electric transmission services and facilities at advantageous pricing and terms for its Members and contractual participants. TRANSCO has entered in a "Transmission Financing and Services Agreement" (the "TFSA") with CMEEC, among other agreements between the two entities, whereby TRANSCO provides electric transmission services to CMEEC, which CMEEC then provides to its members and contractual participants. TRANSCO has entered into an agreement with Eversource to acquire certain electric transmission facilities located in the Town of Wallingford, Connecticut (the "Transmission Acquisition"). The participants in the Transmission Acquisition include the CMEEC Members and Bozrah (the "Transmission Participants"). The Transmission Acquisition has been permanently financed by debt issued by CMEEC and TRANSCO supported by the security provisions of agreements between the Transmission Participants and CMEEC that establish the arrangements for the receipt of transmission services from CMEEC (supplied to CMEEC by TRANSCO through the TFSA), the support of the permanent financing costs of the Transmission Acquisition, the satisfaction of the other security requirements of such permanent financing and the flowing of the benefits of participation in the Transmission Acquisition back to the Project's participants, including NPU. These agreements are referred to as the General Transmission Services Agreements ("GTSAs"). The terms of the GTSAs have security provisions similar to those of the MPSCs. The GTSAs are structured to authorize the acquisition of additional transmission facilities.

The foregoing discussion of the GTSA is intended to be a summary of such contract and is qualified in its entirety by reference to the contracts themselves, which may be obtained from the City.

Solid Waste

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 "SCRRA", or the "Authority") pursuant to which it participates with ten other central 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. Under the Service Contract, the City is required to deliver or cause to be delivered to the System solid waste generated within its boundaries and to pay a uniform per ton Disposal Service Payment (the "Service Payment") therefor. The current fee is \$58 per ton paid by user fees and property taxes. Pursuant to contracts between the Authority and American REF-FUEL Company of Southeastern Connecticut (the "Company"), the Facility is operated by the Company. 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 items are defined in the Service Contract. Revenues mean all revenues, income, and receipts derived from the ownership and operation of the System, including from the sale of electricity. The sum of all Service Payments and other payments from the Contracting Municipalities are required to be sufficient to pay or provide for the New 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's obligation to pay the Service Payment, so long as the Authority is accepting the City's solid waste, is absolute and unconditional, is not subject to any set-off, counterclaim, recoupment, defense (other than payment itself) or other rights which the City may have against the SCRRA or any person for any reason whatsoever, and shall not be affected by any defect in title, design, fitness for use, loss or destruction of the System. 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.

Economic Development Activity

The City pursues economic and physical stabilization and revitalization. The City has maintained the quality of services to its citizens while having the 14th lowest per capita tax burdens in the State, per the Office of Policy and Management Data's *Fiscal Indicators*, at \$1,900 for fiscal year 2018.

The Mayor is responsible and accountable for economic development. The overriding goal for the City is to increase its grand list through activities which "enhance community life, attract newcomers to the City, reduces

reliance on government agencies, and attract economic development investment from the State of Connecticut". Objectives identified to achieve this goal include: "revitalized downtown, adaptive reuse of existing structures, increased availability of viable commercial and industrial properties, and maintaining the existing and attracting new educational institutions into the City".

The City's economic development activities are assisted by Norwich Community Development Corporation (NCDC), a private, not-for-profit corporation established 50 years ago to improve the economic well-being of the City. The Mayor works closely with NCDC as an independent non-profit that is neither directly nor indirectly controlled by the City or any other governmental entity, but by Norwich City Council resolution, is the economic development arm of the City. Many activities are underway which support these objectives, and will move the community toward the City's primary economic development goals.

Commercial/ Industrial Activity

Ponemah Mill Adaptive Reuse Project

This \$85 million project will convert a 650,000 square foot, 19th-century mill into 314 residential apartment units. In early 2016 Ponemah Riverbank LLC was awarded multiple grants, tax credits, construction financing, and permanent financing totaling \$35 million for the first phase of the three-phase project. Construction began within three weeks of the closing date with such critical items as structural repairs, interior partitions, indoor and outdoor utilities, and sandblasting of the 135-year-old wood structure. The first phase was completed in the spring of 2018. In July 2018, the developer closed on another \$32 million for the second phase funding for the next 121 units. Phase II was completed in September 2019, and the developer is currently sourcing a capital stack for another \$30 million in funding for Phase III which should be completed by winter of 2020 with environmental clean-up and demolition work beginning soon thereafter.

Foundry66

This co-work center opened with its first 7,500 foot phase in October 2016. The operation has a mix of open spaces, teleconference and meeting rooms, a lounge area, workrooms available for members to grow their businesses. Foundry66 doubled its space in September 2018 with a newly completed second-floor addition. Foundry66 has hosted several business development seminars and workshops each quarter, out of which has emerged no less than three new businesses in the City. Foundry66 is running at about 81% occupancy, with demand rising by 20% year-over-year.

77-91 Main Street

In March 2020, the developer received approval from the Commission on the City Plan to renovate the building to include 42 residential units and 10,288 square feet of commercial tenant space. The project rehabilitates a historic contributing building located in the Downtown Norwich National Historic District. The developer is currently working with professionals to prepare the construction plans required for permitting.

Stackstone Group

A Bronx, NY developer, Stackstone Group, purchased three properties (24-28 Broadway, 51-53 Broadway, and 59-61 Broadway) in June 2017 with plans to invest \$2.4 million to generate 26 residential units in the upper floors of these three properties and ground-floor commercial space for new restaurants, bistros, and shops. After being stalled for lack of capital, Stackstone recently obtained new funding to complete all three buildings and is organizing contractors for a restart in the coming months.

Downtown Boutique Hotel

A hotel conversion that has been profoundly stuck for over a decade has been purchased by Ganesha Hospitality, LLC, a Cromwell-based hospitality company. The plan is being developed to create 25 unique historic hotel suites, a fine dining experience, a creative bar, and a combination spa and conference center. This is currently in the pre-development phase.

Nalas Engineering

Nalas Engineering of Essex, CT, purchased 1 Winneden Avenue in December 2018 for a chemical process and manufacturing facility. Among other things, Nalas does the engineering, chemistry, and modeling for continuous processing of the precursors to the main energetics that power torpedoes, as well as other military needs. Nalas is positioned to onshore the research, development, design, and production of the US military requirements for the future. Their first phase of the operation is to complete a multi-million dollar facility housing these opportunities here in Norwich. Nalas also services the pharmaceutical industry as well as others using batch-type manufacturing processes.

Bubbles to Butterfly Swim School

Construction on the \$1.8 million, 6,000 square-foot swim school facility on a formerly vacant 1.2-acre lot at 61 Taftville-Occum Road in the Occum section of Norwich was completed in June 2019. The swim school employs over 20 instructors.

Former Hale Mill Property

In June 2018, a New York development firm purchased the 10-acre Hale Mill property in the Yantic section of Norwich for \$826,000. The new owner is pursuing the development of a \$30 million destination-themed hotel operation in the 1864 former textile mill. The project is under review for approval for historic tax funding status.

American Systems

The engineering and IT company relocated to a new, larger, more modern facility less than a mile away in the Business Park. This facility is more flexible to accommodate the expanded team of 120 people while providing better growth options for the future.

Freeport-McMoRan

In June 2020, Freeport-McMoRan announced that it would be closing its Norwich copper rod mill and consolidate its operations at its remaining Texas and Arizona plants. It had announced the decision to close a New Jersey plant the previous month. The closures relate, in part, to the general downturn in copper demand as well as transportation savings by focusing its manufacturing closer to its mines in Arizona. The Eastern Workforce Investment Board is helping Freeport-McMoRan's 117 employees with technical and job placement assistance. Freeport-McMoRan is Norwich's 11th largest taxpayer and Norwich Public Utilities' largest electric customer.

Atlantic City Linen Supply (ACLS)

ACLS announced on September 15, 2020 that it is laying off 123 employees. ACLS provides linens to hotels, convention centers, and banquet facilities and, as such, has experienced a sharp decline in revenues due to the pandemic. The layoffs may last six months or longer, however there is no intent to permanently close the plant. ACLS is Norwich Public Utilities' largest gas customer.

Nordson EFD Manufacturing

In April 2020, the Commission on the City Plan approved a 53,880 sq. ft. building addition to expand the manufacturing facility. In response to their growth, their tenant, Concentra, relocated to accommodate Nordson's needs. The City has been informed that consolidation of other Nordson properties will occur and that employees will be relocated to the enlarged Norwich facility. A building permit was issued in August 2020 and construction will begin immediately.

Concentra Urgent Care

As a result of Nordson Manufacturing's growth, their tenant Concentra Urgent Care upgraded to a new retail-type facility closer to the downtown. They have moved to a highly visible commercial location along Route 82.

Dollar General

Dollar General signed a multi-year lease for space at 313 West Main St. The facility has been vacant for approximately five years.

Westledge Apartments

In October 2018, the Commission on the City Plan approved redevelopment on a long vacant property which had been the location of the Peachtree Apartment complex destroyed by fire. The new 120 unit market-rate complex includes amenities such as an in-ground pool, pool house and 30 garage units. The project is currently under construction.

3 North-C Street

The Hills at Riverview LLC, received approval in June 2020 from the Commission on the City Plan to construct a residential project consisting of 7 apartment buildings (52 units) with associated playground and recreational trails in the Taftville section of the City. The project is currently being reviewed by the State of Connecticut for a stormwater discharge permit.

30 Salem Tpke.

A 6,632 sq. ft. three tenant retail/restaurant commercial project was approved by the Commission the City Plan in November 2019. The project is under construction with a completion date in late 2020. Chipotle and Super Cuts, two national franchises, are two of the designated tenants.

Regional Activity

Electric Boat

General Dynamics Electric Boat (EB), the region's largest employer. EB is the nation's largest manufacturing of submarines, servicing the U.S. Navy. EB has sourced contracts that will maintain its production facilities and personnel needs through 2040. A component of this work involves a new class of submarine, the Columbia class, for which a new production facility is required. In September of 2019, EB broke ground on a \$850 million expansion to its campus to accommodate this new facility. General Dynamics Electric Boat has a workforce of more than 17,000 employees at its three primary locations in Groton and New London, Connecticut, and Quonset Point, Rhode Island.

The Columbia class program includes 12 ballistic missile submarines to replace the Navy's 14 aging Ohio-class submarines. The Navy, which has identified it as its top priority program, wants to take the first Columbia-class boat in 2021.

The Navy's proposed 2020 budget requests about \$1.7 billion in advance funding and \$533.1 million for research and development, according to the Congressional Research Service. The Navy estimates the total cost of the 12-ship class at \$109 billion.

Military Presence

The U.S. Navy Submarine base will be adding 5,000 sailors as part of the Navy's strategic plans for the future. Those plans include increasing the submarine fleet with an additional 32 attack submarines.

Wind Turbine Assembly Facility

The New London Pier is being developed for use as a wind turbine assembly facility. The CT Port Authority and New England Central Rail Road have been assembling tracts of land that will become the center of wind turbine manufacturing in the northeast. The first \$157MM agreement was announced in February 2020 and is expected to become a substantial center of employment and investment in the emerging industry.

Housing Market

The City has an estimated 18,500 housing units, including single family homes, apartments, duplexes, condominiums, townhouses and mobile homes. Norwich is the largest municipality in Southeastern Connecticut and is located in New London County. According to the City Assessor's records, during Fiscal Year 2019, 416 Single Family, 127 Multi-family/Apartment complex, 48 Mobile Homes and 108 condos sold in Norwich. The median sales price for a single family home during this period was \$140,000.

As part of the City's investment to stabilize the housing stock, Norwich has committed federal and state resources towards neighborhood preservation. The Office of Community Development uses HUD funds to rehabilitate approximately 30 units of housing each year. These funds address health, safety and code issues impacting properties.

In addition to addressing health and safety issues, the rehabilitation aids in increasing property values (approximately 13% average increase in values). The City was awarded another three-year Lead Based Paint Hazard Control/Healthy Homes grant for \$2.9 million in fall of 2019. These funds will further improve owner occupied and investor housing units.

Federal Projects

New England Central Rail Line Upgrades

In September 2014, the State was awarded an \$8.2 million Federal Transportation Investment Generating Economic Recovery program grant. This grant, in addition to \$4.6 million of private investment from Genesee & Wyoming, Inc., will be used to upgrade the Connecticut section of the existing 394 miles of rail from the deep water port in New London to the Vermont/Quebec border to meet new freight standards, including increasing the weight capacity to 286,000 lbs. for freight car shipments. This project started in late 2018 and was completed in late 2019. In addition to the expanded freight rail opportunities, these upgrades will provide the beginning of the work required to offer passenger service on the New England Central Rail Line in the future. The line passes north-south through Norwich, and adjacent to the Norwich Intermodal Transportation Center.

State of Connecticut Projects

Route 82 Redesign

The CTDOT proposed a two-phase reconstruction of Route 82 in August 2015. This project was approved by the Norwich City Council which cleared the way for CTDOT to begin preliminary design work. Field surveying has been completed and preliminary engineering is underway which will be followed by public hearings and final design. Construction may start by 2024. The preliminary design concept includes the replacement of several traffic signals with roundabouts and the installation of a median divider. The intent of these changes is to reduce accidents and improve the flow of traffic.

Major City Initiatives

Road Improvements

The residents of the City passed \$5 million bond referendum items in November 2013, 2017 and 2019 for infrastructure improvements. The City spent a total of \$1.3 million of combined bond funds and capital funds during fiscal year 2019 to repave or reconstruct four miles of City roads. The City secured a \$2.1 million Local Transportation and Capital Improvement Program, (LoTCIP), grant for the reconstruction of Dunham Street, a 0.75 mile urban collector road connecting West Main Street to West Thames Street. Construction is anticipated for spring of 2021. The City received a \$400,000 Connectivity Grant for constructing a modern roundabout at the intersection of Franklin Street and Main Street. This downtown enhancement will improve traffic flow and pedestrian movement. The design is underway with construction anticipated for spring of 2021.

Sherman Street, Sunnyside Street, and Pleasant Street Bridge Rehabilitations

The Public Works Department previously secured approximately \$12 million in federal and State grant money to pursue rehabilitation projects to all three of these bridges. Design is currently underway with the Sherman Street bridge project with construction anticipated for 2022. Construction of the Sunnyside Street Bridge began in April 2020, and will be complete in October. The rehabilitation will preserve the historic features of the bridge. The Pleasant Street Bridge rehabilitation was completed in November 2018.

Uncas Leap

Located along a gorge carved out by the Yantic River, Uncas Leap is a natural resource with a cultural legacy. The neighborhood surrounding the falls, built to capitalize on the power of the Yantic River is also an important part of the City's industrial heritage. City agencies, the Mohegan Tribe, and numerous stakeholder groups have been working together to improve this resource; to protect it and share it with future generations.

The Connecticut Department of Economic & Community Development awarded the City two grants. The first grant was for \$270,000 for consultant services to prepare environmental assessments of the site, complete a structural feasibility analysis on the Granite Mill Building and a hazardous building materials survey of the building, which is located on the site, and create an adaptive reuse plan for the property. The most recent grant for \$500,000

was awarded in November 2016. Those funds will go towards implementing part of the master plan for adaptive reuse of the property. The City utilized a portion of a Federal EPA grant for City-wide Brownfields Assessment to remove an underground fuel tank and assessed environmental concerns related to the tank. The fuel tank was removed in December of 2018. Additionally, the Norwich City Council approved the use of federal CDBG funding to demolish a blighted and dangerous brick mill building located on the property, adjacent to the river. Community Development obtained approval from the Connecticut Trust for Historic Preservation for the building's demolition in order to attempt to save an older abutting granite mill. The removal of the brick structure reduced safety concerns, potential for vandalism, and created more usable space for the future site development.

Lastly, the Norwich City Council approved the purchase of 232 Yantic Street to further the development of the Uncas Leap area. An eight space off-site parking lot was completed in May 2020. The City is going out to bid in fall of 2020 for the deconstruction of the granite mill building to create a ruin concept for the structure that was approved by the State Historic Preservation Office. The culmination of these activities increases the overall chance of success for the implementation of the adaptive reuse plan. The final concept master plan for the heritage park, was prepared by the City's consultant Milone & MacBroom and completed in May 2018. The State Department of Economic Development approved an extension of the grant to June 2021. In 2018, the Uncas Leap Heritage Area was recognized by the American Planning Association as one of five finalists for the People's Choice designation for Great Places in America.

School Initiatives

Norwich Public Schools is an Alliance School district creating the ability to embark on advanced academic initiatives. Veterans School is a SIG (School Improvement Grant) School – allowing additional academic initiatives. Moriarty and Wequonnoc Schools are Intradistrict Magnet Elementary Schools – providing greater opportunities for Environmental Sciences and Arts and Technology. Kelly and Teachers are Intradistrict Magnet Middle Schools – providing similar opportunities. Bishop School and Case Street locations are the district's Early Childhood Education Centers, allowing greater opportunities for the youngest students in our population. Norwich Transition Academy is a customized transition program for 18-21 years old. The school district has full-day kindergarten classes in order to create early childhood success. All children in Norwich Public Schools receive free breakfast and lunch. The school system is also participating in some innovative farm to school initiatives to help local farmers and bring fresher produce directly to the children. Every elementary and middle school has an afterschool program and every elementary school has before school programs. The afterschool programs all serve free supper to those students in attendance.

(The remainder of this page left blank intentionally)

**Employee Relations and Collective Bargaining
Municipal Employees**

	2020	2019	2018	2017	2016
General Government.....	278.90	276.90	279.40	286.30	293.20
Board of Education.....	763.10	688.90	688.90	661.30	688.80
Public Utilities.....	146.00	147.50	148.50	149.50	149.50
Total.....	1,188.00	1,113.30	1,116.80	1,097.10	1,131.50

Source: Comptroller's Office, City of Norwich

Employee Bargaining Groups

General Government Unions	Positions Covered	Current Contract Expiration Date
United Public Service Employees Union, Local 38.....	9.00	6/30/2022
International Association of Fire Fighters, Local 892.....	56.00	6/30/2020 ¹
Norwich City Hall Employees Association, Inc., Connecticut Independent Labor Union (CILU), Local #11.....	49.80	6/30/2022
United Public Service Employees Union, Connecticut Organization for Public Safety Division - Police Officers.....	88.00	6/30/2023
United Public Service Employees Union, Connecticut Organization for Public Safety Division - Public Works.....	45.00	6/30/2022
Public Works Supervisors, American Federation of State, County & Municipal Employees (AFSCME), Local 818, Council 4....	4.00	6/30/2022
Municipal Employees Union "Independent" (MEUI)-Supervisors.....	10.00	6/30/2024
Organized.....	261.80	
Non-Union.....	15.60	
Sub-Total.....	277.40	
Public Utilities		
Supervisory Employees Association, Inc. AFSCME Local 818, Council 4.....	45.00	6/30/2021
International Brotherhood of Electrical Workers Local 457, Norwich Unit.....	98.00	6/30/2021
United Steelworkers of America AFL-CIO-CLC Local No. 9411-02.....	4.00	6/30/2021
Organized.....	147.00	
Non-Union.....	1.00	
Sub-Total.....	148.00	
Board of Education		
Norwich School Administrators Association.....	19.00	6/30/2021
MEUI Local 506, SEIU, AFL-CIO - Custodians.....	29.00	6/30/2021
MEUI Local 506, SEIU, AFL-CIO - Paraeducators.....	175.64	6/30/2021
New England Health Care Employees Union District 1199, SEIU, AFL-CIO.....	14.40	6/30/2020 ¹
Norwich Educational Secretaries, AFSCME Local 1303-190, Council 4.....	28.10	6/30/2022
Norwich Teachers League.....	313.80	6/30/2021
UPSEU, NPS Food Services Workers.....	24.30	6/30/2021
Organized.....	604.24	
Non-Union.....	143.16	
Sub-Total.....	747.40	
Total.....	1,172.80	

¹ In negotiation.

Source: Finance Department, City of Norwich

Connecticut General Statutes sections 7-473c, 7-474 and 10-153a to 10-153n provide a procedure for binding arbitration of collective bargaining agreements between municipal employers and organizations representing municipal employees, including certified teachers and certain other employees. The legislative body of an affected municipality may reject the arbitration panel's decision by a two-thirds majority vote. The State and the employee organization must be advised in writing of the reasons for rejection. The State will then appoint a new panel of either one or three arbitrators to review the decisions on each of the rejected issues. The panel must accept the last best offer of either party. In reaching its determination, the arbitration panel shall give priority to the public interest and the financial capability of the municipal employer, including consideration of other demands on the financial capability of the municipal employer. For binding arbitration of teachers' contracts, in assessing the financial capability of a municipality, there is an irrefutable presumption that a budget reserve of 5% or less is not available for payment of the cost of any item subject to arbitration. In the light of the employer's financial capability, the panel shall consider prior negotiations between the parties, the interests and welfare of the employee group, changes in the cost of living, existing employment conditions, and the wages, salaries, fringe benefits, and other conditions of employment prevailing in the labor market, including developments in private sector wages and benefits.

Educational System

School Facilities

School	Grades	Date of Construction	Number of Classrooms	10/1/2019 Enrollment	Rated Capacity
Bishop School.....	PreK	1925	11	178	280
Hickory Street School.....	18-21	1890	4	21	50
John B Stanton School.....	K-5	1956	25	322	440
John M Moriarty School.....	K-5	1975	33	398	620
Kelly Middle School.....	6-8	1962/2013	47	647	800
Case St Early Learning Center.....	PreK	1975	5	62	70
Samuel Huntington School.....	K-5	1928	18	390	450
Teachers' Memorial School.....	6-8	1975	30	396	760
Thomas W Mahan School.....	K-5	1968	17	248	320
Uncas School.....	K-5	1975	18	259	340
Veterans' Memorial School.....	K-5	1968	17	295	320
Wequonnoc School.....	K-5	1962	17	265	340
Total.....			242	3,481	4,790

Source: City of Norwich, Board of Education

School Enrollment

School Year	PreK-5	6-8	Senior High 9-12	Norwich Students Enrolled at NFA	Total
<i>Historical</i>					
2010-11	2,520	1,163	123	1,557	5,363
2011-12	2,624	1,120	74	1,512	5,330
2012-13	2,635	1,100	24	1,524	5,283
2013-14	2,574	1,153	29	1,531	5,287
2014-15	2,541	1,167	-	1,547	5,255
2015-16	2,511	1,129	-	1,483	5,123
2016-17	2,501	1,052	-	1,501	5,054
2017-18	2,462	1,033	-	1,510	5,005
2018-19	2,443	1,065	-	1,501	5,009
2019-20	2,417	1,048	-	1,512	4,977

Norwich Free Academy (NFA) is a privately-endowed high school located in the City and serves as one of the City's designated high schools.

<i>Projected</i>	
	<i>Pre K-8</i>
2020-21	3,359
2021-22	3,332
2022-23	3,310
2023-24	3,311
2024-25	3,324
2025-26	3,300
2026-27	3,292

(The remainder of this page left blank intentionally)

III. Economic and Demographic Information Population and Density

Year	Actual		Density ³
	Population ¹	% Increase	
2018 ²	39,567	-2.3%	1,460
2010	40,493	12.1%	1,494
2000	36,117	-3.4%	1,333
1990	37,391	-1.8%	1,380
1980	38,074	-7.9%	1,405
1970	41,333	--	1,525

¹ U.S. Department of Commerce, Bureau of Census.

² U.S. Department of Commerce, Bureau of Census, American Community Survey, 2014-2018

³ Per square mile: 27.1 square miles.

Age Distribution of the Population

Age	City of Norwich		State of Connecticut	
	Number	Percent	Number	Percent
Under 5 years	2,203	5.6%	184,983	5.2%
5 to 9 years	2,444	6.2	201,006	5.6
10 to 14 years	2,294	5.8	224,135	6.3
15 to 19 years	2,174	5.5	247,182	6.9
20 to 24 years	2,709	6.8	245,490	6.9
25 to 34 years	6,440	16.3	439,848	12.3
35 to 44 years	4,851	12.3	427,023	11.9
45 to 54 years	5,195	13.1	522,138	14.6
55 to 59 years	2,296	5.8	266,170	7.4
60 to 64 years	2,559	6.5	235,949	6.6
65 to 74 years	3,641	9.2	327,414	9.1
75 to 84 years	1,804	4.6	170,979	4.8
85 years and over	957	2.4	89,187	2.5
Total.....	39,567	100.0%	3,581,504	100.0%
Median Age (Years).....	38.1		40.8	

Source: American Community Survey, 2014-2018.

Income Distribution

Income	City of Norwich		State of Connecticut	
	Families	Percent	Families	Percent
Less than \$10,000.....	371	3.8%	26,021	2.9%
\$10,000 to \$14,999.....	188	1.9	16,472	1.8
\$15,000 to \$24,999.....	685	7.1	38,804	4.3
\$25,000 to \$34,999.....	1,016	10.5	50,215	5.6
\$35,000 to \$49,999.....	1,241	12.8	80,042	9.0
\$50,000 to \$74,999.....	2,058	21.3	127,676	14.3
\$75,000 to \$99,999.....	1,204	12.5	118,848	13.3
\$100,000 to \$149,999.....	1,887	19.5	186,154	20.8
\$150,000 to \$199,999.....	375	3.9	105,285	11.8
\$200,000 or more.....	633	6.6	143,423	16.1
Total.....	9,658	100.0%	892,940	100.0%

Source: American Community Survey, 2014-2018.

Income Levels

	City of Norwich	State of Connecticut
Per Capita Income, 2018	\$ 29,957	\$ 43,056
Median Family Income, 2018	\$ 66,378	\$ 97,310
Median Household Income, 2018	\$ 55,391	\$ 76,106

Source: American Community Survey, 2014-2018.

Educational Attainment Persons 25 Years and Older

	City of Norwich		State of Connecticut	
	Number	Percent	Number	Percent
Less than 9th grade.....	1,459	5.3%	101,068	4.1%
9th to 12th grade.....	2,306	8.3	134,758	5.4
High School graduate.....	10,077	36.3	670,519	27.1
Some college, no degree.....	5,891	21.2	416,267	16.8
Associate's degree	2,232	8.0	190,869	7.7
Bachelor's degree.....	3,457	12.5	538,924	21.7
Graduate or professional degree.....	2,321	8.4	426,303	17.2
Total.....	27,743	100.0%	2,478,708	100.0%
 Total high school graduate or higher (%)....	 86.4%		 90.5%	
Total bachelor's degree or higher (%).....	20.8%		38.9%	

Source: American Community Survey, 2014-2018.

Employment by Industry

Sector	City of Norwich		State of Connecticut	
	Number	Percent	Number	Percent
Agriculture, forestry, fishing/hunting & mining	105	0.5%	7,195	0.4%
Construction	837	4.2	107,331	5.9
Manufacturing	1,194	6.0	190,995	10.5
Wholesale trade	340	1.7	44,714	2.5
Retail trade	2,736	13.7	191,939	10.6
Transportation and warehousing, and utilities	934	4.7	72,806	4.0
Information	256	1.3	41,839	2.3
Finance, insurance, real estate, rental & leasing	832	4.2	164,607	9.1
Professional, scientific, management, administrative, and waste mgmt services	1,526	7.6	207,632	11.5
Education, health and social services	4,494	22.4	479,677	26.5
Arts, entertainment, recreation, accommodation and food services	5,180	25.9	150,852	8.3
Other services (except public administration)	768	3.8	83,686	4.6
Public Administration	820	4.1	67,172	3.7
Total Labor Force, Employed	20,022	100.0%	1,810,445	100.0%

Source: American Community Survey, 2014-2018.

**Employment Data
By Place of Residence**

Period	Percentage Unemployed				
	City of Norwich		City of Norwich	Norwich - New London	
	Employed	Unemployed		Labor Market	State of Connecticut
August 2020	17,875	3,019	14.4	9.8	8.2
Annual Average					
2019	19,513	826	4.1	3.6	3.7
2018	19,415	913	4.5	4.0	4.1
2017	19,039	1,288	6.3	5.4	5.3
2016	18,889	1,472	7.2	5.9	5.6
2015	18,869	1,697	8.3	6.9	6.7
2014	19,786	1,952	9.0	8.0	7.8
2013	20,092	2,085	9.4	8.6	8.3
2012	20,692	2,201	9.6	8.7	8.3
2011	20,839	2,294	9.9	8.9	8.8
2010	19,310	1,941	9.1	7.9	8.2

Note: Not seasonally adjusted.

Source: State of Connecticut, Department of Labor.

**Major Employers
As of September 2020**

Name	Business	Number of Employees
William W. Backus Hospital.....	Medical Center	1,439
City of Norwich (incl. NPU & BOE).....	Municipality	1,116
State of Connecticut.....	All State agencies	788
Bob's Discount Furniture.....	Distribution Center	553
U.S. Food Service.....	Food Distribution	325
Norwich Free Academy.....	Quasi-private high school	303
Plas-Pak Industries, Nordson EFD.....	Plastics Products Manufacturing	270
United Community & Family Services.....	Healthcare & community services	245
Shop Rite.....	Grocery	225
The American Group.....	Ambulance Service and other operations	221

Source: Telephone Survey conducted by the City of Norwich.

(The remainder of this page left blank intentionally)

Building Permits

Calendar Year Ended	Residential		Commercial / Industrial		Totals	
	No.	Value	No.	Value	No.	Value
2020 ¹	791	\$ 12,551,860	168	\$ 14,712,037	959	\$ 27,263,897
2019	1,376	15,635,636	303	14,282,191	1,679	29,917,827
2018	1,143	30,510,842	240	10,145,133	1,383	40,655,975
2017	1,160	29,829,229	233	10,030,824	1,393	39,860,053
2016	1,212	11,695,513	275	12,934,143	1,487	24,629,656
2015	1,622	35,234,992	185	14,631,952	1,807	49,866,944
2014	1,958	18,694,563	176	8,053,706	2,134	26,748,269
2013	1,874	15,535,880	214	11,602,204	2,088	27,138,084
2012	1,427	19,452,636	155	7,761,148	1,582	27,213,784
2011	1,522	14,647,004	165	7,046,135	1,687	21,693,139

¹ As of August 31, 2020.

Source: Building Official, City of Norwich

Age Distribution of Housing

Year Built	City of Norwich		State of Connecticut	
	Units	Percent	Units	Percent
1939 or earlier.....	7,105	38.3%	337,795	22.3%
1940 to 1969.....	5,297	28.5	533,321	35.3
1970 to 1979.....	1,936	10.4	201,360	13.3
1980 to 1989.....	1,861	10.0	191,306	12.6
1990 to 1999.....	933	5.0	115,459	7.6
2000 or 2009.....	1,253	6.7	103,632	6.9
2010 or later.....	178	1.0	29,432	1.9
Total Housing Units.....	18,563	100.0%	1,512,305	100.0%

Percent Owner Occupied 52.0% 66.6%

Source: American Community Survey, 2014-2018.

Housing Inventory

Type	City of Norwich		State of Connecticut	
	Units	Percent	Units	Percent
1-unit, detached.....	8,013	42.0%	892,608	59.0%
1-unit, attached.....	1,045	5.5	80,684	5.3
2 units.....	3,036	15.9	123,908	8.2
3 or 4 units.....	2,362	12.4	130,948	8.7
5 to 9 units.....	1,327	7.0	84,021	5.6
10 to 19 units.....	1,082	5.7	57,153	3.8
20 or more units.....	1,532	8.0	130,872	8.7
Mobile home.....	679	3.6	11,734	0.8
Boat, RV, van, etc.....	-	-	377	0.0
Total Inventory.....	19,076	100.0%	1,512,305	100.0%

Source: American Community Survey, 2014-2018.

Owner-Occupied Housing Values

Specified Owner-Occupied Units	City of Norwich		State of Connecticut	
	Number	Percent	Number	Percent
Less than \$50,000.....	670	8.1%	21,254	2.3%
\$50,000 to \$99,999.....	715	8.6	29,211	3.2
\$100,000 to \$149,999.....	1,958	23.7	81,446	9.0
\$150,000 to \$199,999.....	2,567	31.0	139,715	15.4
\$200,000 to \$299,999.....	1,666	20.1	245,801	27.1
\$300,000 to \$499,999.....	542	6.5	240,706	26.5
\$500,000 to \$999,999.....	133	1.6	106,993	11.8
\$1,000,000 or more.....	25	0.3	42,008	4.6
Total.....	8,276	100.0%	907,134	100.0%
Median Sales Price.....	\$162,900		\$272,700	

Source: American Community Survey, 2014-2018.

(The remainder of this page left blank intentionally)

IV. Tax Base Data

Property Tax Assessments

The City revalued all real property as of October 1, 2018 and will revalue all real property every five years thereafter. The maintenance of an accurate tax base and the location and appraisal of all real and personal property within the City for inclusion in the Grand List are the responsibilities of the Assessor. The Grand List represents the total of assessed value for all taxable real property, motor vehicles and personal property located within the City as of October 1. A Board of Assessment Appeals determines whether adjustments to the Assessor's list on assessments under appeal are warranted. Assessments are computed at seventy percent (70%) of market value at the time of the last completed revaluation (Grand List 10/1/18). The next revaluation is expected to take place for the October 1, 2023 Grand List.

When a new structure or modification to an existing structure is undertaken, the Assessor's Office receives a copy of the permit issued by the Building Inspector. A physical appraisal is then completed and the structure classified and priced from a schedule developed as of the revaluation. Property depreciation and obsolescence factors are also considered when arriving at an equitable value.

Motor vehicle lists are furnished to the City by the State of Connecticut and appraisals of motor vehicles are accomplished in accordance with an automobile price schedule developed by the Connecticut Association of Assessing Officials and as recommended by the State Office of Policy and Management ("OPM"). Section 12-71b of the Connecticut General Statutes provides that motor vehicles which are registered with the Commissioner of Motor Vehicles after the October 1 assessment date but before the next August 1 are subject to a property tax as if the motor vehicle had been included on the October 1 Grand List. The tax is prorated, and the proration is based on the number of months of ownership between October 1 and the following July 31. Cars purchased in August and September are not taxed until the next October 1 Grand List. If the motor vehicle replaces a motor vehicle that was taxed on the October Grand List, the taxpayer is entitled to certain credits.

Connecticut General Statutes Section 12-71e, as amended, allows municipalities to tax motor vehicles at a different rate than other taxable property and creates a cap on the local property tax mill rate for motor vehicles. The State of Connecticut's 2017-2019 biennium budget legislation amended that statute to provide that (1) for the assessment year October 1, 2016 (the Fiscal Year ending June 30, 2018), the mill rate for motor vehicles shall not exceed 39 mills, and (2) for the assessment year October 1, 2017 (the Fiscal Year ending June 30, 2019), and each assessment year thereafter, the mill rate for motor vehicles shall not exceed 45 mills. No district or borough may set a motor vehicle mill rate that if combined with the motor vehicle mill rate of the municipality in which such district or borough is located would result in a combined motor vehicle mill rate in excess of these mill rate caps. The City's general fund mill rate for motor vehicles for the assessment year commencing October 1, 2019 (the Fiscal Year ending June 30, 2021) is 42.06 mills.

All business personal property (furniture, fixtures, equipment, machinery and leased equipment) is assessed annually. An assessor's check and audit is completed periodically. Assessments for both personal property and motor vehicles are computed at seventy percent (70%) of present market value.

Section 12-124a of the Connecticut General Statutes permits a municipality, upon approval by its legislative body, to abate property taxes on owner-occupied residences to the extent that the taxes exceed eight percent of the owner's total income, from any source, adjusted for self-employed persons to reflect expenses allowed in determining adjusted gross income. The owner must agree to pay the amount of taxes abated with interest at 6% per annum, or at such rate approved by the legislative body, at such time that the residence is sold or transferred or on the death of the last surviving owner. A lien for such amounts is recorded in the land records but does not take precedence over any mortgage recorded before the lien. The City has approved the use of this abatement provision.

Comparative Assessed Valuations

Grand List of 10/1	Commercial/		Personal Property (%)	Motor Vehicle (%)	Gross Taxable Grand List	Less Exemption	Net Taxable Grand List	Percent Growth
	Residential Real Property (%)	Industrial Real Property (%)						
2019 ²	58.7	21.4	10.0	9.8	\$ 2,123,672,001	\$ 83,336,184	\$ 2,040,335,817	0.86
2018 ¹	58.4	21.2	10.8	9.6	2,095,208,822	72,320,228	2,022,888,594	6.27
2017	58.8	19.1	11.5	10.5	1,987,348,631	83,784,876	1,903,563,755	2.32
2016	60.9	18.7	8.4	12.0	1,898,351,937	37,976,340	1,860,375,597	0.77
2015	61.3	18.7	7.8	12.1	1,880,417,583	34,214,957	1,846,202,626	1.10
2014	61.6	18.8	7.6	12.0	1,864,619,667	38,568,886	1,826,050,781	0.19
2013 ¹	61.7	18.7	7.4	12.2	1,860,618,673	38,117,150	1,822,501,523	(24.81)
2012	67.9	18.4	5.7	7.9	2,457,677,290	33,750,270	2,423,927,020	(1.27)
2011	67.2	18.2	5.8	8.8	2,493,391,572	38,323,212	2,455,068,360	2.54
2010	68.3	18.6	5.4	7.7	2,436,044,208	41,816,022	2,394,228,186	(0.58)

¹ Revaluation.

² Estimated supplemental motor vehicles and exemptions.

Source: City of Norwich Assessor's Office

Property Tax Levies and Collections

Collected within the Fiscal Year of the Levy								Total Collections to Date ²	
Grand List of 10/1	Fiscal Year Ending 6/30	Net Taxable Grand List	Adjusted Tax Levy for Fiscal Year	Mill Rate	Amount	Percentage	Collected in Subsequent Years	Amount	Percentage
<u>General Fund</u>									
2019	2021	\$ 2,046,507,836	\$ 85,737,922	42.06	\$ 43,592,355	50.8%	N/A	<u>In Collection</u>	
2018 ¹	2020	2,022,888,594	81,434,050	40.28	79,002,555	97.0%	\$ 434,225	\$79,436,780	97.5%
2017	2019	1,903,563,755	76,713,350	41.01	74,446,820	97.0%	1,104,997	75,551,817	98.5%
2016	2018	1,860,375,597	74,351,051	40.52	72,124,359	97.0%	1,933,318	74,057,677	99.6%
2015	2017	1,846,202,626	74,365,626	41.22	72,150,315	97.0%	2,026,185	74,176,500	99.7%
<u>City Consolidation District (CCD) Fire Tax</u>									
2019	2021	\$ 658,265,040	\$ 3,936,609	6.41 / 2.94	\$ 1,920,890	48.8%	N/A	<u>In Collection</u>	
2018 ¹	2020	655,390,642	4,820,301	7.71 / 4.72	4,620,986	95.9%	\$ 40,778	\$ 4,661,764	96.7%
2017	2019	624,670,258	4,263,493	7.38	4,107,037	96.3%	79,632	4,186,669	98.2%
2016	2018	612,002,783	4,331,453	8.22	4,199,779	97.0%	92,333	4,292,112	99.1%
2015	2017	616,752,925	4,099,359	7.84	3,985,619	97.2%	91,271	4,076,890	99.5%
<u>Town Consolidation District (TCD) Volunteer Fire Relief Tax</u>									
2019	2021	\$ 1,388,242,796	\$ 444,169	0.32	\$ 232,047	52.2%	N/A	<u>In Collection</u>	
2018 ¹	2020	1,367,497,952	494,157	0.36	485,813	98.3%	\$ 1,311	\$ 487,124	98.6%
2017	2019	1,278,893,497	568,360	0.45	557,686	98.1%	6,653	564,339	99.3%
2016	2018	1,248,372,814	166,439	0.15	164,702	99.0%	1,420	166,122	99.8%
2015	2017	1,229,449,701	515,270	0.47	508,407	98.7%	6,202	514,609	99.9%

¹ Revaluation.

² As of August 31, 2020

Sources: City of Norwich Tax Office

COVID-19 Outbreak – Municipal Tax Relief Programs

On April 1, 2020, in response to the COVID-19 emergency, Governor Ned Lamont issued Executive Order No. 7S (“Order 7S”), as amended by Executive Order No. 7W on April 9, 2020 (“Order 7W”), which creates two short-term tax relief programs and requires all towns, cities, and boroughs as well as their water pollution control authorities to adopt either or both of them by a vote of the legislative body. One program defers tax payments by three months for taxpayers based on a showing of need, while the other reduces the interest chargeable for all taxpayers in the municipality for three months. Additionally, the programs also apply to benefit assessments, including C-Pace assessments, under Section 16a-40g of the Connecticut General Statutes.

All municipalities were directed to notify the Secretary of the Office of Policy and Management (“OPM”) no later than April 25, 2020 which program or programs it intended to elect. At a City Council meeting held on April 20, 2020 the City Council elected to participate in the Low Interest Rate Program only. The “Low Interest Rate Program” lowers the interest rate to 3% per annum (0.25% monthly) on any unescrowed taxes on real estate, motor vehicles, and personal property as well as unescrowed municipal utility charges that are due between April 1, 2020 and July 1, 2020 and are not paid on time and also those which were already delinquent before April 1, 2020. After the three-month period which begins on the original due date, the regular rate of interest is restored on all remaining balances. Financial institutions and mortgage servicers that hold tax payments in escrow, including property tax payments, are required to continue to remit those taxes to the City according to the regular timetable, so long as the borrower remains current on its mortgage or is in a mortgage forbearance or deferment program.

Election by the City of the Low Interest Rate Program has resulted in a slight decrease in property tax collections for the property taxes due in July 2020 (1.7% decrease in the July and August collection rate compared to prior year). However, the City does not expect such negative cash flow to have a material adverse effect on the City for Fiscal Year 2021.

Property Tax Receivable

<i>Fiscal Year Ending 6/30</i>	<i>Total Uncollected</i>	<i>Uncollected for Current Year of Levy</i>
2020	\$4,283,000	\$2,381,000
2019	3,521,000	2,274,000
2018	4,168,000	2,350,000
2017	3,526,000	2,256,000
2016	4,008,000	2,394,000
2015	4,178,000	2,715,000
2014	3,612,000	2,260,000
2013	4,225,000	2,257,000

¹ Subject to audit.
 Source: Tax Collector’s Report, City’s Annual Audited Financial Statements, 2014-2019. 2020 from Finance Department

(The remainder of this page left blank intentionally)

Ten Largest Taxpayers

Name	Nature of Business	Taxable Valuation	Percent of Net Taxable Grand List ¹
Computer Science Corporation.....	Computer Products & Services	\$ 49,385,040	2.42%
NorwichTown Commons.....	Shopping Center	19,075,900	0.93%
Bob's Discount Furniture.....	Distribution Warehouse	16,701,210	0.82%
Domino Solar Ltd.....	Solar Powerplant	12,803,720	0.63%
Norwich Realty Associates LP.....	Real Estate	11,394,340	0.56%
Plaza Enterprises.....	Shopping Center	11,026,420	0.54%
Mashantucket Pequot Tribe.....	Real Estate	10,258,160	0.50%
Elk Thamesview LLC.....	Apartment Complex	9,547,500	0.47%
Algonquin Gas Transmissions LLC....	Natural Gas Pipeline	9,500,370	0.47%
Wal-Mart Stores, Inc.....	Department Store	9,446,510	0.46%
Total.....		\$ 159,139,170	7.80%

¹Based on the October 1, 2019 Net Taxable Grand List of \$2,040,335,817.

Source: City of Norwich Assessor's Office

(The remainder of this page left blank intentionally)

V. Debt Summary
Principal Amount of Bonded Indebtedness ¹
As of October 28, 2020
(Pro-Forma)

Date	Purpose	Rate %	Amount of Original Issue	Outstanding	Fiscal Year of Final Maturity
<u>Long-Term GO Debt (as of June 30, 2020)</u>					
12/30/08	QZAB - Schools.....	0.00	\$ 2,940,000	\$ 245,000	2020
02/15/12	Refunding Bonds.....	2.00	2,725,000	485,000	2022
03/03/15	General Purpose, Series A.....	3.00 - 4.00	5,600,000	3,950,000	2034
03/03/15	Taxable Bonds, Series B.....	2.00 - 3.00	1,140,000	565,000	2025
03/01/16	General Purpose, Series A.....	2.00 - 3.00	6,300,000	4,840,000	2035
03/01/16	Taxable Bonds, Series B.....	2.00 - 3.00	2,500,000	1,500,000	2025
10/12/16	Refunding Bonds, Series C.....	1.75 - 4.00	2,925,000	2,925,000	2024
03/10/17	General Purpose, Series A.....	3.00 - 4.00	7,275,000	6,600,000	2037
03/10/17	Taxable Bonds, Series B.....	1.00 - 3.90	1,000,000	850,000	2037
12/06/18	General Purpose.....	3.00 - 5.00	7,425,000	7,425,000	2039
12/06/18	Urban Renewal.....	3.00 - 5.00	545,000	545,000	2039
12/05/19	General Purpose.....	2.00 - 5.00	3,430,000	3,430,000	2040
12/05/19	Urban Renewal.....	2.00 - 5.00	145,000	145,000	2040
	Sub-Total.....		\$ 40,375,000	\$ 33,505,000	
<u>This Issue</u>					
10/28/20	General Purpose Refunding Bonds.....	0.39 - 2.17	\$ 15,920,000	\$ 15,920,000	2034
10/28/20	General Purpose.....	2.00 - 3.00	740,000	740,000	2041
10/28/20	Urban Renewal.....	2.00 - 3.00	465,000	465,000	2041
	Sub-Total.....		17,125,000	17,125,000	
	Total G.O. Bonds.....		\$ 57,500,000	\$ 50,630,000	
<u>Sewer - Revenue Secured Only (as of June 30, 2020)</u>					
06/30/02	CWF 349-C.....	2.00	881,000	78,197	2021
07/01/13	CWF 495-C (Digester).....	2.00	5,747,554	3,685,056	2032
12/31/13	CWF 625-D (Treatment Plant Design).....	2.00	1,864,518	1,151,142	2032
05/30/15	CWF 625-D-1 (Treatment Plant Design).....	2.00	2,510,422	1,735,899	2031
	Sub-Total.....		\$ 11,003,494	\$ 6,650,294	
<u>Water - Revenue Secured Only (as of June 30, 2020)</u>					
12/31/02	CWF 9714-C.....	2.77	\$ 1,899,000	\$ 179,345	2021
06/30/09	Clean Water Act 200801-C - Water.....	2.27	450,000	200,625	2029
12/31/10	DWSRF 2010-8005.....	2.06	144,728	68,746	2030
12/31/10	DWSRF 2010-8006.....	2.06	326,250	163,124	2030
04/30/14	Deep River Reservoir Pump / Drive DWSRF 2011-7005.....	2.00	160,284	106,857	2032
04/30/14	Deep River Reservoir Transmission Line / DWSRF 2011-7006.....	2.00	147,989	97,289	2032
06/30/15	DWSRF 2014-7027 Replacement of Stony Brook Contact Clarifier, Mohegan Park Tank, and North and South Transmission Mains.....	2.00	505,762	366,677	2034
05/31/16	DWSRF 2014-7036 Deep River Reservoir Pump, Drive, Tank, Transmission Line.....	2.00	4,051,579	3,123,092	2035
10/12/16	DWSRF 2015-7037 Royal Oaks and Plain Hill Water and Gas System.....	2.00	1,528,016	1,209,679	2034
02/28/19	DWSRF 2017-7056 Mohegan Park Tank Const.....	2.00	2,695,094	2,448,044	2034
	Sub-Total.....		\$ 11,908,702	\$ 7,963,478	
	Total Revenue Bonds.....		\$ 22,912,196	\$ 14,613,772	

¹ Excludes outstanding Notes, long-term capital leases, and Refunded Bonds.

**Short-Term Debt
As of October 28, 2020
(Pro-Forma)**

As of October 28, 2020, the City has \$12,552,237 of outstanding short-term debt through the State of Connecticut's Clean Water Fund Program. For more information see "Clean Water Fund Program" herein.

**Annual Bonded Debt Maturity Schedule ¹
As of October 28, 2020
(Pro-Forma)**

Year Ended	Principal	Interest	Total	This Issue - Pro-Forma			Total	Cumulative Principal Retired
				Series A Bonds	Series B Bonds	Total This Issue		
2021	\$ 2,840,000	\$ 1,097,502	\$ 3,937,502	\$ -	\$ 1,395,000	\$ 1,395,000	\$ 4,235,000	8.4%
2022	2,710,000	991,688	3,701,688	65,000	1,350,000	1,415,000	4,125,000	16.5%
2023	2,465,000	903,219	3,368,219	60,000	1,310,000	1,370,000	3,835,000	24.1%
2024	2,460,000	820,843	3,280,843	60,000	1,275,000	1,335,000	3,795,000	31.6%
2025	2,460,000	730,680	3,190,680	60,000	1,220,000	1,280,000	3,740,000	39.0%
2026	2,305,000	642,505	2,947,505	60,000	1,225,000	1,285,000	3,590,000	46.1%
2027	1,980,000	566,693	2,546,693	60,000	1,205,000	1,265,000	3,245,000	52.5%
2028	1,975,000	499,486	2,474,486	60,000	1,180,000	1,240,000	3,215,000	58.8%
2029	1,980,000	433,630	2,413,630	60,000	1,160,000	1,220,000	3,200,000	65.1%
2030	1,975,000	373,285	2,348,285	60,000	1,150,000	1,210,000	3,185,000	71.4%
2031	1,415,000	322,548	1,737,548	60,000	1,130,000	1,190,000	2,605,000	76.6%
2032	1,380,000	277,590	1,657,590	60,000	1,120,000	1,180,000	2,560,000	81.6%
2033	1,380,000	232,113	1,612,113	60,000	605,000	665,000	2,045,000	85.7%
2034	1,380,000	186,615	1,566,615	60,000	595,000	655,000	2,035,000	89.7%
2035	1,380,000	140,335	1,520,335	60,000	-	60,000	1,440,000	92.5%
2036	1,130,000	96,710	1,226,710	60,000	-	60,000	1,190,000	94.9%
2037	880,000	61,853	941,853	60,000	-	60,000	940,000	96.7%
2038	610,000	36,025	646,025	60,000	-	60,000	670,000	98.1%
2039	610,000	15,000	625,000	60,000	-	60,000	670,000	99.4%
2040	190,000	2,375	192,375	60,000	-	60,000	250,000	99.9%
2041	-	-	-	60,000	-	60,000	60,000	100.0%
Total.....	\$ 33,505,000	\$ 8,430,693	\$ 41,935,693	\$ 1,205,000	\$ 15,920,000	\$ 17,125,000	\$ 50,630,000	

¹ Excludes outstanding Notes, long-term capital leases, revenue secured clean water fund debt and Refunded Bonds.

Overlapping/Underlying Debt

As of October 28, 2020, the City does not have any overlapping or underlying debt.

Debt Statement
As of October 28, 2020
(Pro-Forma)

Long-Term G.O. Debt Outstanding: ¹

General Purpose (Includes this issue).....	\$ 24,859,292
Schools (Includes this issue).....	5,376,101
Sewers (Includes this issue).....	2,581,607
Water.....	-
Urban Renewal (Includes this issue).....	2,270,000
Gas (Includes this issue) ²	15,543,000
Total Long-Term Debt	50,630,000
Total Short-Term Debt (State of Connecticut CWF IFOs).....	12,552,237
Total Overall Debt	63,182,237
Less: Self-Supporting Debt.....	(15,543,000)
Total Overall Net Debt	\$ 47,639,237

¹ Excludes capital leases and refunded bonds. Also excludes revenue secured Sewer debt in the amount of \$6,650,294 and Water debt in the amount of \$7,963,478. Outstanding long term bonds are as of June 30, 2020.

² While debt issued for gas line purposes is secured by the general obligation of the City, NPU has agreed to pay the City annually in an amount equal to the debt service.

Current Debt Ratios
As of October 28, 2020
(Pro-Forma)

Population (2018) ¹	39,567
Net Taxable Grand List (10/1/19).....	\$ 2,040,335,817
Estimated Full Value.....	\$ 2,914,765,453
Equalized Grand List (10/1/18) ²	\$ 2,839,954,451
Money Income per Capita (2018) ¹	\$ 29,957

	<u>Total</u> <u>Overall Debt</u>	<u>Total Overall</u> <u>Net Debt</u>
Per Capita.....	\$1,596.84	\$1,204.01
Ratio to Net Taxable Grand List.....	3.10%	2.33%
Ratio to Estimated Full Value.....	2.17%	1.63%
Ratio to Equalized Grand List.....	2.22%	1.68%
Debt per Capita to Money Income per Capita.....	5.33%	4.02%

¹ U.S. Department of Commerce, Bureau of Census, American Community Survey, 2014-2018.

² Office of Policy and Management, State of Connecticut.

Bond Authorization

The City has the power to incur indebtedness by issuing its bonds or notes as authorized by the Connecticut General Statutes subject to statutory debt limitations and the procedural requirements of the City Charter. The issuance of bonds and notes is authorized by the City Council and referenda if the proposed issuance for the project exceeds \$800,000. Revenue secured obligations may be authorized by vote of the City Council.

Maturities

General obligation bonds, with the exception of refunding bonds, are required to be payable in maturities wherein a succeeding maturity may not exceed any prior maturity by more than 50% or aggregate annual principal and interest payments must be substantially equal. Subject to the provisions of Public Act No. 17-147, the term of an issue may not exceed twenty years except in the case of school and sewer bonds, and refunding bonds in some instances, which may mature in up to thirty years.

Temporary Financing

When general obligation bonds have been authorized, bond anticipation notes may be issued maturing no later than two years after the original date of issue (CGS Sec. 7-378). Temporary notes may be renewed up to ten years from their original date of issue as long as all project grant payments are applied toward payment of temporary notes when they become due and payable and the legislative body schedules principal reductions by the end of the third and each subsequent year during which such temporary notes remain outstanding in an amount equal to a minimum of 1/20th (1/30th for certain sewer and school projects) of the estimated net project cost (CGS Sec. 7-378a). The term of the bond issue is reduced by the amount of time temporary financing exceeds two years, or, for sewer and school projects, by the amount of time temporary financing has been outstanding.

Temporary notes must be permanently funded no later than ten years from the initial borrowing date, except for sewer or school notes issued in anticipation of state and/or federal grants. If a written commitment exists, the municipality may renew the sewer or school notes from time to time in terms not to exceed six months until such time that the final grant payments are received (CGS Sec. 7-378b).

Temporary notes may also be issued for up to 15 years for certain capital projects associated with the operation of a waterworks system (CGS Sec. 7-244a) or a sewage system (CGS Sec. 7-264a). In the first year following the completion of the project(s), or in the sixth year following the issuance of such notes (whichever is sooner), and in each year thereafter, the notes must be reduced by at least 1/15 of the total amount of the notes issued by funds derived from certain sources of payment. Temporary notes may be issued in one year maturities for up to 15 years in anticipation of sewer assessments receivable, such notes to be reduced annually by the amount of assessments received during the preceding year (CGS Sec. 7-269a).

Clean Water Fund Program

The City of Norwich is a participant in the State of Connecticut's Clean Water Fund Program (General Statutes Sections 22a-475 et seq., as amended) which provides financial assistance through a combination of grants and loans bearing interest at a rate of 2% per annum. All participating municipalities receive a grant of 20% and a loan of 80% of total eligible costs (with the exception of combined sewer overflow correction projects which are financed with a 50% grant and a 50% loan).

Loans to a participating municipality are made pursuant to a Project Grant and Project Loan Agreement. Each municipality is obligated to repay only that amount which it draws down for the payment of project costs. Municipalities must permanently finance draws under the Interim Funding Obligations (“IFO”) through the issuance of a Project Loan Obligation (“PLO”).

Amortization of each loan is required to begin one year from the earlier of the project completion date specified in the PLO, or the actual project completion date. The final maturity of each loan is twenty years from the scheduled completion date. Principal and interest payments are payable 1) in equal monthly installments commencing one month after the scheduled completion date, or 2) in a single annual installment representing 1/20 of total principal not later than one year from the project completion date specified in the PLO, and thereafter in monthly installments. Borrowers may elect to make level debt service payments or level principal payments. Borrowers may prepay their loans at any time prior to maturity without penalty. Each municipality must deliver to the State an obligation secured by the full faith and credit of the municipality and/or a dedicated source of revenue of such municipality.

As of October 28, 2020, the City currently has the following CWF IFO’s outstanding:

<i>Project</i>	<i>Amount</i>
DWSRF 2019-7069: Occum Tank/Deep River Filtration	\$ 2,620,534
CWF 707-PD: LTCP Completion and Design of Eastside CSO.....	1,655,000
DWSRF 2019-7077: Stony Brook DAF.....	5,610,883
DWSRF 2019-7081: Sprague Emergency Interconnect and Stony Brook Transmission Main Rehab.....	2,665,819
Total.....	\$ 12,552,237

Limitation of Indebtedness

Municipalities shall not incur indebtedness through the issuance of bonds which will cause aggregate indebtedness by class to exceed the following:

- General Purposes: 2.25 times annual receipts from taxation
- School Purposes: 4.50 times annual receipts from taxation
- Sewer Purposes: 3.75 times annual receipts from taxation
- Urban Renewal Purposes: 3.25 times annual receipts from taxation
- Unfunded Past Pension Purposes: 3.00 times annual receipts from taxation

In no case however, shall total indebtedness exceed seven times the annual receipts from taxation. Annual receipts from taxation (the "base,") are defined as total tax collections (including interest and penalties) and state payments for revenue loss under the Connecticut General Statutes Sections 12-129d and 7-528.

The statutes also provide for exclusion from the debt limit calculation debt issued in anticipation of taxes; for the supply of water, gas, electricity; for the construction of subways for cables, wires and pipes; for the construction of underground conduits for cables, wires and pipes; and for two or more of such purposes. There are additional exclusions for indebtedness issued in anticipation of the receipt of proceeds from assessments levied upon property benefited by any public improvement and for indebtedness issued in anticipation of the receipt of proceeds from State or Federal grants evidenced by a written commitment or contract but only to the extent such indebtedness can be paid from such proceeds. The statutes also provide for exclusion from the debt limitation any debt to be paid from a funded sinking fund.

**Statement of Statutory Debt Limitation
As of October 28, 2020
(Pro Forma)**

Total Tax Collections (including interest and lien fees for General Fund and Fire Districts)

Received by the Treasurer for the year ended June 30, 2020 ¹	\$ 87,018,216
Base for Debt Limitation Computation	\$ 87,018,216

	General Purpose	Schools	Sewers	Urban Renewal	Unfunded Pension
Debt Limitation:					
2 1/4 times base.....	\$ 195,790,985	-	-	-	-
4 1/2 times base.....	-	\$ 391,581,971	-	-	-
3 3/4 times base.....	-	-	\$ 326,318,309	-	-
3 1/4 times base.....	-	-	-	\$ 282,809,201	-
3 times base.....	-	-	-	-	\$ 261,054,647
Total Debt Limitation	\$ 195,790,985	\$ 391,581,971	\$ 326,318,309	\$ 282,809,201	\$ 261,054,647

Indebtedness: ^{1, 2}

Bonds Outstanding.....	\$ 20,267,292	\$ 1,896,101	\$ 566,607	\$ 1,805,000	\$ -
Bonds – This Issue.....	4,592,000	3,480,000	2,015,000	465,000	-
Capital Leases.....	184,746	-	-	-	-
Debt Authorized But Unissued.....	8,775,000	-	-	117,325	-
Total Indebtedness	33,819,038	5,376,101	2,581,607	2,387,325	-
Less:					
State School Grants Receivable.....	-	-	-	-	-
Total Net Indebtedness	33,819,038	5,376,101	2,581,607	2,387,325	-

DEBT LIMITATION IN EXCESS

OF OUTSTANDING INDEBTEDNESS....	\$ 161,971,948	\$ 386,205,870	\$ 323,736,702	\$ 280,421,876	\$ 261,054,647
--	-----------------------	-----------------------	-----------------------	-----------------------	-----------------------

¹ Gas Line extension bonds outstanding in the amount of \$8,970,000, \$6,573,000 of this issue and related \$2,390 authorized but unissued debt are excluded from the analysis above as they are self-supporting debt.

² Excludes \$7,963,478 of self-supporting water debt and \$12,552,237 of outstanding CWF IFO's for Water projects.

Note: In no case shall total indebtedness exceed seven times annual receipts from taxation or \$609,127,510.

**THE CITY OF NORWICH HAS NEVER DEFAULTED IN THE PAYMENT OF PRINCIPAL
OR INTEREST ON ITS BONDS.**

**Authorized but Unissued Debt
As of October 28, 2020
(Pro Forma)**

Project	Total Amount of Authorization	Bonds Issued	Est. Grants/ Other Sources	This Issue: Series A Bonds	Authorized but Unissued
Infrastructure Improvement Program (2019).....	\$ 5,000,000	\$ -	\$ -	\$ 615,000	\$ 4,385,000
Code Correction Assistance.....	1,840,000	1,257,675	-	465,000	117,325
Public Safety Equipment (2017).....	3,200,000	3,120,000	-	80,000	-
Public Safety Radio System (2018).....	2,700,000	2,655,000	-	45,000	-
Renovation & Expansion of Kelly Middle School	41,250,000	10,750,000	30,500,000	-	-
Dodd Stadium Capital Improvements (2018).....	800,000	450,000	-	-	350,000
Golf Course Improvements.....	800,000	-	-	-	800,000
Infrastructure Improvement Program (2017).....	5,000,000	2,870,000	-	-	2,130,000
Reid & Hughes Demolition.....	800,000	-	-	-	800,000
SCBA Equipment.....	800,000	790,000	-	-	10,000
Wawecus Street Bridge.....	800,000	500,000	-	-	300,000
Totals.....	\$ 62,990,000	\$ 22,392,675	\$ 30,500,000	\$ 1,205,000	\$ 8,892,325

**Principal Amount of Outstanding Debt
Last Five Fiscal Years Ending June 30**

Long-Term Debt	2020¹	2019	2018	2017	2016
Government-Type Bonds.....	\$ 48,145,000	\$ 48,664,000	\$ 45,060,000	\$ 49,430,000	\$ 48,410,000
Business-Type Bonds.....	14,613,772	17,383,000	16,278,000	15,498,000	15,238,000
Sub-Total.....	62,758,772	66,047,000	61,338,000	64,928,000	63,648,000
Short-Term Debt					
Bond Anticipation Notes.....	-	-	-	-	-
Grand Total.....	\$ 62,758,772	\$ 66,047,000	\$ 61,338,000	\$ 64,928,000	\$ 63,648,000

¹ Subject to audit.

Ratios of Net Long-Term Debt to Valuation, Population, and Income

Fiscal Year Ended 6/30	Net Assessed Value (000s)	Estimated Full Value¹ (000s)	Net Long-Term Debt² (000s)	Ratio of Net Long-Term Debt to Assessed Value (%)	Ratio of Net Long-Term Debt to Estimated Full Value (%)	Population³	Net Long-Term Debt per Capita	Ratio of Net Long-Term Debt per Capita to Per Capita Income⁴ (%)
2020 ⁵	\$ 2,022,889	\$ 2,889,841	\$ 48,145	2.38%	1.67%	39,567	\$1,216.80	4.06%
2019	1,903,564	2,719,377	48,664	2.56%	1.79%	39,567	1,229.91	4.11%
2018	1,860,376	2,657,679	45,060	2.42%	1.70%	39,567	1,138.83	3.80%
2017	1,846,203	2,637,432	49,430	2.68%	1.87%	39,567	1,249.27	4.17%
2016	1,826,051	2,608,644	48,410	2.65%	1.86%	39,567	1,223.49	4.08%

¹ Assessment Ratio, 70%.

² Reflects deductions for contractual state school building construction grants receivable over the life of the respective issues. Includes long-term notes payable; does not include outstanding BANs, or authorized but unissued debt.

³ U.S. Department of Commerce, Bureau of Census, ACS 2014-2018 Estimates.

⁴ Money Income per Capita: ACS 2014-2018 Estimates: \$28,429 used for all calculations.

⁵ Subject to audit.

Note: Excludes capital leases.

**Ratios of Annual Long-Term General Fund Debt Service Expenditures
To Total General Fund Expenditures**
(in thousands)

Fiscal Year Ended 6/30	General Fund Debt Service	General Fund Expenditures	Ratio of General Fund Debt Service To Total General Fund Expenditures (%)
2020 ²	\$ 4,384	\$ 129,929	3.37%
2019	4,263	136,143	3.13%
2018	4,469	135,485	3.30%
2017	4,373	131,915	3.32%
2016	4,542	126,857	3.58%
2015	5,436	123,254	4.41%
2014	5,340	123,576	4.32%
2013	5,164	119,280	4.33%
2012	4,908	113,010	4.34%

¹ GAAP basis of accounting. Includes Transfers out.

² Budgetary basis of accounting using budgeted expenditures and using estimated On Behalf Payments from the State of Connecticut. Subject to Audit.

Source: Annual Audited Financial Statements: 2012-2019

City of Norwich Finance Department: 2020

(The remainder of this page left blank intentionally)

VI. Financial Administration

Fiscal Year

The City's fiscal year begins July 1 and ends June 30.

Basis of Accounting and Accounting Policies

The financial statements of the City have been prepared in conformity with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board (GASB). Please refer to APPENDIX A - FINANCIAL STATEMENTS herein for compliance and implementation details.

Budget Procedure

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.

Connecticut General Statutes Section 4-661, as amended ("Section 4-661"), creates certain disincentives on increasing adopted budget expenditures for municipalities in Connecticut. Beginning in Fiscal Year 2018, the Office of Policy and Management ("OPM") must reduce the municipal revenue sharing grant amount for those municipalities whose increase in its adopted budget expenditures, with certain exceptions, exceeds the previous fiscal year by 2.5% or more of the rate of inflation, whichever is greater (the "expenditure cap"). The reduction to the municipal revenue sharing grant will generally equal 50 cents for every dollar by which the municipality's adopted budget exceeds the expenditure cap. A municipality whose population increased from the previous fiscal year, as determined by OPM, may increase its adopted budget expenditures over the expenditure cap by an amount proportionate to its population growth. Section 4-661 requires each municipality to annually certify to the Secretary of OPM whether the municipality has exceeded the expenditure cap, and if so, the amount by which the expenditure cap was exceeded.

Under Section 4-661, municipal spending does not include expenditures: (i) for debt service, special education, or costs to implement court orders or arbitration awards; (ii) associated with a major disaster or emergency declaration by the President or disaster emergency declaration issued by the Governor under the civil preparedness law; (iii) for any municipal revenue sharing grant the municipality disburses to a district; or (iv) budgeting for an audited deficit, nonrecurring grants, capital expenditures or payments on unfunded pension liabilities.

Annual Audit

Pursuant to the Municipal Auditing Act (Chapter 111 of the Connecticut General Statutes), the City is obligated to undergo an annual examination by an independent certified public accountant. The audit must be conducted under the guidelines issued by the State of Connecticut Office of Policy and Management ("OPM"), and a copy of said audit report must be filed with OPM. The City is in compliance with said provisions.

For the fiscal year ended June 30, 2019, the financial statements of the various funds of the City were audited by Blum, Shapiro & Company, PC, Certified Public Accountants, West Hartford, Connecticut ("Blum Shapiro").

Risk Management

The City is exposed to various risks of loss related to public official liability, police professional liability, theft or impairment of assets, errors and omissions, injury to employees, natural disasters and owners and contractors protective liability.

It is the policy of the City to self-insure for employee health insurance programs. To this end, the City created an internal service fund to which the various City funds "pay premiums" and from which employee medical claims are paid. Claims are accrued as incurred. The City also purchased "stop loss" insurance to limit its losses to \$175 per person in 2019 for hospitalization with a maximum aggregate for all claims of approximately \$24,877.

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 \$600 and a \$10,000 aggregate maximum per year.

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

The City experienced several cybersecurity attacks during 2016 and 2017, but any damage caused by such attacks have been rectified. As a result of the attacks, the City installed Webroot AV, instituted GEO blocking on its firewall and expanded its employees' education. The City maintains cybersecurity insurance coverage thru XL Insurance Company, with \$1,000,000 limits of coverage for first party expense and third-party liability claims. The City is currently in the process of implementing cybersecurity risk management policies and procedures.

For more information, see "Risk Management" in Appendix A herein.

Pension Programs

City Retirement System

The City 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'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 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 and Police employees are required to contribute 8.5%. Firefighter participants are required to contribute 8.0%. The City's funding policy provides for periodic employer contributions at actuarially determined rates. In response to and in compliance with GASB 67/68 and in consultation with the City's investment advisors and actuary, the City reduced the assumed rate of return from 8.25% to 7.75% and changed the amortization from 30 years open to a maximum closed 25-year period for unfunded liabilities that existed on July 1, 2013 and a maximum 20-year period for any unfunded liabilities thereafter. In order to mitigate the impact on the operating budget, the City has increased its contribution by 15% each year starting in fiscal year 2014-15 to build up to the full actuarially determined contribution (ADC) over four to five years. The requirement to fund unfunded liabilities within the foregoing maximum 25 and 20 year periods are mandated by ordinance adopted by the City Council in December 2014, but is subject to repeal or override, including by the annual budget appropriating ordinance.

The City completed the July 1, 2019 actuarial valuation report in February 2020. This valuation included changes to assumptions for recent bargaining unit negotiations, a decrease in the assumed rate of return from 7.5% to 7.25%, and changes in the mortality tables. The table below compares the funding status as of this most recent valuation to the previous valuations.

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Funded (Unfunded) AAL (UAAL) (a-b)	Percentage Funded (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll ((a-b)/c)
7/1/2019	\$ 184,096	\$ 306,142	\$ (122,046)	60.1%	\$ 43,693	(279.3%)
7/1/2017	170,120	273,378	(103,258)	62.2%	40,063	(257.7%)
7/1/2015	161,711	254,730	(93,019)	63.5%	39,400	(236.1%)
7/1/2013	144,789	227,932	(83,143)	63.5%	37,572	(221.3%)
7/1/2011	148,332	195,652	(47,320)	75.8%	33,523	(141.2%)
1/1/2010	149,304	184,161	(34,857)	81.1%	32,509	(107.2%)

Fiscal Year Ended	Actuarially Determined Contribution	Actual Contribution	% of ADC Contributed
6/30/2021 ^{1,2}	\$ 12,759	\$ 12,759	100.0%
6/30/2020 ¹	12,073	12,073	100.0%
6/30/2019	12,010	11,432	95.2%
6/30/2018	10,820	10,103	93.4%
6/30/2017	10,732	8,711	81.2%
6/30/2016	9,740	7,581	77.8%
6/30/2015	9,651	6,718	69.6%
6/30/2014	5,790	5,849	101.0%
6/30/2013	5,728	5,730	100.0%
6/30/2012	4,713	4,407	93.5%

¹ Budgeted amounts.

² Subject to audit.

Volunteer Firefighters' Relief Fund

The City is also the administrator of a Volunteer Firefighters' Relief Plan which was established to provide pension benefits to volunteers. The Plan is considered to be part of the City'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 is committed to funding 100% of the ADC for the Volunteer Firefighters' Relief Plan.

Actuarial Valuation Date	Value of Assets	Actuarially Accrued Liability	Unfunded Accrued Liability	Percent Funded
1/1/2020	\$ 3,199	\$ 6,803	\$ 3,604	47.0%
1/1/2018	2,771	6,210	3,439	44.6%
1/1/2016	2,308	5,877	3,569	39.3%
1/1/2014	2,139	5,041	2,902	42.4%
1/1/2012	1,639	4,804	3,165	34.1%

Fiscal Year Ended	Actuarially		% of ADC Contributed
	Determined Contribution	Actual Contribution	
6/30/2021 ^{1,2}	\$ 335	\$ 335	100.0%
6/30/2020 ¹	365	365	100.0%
6/30/2019	365	365	100.0%
6/30/2018	373	373	100.0%
6/30/2017	373	373	100.0%
6/30/2016	374	351	93.9%
6/30/2015	304	333	109.5%
6/30/2014	309	309	100.0%
6/30/2013	309	310	100.3%
6/30/2012	255	281	110.2%

¹ Budgeted amounts.

² Subject to audit.

Teachers within the City's school system participate in a retirement plan administered by the Connecticut State Teachers' Retirement Board. The Board of Education withholds 7.25% of all teachers' annual salaries and transmits the funds to the State Teachers' Retirement Board. The State of Connecticut makes the employer contribution into the plan. The City does not contribute to the plan.

Total Net Pension Liability

	City	Volunteer Firefighters'
Total Pension Liability	\$ 315,758,880	\$ 6,871,905
Plan Fiduciary Net Position	187,440,424	3,109,212
Total Net Pension Liability	<u>\$ 128,318,456</u>	<u>\$ 3,762,693</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	59.36%	45.25%

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the City, calculated using the current discount rate, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	1% Decrease	Current	1% Increase
	(6.50%)	Discount Rate (7.50%)	(8.50%)
City Net Pension Liability	\$ 165,723,556	\$ 128,318,456	\$ 97,043,793

	1% Decrease	Current	1% Increase
	(6.00%)	Discount Rate (7.00%)	(8.00%)
Volunteer Firefighters' Net Pension Liability	\$ 4,610,165	\$ 3,762,693	\$ 3,062,525

For further details on the plans, please refer to APPENDIX A - FINANCIAL STATEMENTS herein. Other Post-Employment Benefits.

Other Post Employment Benefits (OPEB)

The City and the Board of Education provide post-employment benefits for retirees who meet certain requirements regarding age and years of service. This benefit is provided based on union agreements and is fully funded by the City. The City is required to provide health, medical and life insurance to 387 retired City and Board of Education employees. An OPEB Trust account was established by the City in 2008.

With the July 1, 2013 valuation, the City reduced the assumed rate of return from 8% to 7.75% and changed the amortization from 30 years open to a maximum closed 25-year period for unfunded liabilities that existed July 1, 2013 and maximum 20-years for any unfunded liabilities thereafter. The requirement to fund unfunded liabilities within the foregoing maximum 25 and 20 year periods are mandated by ordinance adopted by the City Council in December 2014.

In June 2018, the Norwich City Council temporarily suspended the funding requirement described above for the OPEB fund until 2022. The 2019-20 fiscal year budget includes funding of \$5.3 million of the \$5.5 million actuarially determined employer contribution (ADEC) for the OPEB plan – which is approximately 96.7% of the ADEC.

The City completed the July 1, 2019 actuarial valuation report March 2020. This valuation included changes to assumptions for recent bargaining unit negotiations, a decrease in the assumed rate of return from 7.5% to 7.25%, and changes in the mortality tables. The table below compares the funding status as of this most recent valuation to the previous valuations.

Total Net OPEB Liability

Total OPEB Liability	\$	62,455,534
Plan Fiduciary Net Position		<u>25,681,313</u>
Total Net OPEB Liability	\$	<u><u>36,774,221</u></u>
Plan Fiduciary Net Position as a		
Percentage of the Total OPEB Liability		41.12%

Schedule of Contributions

Fiscal Year Ended	Actuarially		% of ARC Contributed
	Determined Contribution	Actual Contribution	
6/30/2021 ^{1,2}	\$ 4,367	\$ 4,367	100.0%
6/30/2020 ¹	5,522	5,339	96.7%
6/30/2019	5,485	5,240	95.5%
6/30/2018	5,542	5,548	100.1%
6/30/2017	5,492	5,492	100.0%
6/30/2016	5,565	5,565	100.0%
6/30/2015	5,446	5,446	100.0%
6/30/2014	6,040	6,040	100.0%
6/30/2013	5,917	5,592	94.5%
6/30/2012	6,184	6,114	98.9%

¹ Subject to Audit.
² Budgeted amounts.

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

The following presents the net OPEB liability of the City at the current discount rate, as well as what the City’s net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
	(6.50%)	(7.50%)	(8.50%)
Net OPEB Liability.....	\$ 42,487,742	\$ 36,774,221	\$ 31,855,676

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rate

The following presents the net OPEB liability of the City at the current healthcare trend rate, as well as what the City’s net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower or 1 percentage point higher than the current healthcare cost trend rates:

	1% Decrease	Healthcare Cost Trend Rates ¹	1% Increase
Net OPEB Liability.....	\$ 31,083,547	\$ 36,774,221	\$ 43,493,081

¹ 6.20% - 4.10% over 54 years; Post-Medicare: 4.20% - 4.10% over 54 years

General Fund Unrestricted Fund Balance Policy

The City Council adopted by ordinance a formal General Fund Unrestricted Fund Balance (“UFB”) policy in December 2014. This policy identifies a target fund balance range of 12% to 17% of annual General Fund expenditures and operating transfers. As of June 30, 2019, UFB was 11.2% on a budgetary basis.

The UFB may be used for absorbing operating deficits at any time. If UFB goes over 17%, the Council may appropriate the excess to:

- fund capital improvements beyond the level required by the Charter
- transfer funds to the bonded projects fund to finance authorized, but unissued projects
- retire existing debt early
- make extra contributions into the Pension or OPEB funds

In May 2018, the City Council voted to temporarily suspend portions of the UFB policy and lower the targeted floor of UFB from 12% to 10% until 2022, which enables the City to appropriate some UFB to balance budgets during that time period. The City used \$200,000 of UFB to balance the 2018-19 General Fund budget. The City did not use any UFB to balance the 2019-20 General Fund budget.

Investment Practices

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 do 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.

(The remainder of this page left blank intentionally)

General Fund Balance Sheet
Five Year Summary of Assets, Liabilities, and General Fund Equity
(in thousands)

	<i>Estimated</i>				
	<i>Actual</i> ¹	<i>Actual</i>	<i>Actual</i>	<i>Actual</i>	<i>Actual</i>
	6/30/2020	6/30/2019	6/30/2018	6/30/2017	6/30/2016
Assets:					
Cash and Cash Equivalents	\$ 1,201	\$ 7,589	\$ 5,404	\$ 16,510	\$ 28,199
Investments	40,952	30,735	32,119	23,489	7,037
Receivables, net.....	5,673	5,976	6,492	6,297	7,046
Due from Other Funds	-	2,646	2,275	1,317	1,990
Other	-	-	-	-	-
Total Assets	47,826	46,946	46,290	47,613	44,272
Liabilities, Equity, & Other Credits:					
<u>Current Liabilities</u>					
Accounts and Other Payables.....	7,924	6,768	7,143	5,628	4,658
Deferred Revenues	-	-	-	-	-
Due to Other Funds	20,531	21,201	17,803	18,791	18,328
Unearned Revenues	2	77	44	30	81
Total Liabilities	28,457	28,046	24,990	24,449	23,067
<u>Deferred Inflow of Resources</u>					
Unavailable Revenue - Property Taxes	3,453	3,453	3,794	3,312	3,746
Unavailable Revenue - Special Assessments	1,523	1,725	1,942	2,171	2,580
Total Deferred Inflow of Resources	4,976	5,178	5,736	5,483	6,326
<u>Equity & Other Credits</u>					
Nonspendable	-	-	-	-	-
Committed	-	-	-	-	-
Assigned	1	69	261	664	227
Unassigned.....	14,392	13,653	15,303	17,017	14,652
Total Equity & Other Credits	14,393	13,722	15,564	17,681	14,879
Total Liabilities, Equity & Other Credits ...	\$ 47,826	\$ 46,946	\$ 46,290	\$ 47,613	\$ 44,272

¹ Subject to audit .

(The remainder of this page left blank intentionally)

General Fund Revenues and Expenditures
Four Year Summary of Audited Revenues and Expenditures (GAAP Basis) and
Unaudited Actuals and Current Year Budget (Budgetary Basis)
(in thousands)

	Adopted Budget ¹ 6/30/2021	Estimated Actual ¹ 6/30/2020	Actual 6/30/2019	Actual 6/30/2018	Actual 6/30/2017	Actual 6/30/2016
Revenues:						
Property Taxes	\$ 86,419	\$ 82,601	\$ 77,469	\$ 74,954	\$ 75,168	\$ 76,946
Intergovernmental Revenue	37,356	37,377	42,251	48,284	48,916	45,537
Charges for services	1,140	1,117	2,356	1,811	2,174	1,977
Licenses, permits and fees	369	606	485	409	539	661
Investment income	450	786	835	458	222	75
Other	983	1,030	68	1,101	1,192	994
Total.....	\$ 126,717	\$ 123,517	\$ 123,464	\$ 127,017	\$ 128,211	\$ 126,190
Expenditures:						
General Government	\$ 6,007	\$ 5,853	\$ 5,898	\$ 5,685	\$ 5,376	\$ 5,739
Public Safety	20,204	19,815	19,470	18,987	18,371	17,737
Social Services	2,044	2,139	2,027	1,965	1,839	2,046
Public Works	10,857	10,574	10,698	10,618	10,618	10,396
Education	84,240	81,789	84,605	88,133	85,627	80,621
Other	2,766	2,672	2,303	3,135	3,276	4,036
Capital Outlay	-	-	-	-	-	-
Debt Service.....	-	-	-	-	-	-
Total.....	\$ 126,118	\$ 122,842	\$ 125,001	\$ 128,523	\$ 125,107	\$ 120,575
Excess (Deficiency) of Revenues Over Expenditures.....	\$ 599	\$ 675	\$ (1,537)	\$ (1,506)	\$ 3,104	\$ 5,615
Other Financing Sources (Uses):						
Operating transfers in.....	6,141	6,902	6,455	6,351	6,506	5,147
Operating transfers out.....	(6,740)	(6,906)	(6,760)	(6,962)	(6,808)	(6,282)
Other	-	-	-	-	-	-
Net Other Financing Sources (Uses).....	\$ (599)	\$ (4)	\$ (305)	\$ (611)	\$ (302)	\$ (1,135)
Excess (Deficiency) Of Revenues And Other Financing Sources Over Expenditures and Other Financing Uses.....	-	671	(1,842)	(2,117)	2,802	4,480
Fund Equity, Beginning of Year.....	14,393	13,722	15,564	17,681	14,879	10,399
Residual Equity Transfer.....	-	-	-	-	-	-
Fund Equity, End of Year.....	\$ 14,393	\$ 14,393	\$ 13,722	\$ 15,564	\$ 17,681	\$ 14,879

¹ Budgetary basis of accounting; subject to audit

Analysis of General Fund Equity

	Adopted Budget ¹ 6/30/2021	Estimated Actual ¹ 6/30/2020	Actual 6/30/2019	Actual 6/30/2018	Actual 6/30/2017	Actual 6/30/2016
Nonspendable.....	N/A	\$ -	\$ -	\$ -	\$ -	\$ -
Committed.....	N/A	-	-	-	-	-
Assigned.....	N/A	1	69	261	664	-
Unassigned.....	N/A	14,392	13,653	15,303	17,017	14,879
Total Fund Equity.....	N/A	\$ 14,393	\$ 13,722	\$ 15,564	\$ 17,681	\$ 14,879

¹ Budgetary Basis of accounting. Subject to audit. No assurances can be given that subsequent projections & the final result of operations will not change. Audited financials for the fiscal year ended June 30, 2019 are expected to be completed by December 31, 2019 and will be posted at www.emma.msrb.org as soon as they become available.

VII. Legal and Other Information

Legal Matters

Pullman & Comley, LLC is serving as Bond Counsel with respect to the authorization and issuance of the Bonds and will render its opinions in substantially the forms attached hereto as Appendix B-1 and B-2.

Litigation

The City, its officers, employees, boards and commissions are named defendants in a number of lawsuits, tax appeals, administrative proceedings and other miscellaneous claims. It is the Corporation Counsel's opinion that such pending litigation will not be finally determined, individually or in the aggregate, so as to result in final judgments against the City which would have a material adverse effect on the City's financial position.

Transcript and Closing Documents

Upon delivery of the Bonds, the Underwriter will be furnished with the following documents:

1. Signature and No Litigation Certificates stating that at the time of delivery, no litigation is pending or threatened affecting the validity of the Bonds or the levy or collection of taxes to pay them.
2. Receipts for the purchase price of the Bonds.
3. The approving opinions of Pullman & Comley, LLC, Bond Counsel, of Bridgeport and Hartford, Connecticut, in substantially the forms attached hereto as Appendices B-1 and B-2.
4. Executed Continuing Disclosure Agreements for the Bonds in substantially the forms attached hereto as Appendices C-1 and C-2 to this Official Statement.
5. Certificates on behalf of the City, signed by the City Manager and Comptroller, which will be dated the date of delivery, and which will certify, to the best of said officials' knowledge and belief, that as of the date of the execution of the Bond Purchase Agreement and as of the closing date, the descriptions and statements in the Official Statement relating to the City and its finances were true and correct in all material respects and did not contain any untrue statement of a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, and that there has been no material adverse change in the financial condition of the City from that set forth in or contemplated by the Official Statement.
6. Such other documents as required by the Bond Purchase Agreement.

A transcript of the proceedings taken by the City in authorizing the Bonds will be kept on file at the offices of U.S. Bank, National Association, 225 Asylum Street, Hartford, Connecticut 06103 and may be examined upon reasonable request.

Concluding Statement

To the extent that any statements made in this Official Statement involve matters of opinion or estimates such statements are made as such and not as representations of fact or certainty, and no representation is made that any of such statements will be realized. Information herein has been derived by the City from official and other sources and is believed by the City to be reliable, but such information other than that obtained from official records of the City has not been independently confirmed or verified by the City and its accuracy is not guaranteed.

Any questions concerning this Official Statement should be directed to Mr. Joshua A. Pothier, Comptroller, City of Norwich, 100 Broadway, Norwich, Connecticut 06360, telephone number (860) 823-3720. This Official Statement has been duly prepared and delivered by the City, and executed for and on behalf of the City by the following officials:

CITY OF NORWICH, CONNECTICUT

By: /s/ John L. Salomone

John L. Salomone, *City Manager*

By: /s/ Joshua A. Pothier

Joshua A. Pothier, *Comptroller*

Dated as of October 14, 2020

Appendix A

2019 General Purpose Financial Statements

The following includes excerpts from the Comprehensive Annual Financial Report of the City of Norwich, Connecticut for the fiscal year ended June 30, 2019. The supplemental data which was a part of that report has not been reproduced herein. A copy of the complete report is available upon request from Matthew A. Spoerndle, Senior Managing Director, Phoenix Advisors, LLC, 53 River Street, Milford, Connecticut 06460. Telephone (203) 878-4945.

(This page intentionally left blank)

Independent Auditors' Report

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

Report on the Financial Statements

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, 2019, and the related notes to the financial statements, which collectively comprise the City of Norwich, Connecticut's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Norwich, Connecticut, as of June 30, 2019 and the respective changes in financial position and, where applicable, cash flows thereof, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the budgetary comparison information and the pension and OPEB schedules, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Norwich, Connecticut's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and schedules, and statistical section 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 are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and, accordingly, we do not express an opinion or provide any assurance on them.

We also previously audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statements of the City of Norwich, Connecticut, as of and for the year ended June 30, 2018 (not presented herein), and have issued our report thereon dated December 12, 2018, which contained unmodified opinions on the respective financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information. The accompanying General Fund balance sheet as of June 30, 2018 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and related directly to the underlying accounting and other records used to prepare the 2018 financial statements. The accompanying General Fund balance sheet has been subjected to the auditing procedures applied in the audit of the 2018 basic financial statements and certain additional procedures including comparing and reconciling such information directly to the underlying accounting and other records used to prepare those financial statements or to those financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the General Fund balance sheet is fairly stated in all material respects in relation to the basic financial statements as a whole for the year ended June 30, 2018.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 9, 2019 on our consideration of the City of Norwich, Connecticut'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 solely 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 effectiveness of the City of Norwich, Connecticut's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Norwich, Connecticut's internal control over financial reporting and compliance.

Blum, Shapiro & Company, P.C.

West Hartford, Connecticut
December 9, 2019

CITY OF NORWICH, CONNECTICUT

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2019

This discussion and analysis of the City of Norwich, Connecticut's (the City) financial performance is offered by management to provide an overview of the City's financial activities for the fiscal year ended June 30, 2019. Please read this MD&A in conjunction with the transmittal letter and the City's financial statements, Exhibits I to IX.

FINANCIAL HIGHLIGHTS

- On a government-wide basis, the assets and deferred outflows of resources (\$420.1 million) of the City exceeded its liabilities and deferred inflows of resources (\$277.5 million), resulting in total net position at the close of the fiscal year of \$142.6 million. Total net position for governmental activities at fiscal year-end was \$13.3 million, and total net position for business-type activities was \$129.4 million. Total unrestricted net deficit at June 30, 2019 was \$76.0 million.
- On a government-wide basis, during the year, the City's net position increased by \$8.1 million from \$134.5 million to \$142.6 million. Governmental activities net position decreased by \$6.7 million, and net position increased by \$14.8 million for business-type activities. Governmental activities expenses were \$170.7 million, while total revenues including transfers were \$164.0 million.
- At the close of the year, the City's governmental funds reported, on a current financial resource basis, combined ending fund balances of \$32.6 million, an increase of \$2.8 million from the prior fiscal year. Of the total fund balance as of June 30, 2019, \$20.2 million represents the combined unrestricted 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 \$13.7 million, a decrease of \$1.8 million from the prior fiscal year. As of June 30, 2019, all of the \$13.7 million fund balance is unrestricted, representing 10.8% of total General Fund actual expenditures and operating transfers on a budgetary basis.
- The City's governmental activities total bonded debt increased by \$3.7 million during the current fiscal year.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-Wide Financial Statements

The analysis of the City as a whole begins with Exhibits I and II. The statement of net position 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 position and changes in them. The City's net position, 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 position is one indicator of whether its financial health is improving or deteriorating. The reader needs to consider other nonfinancial factors, however, such as changes in the City's property tax base and the condition of the City's capital assets, to assess the overall health of the City.

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

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

Fund Financial Statements

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

- *Governmental Funds (Exhibits III and IV)* - Most of the City's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. The relationship (or differences) between governmental activities (reported in the statement of net position and the statement of activities) and governmental funds is described in a reconciliation included with the fund financial statements.
- *Proprietary Funds (Exhibits V, VI and VII)* - When the City charges customers for the services it provides, whether to outside customers or to other units of the City, these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the statement of net position and the statement of activities. In fact, the City's enterprise funds (a component of proprietary funds) are the same as the business-type activities reported in the government-wide statements, but provide more detail and additional information, such as cash flows, for proprietary funds.
- *Fiduciary Funds (Exhibits VIII and IX)* - The City is the trustee, or fiduciary, for its employees' pension and other benefit plans. It is also responsible for other assets that, because of a trust arrangement, can be used only for the trust beneficiaries. All of the City's fiduciary activities are reported in separate statements of fiduciary net position and changes in fiduciary net position. 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 position increased from a year ago from \$134.5 million to \$142.6 million. The analysis below focuses on the net position (Table 1) and changes in net position (Table 2) of the City's governmental and business-type activities.

Table 1
NET POSITION
(In Thousands)

	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
Current and other assets	\$ 70,348	\$ 70,108	\$ 60,210	\$ 52,866	\$ 130,558	\$ 122,974
Capital assets	121,770	120,959	158,634	150,737	280,404	271,696
Total assets	<u>192,118</u>	<u>191,067</u>	<u>218,844</u>	<u>203,603</u>	<u>410,962</u>	<u>394,670</u>
Deferred outflows of resources	5,393	10,050	3,745	3,858	9,138	13,908
Long-term debt outstanding	169,588	167,293	82,366	80,756	251,954	248,049
Unearned revenue	659	627	1,021	1,165	1,680	1,792
Other liabilities	10,491	10,880	9,630	10,338	20,121	21,218
Total liabilities	<u>180,738</u>	<u>178,800</u>	<u>93,017</u>	<u>92,259</u>	<u>273,755</u>	<u>271,059</u>
Deferred inflows of resources	3,520	2,365	179	626	3,699	2,991
Net Position:						
Net investment in capital assets	79,887	77,058	136,712	131,273	216,599	208,331
Restricted	1,789	1,697	249	120	2,038	1,817
Unrestricted	<u>(68,423)</u>	<u>(58,803)</u>	<u>(7,568)</u>	<u>(16,817)</u>	<u>(75,991)</u>	<u>(75,620)</u>
Total Net Position	<u>\$ 13,253</u>	<u>\$ 19,952</u>	<u>\$ 129,393</u>	<u>\$ 114,576</u>	<u>\$ 142,646</u>	<u>\$ 134,528</u>

Net position of the City's governmental activities decreased by \$6.7 million (\$13.3 million compared to \$20.0 million). Unrestricted net position - the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements - changed from \$(58.8) million at June 30, 2018 to (\$68.4) million at the end of this year. The unrestricted net position of business-type activities increased from \$(16.8) million compared to (\$7.6) million during 2019.

It is important to note that the recognition of the net pension and OPEB liabilities on the financial statements through the implementation of GASB Statements 68 and 75 caused significant decreases in unrestricted net position for both governmental and business-type activities in 2015 and 2017, respectively. The decrease in unrestricted net position did not result from a change in benefits offered to employees, only the presentation of these liabilities on the balance sheet. Pension and OPEB liabilities are long-term ones which the City fund through the annual budget process.

Table 2
CHANGES IN NET POSITION
(In Thousands)

	Governmental		Business-Type		Total	
	Activities		Activities			
	2019	2018	2019	2018	2019	2018
Revenues:						
Program revenues:						
Charges for services	\$ 5,374	\$ 4,953	\$ 98,813	\$ 96,510	\$ 104,187	\$ 101,463
Operating grants and contributions	61,448	64,515			61,448	64,515
Capital grants and contributions	1,775	2,288	4,577	2,421	6,352	4,709
General revenues:						
Property taxes	81,997	79,996			81,997	79,996
Grants and contributions not restricted to specific purposes	3,992	4,404			3,992	4,404
Unrestricted investment earnings	1,050	609	420	56	1,470	665
Other general revenues	662	1,297			662	1,297
Total revenues	<u>156,298</u>	<u>158,062</u>	<u>103,810</u>	<u>98,987</u>	<u>260,108</u>	<u>257,049</u>
Program expenses:						
General government	9,953	9,680			9,953	9,680
Public safety	32,947	29,139			32,947	29,139
Social services	4,013	4,885			4,013	4,885
Public works	15,048	10,374			15,048	10,374
Education	107,553	110,987			107,553	110,987
Interest on long-term debt	1,198	1,145			1,198	1,145
Department of Public Utilities			79,734	84,253	79,734	84,253
Other enterprise funds			1,544	1,540	1,544	1,540
Total program expenses	<u>170,712</u>	<u>166,210</u>	<u>81,278</u>	<u>85,793</u>	<u>251,990</u>	<u>252,003</u>
Excess (deficiency) before transfers	(14,414)	(8,148)	22,532	13,194	8,118	5,046
Transfers	<u>7,715</u>	<u>8,465</u>	<u>(7,715)</u>	<u>(8,465)</u>		
Increase (Decrease) in Net Position	(6,699)	317	14,817	4,729	8,118	5,046
Net Position at Beginning of Year	<u>19,952</u>	<u>19,635</u>	<u>114,576</u>	<u>109,847</u>	<u>134,528</u>	<u>129,482</u>
Net Position at End of Year	<u>\$ 13,253</u>	<u>\$ 19,952</u>	<u>\$ 129,393</u>	<u>\$ 114,576</u>	<u>\$ 142,646</u>	<u>\$ 134,528</u>

The City's total revenues were \$260.1 million. The total cost of all programs and services was \$252.0 million. Our analysis below separately considers the operations of governmental and business-type activities.

Governmental Activities

Governmental activities decreased the City's assets by \$6.7 million during the year. Total revenues of \$156.3 million and \$7.7 million in transfers from the City's business-type activities provided funding for the City's \$170.7 million of governmental program expenses incurred during the year.

The City's revenues decreased \$1.8 million (\$156.3 million compared to \$158.1 million) which was primarily caused by decreases in grants.

Total program expenses were \$170.7 million as compared with \$166.2 million reported last year. The increase is largely attributable to salary and benefits costs.

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

Table 3
GOVERNMENTAL ACTIVITIES
(In Thousands)

	<u>Total Cost of Services</u>		<u>Net Cost of Services</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
General government	\$ 9,953	\$ 9,680	\$ 7,051	\$ 7,578
Public safety	32,947	29,139	31,091	27,732
Social services	4,013	4,885	1,580	1,823
Public works	15,048	10,374	11,708	7,422
Education	107,553	110,987	49,487	48,754
All others	1,198	1,145	1,198	1,145
Totals	<u>\$ 170,712</u>	<u>\$ 166,210</u>	<u>\$ 102,115</u>	<u>\$ 94,454</u>

Business-Type Activities

Revenues of the City's business-type activities (see Table 2) increased by \$4.8 million during the year (\$103.8 million in 2019 compared to \$99.0 million in 2018) and expenses decreased by \$4.5 million. Overall net position increased \$14.8 million in 2019.

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 \$32.6 million, which is an increase of \$2.8 million from last year's total of \$29.8 million. Included in this year's total change in fund balance is a decrease of \$1.8 million in the City's General Fund. The primary reasons for the General Fund's decrease are the lower than anticipated state grant revenues and increases in education expenditures. Please see the general fund activities analysis in RSI-1 and RSI-2 for further detail.

The Bond Expenditure Fund reported a fund balance of \$9.2 million at June 30, 2019. The fund balance increased by \$5.6 million during the year due to the issuance of new debt.

The Education Grants Fund reported a fund balance of \$0.2 million which was a \$0.2 million decrease from last year.

The other governmental funds have a total fund balance of \$9.5 million - a \$0.8 million decrease from last year.

Proprietary Funds

Net position of the Department of Public Utilities was \$121.3 million, as compared to \$106.8 million in the prior year, and City's other nonmajor enterprise funds net position increased \$0.3 million to \$8.1 million from \$7.8 million.

Unrestricted net deficit of the Department of Public Utilities was \$5.5 million, and a deficit of \$2.0 million for the other nonmajor enterprise funds. The Department of Public Utilities had operating revenues of \$97.5 million from user fees, and other enterprise funds had \$1.3 million. The total increase in net position for the fiscal year ended June 30, 2019 was \$14.8 million. The change in the Department of Public Utilities net position is largely attributable to investments in capital assets, including \$5.2 million of contributed capital.

General Fund Budgetary Highlights

The General Fund had a supplemental appropriation of \$828 due to increased special education costs.

During the year, actual revenues and other financing sources on a budgetary basis were \$125.2 million, which was \$0.7 million lower than budgetary estimates. The variance was caused primarily by decreased state grant revenues (See RSI-1 for additional detail).

Actual expenditures on a budgetary basis and other financing uses totaled \$126.9 million, which were higher than actual revenues and other financing sources on a budgetary basis by \$1.7 million. Actual expenditures on a budgetary basis were essentially equal to the adjusted budget. Lower than budgeted expenditures were experienced in the General Government, Public Safety, Public Works and Social Services.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2019, the City had \$280.4 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 \$8.7 million, or 3.2%, compared to last year.

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

	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
Land	\$ 27,125	\$ 26,093	\$ 3,280	\$ 3,268	\$ 30,405	\$ 29,361
Buildings and improvements	64,034	65,337	34,067	29,670	98,101	95,007
Vehicles, machinery, equipment, pumping and distributions systems	6,795	6,644	102,212	101,298	109,007	107,942
Technology upgrade and road infrastructure	22,180	21,391			22,180	21,391
Construction in progress	1,636	1,494	19,075	16,501	20,711	17,995
Totals	\$ 121,770	\$ 120,959	\$ 158,634	\$ 150,737	\$ 280,404	\$ 271,696

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

Salem Turnpike measuring & regulating station	\$	3,162
LED Lighting Conversion		1,604
Road paving		1,270
NPU control room and data center		<u>1,382</u>
 Total	 \$	 <u><u>7,418</u></u>

The City's fiscal-year 2020 capital budget calls for spending \$2.9 million for road overlays, public works vehicles, police vehicles, fire equipment 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, 2019, the City had total bonds and notes outstanding of \$73.0 million. All of this debt is backed by the full faith and credit of the City. The City's outstanding net debt increased by \$3.1 million during fiscal 2019.

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

	<u>Governmental</u>		<u>Business-Type</u>		<u>Total</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
General obligation bonds	\$ 51,075	\$ 47,407	\$ 71	\$ 112	\$ 51,146	\$ 47,519
Notes payable			1,527	1,896	1,527	1,896
Serial notes payable			<u>20,324</u>	<u>17,456</u>	<u>20,324</u>	<u>17,456</u>
 Total	 <u>\$ 51,075</u>	 <u>\$ 47,407</u>	 <u>\$ 21,922</u>	 <u>\$ 19,464</u>	 <u>\$ 72,997</u>	 <u>\$ 66,871</u>

In November 2019, Standard & Poor's assigned an AA rating on Norwich's \$3.6 million capital bond issue and affirmed this rating on the rest of Norwich's debt outstanding as of that date. On October 16, 2018, Fitch Ratings affirmed its AA rating with a stable outlook on the \$1.2 million of outstanding bonds for which Fitch had originally issued a rating. In January 2018, Moody's downgraded Norwich's rating from Aa2 to Aa3.

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 \$556 million. The City's outstanding general obligation debt is at 7.00% of this limitation. Table 9 presents more detailed information about the debt limitation.

Other obligations include net OPEB obligation, accrued vacation pay and sick leave, and risk management claims. 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 October 2019, the unemployment rate for the Norwich was 3.9%, down from 4.2% in the prior year. Connecticut's overall unemployment rate stood at 3.5%, compared with 3.8% for the same time last year. The State of Connecticut's education and noneducation formula grants have not kept pace with inflation. This, coupled with increased employee benefit costs, creates a challenge for Norwich. The City, however, is poised to overcome such challenges with its commitments to economic development; cost reduction, including negotiation of reductions in OPEB benefits for future employees; and funding its long-term liabilities. The effects of these efforts are exemplified in the initiatives noted in the transmittal letter.

The fiscal year 2020 General Fund budget calls for \$129.9 million in revenues and expenditures, an approximate 3.06% increase in over fiscal year 2019. Noneducation expenditures increased by 2.74% and education expenditures increased by 3.06%. On the revenue side, the fiscal year 2020 General Fund mill rate decreased 0.73 mills, or 1.78%, from 41.01 to 40.28. No unrestricted fund balance was used to balance the budget.

In the City's business-type activities, the Norwich Public Utilities projects a 2.5% increase in revenues from fiscal year 2019 from \$98.7 million to \$101.2 million. This increase is largely due to load growth. Norwich Public Utilities budgeted \$20.1 million in capital improvements to bolster its infrastructure and operational efficiency.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide citizens, taxpayers, customers, investors and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Office of the Comptroller, 100 Broadway, Norwich, Connecticut 06360-4431.

(This page intentionally left blank)

Basic Financial Statements

CITY OF NORWICH, CONNECTICUT
STATEMENT OF NET POSITION
JUNE 30, 2019
(In Thousands)

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Assets:			
Cash and cash equivalents	\$ 8,641	\$ 42,062	\$ 50,703
Investments	32,473		32,473
Receivables, net	28,418	15,262	43,680
Internal balances	756	(756)	-
Inventories		1,813	1,813
Other assets	60	1,829	1,889
Capital assets:			
Assets not being depreciated	28,761	22,355	51,116
Assets being depreciated, net	93,009	136,279	229,288
Total assets	<u>192,118</u>	<u>218,844</u>	<u>410,962</u>
Deferred Outflows of Resources:			
Deferred outflow of resources related to pensions	4,962	2,402	7,364
Deferred outflow of resources related to OPEB	99	1,343	1,442
Deferred charge on refunding	332		332
Total deferred outflows of resources	<u>5,393</u>	<u>3,745</u>	<u>9,138</u>
Liabilities:			
Accounts and other payables	9,029	9,630	18,659
Due to fiduciary funds	1,462		1,462
Unearned revenue	659	1,021	1,680
Noncurrent liabilities:			
Due within one year	8,565	4,598	13,163
Due in more than one year	161,023	77,768	238,791
Total liabilities	<u>180,738</u>	<u>93,017</u>	<u>273,755</u>
Deferred Inflows of Resources:			
Deferred inflow of resources related to pensions	307	62	369
Deferred inflow of resources related to OPEB	3,213	117	3,330
Total deferred inflows of resources	<u>3,520</u>	<u>179</u>	<u>3,699</u>
Net Position:			
Net investment in capital assets	79,887	136,712	216,599
Restricted for trust purposes:			
Permanent	1,789		1,789
Restricted for energy conservation		249	249
Unrestricted	(68,423)	(7,568)	(75,991)
Total Net Position	<u>\$ 13,253</u>	<u>\$ 129,393</u>	<u>\$ 142,646</u>

The accompanying notes are an integral part of the financial statements

**CITY OF NORWICH, CONNECTICUT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2019
(In Thousands)**

	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Net Revenue (Expense) and Changes in Net Position		Total
					Governmental Activities	Business-Type Activities	
Governmental activities:							
General government	\$ 9,953	\$ 1,466	\$ 1,436	\$	\$ (7,051)		\$ (7,051)
Public safety	32,947	710	1,115	31	(31,091)		(31,091)
Social services	4,013	523	1,910		(1,580)		(1,580)
Public works	15,048	1,252	344	1,744	(11,708)		(11,708)
Education	107,553	1,423	56,643		(49,487)		(49,487)
Interest on long-term debt	1,198				(1,198)		(1,198)
Total governmental activities	<u>170,712</u>	<u>5,374</u>	<u>61,448</u>	<u>1,775</u>	<u>(102,115)</u>	<u>-</u>	<u>(102,115)</u>
Business-type activities:							
Department of Public Utilities:							
Gas	18,162	21,462		2,657		5,957	5,957
Electric	45,395	56,000		242		10,847	10,847
Water	7,949	11,293		1,450		4,794	4,794
Sewer	8,228	8,712		228		712	712
Nonmajor Enterprise Funds:							
Golf Course Authority	1,068	978				(90)	(90)
Stadium Authority	350	167				(183)	(183)
Ice Rink Authority	126	201				75	75
Total business-type activities	<u>81,278</u>	<u>98,813</u>	<u>-</u>	<u>4,577</u>	<u>-</u>	<u>22,112</u>	<u>22,112</u>
Total	<u>\$ 251,990</u>	<u>\$ 104,187</u>	<u>\$ 61,448</u>	<u>\$ 6,352</u>	<u>(102,115)</u>	<u>22,112</u>	<u>(80,003)</u>
General revenues:							
Property taxes					81,997		81,997
Grants and contributions not restricted to specific programs					3,992		3,992
Unrestricted investment earnings					1,050	420	1,470
Miscellaneous					662		662
Total general revenues					<u>87,701</u>	<u>420</u>	<u>88,121</u>
Transfers					<u>7,715</u>	<u>(7,715)</u>	<u>-</u>
Change in Net Position					(6,699)	14,817	8,118
Net Position at Beginning of Year					<u>19,952</u>	<u>114,576</u>	<u>134,528</u>
Net Position at End of Year					<u>\$ 13,253</u>	<u>\$ 129,393</u>	<u>\$ 142,646</u>

The accompanying notes are an integral part of the financial statements

CITY OF NORWICH, CONNECTICUT
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2019
(In Thousands)

	<u>General</u>	<u>Bond Expenditure</u>	<u>Education Grants</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS					
Cash and cash equivalents	\$ 7,589	\$	\$	\$ 1,052	\$ 8,641
Investments	30,735			1,738	32,473
Receivables, net	5,976		733	8,286	14,995
Due from other funds	2,646	9,353	827	5,605	18,431
Other assets				60	60
Total Assets	\$ 46,946	\$ 9,353	\$ 1,560	\$ 16,741	\$ 74,600
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities:					
Accounts and other payables	\$ 6,768	\$ 39	\$ 1,341	\$ 712	\$ 8,860
Due to other funds	21,201	104		1,768	23,073
Unearned revenue	77		29	553	659
Total liabilities	28,046	143	1,370	3,033	32,592
Deferred Inflows of Resources:					
Unavailable revenue - property taxes	3,453			257	3,710
Unavailable revenue - special assessments	1,725			84	1,809
Unavailable revenue - loans receivable				3,898	3,898
Total deferred inflows of resources	5,178	-	-	4,239	9,417
Fund Balances:					
Nonspendable				1,836	1,836
Restricted		9,210		1,377	10,587
Committed			190	6,611	6,801
Assigned	69				69
Unassigned	13,653			(355)	13,298
Total fund balances	13,722	9,210	190	9,469	32,591
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 46,946	\$ 9,353	\$ 1,560	\$ 16,741	\$ 74,600

(Continued on next page)

CITY OF NORWICH, CONNECTICUT
BALANCE SHEET - GOVERNMENTAL FUNDS (CONTINUED)
JUNE 30, 2019
(In Thousands)

Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Position:
 Amounts reported for governmental activities in the statement of net position (Exhibit I) are
 different because of the following:

Fund balances - total governmental funds	\$ 32,591
--	-----------

Capital assets used in governmental activities are not financial
 resources and, therefore, are not reported in the funds:

Governmental capital assets	\$ 207,987	
Less accumulated depreciation	<u>(86,217)</u>	
Net capital assets		121,770

Other long-term assets are not available to pay for current-period
 expenditures and, therefore, are not recorded in the funds:

Property tax receivables greater than 60 days	2,574
Interest receivable on property taxes	1,136
Housing rehabilitation loans	3,879
Accounts and other receivables	15,145
Deferred outflows:	
Deferred outflow of resources related to pensions	4,962
Deferred outflow of resources related to OPEB	99

Internal service funds are used by management to charge the costs of
 risk management to individual funds. The assets and liabilities of
 the internal service funds are reported with governmental activities
 in the statement of net position. (1,659)

Long-term liabilities, including bonds payable and deferred outflows of resources,
 are not due and payable in the current period and, therefore,
 are not reported in the funds:

Bonds and notes payable	(48,665)
Deferred charge on refunding	332
Unamortized bond premium	(2,410)
Interest payable on bonds and notes	(163)
Compensated absences	(3,365)
Landfill closure	(158)
Capital lease	(350)
Net pension liability	(74,979)
Net OPEB liability	(33,966)
Deferred inflow of resources related to pensions	(307)
Deferred inflow of resources related to OPEB	<u>(3,213)</u>

Net Position of Governmental Activities (Exhibit I)	<u>\$ 13,253</u>
---	------------------

The accompanying notes are an integral part of the financial statements

CITY OF NORWICH, CONNECTICUT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2019
(In Thousands)

	<u>General</u>	<u>Bond Expenditure</u>	<u>Education Grants</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:					
Property taxes, interest and liens	\$ 77,469	\$	\$	\$ 4,840	\$ 82,309
Intergovernmental revenues	42,251	15	15,258	8,267	65,791
Charges for services	2,356		315	2,453	5,124
Licenses, permits and fees	485				485
Investment income	835			214	1,049
Other	68			1,841	1,909
Total revenues	<u>123,464</u>	<u>15</u>	<u>15,573</u>	<u>17,615</u>	<u>156,667</u>
Expenditures:					
Current:					
General government	5,898			456	6,354
Public safety	19,470			9,595	29,065
Social services	2,027			2,248	4,275
Public works	10,698			333	11,031
Education	84,605		15,755	4,704	105,064
Other	2,303				2,303
Capital outlay		3,116		3,884	7,000
Debt service				5,872	5,872
Total expenditures	<u>125,001</u>	<u>3,116</u>	<u>15,755</u>	<u>27,092</u>	<u>170,964</u>
Deficiency of Revenues over Expenditures	<u>(1,537)</u>	<u>(3,101)</u>	<u>(182)</u>	<u>(9,477)</u>	<u>(14,297)</u>
Other Financing Sources (Uses):					
Transfers in	6,455	437		9,495	16,387
Transfers out	(6,760)			(811)	(7,571)
Issuance of general obligation bonds		7,970			7,970
Bond premiums		291			291
Total other financing sources (uses)	<u>(305)</u>	<u>8,698</u>	<u>-</u>	<u>8,684</u>	<u>17,077</u>
Net Change in Fund Balances	(1,842)	5,597	(182)	(793)	2,780
Fund Balances at Beginning of Year	<u>15,564</u>	<u>3,613</u>	<u>372</u>	<u>10,262</u>	<u>29,811</u>
Fund Balances at End of Year	<u>\$ 13,722</u>	<u>\$ 9,210</u>	<u>\$ 190</u>	<u>\$ 9,469</u>	<u>\$ 32,591</u>

(Continued on next page)

CITY OF NORWICH, CONNECTICUT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - GOVERNMENTAL FUNDS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2019
(In Thousands)

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities:

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

Net change in fund balances - total governmental funds (Exhibit IV)	\$ 2,780
---	----------

Governmental funds report capital outlays as expenditures. In the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense:

Capital outlay	7,853
Depreciation expense	(6,864)

In the statement of activities, only the gain on the sale of capital assets is reported. However, in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net position differs from the change in fund balance by the cost of the assets sold.

	(178)
--	-------

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds, and revenues recognized in the funds are not reported in the statement of activities:

Property tax receivable - accrual basis change	(415)
Property tax interest and lien revenue - accrual basis change	103
Housing loan repayments	504
Accounts and other receivables - accrual basis change	(675)
Change in deferred outflows:	
Deferred outflow of resources related to pensions	(4,519)
Deferred outflow of resources related to OPEB	(63)

The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are amortized and deferred in the statement of activities. The details of these differences in the treatment of long-term debt and related items are as follows:

Issuance of bonds	(7,970)
Premium on bonds	(291)
Bond principal payments	4,305
Amortization of deferred charge on refunding	(75)
Amortization of premiums	288
Capital lease payments	164

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds:

Compensated absences	(89)
Accrued interest	(7)
Landfill postclosure care	53
Change in net pension liability	929
Change in net OPEB liability	641
Change in deferred inflows:	
Deferred inflow of resources related to pensions	100
Deferred inflow of resources related to OPEB	(1,255)

Internal service funds are used by management to charge costs to individual funds. The net revenue of certain activities of internal services funds is reported with governmental activities.

	<u>(2,018)</u>
--	----------------

Change in Net Position of Governmental Activities (Exhibit II)	<u>\$ (6,699)</u>
--	-------------------

The accompanying notes are an integral part of the financial statements

CITY OF NORWICH, CONNECTICUT
STATEMENT OF NET POSITION - PROPRIETARY FUNDS
JUNE 30, 2019
(In Thousands)

	Business-Type Activities			Governmental
	Department of Public Utilities	Nonmajor Enterprise Funds	Total	Internal Service Funds
Assets:				
Current assets:				
Cash and cash equivalents	\$ 42,062	\$	\$ 42,062	\$
Receivables, net	15,177	85	15,262	106
Due from other funds	104	18	122	3,936
Inventories	1,813		1,813	
Other assets	1,829		1,829	
Total current assets	60,985	103	61,088	4,042
Capital assets, net	148,449	10,185	158,634	
Total assets	209,434	10,288	219,722	4,042
Deferred Outflows of Resources:				
Deferred outflow of resources related to pensions	2,402		2,402	
Deferred outflow of resources related to OPEB	1,343		1,343	
Total deferred outflows of resources	3,745	-	3,745	-
Liabilities:				
Current liabilities:				
Accounts payable and accrued liabilities	6,557	294	6,851	6
Notes payable	1,501		1,501	
Bonds payable	11	30	41	
Compensated absences	1,823		1,823	
Risk management claims	216		216	2,472
Cash advances from other funds	1,017		1,017	
Due to other funds	44	834	878	
Due to other governments		2	2	
Unearned revenue		1,021	1,021	
Total current liabilities	11,169	2,181	13,350	2,478
Noncurrent liabilities:				
Customer deposits	2,777		2,777	
Notes payable	20,350		20,350	
Bonds payable		30	30	
Compensated absences	2,829		2,829	
Risk management claims	515		515	3,223
Cash advances from other funds	12,300		12,300	
Net pension liability	35,663		35,663	
Net OPEB liability	6,081		6,081	
Total noncurrent liabilities	80,515	30	80,545	3,223
Total liabilities	91,684	2,211	93,895	5,701
Deferred Inflows of Resources:				
Deferred inflow of resources related to pensions	62		62	
Deferred inflow of resources related to OPEB	117		117	
Total deferred outflows of resources	179	-	179	-
Net Position:				
Net investment in capital assets	126,587	10,125	136,712	
Restricted for energy conservation	249		249	
Unrestricted	(5,520)	(2,048)	(7,568)	(1,659)
Total Net Position	\$ 121,316	\$ 8,077	\$ 129,393	\$ (1,659)

The accompanying notes are an integral part of the financial statements

CITY OF NORWICH, CONNECTICUT
STATEMENT OF REVENUES, EXPENSES AND CHANGES
IN FUND NET POSITION - PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2019
(In Thousands)

	Business-Type Activities			Governmental
	Department of Public Utilities	Nonmajor Enterprise Funds	Total	Internal Service Funds
Operating Revenues:				
Charges for services	\$ 92,916	\$ 1,145	\$ 94,061	\$ 15,773
Use of property	2,171		2,171	
Other services	2,380		2,380	
Rent		201	201	
Total operating revenues	<u>97,467</u>	<u>1,346</u>	<u>98,813</u>	<u>15,773</u>
Operating Expenses:				
Purchased gas and electric	32,385		32,385	
Operations and maintenance	14,516	1,196	15,712	
General and administrative	10,512		10,512	
Depreciation	8,243	346	8,589	
Pension expense	5,165		5,165	
Customer accounts	3,340		3,340	
Gross revenue and property taxes	3,191		3,191	
OPEB expense	981		981	
Claims			-	16,215
Premiums and administrative charges			-	1,576
Total operating expenses	<u>78,333</u>	<u>1,542</u>	<u>79,875</u>	<u>17,791</u>
Operating Income (Loss)	<u>19,134</u>	<u>(196)</u>	<u>18,938</u>	<u>(2,018)</u>
Nonoperating Income (Expense):				
Interest income	420		420	
Interest expense	(951)	(2)	(953)	
Loss on disposal of capital assets	(450)		(450)	
Total nonoperating expense	<u>(981)</u>	<u>(2)</u>	<u>(983)</u>	<u>-</u>
Income (Loss) Before Contributions and Transfers	18,153	(198)	17,955	(2,018)
Capital contributions	5,156	522	5,678	
Transfers out	<u>(8,811)</u>	<u>(5)</u>	<u>(8,816)</u>	
Change in Net Position	14,498	319	14,817	(2,018)
Total Net Position at Beginning of Year	<u>106,818</u>	<u>7,758</u>	<u>114,576</u>	<u>359</u>
Total Net Position at End of Year	<u>\$ 121,316</u>	<u>\$ 8,077</u>	<u>\$ 129,393</u>	<u>\$ (1,659)</u>

The accompanying notes are an integral part of the financial statements

CITY OF NORWICH, CONNECTICUT
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2019
(In Thousands)

	Business-Type Activities			Governmental
	Department of Public Utilities	Nonmajor Enterprise Funds	Total	Internal Service Funds
Cash Flows from Operating Activities:				
Cash received from charges for services	\$ 97,549	\$ 1,212	\$ 98,761	\$ 2,574
Cash receipts for interfund services provided			-	14,901
Cash paid to vendors	(51,313)	(1,051)	(52,364)	(17,475)
Cash paid to employees for services	(22,633)		(22,633)	
Net cash provided by (used in) operating activities	<u>23,603</u>	<u>161</u>	<u>23,764</u>	<u>-</u>
Cash Flows from Noncapital and Related Financing Activities:				
Transfers to other funds	(8,811)		(8,811)	
Customer deposits	595		595	
Advances from (to) other funds	(5)	(5)	(10)	
Net cash provided by (used in) noncapital and related financing activities	<u>(8,221)</u>	<u>(5)</u>	<u>(8,226)</u>	<u>-</u>
Cash Flows from Capital and Related Financing Activities:				
Capital contributions	5,156		5,156	
Purchases of capital assets	(15,478)	(124)	(15,602)	
Proceeds from sale of capital assets	34		34	
Proceeds from long-term debt	4,089		4,089	
Principal payment on bonds and notes	(1,600)	(30)	(1,630)	
Interest payment on debt	(951)	(2)	(953)	
Cash advances from the City of Norwich	(485)		(485)	
Net cash provided by (used in) capital and related financing activities	<u>(9,235)</u>	<u>(156)</u>	<u>(9,391)</u>	<u>-</u>
Cash Flows from Investing Activities:				
Income on investments	<u>420</u>		<u>420</u>	
Net Increase (Decrease) in Cash and Cash Equivalents	6,567	-	6,567	-
Cash and Cash Equivalents at Beginning of Year	<u>35,495</u>	<u>-</u>	<u>35,495</u>	<u>-</u>
Cash and Cash Equivalents at End of Year	<u>\$ 42,062</u>	<u>\$ -</u>	<u>\$ 42,062</u>	<u>\$ -</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:				
Operating income (loss)	\$ 19,134	\$ (196)	\$ 18,938	\$ (2,018)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation expense	8,243	346	8,589	
Change in net pension liability and related deferred outflows/inflows	1,234		1,234	
Change in net OPEB liability and related deferred outflows/inflows	(1,809)		(1,809)	
(Increase) decrease in receivables	83	8	91	(70)
(Increase) decrease in inventories and other assets	(869)		(869)	
(Increase) decrease in due from other funds		34	34	1,772
Increase (decrease) in due to other funds		(28)	(28)	
Increase (decrease) in unearned revenues		(144)	(144)	
Increase (decrease) in accounts payable and accrued liabilities	(2,413)	141	(2,272)	316
Total adjustments	<u>4,469</u>	<u>357</u>	<u>4,826</u>	<u>2,018</u>
Net Cash Provided by (Used in) Operating Activities	<u>\$ 23,603</u>	<u>\$ 161</u>	<u>\$ 23,764</u>	<u>\$ -</u>

The accompanying notes are an integral part of the financial statements

CITY OF NORWICH, CONNECTICUT
STATEMENT OF FIDUCIARY NET POSITION - FIDUCIARY FUNDS
JUNE 30, 2019
(In Thousands)

	Pension and Other Employee Benefit Trust Funds	Agency Funds
	<u> </u>	<u> </u>
Assets:		
Cash and cash equivalents	\$ 862	\$ 322
Investments:		
U.S. government securities	23,565	
U.S. government agencies	8,850	
Corporate bonds	24,733	
Mutual funds	86,145	
Common stock	61,099	
Real estate	1,173	
Other receivables	189	190
Due from other funds	<u>1,462</u>	
 Total assets	 <u>208,078</u>	 <u>\$ 512</u>
Liabilities:		
Accounts and other payables	13	\$
Due to student groups and agencies		<u>512</u>
 Total liabilities	 <u>13</u>	 <u>\$ 512</u>
Net Position:		
Restricted for OPEB benefits	21,953	
Restricted for pensions	<u>186,112</u>	
	 <u>\$ 208,065</u>	

The accompanying notes are an integral part of the financial statements

CITY OF NORWICH, CONNECTICUT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION - FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2019
(In Thousands)

	Pension and Other Employee Benefit Trust Funds
Additions:	
Contributions:	
Employer	\$ 17,037
Plan members	3,922
Total contributions	<u>20,959</u>
Investment income:	
Net change in fair value of investments	8,876
Interest and dividends	6,217
Total investment income	<u>15,093</u>
Less investment expense	<u>(856)</u>
Net investment income	<u>14,237</u>
Total additions	<u>35,196</u>
Deductions:	
Benefits	21,457
Administration	18
Lump sum distributions and withdrawals	383
Total deductions	<u>21,858</u>
Change in Net Position	13,338
Net Position Held in Trust for Pension and Other Post Employment Benefits at Beginning of Year	<u>194,727</u>
Net Position Held in Trust for Pension and Other Post Employment Benefits at End of Year	<u>\$ 208,065</u>

The accompanying notes are an integral part of the financial statements

CITY OF NORWICH, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019
(In Thousands)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

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

B. Government-Wide and Fund Financial Statements

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

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

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

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

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

CITY OF NORWICH, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019
(In Thousands)

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

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

The City reports the following major governmental funds:

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

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

The Education Grants Fund accounts for all the educational grants administered by the Board of Education.

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 and Other Employee Benefit Trust Funds account for the activities of the City's two defined benefit pension plans, which accumulate resources for pension benefit payments to qualified retired employees and also the activities of the City's other post employment benefit plan, which accumulate resources for medical and life insurance benefits provided to qualified retired employees.

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

CITY OF NORWICH, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019
(In Thousands)

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. Unrestricted resources are used in the following order: committed, assigned then unassigned.

D. Deposits and Investments

The City's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

State statutes authorize the City to invest in obligations of the U.S. Treasury, commercial paper, corporate bonds, repurchase agreements and certain other investments as described in Note 3.

Investments for the City are reported at fair value.

E. Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the noncurrent portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances." All trade and property tax receivables are shown net of an allowance for uncollectibles.

Property taxes on all property are assessed as of October 1 prior to the beginning of the fiscal year and become legally due and payable on the following July 1 and January 1. If taxes are unpaid as of June 30 following the payable date, a lien is placed on the real property. Property assessments are made at 70% of the market value. Property taxes receivable are recorded on the due date. Taxes not paid within 30 days of the due date are subject to an interest charge of one and one-half percent per month. The City is not a part of any overlapping government which assesses separate property taxes. An amount of \$377 has been established as an allowance for uncollected taxes. At June 30, 2019, this represents 9.8% of property taxes receivable.

CITY OF NORWICH, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019
(In Thousands)

F. Inventories and Prepaid Items

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

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

G. Capital Assets

Capital assets, which include property, plant, equipment and infrastructure, assets (e.g., roads, bridges, sidewalks and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement are recorded at acquisition 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:

Assets	Years
Buildings	40-50
Building improvements	20
Infrastructure, public domain infrastructure and distribution and collection systems	20-50
Machinery and equipment	5-20

H. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position or fund balance that applies to a future period or periods and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City reports a deferred charge on refunding and deferred outflows related to pension and OPEB in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. A deferred outflow of resources related to pension and OPEB results from differences between expected and actual experience, changes in assumptions or other inputs. These amounts are deferred and included in pension and OPEB expense in a systematic and rational manner over a period equal to the average of the expected remaining service lives of all employees that are provided with benefits through the pension and OPEB plan (active employees and inactive employees).

CITY OF NORWICH, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019
(In Thousands)

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position or fund balance that applies to a future period or periods and so will not be recognized as an inflow of resources (revenue) until that time. The City reports deferred inflows of resources related to pensions and OPEB in the government-wide statement of net position. A deferred inflow of resources related to pension and OPEB results from differences between expected and actual experience, changes in assumptions or other inputs. These amounts are deferred and included in pension and OPEB expense in a systematic and rational manner over a period equal to the average of the expected remaining service lives of all employees that are provided with benefits through the pension and OPEB plan (active employees and inactive employees). For governmental funds, the City reports unavailable revenues from several sources: property taxes, special assessments, long-term loans and other receivables. These amounts are deferred and recognized as an inflow of resources (revenue) in the period in which the amounts become available.

I. Compensated Absences

Employees are paid by a prescribed formula for absences due to vacation or sickness. The obligation for vacation pay vests when earned. Unused sick leave may be accumulated for future absences in accordance with employee contracts and employment policies. Upon retirement, vested sick leave is payable to employees subject to union contract payment provisions. Sick leave and vacation leave expenditures are recognized in the governmental fund financial statements in the current year to the extent they are due (matured). The liability for the remainder of the accrued vacation earned and not due is reported in the government-wide and proprietary fund financial statements.

J. Net Pension Liability

The net pension liability is measured as the portion of the actuarial present value of projected benefits that is attributed to past periods of employee service (total pension liability), net of the pension plans' fiduciary net position. The pension plans' fiduciary net position is determined using the same valuation methods that are used by the pension plans for purposes of preparing their statements of fiduciary net position. The net pension liability is measured as of a date (measurement date) no earlier than the end of the employer's prior fiscal year, consistently applied from period to period.

K. Net OPEB Liability

The net OPEB liability is measured as the portion of the present value of projected benefit payments to be provided to current active and inactive employees that is attributed to those employees' past periods of service (total OPEB liability), less the amount of the OPEB plan's fiduciary net position. The OPEB plan's fiduciary net position is determined using the same valuation methods that are used by the OPEB plan for purposes of preparing its statement of fiduciary net position. The net OPEB liability is measured as of a date (measurement date) no earlier than the end of the employer's prior fiscal year, consistently applied from period to period.

L. 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 position. 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.

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.

M. Fund Equity and Net Position

In the government-wide financial statements and in proprietary fund types, net position is classified in the following categories:

Net Investment in Capital Assets

This category groups all capital assets, including infrastructure, into one component of net position. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets reduce this category.

Restricted Net Position

This category represents the net position of the City, which is restricted by externally imposed constraints placed on net position by grantors, contributors or laws and regulations of other governments.

Unrestricted Net Position

This category represents the net position of the City, which is not restricted for any project or other purpose.

In the fund financial statements, fund balances of governmental funds are classified in five separate categories. The five categories, and their general meanings, are as follows:

Nonspendable Fund Balance

This represents amounts that cannot be spent due to form (e.g., inventories and prepaid amounts).

Restricted Fund Balance

This represents amounts constrained for a specific purpose by external parties, such as grantors, creditors, contributors or laws and regulations of their governments.

Committed Fund Balance

This represents amounts constrained for a specific purpose by a government using its highest level of decision-making authority (City Council). A fund balance commitment is established, modified and/or rescinded by ordinance.

**CITY OF NORWICH, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019
(In Thousands)**

Assigned Fund Balance

This balance represents the resources to be used to liquidate encumbered purchase orders and amounts appropriated for subsequent budget years. Encumbrances are authorized by an approval process, which includes the department head, the purchasing agent and the Comptroller. Appropriations for subsequent budget years are approved by ordinance by the City Council.

Unassigned Fund Balance

This represents fund balance in the General Fund in excess of nonspendable, restricted, committed and assigned fund balance. If another governmental fund has a fund balance deficit, it is reported as a negative amount in unassigned fund balance.

The City Council adopted by ordinance a formal General Fund Unrestricted Fund Balance (UFB) policy in December 2014. This policy identifies a target fund balance range of 12% to 17% of annual General Fund expenditures and operating transfers.

The UFB may be used for absorbing operating deficits at any time. If UFB goes over 17%, the Council may appropriate the excess to:

- fund capital improvements beyond the level required by the Charter
- transfer funds to the bonded projects fund to finance authorized, but unissued projects
- retire existing debt early
- make extra contributions into the Pension or OPEB funds

The City is assumed to use restricted resources first if both restricted and unrestricted resources are to be used for the same purpose. In addition, when committed, assigned and unassigned resources are available, it is assumed that committed resources are used first, then assigned, and lastly, unassigned.

In May 2018, the City Council voted to suspend portions of the UFB policy and lower the floor of UFB from 12% to 10% until 2022, which enables the City to appropriate some UFB to balance budgets during that time period. The City used \$200 of UFB to balance the 2018-19 General Fund budget but did not use any to balance the 2019-20 General Fund budget.

N. Estimates

The preparation of the financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities including disclosures of contingent assets and liabilities and reported revenues expenditures during the fiscal year.

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

In October, the City Manager, through the Comptroller's Office, distributes budget instructions to department heads. On or before a date set by the City Manager, the head of every department, office or agency must submit a written proposed budget for the following year to the City Manager. The City Manager and Comptroller review these proposals and may revise them as deemed advisable, except in the case of the Department of Education where the City Manager has the authority to revise only the total estimated expenditures. The City Manager and Comptroller compare proposed expenditures to expected revenues and prepare a proposed budget for presentation to the City Council.

CITY OF NORWICH, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019
(In Thousands)

As required by City Charter, on or before the first Monday in April, the City Manager submits a balanced annual budget, as well as appropriation and tax levy ordinances to the City Council. Between the presentation of the budget and the first public hearing, department heads are given the opportunity to make presentations in support of their proposed budget. The City Council holds a first public hearing on the budget prior to the third Monday in April, but not sooner than one week after the submission of the budget. This hearing is to listen to citizens' comments on the budget. The Council meets by the second Monday in May to take initial action on the budget. A second public hearing is then held regarding the Council's proposed changes, prior to the third Monday in May.

After the second public hearing, the Council may revise expenditures, except that it may not reduce appropriations for debt service and may revise only the total estimated expenditures for the Department of Education. The Council adopts the budget, appropriation and tax levy ordinances by the second Monday of June; if it fails to do so, the budget as submitted by the City Manager stands.

The General Fund and the Fire Districts nonmajor governmental fund have legally adopted budgets.

The City Manager may transfer unexpended balances within a department, office or agency; the Council may transfer unexpended balances between departments at the City Manager's request within the last three months of the fiscal year. The Comptroller oversees revenues and expenditures according to the budget established by the City Council. The Board of Education may transfer unexpended balances between accounts within its total line appropriation. Additional appropriations may be made upon the City Manager's recommendation, provided the Comptroller certifies the availability of a sufficient General Fund surplus.

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.

During fiscal year 2019, additional appropriations totaling \$828 and \$420 were made to the General Fund and Fire Districts Fund, respectively.

B. Deficit Fund Equity

Certain individual funds had fund balance/net position deficits at June 30, 2019 as follows:

Nonmajor Governmental Funds:	
Dog License	\$ 105*
Fire Districts	172*
Property Rehabilitation	78*
Nonmajor Enterprise Funds:	
Ice Rink Authority	373*
Internal Service Funds:	
Workers' Compensation	1,803*

* Deficit will be reduced by future operating surpluses or, if necessary, future contributions from the General Fund adopted as part of the budget process.

3. CASH, CASH EQUIVALENTS AND INVESTMENTS

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

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

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

Deposits

Deposit Custodial Credit Risk

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

CITY OF NORWICH, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019
(In Thousands)

Based on the criteria described in GASB Statement No. 40, *Deposits and Investment Risk Disclosures*, \$82,480 of the City's bank balance of \$86,206 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 74,007
Uninsured and collateral held by the pledging bank's trust department, not in the City's name	<u>8,473</u>
Total Amount Subject to Custodial Credit Risk	<u>\$ 82,480</u>

Cash Equivalents

At June 30, 2019, the City's cash equivalents amounted to \$9. The following table provides a summary of the City's cash equivalents (excluding U.S. government guaranteed obligations) as rated by nationally recognized statistical rating organizations. The pools all have maturities of less than one year.

	Standard & Poor's
State Short-Term Investment Fund (STIF)	AAA/m

4. INVESTMENTS

As of June 30, 2019, the City had the following investments:

	<u>Fair Value</u>	<u>Investment Maturities (Years)</u>		
		<u>Less Than 1</u>	<u>1 - 10</u>	<u>More Than 10</u>
Interest-bearing investments:				
Certificate of Deposit	\$ 30,735	\$ 11,142	\$ 19,593	\$
U.S. Government Securities	23,565	2,133	16,417	5,015
U.S. Government Agencies	8,850		51	8,799
Municipal Bonds	271	10	172	89
Corporate Bonds	<u>24,994</u>	<u>731</u>	<u>20,741</u>	<u>3,522</u>
Total	88,415	<u>\$ 14,016</u>	<u>\$ 56,974</u>	<u>\$ 17,425</u>
Other investments:				
Mutual Funds	86,287			
Common Stock	62,163			
Real Estate	<u>1,173</u>			
Total Investments	<u>\$ 238,038</u>			

CITY OF NORWICH, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019
(In Thousands)

Presented below is the rating of investments for each debt investment type:

<u>Average Rating</u>	<u>Corporate Bonds</u>	<u>U.S. Government Securities</u>	<u>U.S. Government Agencies</u>	<u>Municipal Bonds</u>	<u>Certificate of Deposit</u>
Aaa	\$ 2,029	\$ 23,565	\$ 1,095	\$	\$
Aa1	35				
Aa2	229				
Aa3	265				
A1	174				
A2	820				
A3	5,139				
Baa1	3,082				
Baa2	365				
Baa3	7,013				
Ba1	836				
Ba2	791				
Ba3	357				
B1	58				
B2	277				
B3	172				
Unrated	3,352		7,755	271	30,735
	<u>\$ 24,994</u>	<u>\$ 23,565</u>	<u>\$ 8,850</u>	<u>\$ 271</u>	<u>\$ 30,735</u>

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements); followed by quoted prices in inactive markets or for similar assets or with observable inputs (Level 2 measurements); and the lowest priority to unobservable inputs (Level 3 measurements). The City has the following recurring fair value measurements as of June 30, 2019:

	<u>June 30, 2019</u>	<u>Fair Value Measurements Using</u>		
		<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Investments by fair value level:				
Debt Securities:				
U.S. Government Securities	\$ 23,565	\$ 23,565	\$	\$
U.S. Government Agencies	8,850	8,850		
Municipal Bonds	271	271		
Corporate Bonds	24,994	24,994		
Equity Securities:				
Common Stock	62,163	62,163		
Mutual Funds	86,287	86,287		
Real Estate	1,173	1,173		
Total investments by fair value level	207,303	<u>\$ 207,303</u>	<u>\$ -</u>	<u>\$ -</u>
Investments not recorded at fair value:				
Certificate of Deposit	30,735			
Total Investments	<u>\$ 238,038</u>			

CITY OF NORWICH, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019
(In Thousands)

Interest Rate Risk

The Employees' Pension Plan formal investment policy states that for fixed income investments, no issues may be purchased with a maturity that exceeds the maximum maturity in the applicable benchmark index. Maturity duration is managed to remain within plus or minus 25% of the applicable benchmark index. The City does not further limit its other investment maturities as a means of managing its exposure to fair value losses arising from increasing rates.

Credit Risk - Investments

As indicated above, State Statutes limit the investment options of cities and towns. The Employees' Pension Plan formal investment policy does not allow for investment in any company that has filed for bankruptcy without prior Personnel and Pension Board approval. For domestic equities, investments must be with companies that meet a specified minimum capitalization threshold at the date of purchase. For fixed income instruments, the average quality of the portfolio must exceed minimum rating levels at all times as defined in the investment policy and must meet or exceed a credit rating of BBB-/Baa3. The City's investment policy governing other investments limits holdings to highly rated fixed income instruments, mutual funds and government investment pools.

Concentration of Credit Risk

The Employees' Pension Plan formal investment policy includes provisions for domestic equities stating that the cost of an individual security in a portfolio at the date of purchase may not exceed 5% of the total market value of that portfolio. Fixed income instruments with a single issuer (excluding U.S. government and government agencies) may not exceed 5% of the market value of that portfolio. The City's investment policy governing other investments does not permit direct equity or fixed income investments in private-sector companies.

Custodial Credit Risk

Custodial credit risk for an investment is the risk that, in the event of the failure of the counterparty (the institution that pledges collateral or repurchase agreement securities to the City or that sells investments to or buys them for the City), the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City has a formal investment policy. Under this policy, the Treasurer shall mitigate concentration of credit risk on deposits by spreading deposits among different financial institutions. Because the benefits of lower fees and higher rates of return often outweigh the attendant risks of carrying large balances with a few financial institutions, the Treasurer will use their judgment rather than target percentages to guide their deposit strategy. For other investments, no more than 10% of the funds covered under this policy may be invested in securities from any one federal, state or local political subdivision or agency. The City's individual investments in U.S. government obligations, equities and corporate bonds are uninsured and unregistered securities held by a counterparty, or by its trust department or agent that are not in the City's name. The City's investments are held in open-end mutual funds which, because they are pooled investments rather than separate identifiable securities, are not subject to custodial risk determination. The City will only deposit funds in institutions rated within one of the top three rating categories of any nationally recognized rating service. Financial institutions in which the City deposits funds shall be accepted by City Council resolution. For financial institutions which have not been ranked by a nationally recognized rating service, the Treasurer shall assess the financial capacity and creditworthiness of the institution before recommending it to the City Council for approval.

CITY OF NORWICH, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019
(In Thousands)

5. RECEIVABLES

Receivables as of year end for the City’s individual major funds and nonmajor, internal service and fiduciary funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	<u>General</u>	<u>Education Grants</u>	<u>Department of Public Utilities</u>	<u>Nonmajor and Other Funds</u>	<u>Total</u>
Receivables:					
Taxes	\$ 3,521	\$	\$	\$ 322	\$ 3,843
Accrued interest on taxes	1,098				1,098
Intergovernmental	20	733		3,637	4,390
User charges			17,966	85	18,051
Assessments	1,725				1,725
Housing and rehabilitation loans				4,189	4,189
Accounts and other	193		911	1,082	2,186
Gross receivables	<u>6,557</u>	<u>733</u>	<u>18,877</u>	<u>9,315</u>	<u>35,482</u>
Less allowance for uncollectibles:					
Taxes	(361)			(21)	(382)
Accrued interest on taxes	(220)				(220)
User charges			(3,700)		(3,700)
Accounts and other				(438)	(438)
Total allowance	<u>(581)</u>	<u>-</u>	<u>(3,700)</u>	<u>(459)</u>	<u>(4,740)</u>
Net Total Receivables	<u>\$ 5,976</u>	<u>\$ 733</u>	<u>\$ 15,177</u>	<u>\$ 8,856</u>	<u>\$ 30,742</u>

CITY OF NORWICH, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019
(In Thousands)

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. The City also operates a cash pool in the General Fund, and there are bonded projects in one fund that benefit another fund.

A summary of interfund balances as of June 30, 2019 is presented below.

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Nonmajor Governmental	\$ 1,768
	Nonmajor Enterprise	834
	Department of Public Utilities	44
Bond Expenditure	General Fund	9,353
Department of Public Utilities	Bond Expenditure	104
Education Grants	General Fund	827
Nonmajor Governmental	General Fund	5,605
Internal Service Funds	General Fund	3,936
Nonmajor Enterprise	General Fund	18
Other Post Employment Benefit Trust	General Fund	1,454
Pension	General Fund	8
		<u>8</u>
Total		<u>\$ 23,951</u>

A summary of interfund transfers is presented below:

	<u>Transfers In</u>			<u>Total</u>
	<u>General</u>	<u>Bond Expenditure</u>	<u>Nonmajor Governmental</u>	
Transfers out:				
General Fund	\$	\$	\$ 6,760	\$ 6,760
Department of Public Utilities	6,076		2,735	8,811
Nonmajor Governmental	374	437		811
Nonmajor Enterprise	<u>5</u>			<u>5</u>
Total	<u>\$ 6,455</u>	<u>\$ 437</u>	<u>\$ 9,495</u>	<u>\$ 16,387</u>

Capital asset contributions totaling \$1,100 were made from governmental funds to business-type funds during the year ended June 30, 2019. This activity is included in transfers in the government-wide activity in Exhibit II of the accompanying financial statements.

Transfers from the General Fund to other nonmajor governmental funds are in support of the City's capital improvement program, debt service and other special revenue programs accounted for outside of the General Fund. Transfers from nonmajor governmental funds to the General Fund are derived primarily from net income generated from private duty police services accounted for outside of the General Fund. Transfers from nonmajor governmental funds to the bond expenditure fund are for debt service payments. The Department of Public Utilities annually transfers 10% of gross revenues derived from gas, electric and water sales to the General Fund and the Fire Districts Fund.

CITY OF NORWICH, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019
(In Thousands)

7. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2019 was as follows:

	<u>Beginning Balance</u>	<u>Transfers</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:					
Capital assets not being depreciated:					
Land	\$ 26,093	\$	\$ 1,184	\$ (152)	\$ 27,125
Construction in progress	1,494	(2,651)	2,793		1,636
Total capital assets not being depreciated	<u>27,587</u>	<u>(2,651)</u>	<u>3,977</u>	<u>(152)</u>	<u>28,761</u>
Capital assets being depreciated:					
Buildings and improvements	104,547	916	1,076	(52)	106,487
Vehicles, machinery and equipment	24,817	351	1,479	(315)	26,332
Technology upgrade and infrastructure	43,728	1,384	1,321	(26)	46,407
Total capital assets being depreciated	<u>173,092</u>	<u>2,651</u>	<u>3,876</u>	<u>(393)</u>	<u>179,226</u>
Less accumulated depreciation for:					
Buildings and improvements	(39,210)		(3,288)	45	(42,453)
Vehicles, machinery and equipment	(18,173)		(1,675)	311	(19,537)
Technology upgrade and infrastructure	(22,337)		(1,901)	11	(24,227)
Total accumulated depreciation	<u>(79,720)</u>	<u>-</u>	<u>(6,864)</u>	<u>367</u>	<u>(86,217)</u>
Total capital assets being depreciated, net	<u>93,372</u>	<u>2,651</u>	<u>(2,988)</u>	<u>(26)</u>	<u>93,009</u>
Governmental Activities Capital Assets, Net	<u>\$ 120,959</u>	<u>\$ -</u>	<u>\$ 989</u>	<u>\$ (178)</u>	<u>\$ 121,770</u>
Business-type activities:					
Capital assets not being depreciated:					
Land	\$ 3,268	\$ 12	\$	\$	\$ 3,280
Construction in progress	16,501	(13,916)	16,502	(12)	19,075
Total capital assets not being depreciated	<u>19,769</u>	<u>(13,904)</u>	<u>16,502</u>	<u>(12)</u>	<u>22,355</u>
Capital assets being depreciated:					
Structures and improvements	60,048	6,189		(1,093)	65,144
Machinery, equipment, pumping and distribution systems	239,544	7,715	471	(2,402)	245,328
Total capital assets being depreciated	<u>299,592</u>	<u>13,904</u>	<u>471</u>	<u>(3,495)</u>	<u>310,472</u>
Less accumulated depreciation for:					
Structures and improvements	(30,378)		(1,480)	781	(31,077)
Machinery, equipment, pumping and distribution systems	(138,246)		(7,109)	2,239	(143,116)
Total accumulated depreciation	<u>(168,624)</u>	<u>-</u>	<u>(8,589)</u>	<u>3,020</u>	<u>(174,193)</u>
Total capital assets being depreciated, net	<u>130,968</u>	<u>13,904</u>	<u>(8,118)</u>	<u>(475)</u>	<u>136,279</u>
Business-Type Activities Capital Assets, Net	<u>\$ 150,737</u>	<u>\$ -</u>	<u>\$ 8,384</u>	<u>\$ (487)</u>	<u>\$ 158,634</u>

CITY OF NORWICH, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019
(In Thousands)

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

Governmental activities:	
General government	\$ 234
Public safety	1,233
Social services	94
Public works	3,553
Education	<u>1,750</u>
 Total Depreciation Expense - Governmental Activities	 \$ <u><u>6,864</u></u>
 Business-type activities:	
Department of Public Utilities	\$ 8,243
Golf Course Authority	57
Stadium Authority	172
Ice Rink Authority	<u>117</u>
 Total Depreciation Expense - Business-Type Activities	 \$ <u><u>8,589</u></u>

Construction Commitments

The City has active construction projects as of June 30, 2019. At year end, the City's commitments with contractors on active authorizations are as follows:

<u>Project</u>	<u>Cumulative Authorization</u>	<u>Current Expenditures</u>	<u>Cumulative Expenditures</u>	<u>Balance June 30, 2019</u>
AMI Metering Installations	\$ 2,451	\$ 160	\$ 160	\$ 2,291
LCTP Phase 2 CWF 607 PG	4,662	805	4,188	474
WWTP Design & Construction	28,700		6,995	21,705
DWSRF - AMI Metering	2,900	1,573	1,579	1,321
Occum Water Tank - Equipment Upgrade	920	349	775	145
Deep River - Sand Filtration Upgrade	2,160	1,011	1,064	1,096
Sprague Interconnect Main Extension	3,450	1,076	1,205	2,245
Stony Brook - North & South Sections Transmission Main	5,820	55	326	5,494
Stony Brook Buoyant Media	7,550	913	1,759	5,791
Primary Distribution Circuit Upgrades	869	46	153	716
Dudley St Substation Upgrades	<u>300</u>	<u>135</u>	<u>135</u>	<u>165</u>
 Total	 \$ <u><u>59,782</u></u>	 \$ <u><u>6,123</u></u>	 \$ <u><u>18,339</u></u>	 \$ <u><u>41,443</u></u>

CITY OF NORWICH, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019
(In Thousands)

8. LONG-TERM DEBT

Changes in Long-Term Liabilities

Long-term liability activity for the year ended June 30, 2019 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities:					
Bonds payable:					
General obligation bonds	\$ 45,000	\$ 7,970	\$ 4,305	\$ 48,665	\$ 4,095
Add unamortized premiums	<u>2,407</u>	<u>291</u>	<u>288</u>	<u>2,410</u>	<u>210</u>
Total bonds payable	47,407	8,261	4,593	51,075	4,305
Compensated absences	3,276	1,880	1,791	3,365	1,594
Landfill closure	211		53	158	17
Capital leases	514		164	350	177
Net pension liability	75,908		929	74,979	
Net OPEB liability	34,607		641	33,966	
Risk management claims	<u>5,370</u>	<u>16,540</u>	<u>16,215</u>	<u>5,695</u>	<u>2,472</u>
Governmental Activities Long-Term Liabilities	<u>\$ 167,293</u>	<u>\$ 26,681</u>	<u>\$ 24,386</u>	<u>\$ 169,588</u>	<u>\$ 8,565</u>
Business-Type Activities:					
Bonds and notes payable:					
General obligation bonds	\$ 112	\$	\$ 41	\$ 71	\$ 41
Notes payable	1,896	41	410	1,527	307
State of Connecticut - serial note	<u>17,456</u>	<u>4,048</u>	<u>1,180</u>	<u>20,324</u>	<u>1,194</u>
Total bonds and notes payable	19,464	4,089	1,631	21,922	1,542
Compensated absences	4,424	2,019	1,791	4,652	1,823
Workers' compensation	1,080		349	731	216
Net pension liability	35,848		185	35,663	
Net OPEB liability	6,138		57	6,081	
Cash advances	<u>13,802</u>	<u>580</u>	<u>1,065</u>	<u>13,317</u>	<u>1,017</u>
Business-Type Activities Long-Term Liabilities	<u>\$ 80,756</u>	<u>\$ 6,688</u>	<u>\$ 5,078</u>	<u>\$ 82,366</u>	<u>\$ 4,598</u>

The governmental activities net pension liability and the net OPEB liability have primarily been liquidated with General Fund resources.

CITY OF NORWICH, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019
(In Thousands)

A schedule of bonds outstanding at June 30, 2019 is presented below:

Description	Date of Issue	Date of Maturity	Interest Rate (%)	Amount of Original Issue	Balance Outstanding June 30, 2019
Governmental Activities:					
General purpose bonds payable:					
Schools	12/30/2008	12/30/2020	0.0	\$ 2,940	\$ 490
General purpose	12/02/2009	12/01/2029	3.0-4.0	9,145	470
Schools	12/02/2009	12/01/2029	3.0-4.0	2,000	100
General purpose	12/13/2011	12/01/2022	2.0-4.0	4,680	3,260
Schools	12/13/2011	12/01/2022	2.0-4.0	5,000	3,420
Refunding - (04/15/2002) bonds	2/15/2012	4/15/2022	2.0	2,725	740
General purpose	2/12/2014	2/1/2034	3.0-5.0	12,365	9,105
Refunding - (4/15/2004 series B and 3/15/2005) bonds	2/12/2014	9/15/2019	3.0-5.0	2,793	186
Refunding - (4/15/2004 series B and 3/15/2005) bonds - Schools	2/12/2014	9/15/2019	3.0-5.0	2,987	339
General purpose - series A	3/3/2015	8/1/2034	3.0-4.0	5,600	4,300
General purpose - series B	3/3/2015	8/1/2024	2.0-3.0	1,140	680
General purpose - series A	3/1/2016	8/1/2035	2.0-2.6	6,300	5,205
General purpose - series B	3/1/2016	8/1/2025	2.0-3.0	2,500	1,750
Refunding - (partial 12/02/2009 series A) bonds - series C	10/12/2016	8/1/2024	1.8-4.0	2,925	2,925
General purpose - series A	3/1/2017	8/1/2036	3.0-4.0	4,450	4,000
Refunding - (partial 12/02/2009 series A) bonds - series A	3/1/2017	8/1/2036	3.0-4.0	2,825	2,825
General purpose - series B	3/1/2017	8/1/2036	1.0-3.9	1,000	900
General purpose - series A	12/6/2018	8/1/2038	3.0-5.0	7,970	7,970
Total					<u>\$ 48,665</u>
Business-Type Activities:					
General purpose bonds payable:					
Golf course	12/02/2009	12/01/2029	3.0-4.0	\$ 265	\$ 60
Refunding - (02/12/2014) Stony Brook Reservoir	2/12/2014	9/15/2019	3.0-5.0	73	11
Notes payable:					
Equipment financing loan	12/28/2017	1/1/2025	4.25	1,896	1,527
State of Connecticut serial notes payable:					
Clean Water Act 349-C	12/31/2002	12/31/2021	2.00	881	125
Clean Water Act 9714-C	12/31/2002	12/31/2021	2.77	1,899	285
Clean Water Act 200801-C	7/1/2009	7/1/2029	2.27	450	221
Clean Water Act 625-D	12/31/2012	12/31/2031	2.00	1,865	1,232
Clean Water Act 495-C	5/31/2013	6/1/2032	2.00	5,748	3,910
Clean Water Act 625-D1	5/31/2015	12/31/2031	2.00	2,510	1,858
Clean Water Act 707-PD	*	*	*	*	1,563
Drinking Water State Revolving Fund 2010-8005	3/31/2010	12/31/2029	2.06	145	75
Drinking Water State Revolving Fund 2010-8006	3/31/2010	6/30/2030	2.06	326	178
Drinking Water State Revolving Fund 2010-7005	4/30/2014	10/31/2032	2.00	160	115
Drinking Water State Revolving Fund 2010-7006	4/30/2014	4/30/2032	2.00	148	105
Drinking Water State Revolving Fund 2014-7027	6/30/2015	12/31/2034	2.27	506	390
Drinking Water State Revolving Fund 2014-7036	5/31/2016	11/30/2036	2.00	4,052	3,309
Drinking Water State Revolving Fund 2015-7037	10/12/2016	9/30/2034	2.00	1,528	1,287
Drinking Water State Revolving Fund 2017-7056	2/28/2019	6/30/2028	2.00	2,695	2,695
Drinking Water State Revolving Fund 2019-7069	*	*	*	*	1,181
Drinking Water State Revolving Fund 2019-7072	*	*	*	*	1,501
Drinking Water State Revolving Fund 2017-7077	*	*	*	*	294
Total					<u>\$ 21,922</u>

* Loan is not permanently financed at this time.

CITY OF NORWICH, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019
(In Thousands)

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>
2020	\$ 4,095	\$ 1,637	\$ 5,732
2021	3,985	1,467	5,452
2022	3,650	1,339	4,989
2023	3,400	1,216	4,616
2024	3,395	1,099	4,494
2025-2029	15,345	3,835	19,180
2030-2034	11,135	1,600	12,735
2035-2039	<u>3,660</u>	<u>268</u>	<u>3,928</u>
Total	<u>\$ 48,665</u>	<u>\$ 12,461</u>	<u>\$ 61,126</u>

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>
2020	\$ 1,542	\$ 386	\$ 1,928
2021	1,532	329	1,861
2022	1,442	291	1,733
2023	1,380	255	1,635
2024	1,257	220	1,477
2025-2029	5,370	765	6,135
2030-2034	3,979	252	4,231
2035-2039	<u>881</u>	<u>29</u>	<u>910</u>
Subtotal	<u>17,383</u>	<u>2,527</u>	<u>19,910</u>
State of Connecticut - serial notes not permanently financed as of June 30, 2019	<u>4,539</u>	<u>-</u>	<u>4,539</u>
	<u>\$ 21,922</u>	<u>\$ 2,527</u>	<u>\$ 24,449</u>

CITY OF NORWICH, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019
(In Thousands)

Capital Leases

Governmental Activities

The City entered into multi-year capital leases for the purchase of a fire truck and other equipment. Principal payments for the 2019 fiscal year were \$164. The net undepreciated value of assets purchased by capital lease approximates the principal balances payable of \$350 at June 30, 2019. The following is a summary of capital lease commitments as of June 30, 2019.

<u>Year Ending June 30</u>	<u>Governmental Funds</u>
2020	\$ 177
2021	65
2022	65
2033	<u>65</u>
Total payments	372
Less interest	<u>(22)</u>
Principal Balance	<u>\$ 350</u>

Compensated Absences - Governmental Activity

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

Vested:	
Sick	\$ 900
Vacation	738
Other	261
Nonvested:	
Sick	1,448 *
Other	<u>18 *</u>
Total	<u>\$ 3,365</u>

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

CITY OF NORWICH, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019
(In Thousands)

Compensated Absences - Business-Type Activity

Department of Public Utilities 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 Department of Public Utilities Fund. The following vested estimated liabilities are summarized as follows:

Sick	\$	3,441
Vacation		<u>1,211</u>
Total	\$	<u><u>4,652</u></u>

Landfill Closure and Postclosure Care Cost - Governmental Activity

State and federal laws and regulations require that the City place a final cover on its closed landfill and perform certain maintenance and monitoring functions at the landfill site for 30 years after closure. The current estimated total cost of the landfill closure and postclosure care of \$158 is based on the amount estimated to be paid for all equipment, facilities and services required to close, monitor and maintain the complete landfill site as of June 30, 2019. 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 Landfill Closure fund has been used to liquidate landfill closure and postclosure liabilities, but the General Fund will be used to pay for future monitoring costs.

Notes Payable - Business-Type Activity

Effective November 20, 2017, the Department of Public Utilities entered into a master financing agreement for notes payable with GE Government Finance, Inc., to finance the upgrading of streetlights. Principal balances outstanding on the notes totaled \$1,896 as of June 30, 2018. Accrued interest totaling \$41 was incurred during the construction period and added to the principal balance during the year ended June 30, 2019 to arrive at a notes payable balance of \$1,937. Principal payments of \$410 were made on the notes during the year then ended to arrive at a balance outstanding of \$1,527 as of June 30, 2019. The notes are payable in monthly installments beginning January 2019 at an interest rate of 4.25% and collateralized by the equipment purchased. The notes do not contain any financial covenants. Events of default include payment default or default of other terms within the agreement including default of other loans or bonds, failure to maintain the appropriate liability and property insurance, and any other false statements made within the agreement. Such a default could result in the acceleration of the total outstanding principal and accrued interest or action being taken against the collateralized assets.

CITY OF NORWICH, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019
(In Thousands)

Bonds Authorized/Unissued

Bonds authorized/unissued with outstanding debt at June 30, 2019 are as follows:

<u>Description</u>	<u>Authorized</u>	<u>Bonded</u>	<u>Grants</u>	<u>Authorized Unissued</u>
Gas Line Extensions (2014)	\$ 9,500	\$ 8,438	\$	\$ 1,062
Wawecus Street Bridge	800	500		300
Public Safety Radio System	2,700	2,400		300
Code Correction Assistance	1,840	1,113		727
Infrastructure Improvement Program	5,000	2,290		2,710
Public Safety Equipment (2017)	3,200	2,600		600
Dodd Stadium Capital Improvements (2018)	800			800
Integration of NPS and City Admin Function	675	400		275
Total	<u>\$ 24,515</u>	<u>\$ 17,741</u>	<u>\$ -</u>	<u>\$ 6,774</u>

Debt Limitations

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

<u>Category</u>	<u>Debt Limit</u>	<u>Net Indebtedness</u>	<u>Balance</u>
General purpose	\$ 178,819	\$ 27,393	\$ 151,426
Schools	357,638	6,135	351,503
Sewers	298,031	2,717	295,314
Urban renewal	258,294	2,582	255,712
Pension deficit	238,425		238,425

The total of the City's net statutory indebtedness of \$39.6 million does not exceed the legal debt limitation of \$556 million (seven times the base for debt limitation computation).

CITY OF NORWICH, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019
(In Thousands)

9. FUND EQUITY

A. Fund Balance

The components of fund balance at June 30, 2019 are as follows:

	<u>General Fund</u>	<u>Bond Expenditure Fund</u>	<u>Education Grants</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
Fund balances:					
Nonspendable:					
Inventory - School Lunch	\$	\$	\$	\$ 60	\$ 60
Trust:					
Cemetery Trust				1,743	1,743
Other				33	33
Restricted for:					
Trust				13	13
Grants:					
Kelly Middle School Project				1,364	1,364
Capital Projects		9,210			9,210
Committed to:					
Public safety:					
Fire Grants & Programs				4	4
Police Grants & Programs				168	168
Public works:					
Sherman Street Bridge				424	424
Public Parking				124	124
Other				3,159	3,159
Social services:					
Recreation				329	329
Human Services				97	97
Senior Center				108	108
Youth & Family Services				42	42
General government:					
Downtown Revitalization Revolving Loan				97	97
Other				282	282
Education:					
School Lunch				1,542	1,542
Adult Education				98	98
Other			190	137	327
Assigned to:					
General government - encumbrances	4				4
Public works - encumbrances	42				42
Public safety - encumbrances	23				23
Unassigned	13,653			(355)	13,298
Total Fund Balances	\$ 13,722	\$ 9,210	\$ 190	\$ 9,469	\$ 32,591

CITY OF NORWICH, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019
(In Thousands)

B. Department of Public Utilities - Restricted Net Position

Connecticut Municipal Electric Energy Cooperative (CMEEC) administers a Municipal Energy and Load Conservation Fund (the Fund) on behalf of its cooperative members, including the Norwich Department of Public Utilities (the Department). The Fund was established to comply with provisions of House Bill 7501, Public Act No. 05-1 requiring CMEEC to establish and administer the Fund. CMEEC includes a charge of 2.5 mills per kilowatt hour in the monthly purchase power costs of wholesale electricity sold to the Department for deposit into the Fund. Disbursements from the Fund are required to be made pursuant to a comprehensive electric conservation and load management plan. Funds held by CMEEC as of June 30, 2019 on behalf of the Department were \$249. Investment income that is earned on the Department’s deposits along with the Fund’s authorized expenses is recorded in the Department’s statement of activities. The funds held by CMEEC on behalf of the Department are recorded as an asset on the Department’s statement of net position and have been restricted.

C. Encumbrances

As discussed in Note 2.A., budgetary information, under the budgetary basis of accounting, encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At year end, the amount of encumbrances expected to be honored upon performance by the vendor in the next year were as follows:

General Fund	\$	69
Bond Expenditure Fund		7,425
Nonmajor Governmental Funds		1,741
Nonmajor Enterprise Funds		1
Internal Service Funds		<u>1</u>
Total	\$	<u><u>9,237</u></u>

10. TAX ABATEMENTS

As of June 30, 2019, the City provides tax abatements through multiple programs:

- Connecticut Enterprise Zone Program
- Uniform Tax Deferral Process
- Wauregan Hotel Development Tax Abatement Agreement
- Housing Development Zone Program

CITY OF NORWICH, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019
(In Thousands)

The Connecticut Enterprise Zone (EZ) Program provides real property tax abatements to encourage economic development in designated areas within a Targeted Investment Community of which the City has been designated, under Connecticut General Statutes Section 32-71 and City of Norwich Ordinance 7-91 and 7-94. Eligible businesses include manufacturers, warehouse distributors and certain designated service-related business. An EZ business applicant must complete a preliminary application to determine if all eligibility criteria will be met. After the request of the preliminary application has been met, the business applicant is required to submit a formal application to the Department of Economic and Community Development. A seven-year abatement ranging from 100% to 0% (phased in over the abatement) of local property taxes on qualifying real and personal property, is subject to the property being new to the grand list of the municipality as a direct result of a business expansion or renovation project or, in the case of an existing building, having met the vacancy requirement. The property tax abatement is for a full seven-year period and takes effect with the start of the first full assessment year following the issuance of a "Certificate of Eligibility." For the fiscal year ended June 30, 2019, taxes abated through this program total \$114. There are no provisions to recapture abated taxes under this program. No other commitments have been made by the City to the abatement recipients under this program.

The Uniform Tax Deferral Process provides real property tax abatements on certain commercial property development in the City under Connecticut General Statutes Section 12-65c through 12-65e and the City of Norwich Ordinance 7-22. Abatements are obtained pursuant to a contract between the City and the owner of any such property. The contract shall provide the terms of such abatement, the moneys equal to the amount of such abatement and the criteria by which the property is required to be used for to receive the abatement. For the fiscal year ended June 30, 2019, taxes abated through this program total \$286. The contract includes provisions for cease and potential recapture of abatements if property is used for a purpose other than the one specified in the agreement. No other commitments have been made by the City to the abatement recipients under this program.

The Wauregan Hotel Development (WHD) tax abatement agreement was created to provide real property tax abatements for the rehabilitation of certain deteriorated property within the City pursuant of Connecticut General Statutes Section 8-215 and City of Norwich Ordinance 7-21. Under the terms of the agreement the rehabilitated property is to be used for low-income housing and abatement obtained pursuant to a contract between the City and the owner of the property. The property owner will receive an abatement of all taxes but is responsible for paying the City a payment in lieu of taxes equal to 20% of net operating income on the property. Continuation of the agreement is conditioned upon continued compliance with the provisions of the agreement and is terminated upon sale or transfer of the property for any other purpose unless the City has consented thereto. For the fiscal year ended June 30, 2019, taxes abated through this program total \$115. There are no provisions to recapture abated taxes under this program. No other commitments have been made by the City to the abatement recipients under this program.

The Housing Development Zone tax abatement agreements provide real property tax abatements for improvements to commercial and residential real estate in Housing Development Zones pursuant of Connecticut General Statutes Section 8-380. Under the terms of the agreements, qualifying developments in Housing Development zones provide an abatement over an eleven-year period where the assessment is increased incrementally from 0% to 100%. For the fiscal year ended June 30, 2019, taxes abated through this program total \$106. There are no provisions to recapture abated taxes under this program. No other commitments have been made by the City to the abatement recipients under this program.

CITY OF NORWICH, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019
(In Thousands)

11. RISK MANAGEMENT

The City is exposed to various risks of loss related to public official liability, police professional liability, theft or impairment of assets, errors and omissions, injury to employees, natural disasters and owners and contractors protective liability.

It is the policy of the City to self-insure for employee health insurance programs. To this end, the City created an internal service fund to which the various City funds “pay premiums” and from which employee medical claims are paid. Claims are accrued as incurred. The City also purchased “stop loss” insurance to limit its losses to \$175 per person in 2019 for hospitalization with a maximum aggregate for all claims of approximately \$24,877.

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 \$600 and a \$10,000 aggregate maximum per year.

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

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

	<u>Beginning of Fiscal Year Liability</u>	<u>Current Year Claims and Changes in Estimates</u>	<u>Claim Payments</u>	<u>Balance at Fiscal Year End</u>
Medical:				
2018-2019	\$ 1,232	\$ 14,067	\$ 14,203	\$ 1,096
2017-2018	1,381	14,102	14,251	1,232
Workers’ Compensation:				
2018-2019	4,138	2,148	1,687	4,599
2017-2018	4,424	1,882	2,168	4,138

The City purchases commercial insurance for all other risks of loss, including blanket and umbrella policies. Settled claims have not exceeded coverage in any of the past three years.

The Department of Public Utilities accounts for the self-insured component of workers’ compensation benefits for the Department’s employees within the Department of Public Utilities Enterprise Fund. The Department has accrued \$731 for estimated unpaid accrued losses on reported claims as of June 30, 2019.

12. EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS

A. City of Norwich Retirement System

Plan Description and Benefits Provided

The City is the administrator of the City's Consolidated Pension Plan, a single-employer contributory defined benefit public employee retirement system (PERS) established and administered by the City to provide pension benefits to all full-time noncertified employees. The Plan is considered to be part of the City'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.

Management of the plans rest with the Personnel and Pension Board, which consists of five members (two members elected by plan members and three appointed by City Council). The City Treasurer shall have the care and custody of all pension funds and, with the approval of the Personnel and Pension Board, shall have the power to invest and reinvest the same in securities legal for investment of trust funds under the general statutes. The City Treasurer, with the approval of the Personnel and Pension Board, may designate and appoint a corporate trustee or trustees to manage the pension funds.

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.

Union Coalition

2018 Agreement

The members of the City Hall Employees, City Hall Supervisors, Public Works Employees, Public Works Supervisors, 911 Dispatchers, City nonunion and elected employees, Public Utilities Supervisory and Professional Employees, Public Utilities Technical and Clerical Employees, Public Utilities Water Distribution Employees, Public Schools Para-educators, Public Schools Custodians/ Maintainers, Public Schools Administrative Assistants, and Public Schools Nurses joined the 2018 coalition agreement for pension benefits.

Under this agreement, employees are 100% vested in a pension to begin at age 60 if they terminate employment after 10 years of continuous service or after 25 years of service and attainment of age 55 or after 34 years of service regardless of age. Also, any employee terminating employment after age 50 with 25 years of service is eligible for a pension at a reduced percentage. Employees hired prior to January 1, 2018 receive a retirement benefit of 2.2% of average final earnings during the highest three years out of the last 10 consecutive year period with a maximum of 74.8% of average earnings. Employees hired on or after January 1, 2018 receive a retirement benefit of 1.95% of average final earnings during the highest three years out of the last 10 consecutive year period with a maximum of 66.3% of average earnings.

Employees contribute 8.5% of their wages to the plan.

CITY OF NORWICH, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019
(In Thousands)

Police

Employees hired on or before July 1, 2014 may retire after 20 years of service, regardless of age. Employees shall be paid 50% of the average compensation received of the highest three years of their last 10 years of service. Employees shall receive an additional 2.20% for each year after 20 years for a maximum of 30 years or 72% of their average compensation received of the highest three years of their last 10 years of service, which additional years of service over 20 years shall be at the employee's option.

Employees hired after July 1, 2014 may retire after 25 years of service, regardless of age. Employees shall be paid 50% of the average compensation received of the highest three years of their last 10 years of service. Employees shall receive an additional 2.50% for each year after 25 years for a maximum of 30 years or 62.5%.

Employees contribute 8.5% of their wages to the plan.

Firefighters

Employees hired prior to July 1, 2013 may retire after 20 years of service, regardless of age. Employees shall be paid 48% of their average pay received of the highest three years of their last 10 years of service. Employees shall receive an additional 2.20% for each year after 20 years for a maximum of 30 years or 70%.

Employees hired on or after July 1, 2013 may retire after 25 years of service, regardless of age. Employees shall be paid 59% of their average pay received of the highest three years of their last 10 years of service. Employees shall receive an additional 2.20% for each year after 25 years for a maximum of 30 years or 70%.

Employees contribute 8% of their wages to the plan.

Plan Membership

At July 1, 2017, the date of the most recent actuarial valuation, the plan members consisted of (table not in thousands):

Retirees and beneficiaries currently receiving benefits	597
Terminated employees not yet receiving benefits	42
Active plan members	<u>601</u>
Total	<u><u>1,240</u></u>

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

Basis of Accounting

Financial statements are prepared using the accrual basis of accounting for the defined benefit pension plan. Plan member contributions are recognized in the period in which they are due. Employer contributions are recognized when due and a formal commitment to provide the contributions has been made. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

CITY OF NORWICH, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019
(In Thousands)

Method Used to Value Investments

Investments are reported at fair value. Securities traded on a national exchange are valued at the last reported sales price. Investment income is recognized as earned.

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. The City's funding policy provides for periodic employer contributions at actuarially determined rates. Pursuant to Ordinance 1710 adopted December 15, 2014, the City is committed to increasing its employer contribution by 15% each year until the City returns to funding 100% of the ADEC. The City's current contribution percentage is 26.53% of covered payroll.

Administrative costs of the plan are financed through investment earnings.

Investments

Investment Policy

The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the Personnel and Pension Board by a majority vote of its members. It is the policy of the Personnel and Pension Board to pursue an investment strategy that reduces risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes. The pension plan's investment policy discourages the use of cash equivalents, except for liquidity purposes, and aims to refrain from dramatically shifting asset class allocations over short time spans. The following was the Board's adopted asset allocation policy as of June 30, 2019.

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return*
U.S. Government Bonds	12.00%	1.60%
U.S. Credit Bonds	15.00%	3.03%
U.S. High Yield Bonds	3.00%	3.76%
U.S. Large Caps	35.00%	3.13%
U.S. Mid Caps	6.00%	3.62%
U.S. Small Caps	8.00%	3.27%
Foreign Developed Equity	13.60%	3.91%
Emerging Markets Equity	3.40%	4.59%
Private Real Estate Property	4.00%	3.13%
Total	100.00%	

* Long-Term Returns are geometric means.

Rate of Return

For the year ended June 30, 2019, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 7.29%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

CITY OF NORWICH, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019
(In Thousands)

Net Pension Liability of the City

The components of the net pension liability of the City at June 30, 2019 were as follows:

Total pension liability	\$ 290,309
Plan fiduciary net position	<u>(183,106)</u>
Net Pension Liability	<u>\$ 107,203</u>
 Plan fiduciary net position as a percentage of the total pension liability	 63.07%

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of July 1, 2017, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75%
Salary increases	Ranges from 0.0% to 7.0%, based on age
Investment rate of return	7.50%, net of investment-related expenses

Mortality rates were based on the RP-2014 adjusted to 2006 Blue Collar Mortality Table projected to valuation date with scale MP-2017 for Police and Firefighters and the RP-2014 adjusted to 2006 total data set projected to valuation date with a scale of MP-2017 for all other employees.

The long-term expected rate of return on pension plan investments was determined using a building block method in which best-estimate ranges of expected future real rates of return are developed. Best estimates of the real rates of return for each major asset class are included along with the pension plan’s long-term target asset allocation. Since the term rates shown above are geometric averages, the impact of asset allocation and rebalancing is not reflected in the expected return. The results support a rate between 7.00% and 7.50%. An expected rate of return of 7.50% was used.

Discount Rate

The discount rate used to measure the total pension liability was 7.50%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that City contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**CITY OF NORWICH, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019
(In Thousands)**

Changes in the Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balances as of July 1, 2018	\$ 281,849	\$ 173,583	\$ 108,266
Changes for the year:			
Service cost	5,881		5,881
Interest on total pension liability	20,905		20,905
Employer contributions		11,432	(11,432)
Member contributions		3,896	(3,896)
Net investment income		12,528	(12,528)
Benefit payments, including refund to employee contributions	(18,326)	(18,326)	-
Administrative expenses		(7)	7
Net changes	<u>8,460</u>	<u>9,523</u>	<u>(1,063)</u>
Balances as of June 30, 2019	\$ <u>290,309</u>	\$ <u>183,106</u>	\$ <u>107,203</u>

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the City, calculated using the current discount rate, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	1% Decrease in Discount Rate (6.50%)	Current Discount Rate (7.50%)	1% Increase in Discount Rate (8.50%)
Net Pension Liability as of June 30, 2019	\$ 139,574	\$ 107,203	\$ 79,846

CITY OF NORWICH, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019
(In Thousands)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended June 30, 2019, the City recognized pension expense of \$16,196. At June 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	Governmental Activities	Business-Type Activities Department of Public Utilities	Total
Deferred Outflows of Resources:			
Differences between expected and actual experience	\$ 664	\$ 331	\$ 995
Changes of assumptions	3,481	1,739	5,220
Net difference between projected and actual earnings on pension plan investments	<u>665</u>	<u>332</u>	<u>997</u>
	<u>\$ 4,810</u>	<u>\$ 2,402</u>	<u>\$ 7,212</u>
Deferred Inflows of Resources:			
Differences Between Expected and Actual Experience	<u>\$ 124</u>	<u>\$ 62</u>	<u>\$ 186</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

<u>Year Ended June 30</u>	Governmental Activities	Business-Type Activities Department of Public Utilities	Total
2020	\$ 3,139	\$ 1,568	\$ 4,707
2021	710	354	1,064
2022	598	299	897
2023	<u>239</u>	<u>119</u>	<u>358</u>
Total	<u>\$ 4,686</u>	<u>\$ 2,340</u>	<u>\$ 7,026</u>

B. City of Norwich Volunteer Firefighters' Relief Plan

Plan Description and Benefits Provided

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

CITY OF NORWICH, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019
(In Thousands)

Management of the plans rest with the Volunteer Firefighters’ Relief Fund Committee (VFFRF Committee), which consists of twelve members. Five members are appointed by the City Council, one is appointed by the Personnel and Pension Board, and one is the immediate past President of the VFFRF Committee. The City Treasurer shall have the care and custody of all pension funds and with the approval of the Committee, shall have the power to invest and reinvest the same in securities legal for investment of trust funds under the general statutes. The City Treasurer, with the approval of the Committee, may designate and appoint a corporate trustee or trustees to manage the pension funds.

Volunteers who joined the Plan prior to January 1, 2015 will begin receiving benefits when they are at least 55 years old and have at least 20 years of credited service. A plan member may purchase a year of credited service if he/she has responded to at least the lesser of 20% of all emergency calls or 150 calls as well as attending the lesser of 20% of his/her department’s training sessions and drills or 20 hours of training or drills during the plan year. “Retirees” from the plan receive a monthly benefit of \$22 (not in thousands) multiplied by the years of credited service to a maximum of 40 years and a maximum monthly benefit of \$880 (not in thousands).

Volunteers who joined the Plan on or after January 1, 2015 will begin receiving benefits when they are at least 55 years old and have at least 25 years of credited service. A plan member may purchase a year of credited service if he/she has responded to at least the lesser of 20% of all emergency calls or 150 calls as well as attending the lesser of 20% of his/her department’s training sessions and drills or 20 hours of training or drills during the plan year. “Retirees” from the plan receive a monthly benefit of \$22 (not in thousands) multiplied by the years of credited service to a maximum of 30 years and a maximum monthly benefit of \$660 (not in thousands).

The contribution requirements of plan members and the City are established and may be amended by the City legislature. Members are required to contribute \$264 (not in thousands) for each calendar year of credited service.

At January 1, 2018, the plan members consisted of (table not in thousands):

Inactive plan members or beneficiaries currently receiving benefits	52
Inactive plan members entitled to but not yet received benefits	1
Active plan members	<u>127</u>
Total	<u><u>180</u></u>

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

Basis of Accounting

Financial statements are prepared using the accrual basis of accounting for the defined benefit pension plan. Plan member contributions are recognized in the period in which they are due. Employer contributions are recognized when due and a formal commitment to provide the contributions has been made. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

Method Used to Value Investments

The plan reports investments at fair value. Investment income is recognized as earned.

Plan Expenses

Expenses of administering the plan are paid for by the City’s annual contribution to the plan.

CITY OF NORWICH, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019
(In Thousands)

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 \$264 (not in thousands) for each calendar year of credited service.

Investments

Investment Policy

The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the VFFRF Committee by a majority vote of its members. It is the policy of the VFFRF Committee to pursue an investment strategy that reduces risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes. The pension plan's investment policy discourages the use of cash equivalents, except for liquidity purposes, and aims to refrain from dramatically shifting asset class allocations over short time spans. The following was the VFFRF Committee's adopted asset allocation policy as of June 30, 2019.

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return*
U.S. Government Bonds	12.00%	1.60%
U.S. Credit Bonds	15.00%	3.03%
U.S. High Yield Bonds	3.00%	3.76%
U.S. Large Caps	35.00%	3.13%
U.S. Mid Caps	6.00%	3.62%
U.S. Small Caps	8.00%	3.27%
Foreign Developed Equity	13.60%	3.91%
Emerging Markets Equity	3.40%	4.59%
Private Real Estate Property	4.00%	3.13%
Total Portfolio	100.00%	

* Long-Term Returns are geometric means.

Rate of Return

For the year ended June 30, 2019, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 6.06%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Net Pension Liability of the City

The components of the net pension liability of the City at June 30, 2019 were as follows:

Total pension liability	\$ 6,445
Plan fiduciary net position	<u>(3,006)</u>
Net Pension Liability	<u>\$ 3,439</u>
Plan fiduciary net position as a percentage of the total pension liability	46.64%

**CITY OF NORWICH, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019
(In Thousands)**

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of January 1, 2018, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75% (Prior: 3.00%)
Salary increases	N/A - members are volunteers
Investment rate of return	7.0%, net of investment-related expenses

Mortality rates were based on RP-2014 Mortality Table adjusted to 2006 Blue Collar Mortality Table projected to valuation date with Scale MP-2017.

The long-term expected rate of return on pension plan investments was determined using a building block method in which best-estimate ranges of expected future real rates of return are developed. Best estimates of the real rates of return for each major asset class are included along with the pension plan's long-term target asset allocation. Since the term rates shown above are geometric averages, the impact of asset allocation and rebalancing is not reflected in the expected return. The results support a rate between 6.75% and 7.25%. An expected rate of return of 7.00% was used.

Discount Rate

The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that City contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in the Net Pension Liability

	<u>Increase (Decrease)</u>		
	<u>Total Pension Liability (a)</u>	<u>Plan Fiduciary Net Position (b)</u>	<u>Net Pension Liability (a)-(b)</u>
Balances as of July 1, 2018	\$ 6,285	\$ 2,795	\$ 3,490
Changes for the year:			
Service cost	65		65
Interest on total pension liability	434		434
Employer contributions		365	(365)
Member contributions		11	(11)
Net investment income		175	(175)
Benefit payments, including refund to employee contributions	(339)	(339)	-
Administrative expenses		(1)	1
Net changes	<u>160</u>	<u>211</u>	<u>(51)</u>
Balances as of June 30, 2019	<u>\$ 6,445</u>	<u>\$ 3,006</u>	<u>\$ 3,439</u>

**CITY OF NORWICH, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019
(In Thousands)**

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the City, calculated using the current discount rate, as well as what the City’s net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	<u>1% Decrease in Discount Rate (6.00%)</u>	<u>Current Discount Rate (7.00%)</u>	<u>1% Increase in Discount Rate (8.00%)</u>
Net Pension Liability as of June 30, 2019	\$ 4,212	\$ 3,439	\$ 2,796

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended June 30, 2019, the City recognized pension expense of \$324. At June 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	<u>Governmental Activities</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 75	\$ 123
Changes of assumptions	<u>77</u>	<u>60</u>
Total	<u>\$ 152</u>	<u>\$ 183</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

<u>Year Ended June 30</u>	<u>Governmental Activities</u>
2020	\$ 6
2021	(27)
2022	(6)
2023	(3)
2024	(4)
Thereafter	<u>3</u>
Total	<u>\$ (31)</u>

CITY OF NORWICH, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019
(In Thousands)

Schedule of Plan Net Position - June 30, 2019

	City Employee Pension Trust Fund	Volunteer Fire Pension Trust Fund	Total
	<u> </u>	<u> </u>	<u> </u>
Assets:			
Cash and cash equivalents	\$ 779	\$ 31	\$ 810
Investments:			
U.S. government securities	21,220		21,220
U.S. government agencies	7,879		7,879
Corporate bonds	22,200		22,200
Mutual funds	74,479	2,973	77,452
Common stock	55,505		55,505
Real estate	1,048		1,048
Due from other funds	<u>6</u>	<u>2</u>	<u>8</u>
Total assets	183,116	3,006	186,122
Liabilities:			
Accounts and other payables	<u>10</u>	<u> </u>	<u>10</u>
Net Position:			
Restricted for Pensions	<u>\$ 183,106</u>	<u>\$ 3,006</u>	<u>\$ 186,112</u>

CITY OF NORWICH, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019
(In Thousands)

Schedule of Changes in Plan Net Position for the Year Ended June 30, 2019

	City Employee Pension Trust Fund	Volunteer Fire Pension Trust Fund	Total
Additions:			
Contributions:			
Employer	\$ 11,432	\$ 365	\$ 11,797
Plan members	3,896	11	3,907
Total contributions	<u>15,328</u>	<u>376</u>	<u>15,704</u>
Investment income:			
Net appreciation in fair value of investments	7,961	33	7,994
Interest and dividends	<u>5,290</u>	<u>155</u>	<u>5,445</u>
Total investment income	13,251	188	13,439
Less investment expense	<u>(723)</u>	<u>(13)</u>	<u>(736)</u>
Net investment income	<u>12,528</u>	<u>175</u>	<u>12,703</u>
Total additions	<u>27,856</u>	<u>551</u>	<u>28,407</u>
Deductions:			
Benefits	17,947	335	18,282
Administration	7	1	8
Lump sum distributions and withdrawals	<u>379</u>	<u>4</u>	<u>383</u>
Total deductions	<u>18,333</u>	<u>340</u>	<u>18,673</u>
Net Increase	9,523	211	9,734
Net Position Restricted for Pensions at Beginning of Year	<u>173,583</u>	<u>2,795</u>	<u>176,378</u>
Net Position Restricted for Pensions at End of Year	<u>\$ 183,106</u>	<u>\$ 3,006</u>	<u>\$ 186,112</u>

C. Connecticut Teachers Retirement System - Pension

Plan Description

Teachers, principals, superintendents or supervisors engaged in service of public schools are provided with pensions through the Connecticut State Teachers' Retirement System, a cost sharing multiple-employer defined benefit pension plan administered by the Teachers Retirement Board. Chapter 167a of the State Statutes grants authority to establish and amend the benefit terms to the Teachers Retirement Board. The Teachers Retirement Board issues a publicly available financial report that can be obtained at www.ct.gov.

**CITY OF NORWICH, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019
(In Thousands)**

Benefit Provisions

The plan provides retirement, disability and death benefits. Employees are eligible to retire at age 60 with 20 years of credited service in Connecticut, or 35 years of credited service including at least 25 years of service in Connecticut.

Normal Retirement

Retirement benefits for employees are calculated as 2% of the average annual salary times the years of credited service (maximum benefit is 75% of average annual salary during the 3 years of highest salary).

Early Retirement

Employees are eligible after 25 years of credited service including 20 years of Connecticut service, or age 55 with 20 years of credited service including 15 years of Connecticut service with reduced benefit amounts.

Disability Retirement

Employees are eligible for service-related disability benefits regardless of length of service. Five years of credited service is required for nonservice-related disability eligibility. Disability benefits are calculated as 2% of average annual salary times credited service to date of disability, but not less than 15% of average annual salary, nor more than 50% of average annual salary.

Contributions

Per Connecticut General Statutes Section 10-183z (which reflects Public Act 79-436 as amended), contribution requirements of active employees and the State of Connecticut are approved, amended and certified by the State Teachers Retirement Board and appropriated by the General Assembly.

Employer (School Districts)

School District employers are not required to make contributions to the plan.

The statutes require the State of Connecticut to contribute 100% of each school districts' required contributions, which are actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of the benefits earned by employees during the year, with any additional amount to finance any unfunded accrued liability.

Employees

Effective July 1, 1992, each teacher is required to contribute 6% of salary for the pension benefit.

Effective January 1, 2018, the required contribution increased to 7% of pensionable salary.

CITY OF NORWICH, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019
(In Thousands)

Pension Liabilities, Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2019, the City reports no amounts for its proportionate share of the net pension liability, and related deferred outflows and inflows, due to the statutory requirement that the State pay 100% of the required contribution. The amount recognized by the City as its proportionate share of the net pension liability, the related state support and the total portion of the net pension liability that was associated with the City were as follows:

City's proportionate share of the net pension liability	\$ -
State's proportionate share of the net pension liability associated with the City	<u>63,248</u>
Total	\$ <u><u>63,248</u></u>

The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. At June 30, 2019, the City has no proportionate share of the net pension liability.

For the year ended June 30, 2019, the City recognized pension expense and revenue of \$7,098 in Exhibit II.

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of June 30, 2018, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75%
Salary increase	3.25-6.50%, including inflation
Investment rate of return	8.00%, net of pension plan investment expense, including inflation

Mortality rates were based on the RPH-2014 White Collar table with employee and annuitant rates blended from ages 50 to 80, projected to the year 2020 using the BB improvement scale, and further adjusted to grade in increased rates (5% for females and 8% for males) over age 80 for the period after service retirement and for dependent beneficiaries as well as for active members. The RPH-2014 Disabled Mortality Table projected to 2017 with Scale BB is used for the period after disability retirement.

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2010 - June 30, 2015.

For teachers who retired prior to September 1, 1992, pension benefit adjustments are made in accordance with increases in the Consumer Price Index, with a minimum of 3% and a maximum of 5% per annum.

For teachers who were members of the Teachers' Retirement System before July 1, 2007 and retire on or after September 1, 1992, pension benefit adjustments are made that are consistent with those provided for Social Security benefits on January 1 of the year granted, with a maximum of 6% per annum. If the return on assets in the previous year was less than 8.5%, the maximum increase is 1.5%.

CITY OF NORWICH, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019
(In Thousands)

For teachers who were members of the Teachers' Retirement System after July 1, 2007, pension benefit adjustments are made that are consistent with those provided for Social Security benefits on January 1 of the year granted, with a maximum of 5% per annum. If the return on assets in the previous year was less than 11.5%, the maximum increase is 3%, and if the return on the assets in the previous year was less than 8.5%, the maximum increase is 1.0%.

The long-term expected rate of return on pension plan investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and best estimates of arithmetic real rates of return for each major class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Large Cap U.S. equities	21.0%	5.8%
Developed non-U.S. equities	18.0%	6.6%
Emerging markets (Non-U.S.)	9.0%	8.3%
Core fixed income	7.0%	1.3%
Inflation linked bond fund	3.0%	1.0%
Emerging market bond	5.0%	3.7%
High yield bonds	5.0%	3.9%
Real estate	7.0%	5.1%
Private equity	11.0%	7.6%
Alternative investments	8.0%	4.1%
Liquidity fund	6.0%	0.4%
Total	<u>100.0%</u>	

Discount Rate

The discount rate used to measure the total pension liability was 8.00%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that State contributions will be made at the actuarially determined contribution rates in the future years. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The City's proportionate share of the net pension liability is \$-0- and, therefore, the change in the discount rate would only impact the amount recorded by the State of Connecticut.

Other Information

Additional information is included in the required supplementary information section of the financial statements. A schedule of contributions is not presented as the City has no obligation to contribute to the plan.

**CITY OF NORWICH, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019
(In Thousands)**

D. Aggregated Pension Information

The City recognized the following amounts related to pension plans as of and for the year ended June 30, 2019:

	<u>Deferred Outflow of Resources Related to Pensions</u>	<u>Net Pension Liability</u>	<u>Deferred Inflow of Resources Related to Pensions</u>	<u>Pension Expense</u>
City of Norwich Retirement System:				
Governmental Activities	\$ 4,810	\$ 71,540	\$ 124	\$ 11,031
Business-Type Activities	2,402	35,663	62	5,165
Volunteer Firefighters' Relief Plan:				
Governmental Activities	152	3,439	183	324
Connecticut Teachers Retirement System:				
Governmental Activities				(7,098)
	<u>\$ 7,364</u>	<u>\$ 110,642</u>	<u>\$ 369</u>	<u>\$ 9,422</u>
Governmental Activities	\$ 4,962	\$ 74,979	\$ 307	\$ 4,257
Business-Type Activities	2,402	35,663	62	5,165
	<u>\$ 7,364</u>	<u>\$ 110,642</u>	<u>\$ 369</u>	<u>\$ 9,422</u>

13. OTHER POST EMPLOYMENT BENEFITS

A. City of Norwich, Retiree Health Plan

Plan Description and Benefits Provided

The City, in accordance with various collective bargaining agreements, is committed to provide health and other benefits to eligible retirees and their spouses. The Retiree Health Plan (RHP) is considered to be part of the City's financial reporting entity and is included in the City's financial report as the Other Post Employment Benefits Trust Fund. The plan does not issue a stand-alone financial report. The RHP is a single-employer defined benefit healthcare plan administered by the City. Management of the RHP is vested with the Human Resources Director and Comptroller with policy oversight provided by the Personnel and Pension Board. The RHP provides medical, dental and life insurance benefits to eligible retirees and their spouses. All employees of the City are eligible to participate in the plan. Benefit provisions are established through negotiations between the City and the various unions representing the employees. The General Fund, the Fire Districts Fund and Department of Public Utilities are used to liquidate net other post employment benefit obligations.

**CITY OF NORWICH, CONNECTICUT
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2019
 (In Thousands)**

At July 1, 2017, plan membership consisted of the following:

Active plan members	896
Retired plan members	<u>351</u>
Total Participants	<u><u>1,247</u></u>

Summary of Significant Accounting Policies

Basis of Accounting

The financial statements of the Retiree Health Plan (RHP) are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. Administrative costs of the plan are paid by the City.

Investments are reported at fair value. Investment income is recognized as earned.

Plan Expenses

Expenses of administering the plan are paid for by the plan from contributions.

Funding Policy

The City adopted the same funding policy for OPEB as it had for the Retirement System in 2014. In June 2018, the Norwich City Council temporarily suspended the funding requirement described above for the OPEB fund until 2022.

The City pays the full cost of life insurance premiums. The percentage contribution of plan members and the City for medical benefits are negotiated with the various unions representing the employees. Retired plan members and beneficiaries currently receiving benefits are required to contribute specified percentages towards the cost of receiving benefits under the City’s self-insured medical benefits program as follows:

City Retirees

City Retirees are comprised of five separate bargaining units (City Hall Employees, City Hall Supervisors, Dispatchers, Public Works Employees and Public Works Supervisors) and nonunion employees, and OPEB benefits for these groups have been bargained for individually.

For most current City Retirees, the City funds the full cost of insurance for the retiree. The retiree must pay 50% of the cost for a participating spouse. Participation in the plan ends at age 65 for both the retiree and the retiree’s spouse.

Generally, City employees hired after 2013 are not eligible for postretirement medical benefits through the City.

Police Retirees

For most current retirees, the City funds full cost of insurance for the retiree. The retiree must pay 50% of the cost for a participating spouse. Participation in the plan ends at age 65 for both the retiree and the retiree’s spouse.

**CITY OF NORWICH, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019
(In Thousands)**

Police hired after June 2014 may elect to either waive postretirement medical coverage or contribute 1% of their earnings to the OPEB fund.

Police who are hired on or after January 1, 2018 are not eligible for postretirement medical benefits through the City.

Fire Retirees

For firefighters who retire on or after October 2013, the City funds full cost of insurance for the retiree. The retiree must pay 50% of the cost for a participating spouse. Participation in the plan ends at age 65 for both the retiree and the retiree's spouse.

Firefighters hired after June 2013 contribute 1% of their earnings to the OPEB fund for the first five years of employment.

Retired Board of Education Teachers and Administrators

For most current retirees, the City funds full cost of insurance for the retiree and spouse up to age 70. The level of retiree and spouse benefits was scaled back incrementally through negotiations from 1995 through 2004. Teachers and Administrators hired after June 2004 are not eligible for postretirement medical benefits through the City.

Retired Board of Education Custodians and Maintainers

The City funds full cost of insurance for the retiree and spouse hired before July 1997 and 50% of the cost if retiree was hired between 1997 and 2007. Coverage ends at age 65.

Custodians and Maintainers hired after June 2007 are not eligible for postretirement medical benefits through the City.

Retired Board of Education Nurses

The City funds full cost of insurance for the retiree and spouse hired before July 1994 until age 70 and 50% of the cost of retiree insurance for those hired between 1994 and 2009 until age 65.

Nurses hired after June 2009 are not eligible for postretirement medical benefits through the City.

Retired Board of Education Secretaries and Paraeducators

For most current retirees, the City funds full cost of insurance for the retiree and spouse up to age 70.

The level of retiree and spouse benefits was scaled back incrementally through negotiations from 1995 through 2004. Secretaries and Paraeducators hired after June 2004 are not eligible for postretirement medical benefits through the City.

Norwich Public Utilities' (NPU) Retirees

NPU retirees are comprised of three separate bargaining units (Water Distribution, Supervisory & Professional, and Technical & Clerical) and nonunion employees, and OPEB benefits for these groups have been bargained for individually.

For most current NPU retirees, the City funds the full cost of insurance for the retiree. The retiree must pay 100% of the cost for a participating spouse. Participation in the plan ends at age 65 for both the retiree and the retiree's spouse.

The level of the City's contribution was scaled back from 100% to 95% through negotiations with the three bargaining units from 1995 through 1997.

**CITY OF NORWICH, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019
(In Thousands)**

For the year ended June 30, 2019, plan members and the Teacher Retirement Board contributed \$200. The City is required to contribute the balance of the current premium cost and may contribute an additional amount as determined by the City in order to prefund benefits.

Employer contributions to the plan for the year ended June 30, 2019 totaled \$5,240.

Investments

Investment Policy

OPEB Benefits Plan's policy in regard to the allocation of invested assets is established and may be amended by the Personnel and Pension Board. It is the policy of the City to pursue an investment strategy that reduces risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes. The City's investment policy discourages the use of cash equivalents, except for liquidity purposes, and aims to refrain from dramatically shifting asset class allocations over short time spans.

Rate of Return

For the year ended June 30, 2019, the annual money-weighted rate of return on investments, net of investment expense, was 7.82%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested

Net OPEB Liability of the City

The City's net OPEB liability was measured as of June 30, 2019. The components of the net OPEB liability of the City at June 30, 2019 were as follows:

Total OPEB liability	\$	62,000
Plan fiduciary net position		<u>21,953</u>
Net OPEB Liability	\$	<u><u>40,047</u></u>
Plan fiduciary net position as a percentage of the total OPEB liability		35.41%

CITY OF NORWICH, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019
(In Thousands)

Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation as of July 1, 2017, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.75%
Salary increases	Varies by age, service and employee group
Investment rate of return	7.50%
Healthcare cost trend rates	2.0% for 2017, 7.25% for 2018, decreasing .5% per year, to an ultimate rate of 4.75% for 2023 and later

Mortality rates were based on the RP-2014 adjusted to 2006 total data set projected to valuation date with scale MP-2016 for City, Public Utilities and BOE employees. For Police Officers and Firefighters, mortality rates were based on the RP-2014 adjusted to 2006 blue collar mortality table, projected to the valuation date with scale MP-2016. Disabled mortality rates were based on the RP-2014 adjusted to 2006 disabled mortality table, projected to the valuation date with scale MP-2016.

The actuarial assumptions used in the valuation were based on standard tables modified for certain plan features such as eligibility for full and early retirement where applicable and input from the plan sponsor. A full actuarial experience study has not been completed.

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of real rates of return for each major asset as of June 30, 2019 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return*</u>
U.S. Government Bonds	12.00%	1.60%
U.S. Credit Bonds	15.00%	3.03%
U.S. High Yield Bonds	3.00%	3.76%
U.S. Large Cap Equities	35.00%	3.13%
U.S. Mid Cap Equities	6.00%	3.62%
U.S. Small Cap Equities	8.00%	3.27%
Foreign Developed Equity	16.80%	3.91%
Emerging Markets Equity	4.20%	4.59%
Total	<u>100.00%</u>	

* Long-Term Returns are geometric means.

CITY OF NORWICH, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019
(In Thousands)

Discount Rate

The discount rate used to measure the total OPEB liability was 7.50%. The projection of cash flows used to determine the discount rate assumed that City contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Changes in the Net OPEB Liability

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a)-(b)
Balances as of July 1, 2018	\$ 59,094	\$ 18,349	\$ 40,745
Changes for the year:			
Service cost	1,644		1,644
Interest	4,437		4,437
Contributions - employer		5,240	(5,240)
Contributions - member		15	(15)
Net investment income		1,534	(1,534)
Benefit payments	(3,175)	(3,175)	-
Administrative expenses		(10)	10
Net changes	<u>2,906</u>	<u>3,604</u>	<u>(698)</u>
Balances as of June 30, 2019	<u>\$ 62,000</u>	<u>\$ 21,953</u>	<u>\$ 40,047</u>

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

The following presents the net OPEB liability of the City at the current discount rate, as well as what the City's net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current discount rate:

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
Net OPEB Liability	\$ 45,356	\$ 40,047	\$ 35,346

CITY OF NORWICH, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019
(In Thousands)

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the net OPEB liability of the City at the current healthcare cost trend rate, as well as what the City's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower or 1 percentage point higher than the current healthcare cost trend rates:

	1% Decrease (6.25% Decreasing to 3.75%)	Current Trend Rate (7.25% Decreasing to 4.75%)	1% Increase (8.25% Decreasing to 5.75%)
Net OPEB Liability	\$ 33,704	\$ 40,047	\$ 47,432

OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB

For the year ended June 30, 2019, the City recognized OPEB expense of \$4,108. At June 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Governmental Activities	Business-Type Activities Department of Public Utilities	Total
Deferred Outflows of Resources:			
Differences between expected and actual experience	\$	\$ 1,343	\$ 1,343
Net difference between projected and actual earnings on pension plan investments	<u>99</u>	<u></u>	<u>99</u>
	<u>\$ 99</u>	<u>\$ 1,343</u>	<u>\$ 1,442</u>
Deferred Inflows of Resources:			
Differences between expected and actual experience	\$ 1,955	\$	\$ 1,955
Changes of assumptions	1,258	111	1,369
Net difference between projected and actual earnings on pension plan investments	<u></u>	<u>6</u>	<u>6</u>
	<u>\$ 3,213</u>	<u>\$ 117</u>	<u>\$ 3,330</u>

CITY OF NORWICH, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019
(In Thousands)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year Ended June 30</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	
		<u>Department of Public Utilities</u>	<u>Total</u>
2020	\$ (855)	\$ 341	\$ (514)
2021	(855)	341	(514)
2022	(855)	341	(514)
2023	(549)	203	(346)
Total	\$ <u>(3,114)</u>	\$ <u>1,226</u>	\$ <u>(1,888)</u>

Schedule of Plan Net Position - June 30, 2019

	<u>Other Post Employment Benefit Trust Fund</u>
Assets:	
Cash and cash equivalents	\$ 52
Investments:	
U.S. government securities	2,345
U.S. government agencies	971
Corporate bonds	2,533
Mutual funds	8,693
Common stock	5,594
Real estate	125
Accounts receivable	189
Due from other funds	1,454
Total assets	21,956
Liabilities:	
Accounts and other payables	3
Net Position:	
Restricted for OPEB Benefits	\$ <u>21,953</u>

CITY OF NORWICH, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019
(In Thousands)

Schedule of Changes in Plan Net Position for the Year Ended June 30, 2019

	Other Post Employment Benefit Trust Fund
	<u> </u>
Additions:	
Contributions:	
Employer	\$ 5,240
Plan members	15
Total contributions	<u>5,255</u>
Investment income:	
Net appreciation in fair value of investments	882
Interest and dividends	<u>772</u>
Total investment income	1,654
Less investment expense	<u>(120)</u>
Net investment income	<u>1,534</u>
Total additions	<u>6,789</u>
Deductions:	
Benefits	3,175
Administration	<u>10</u>
Total deductions	<u>3,185</u>
Net Increase	3,604
Net Position Restricted for OPEB Benefits at Beginning of Year	<u>18,349</u>
Net Position Restricted for OPEB Benefits at End of Year	<u>\$ 21,953</u>

B. Other Post Employment Benefit - Connecticut State Teachers Retirement Plan

Plan Description

Teachers, principals, superintendents or supervisors engaged in service of public schools plus professional employees at State Schools of higher education are eligible to participate in the Connecticut State Teachers' Retirement System Retiree Health Insurance Plan (TRS-RHIP), a cost sharing multiple-employer defined benefit other post employment benefit plan administered by the Teachers' Retirement Board (TRB), if they choose to be covered.

Chapter 167a of the State Statutes grants authority to establish and amend the benefit terms to the TRB. TRS-RHIP issues a publicly available financial report that can be obtained at www.ct.gov/trb.

Benefit Provisions (Amounts Not Rounded)

There are two types of the health care benefits offered through the system. Subsidized Local School District Coverage provides a subsidy paid to members still receiving coverage through their former employer and the CTRB Sponsored Medicare Supplement Plans provide coverage for those participating in Medicare but not receiving Subsidized Local School District Coverage.

Any member who is not currently participating in Medicare Parts A & B is eligible to continue health care coverage with their former employer. A subsidy of up to \$110 per month for a retired member plus an additional \$110 per month for a spouse enrolled in a local school district plan is provided to the school district to first offset the retiree's share of the cost of coverage, and any remaining portion is used to offset the district's cost. The subsidy amount is set by statute and has not increased since July 1996. A subsidy amount of \$220 per month may be paid for a retired member, spouse or the surviving spouse of a member who has attained the normal retirement age to participate in Medicare, is not eligible for Part A of Medicare without cost, and contributes at least \$220 per month towards coverage under a local school district plan.

Any member who is currently participating in Medicare Parts A & B is eligible to either continue health care coverage with their former employer, if offered, or enroll in the plan sponsored by the System. If they elect to remain in the plan with their former employer, the same subsidies as above will be paid to offset the cost of coverage.

If a member participating in Medicare Parts A & B so elects, they may enroll in one of the CTRB Sponsored Medicare Supplement Plans. Effective July 1, 2018, the System added a Medicare Advantage Plan option. Active members, retirees and the State pay equally toward the cost of the basic coverage (medical and prescription drug benefits) under the Medicare Advantage Plan. Retired members who choose to enroll in the Medicare Supplement Plan are responsible for the full difference in the premium cost between the two plans. Additionally, effective July 1, 2018, retired members who cancel their health care coverage or elect to not enroll in a CTRB sponsored health care coverage option must wait two years to re-enroll.

**CITY OF NORWICH, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019
(In Thousands)**

Survivor Health Care Coverage (Amounts Not Rounded)

Survivors of former employees or retirees remain eligible to participate in the plan and continue to be eligible to receive either the \$110 monthly subsidy or participate in the TRB-Sponsored Medicare Supplement Plans, as long as they do not remarry.

Eligibility

Any member who is currently receiving a retirement or disability benefit is eligible to participate in the plan.

Credited Service

One month for each month of service as a teacher in Connecticut public schools, maximum 10 months for each school year. Ten months of credited service constitutes one year of Credited Service. Certain other types of teaching services, State employment, or wartime military service may be purchased prior to retirement if the member pays one-half the cost.

Normal Retirement

Age 60 with 20 years of Credited Service in Connecticut, or 35 years of Credited Service including at least 25 years of service in Connecticut.

Early Retirement

Age 55 with 20 years of Credited Service including 15 years of Connecticut service, or 25 years of Credited Service including 20 years of Connecticut service.

Proratable Retirement

Age 60 with 10 years of Credited Service.

Disability Retirement

No service requirement if incurred in the performance of duty, and 5 years of Credited Service in Connecticut if not incurred in the performance of duty.

Termination of Employment

Ten or more years of Credited Service.

Contributions (Amounts Not Rounded)

State of Connecticut

Per Connecticut General Statutes Section 10-183z, contribution requirements of active employees and the State of Connecticut are approved, amended and certified by the State Teachers' Retirement Board and appropriated by the General Assembly. The State contributions are not currently actuarially funded. The State appropriates from the General Fund one third of the annual costs of the Plan. Administrative costs of the Plan are financed by the State. Based upon Chapter 167a, Subsection D of Section 10-183t of the Connecticut statutes, it is assumed the State will pay for any long-term shortfall arising from insufficient active member contributions.

CITY OF NORWICH, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019
(In Thousands)

Employer (School Districts)

School District employers are not required to make contributions to the plan.

Employees

Each member is required to contribute 1.25% of their annual salary up to \$500,000. Contributions in excess of \$500,000 will be credited to the Retiree Health Insurance Plan.

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At June 30, 2019, the City reports no amounts for its proportionate share of the net OPEB liability, and related deferred outflows and inflows, due to the statutory requirement that the State pay 100% of the required contribution. The amount recognized by the City as its proportionate share of the net OPEB liability, the related State support and the total portion of the net OPEB liability that was associated with the City was as follows:

City's proportionate share of the net OPEB liability	\$ -
State's proportionate share of the net OPEB liability associated with the City	<u>12,644</u>
Total	<u>\$ 12,644</u>

The net OPEB liability was measured as of June 30, 2018, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as June 30, 2018. At June 30, 2019, the City has no proportionate share of the net OPEB liability.

For the year ended June 30, 2019, the City recognized OPEB expense and revenue of (\$4,200) in Exhibit II.

Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation as of June 30, 2018, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75%
Health care costs trend rate	
Pre-Medicare	5.95% decreasing to 4.75% by 2025
Medicare	5.00% decreasing to 4.75% by 2028
Salary increases	3.25-6.50%, including inflation
Investment rate of return	3.00%, net of OPEB plan investment expense, including inflation
Year fund net position will be depleted	2019

CITY OF NORWICH, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019
(In Thousands)

Mortality rates were based on the RPH-2014 White Collar table with employee and annuitant rates blended from ages 50 to 80, projected to the year 2020 using the BB improvement scale, and further adjusted to grade in increases (5% for females and 8% for males) over age 80. For disabled retirees, mortality rates were based on the RPH-2014 Disabled Mortality Table projected to 2020 using the BB improvement scale.

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2010 - June 30, 2015.

The long-term expected rate of return on plan assets is reviewed as part of the GASB 75 valuation process. Several factors are considered in evaluating the long-term rate of return assumption, including the plan's current asset allocations and a log-normal distribution analysis using the best-estimate ranges of expected future real rates of return (expected return, net investment expense and inflation) for each major asset class. The long-term expected rate of return was determined by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The assumption is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years. The plan is 100% invested in U.S. Treasuries (Cash Equivalents) for which the expected 10-Year Geometric Real Rate of Return is (0.27%).

Discount Rate

The discount rate used to measure the total OPEB liability was 3.87%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current member contribution rate and that contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members. No future State contributions were assumed to be made. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be depleted in 2019 and, as a result, the Municipal Bond Index Rate was used in the determination.

Sensitivity of the Net OPEB Liability to Changes in the Health Care Cost Trend Rate and the Discount Rate

The City's proportionate share of the net OPEB liability is \$-0- and, therefore, the change in the health care cost trend rate or the discount rate would only impact the amount recorded by the State of Connecticut.

Other Information

Additional information is included in the required supplementary information section of the financial statements. A schedule of contributions is not presented as the City has no obligation to contribute to the plan. Detailed information about the Connecticut State Teachers OPEB Plan fiduciary net position is available in the separately issued State of Connecticut Comprehensive Annual Financial Report at www.ct.gov.

14. JOINTLY GOVERNED AND RELATED ORGANIZATIONS

Connecticut Municipal Electric Energy Cooperative

CMEEC is a public corporation organized in 1976 under Connecticut Public Act 75-634, subsequently enacted as Title 7-233, Chapter 101a of the General Statutes of Connecticut, as amended. It is empowered to undertake the planning, financing, acquisition, construction and operation of facilities for the generation and transmission of electric power and energy for its member utilities, including the City of Norwich, Department of Public Utilities (the Department), and others. CMEEC may issue bonds in its own name. Under the bylaws of CMEEC, a Board of Directors comprised of representatives from the participating members was established. CMEEC's Board is comprised of twenty representatives and officers. The governing board consists of representatives appointed by each of the participating members and assumes all the management decisions. Two representatives from the City of Norwich, Department of Public Utilities serve on the Board. The CMEEC Board acts as a regulatory body in that it reviews and approves recovery of costs in rates on an annual basis.

CMEEC has entered into power sales contracts with each of the members including the City of Norwich Department of Public Utilities. Under the contracts, each of the member utilities have agreed to purchase essentially all of its electric power required for resale from CMEEC, with CMEEC's electric revenues to consist of billings for resale of power. The contracts obligate each member utility to pay for their share of CMEEC's fixed costs, which consist primarily of debt service and CMEEC administrative and general costs on a take or pay basis. The member utilities maintain this fixed cost obligation whether or not they take any power from CMEEC. The amount of power purchased from CMEEC for the fiscal year ended June 30, 2019 was \$25,920.

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

During the 2012 fiscal year, CMEEC and its members became participants in the Regional Greenhouse Gas Initiative Fund (RGGI), which is an initiative that implements the carbon dioxide cap and trading program as proposed by the RGGI in Connecticut. During the 2019 fiscal year, the share of contributions to the fund received by the Department totaled \$72, with drawdowns of \$106, and interest on the fund of \$2. The balance of the Department funds held by CMEEC for the RGGI was \$189 for the year ended June 30, 2019.

CITY OF NORWICH, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019
(In Thousands)

15. COMMITMENTS AND CONTINGENCIES

Purchased Gas Contracts

The Department of Public Utilities participates in forward contracts for the purchase of gas capacity for storage and transmission. Under the terms of the contracts, the Department is obligated to make payments for set capacities that will be charged at variable and fixed rates until the end of the respective terms. As of June 30, 2019, the Department has obligations in place through 2031. Expense under the contracts totaled \$3,197 during the year ended June 30, 2019.

Power Sales Contract - Norwich Department of Public Utilities (Department)

CMEEC supplies power to the Department under a Power Sales Contract that became effective April 25, 2013. The contract obligates the Department to pay a percentage of CMEEC’s fixed costs obligations, including debt service and administrative and general costs. Under the power sales agreement, the Department is required to pay its percentage of CMEEC’s fixed cost obligations whether or not they purchase power from CMEEC. The contract will remain in effect until the date when all of the indebtedness and fixed cost obligations of CMEEC have been paid in full and thereafter until terminated by either party following not less than three years prior written notice to the other party of its intention to terminate, provided, however, CMEEC shall not incur or issue any indebtedness with a maturity date later than December 31, 2052.

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 includes 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 net deferred debt fixed cost obligation to CMEEC as of June 30, 2019 is summarized as follows:

CMEEC - debt service fixed cost obligation	\$ 17,964
Department - rate stabilization funds on deposit with CMEEC	<u>(10,920)</u>
Net Deferred Fixed Cost Obligation	<u>\$ 7,044</u>

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 position. The fixed cost obligation paid by the Department to CMEEC included in the cost to purchase power for the current year was \$3,038.

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

**CITY OF NORWICH, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019
(In Thousands)**

Combined Sewer Overflows

Under various consent decrees issued by the State of Connecticut Department of Environmental Protection (consent decrees), the Department is required to eliminate certain combined storm and sanitary sewers. The estimated cost of these improvements is \$53,000. As of June 30, 2019, \$4,188 relating to these projects, including capitalized interest, has been incurred and included in property, plant and equipment. Based on current engineering estimates, completion of these projects will be within the next 15 years. Funding for these improvements is being provided by the State of Connecticut's Clean Water Fund in the form of loans and grants. As of June 30, 2019, the State is committed to providing the Department funding in the form of loans and grants of \$1,655 and \$345, respectively, with loans and grants yet to be expended of \$55 and \$7, respectively.

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.

16. 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
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019
(In Thousands)**

17. NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES

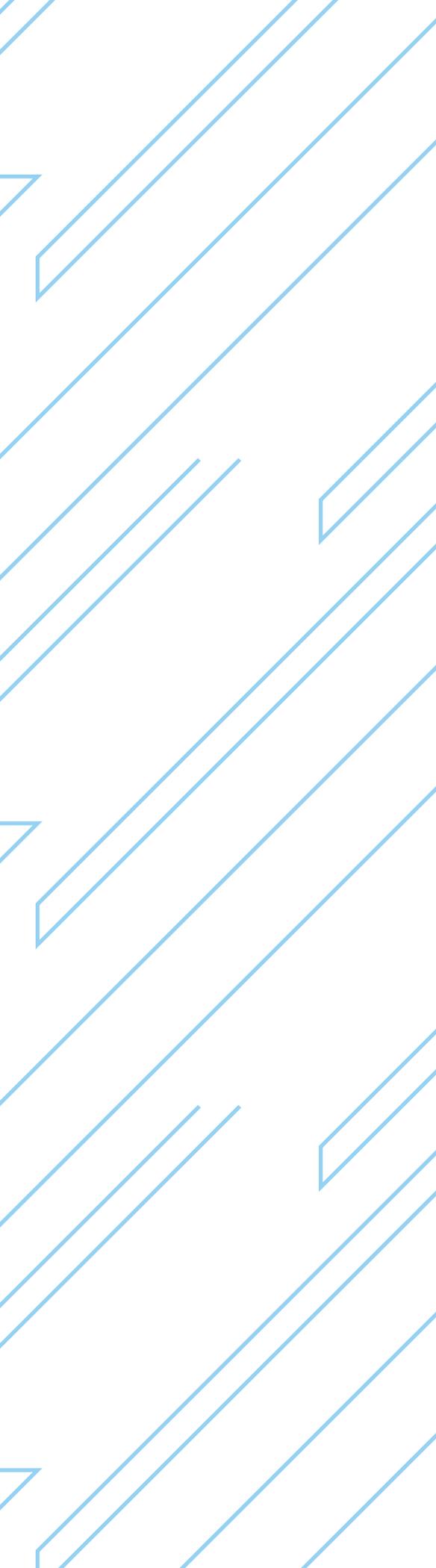
As of June 30, 2019, the Department of Public Utilities has purchased \$847 in capital assets on account, which are included in accounts payable and accrued liabilities in the accompanying statement of net position.

Capital contributions from Governmental Funds totaling \$579 and \$522 were made to the Department of Public Utilities and Nonmajor Enterprise Funds, respectively, during the year ended June 30, 2019.

18. SUBSEQUENT EVENTS

The Professional Baseball Agreement currently in place between Major League Baseball (MLB) and minor league teams, which includes the Connecticut Tigers who play at Dodd Stadium in the City, expires at the end of the 2020 baseball season. Subsequent to the year ended June 30, 2019, a MLB proposal was released which would eliminate the Connecticut Tigers affiliation with MLB at the cessation of the current contract. The proposal if ratified in its current form could have an adverse effect on the carrying value of capital assets recorded by the Stadium Authority, a nonmajor enterprise fund of the City. Due to the uncertainty of the proposal and status of negotiations being ongoing, no impairment has currently been recognized by the City on the related capital assets, with a remaining net book value of \$6,651 as of the year ended June 30, 2019.

On November 5, 2019, one bond authorization was made through referenda. Bonds authorized totaled \$5.0 million and were authorized for infrastructure projects.



Required Supplementary Information

CITY OF NORWICH, CONNECTICUT
GENERAL FUND
SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE YEAR ENDED JUNE 30, 2019
(In Thousands)

	Budgeted Amounts		Actual	Variance
	Original	Final		
General property taxes:				
Current tax levy	\$ 66,679	\$ 66,679	\$ 66,690	\$ 11
Motor vehicle supplement	8,104	8,104	7,765	(339)
Prior years levy	1,800	1,800	1,900	100
Interest and liens	900	935	1,114	179
Total	<u>77,483</u>	<u>77,518</u>	<u>77,469</u>	<u>(49)</u>
Intergovernmental revenues:				
Payment in lieu of taxes	1,453	1,453	1,453	-
Building maintenance	298	345	343	(2)
City housing	137	137	166	29
Mashantucket-Pequot Mohegan	1,860	1,860	1,860	-
Youth service bureau	67	67	72	5
School construction	1,000	1,000		(1,000)
Telecommunications tax	130	130	105	(25)
Town aid road	496	496	494	(2)
Municipal revenue sharing	418	418	408	(10)
EMPG	20	20	5	(15)
Education cost sharing	32,317	32,317	32,614	297
Total	<u>38,196</u>	<u>38,243</u>	<u>37,520</u>	<u>(723)</u>
Charges for services:				
Senior Citizens Center	9	9	10	1
Financial services	132	80	78	(2)
Human resources services		38	38	-
Publics works services		35	35	-
Landfill	68	68	65	(3)
Direct hauler fees	782	782	654	(128)
Backyard rollout fee	9	9	8	(1)
Recording fees	345	151	136	(15)
Planning and zoning fees		20	25	5
Printing and duplication fees		49	52	3
Notary public fees		3	4	1
Vital statistics		145	138	(7)
Fingerprinting		5	4	(1)
Conveyance tax	508	508	460	(48)
Land recording capital improvement fee	14	14	12	(2)
Probate court	24	24		(24)
Tuition	126	126	46	(80)
Health services	104	104	119	15
Total	<u>2,121</u>	<u>2,170</u>	<u>1,884</u>	<u>(286)</u>
Licenses and permits:				
Public safety permits		15	16	1
Building permits	514	471	462	(9)
Road opening permits		2	2	-
Marriage licenses		4	4	-
Animal licenses		2	1	(1)
Total	<u>514</u>	<u>494</u>	<u>485</u>	<u>(9)</u>

(Continued on next page)

CITY OF NORWICH, CONNECTICUT
GENERAL FUND
SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2019
(In Thousands)

	Budgeted Amounts		Actual	Variance
	Original	Final		
Fines and assessments:				
Traffic violations	\$ 6	\$ 6	\$ 4	\$ (2)
Blight citations	26	26	17	(9)
Sewer assessments	320	320	264	(56)
Total	<u>352</u>	<u>352</u>	<u>285</u>	<u>(67)</u>
Rents and royalties:				
Property rent	257	69	89	20
Cell tower rent		57	64	7
Facilities rent		22	34	12
Total	<u>257</u>	<u>148</u>	<u>187</u>	<u>39</u>
Investment income:				
Interest on investments	<u>500</u>	<u>500</u>	<u>835</u>	<u>335</u>
Other revenues:				
Sale of City assets	113	74	12	(62)
Miscellaneous revenue		37	65	28
Total	<u>113</u>	<u>111</u>	<u>77</u>	<u>(34)</u>
Total revenues	<u>119,536</u>	<u>119,536</u>	<u>118,742</u>	<u>(794)</u>
Other financing sources:				
Transfers in:				
Cemetery Trust	68	68	65	(3)
Department of Public Utilities	6,076	6,076	6,076	-
Police	165	165	279	114
Parking Commission	30	30	30	-
Golf Course Authority			5	5
Total	<u>6,339</u>	<u>6,339</u>	<u>6,455</u>	<u>116</u>
Total	<u>\$ 125,875</u>	<u>\$ 125,875</u>	125,197	<u>\$ (678)</u>

Budgetary revenues are different than GAAP revenues because:

State of Connecticut State Teachers' Retirement System pension expense (revenue) for City teachers is not budgeted.	7,098
State of Connecticut State Teachers' Retirement System OPEB expense (revenue) for City teachers is not budgeted.	(4,200)
The Board of Education does not budget for intergovernmental grants, which are credited against education expenditures for budgetary reporting. These amounts are recorded as revenues and expenditures for GAAP financial reporting purposes.	1,833
Cancellation of prior year encumbrances are recorded as miscellaneous revenue for budgetary reporting. This amount is excluded for financial reporting purposes.	(9)

Total Revenues and Other Financing Sources as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds - Exhibit IV \$ 129,919

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, 2019
(In Thousands)

	Budgeted Amounts		Actual	Variance
	Original	Final		
General government:				
City Council	\$ 426	\$ 382	\$ 382	\$ -
City Manager	375	372	371	1
Finance	1,589	1,586	1,585	1
City Treasurer	253	251	251	-
Assessor	506	476	475	1
Human Resources	516	509	509	-
Law	446	486	481	5
City Clerk	491	495	493	2
Election	153	145	144	1
Planning and Neighborhood Services	1,030	1,020	1,018	2
Total general government	<u>5,785</u>	<u>5,722</u>	<u>5,709</u>	<u>13</u>
Public safety:				
Police	16,161	16,759	16,742	17
Fire:				
East Great Plain	144	144	143	1
Laurel Hill	71	66	63	3
Occum	72	72	71	1
Taftville	161	154	153	1
Yantic	168	168	168	-
Fire Central	2,140	2,082	2,082	-
Emergency management	82	69	68	1
Total public safety	<u>18,999</u>	<u>19,514</u>	<u>19,490</u>	<u>24</u>
Social Services:				
Recreation	687	683	681	2
Human services	421	415	415	-
Senior Citizens Center	640	643	643	-
Youth and Family Services	276	273	273	-
Total social services	<u>2,024</u>	<u>2,014</u>	<u>2,012</u>	<u>2</u>
Public works:				
Engineering and administration	823	784	784	-
Fleet maintenance	1,411	1,355	1,354	1
Solid waste	2,615	2,639	2,639	-
Maintenance and cleaning	4,142	4,025	4,025	-
Building maintenance	1,344	1,294	1,292	2
Street lighting	515	479	478	1
Parking maintenance	164	147	147	-
Total public works	<u>11,014</u>	<u>10,723</u>	<u>10,719</u>	<u>4</u>
Board of Education	<u>78,470</u>	<u>79,870</u>	<u>79,870</u>	<u>-</u>

(Continued on next page)

**CITY OF NORWICH, CONNECTICUT
 GENERAL FUND
 SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
 BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) (CONTINUED)
 FOR THE YEAR ENDED JUNE 30, 2019
 (In Thousands)**

	Budgeted Amounts		Actual	Variance
	Original	Final		
Other	\$ 3,030	\$ 2,307	\$ 2,303	\$ 4
Transfers out	6,753	6,753	6,753	-
Total	\$ 126,075	\$ 126,903	126,856	\$ 47

Budgetary expenditures are different than GAAP expenditures because:

State of Connecticut State Teachers' Retirement System pension expense (revenue) for City teachers is not budgeted.	7,098
State of Connecticut State Teachers' Retirement System OPEB expense (revenue) for City teachers is not budgeted.	(4,200)
The Board of Education does not budget for intergovernmental grants, which are credited against education expenditures for budgetary reporting. These amounts are recorded as revenues and expenditures for GAAP financial reporting purposes.	1,833
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.	(66)
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.	<u>240</u>

Total Expenditures and Other Financing Uses as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds - Exhibit IV \$ 131,761

CITY OF NORWICH, CONNECTICUT
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
LAST SIX FISCAL YEARS - CITY EMPLOYEES*
(In Thousands)

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Total pension liability:						
Service cost	\$ 5,881	\$ 5,769	\$ 5,656	\$ 5,890	\$ 5,498	\$ 2,679
Interest	20,905	20,965	20,281	18,659	17,981	17,334
Differences between expected and actual experience		(295)		3,337		
Changes of benefit terms		(4,568)		634		
Changes of assumptions		4,117		8,811		
Benefit payments, including refunds of member contributions	<u>(18,326)</u>	<u>(17,496)</u>	<u>(16,927)</u>	<u>(15,426)</u>	<u>(14,836)</u>	<u>(14,146)</u>
Net change in total pension liability	8,460	8,492	9,010	21,905	8,643	5,867
Total pension liability - beginning	<u>281,849</u>	<u>273,357</u>	<u>264,347</u>	<u>242,442</u>	<u>233,799</u>	<u>227,932</u>
Total pension liability - ending	<u>290,309</u>	<u>281,849</u>	<u>273,357</u>	<u>264,347</u>	<u>242,442</u>	<u>233,799</u>
Plan fiduciary net position:						
Contributions - employer	11,432	10,103	8,711	7,581	6,718	5,849
Contributions - member	3,896	3,664	3,386	3,358	3,247	3,057
Net investment income (loss)	12,528	12,097	18,213	(2,851)	4,681	20,194
Benefit payments, including refunds of member contributions	(18,326)	(17,496)	(16,927)	(15,426)	(14,836)	(14,146)
Administrative expense	<u>(7)</u>	<u>(44)</u>	<u>(5)</u>	<u>(42)</u>	<u>(4)</u>	<u>(32)</u>
Net change in plan fiduciary net position	9,523	8,324	13,378	(7,380)	(194)	14,922
Plan fiduciary net position - beginning	<u>173,583</u>	<u>165,259</u>	<u>151,881</u>	<u>159,261</u>	<u>159,455</u>	<u>144,533</u>
Plan fiduciary net position - ending	<u>183,106</u>	<u>173,583</u>	<u>165,259</u>	<u>151,881</u>	<u>159,261</u>	<u>159,455</u>
Net Pension Liability - Ending	<u>\$ 107,203</u>	<u>\$ 108,266</u>	<u>\$ 108,098</u>	<u>\$ 112,466</u>	<u>\$ 83,181</u>	<u>\$ 74,344</u>
Plan fiduciary net position as a percentage of the total pension liability	63.07%	61.59%	60.46%	57.46%	65.69%	68.20%
Covered payroll	\$ 43,095	\$ 41,638	\$ 42,011	\$ 40,590	\$ 39,262	\$ 37,752
Net pension liability as a percentage of covered payroll	248.76%	260.02%	257.31%	277.08%	211.86%	196.93%

*Note - This schedule is intended to show information for ten years. Additional information will be added as it becomes available.

CITY OF NORWICH, CONNECTICUT
SCHEDULE OF EMPLOYER CONTRIBUTIONS
LAST TEN FISCAL YEARS - CITY EMPLOYEES
(In Thousands)

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Actuarially determined contribution	\$ 12,010	\$ 10,820	\$ 10,732	\$ 9,740	\$ 9,651	\$ 5,790	\$ 5,728	\$ 4,713	\$ 3,644	\$ 2,397
Contributions in relation to the actuarially determined contribution	11,432	10,103	8,711	7,581	6,718	5,849	5,730	4,407	3,752	2,771
Contribution Deficiency (Excess)	\$ 578	\$ 717	\$ 2,021	\$ 2,159	\$ 2,933	\$ (59)	\$ (2)	\$ 306	\$ (108)	\$ (374)
Covered payroll	\$ 43,095	\$ 41,638	\$ 42,011	\$ 40,590	\$ 39,262	\$ 37,752	\$ 36,302	\$ N/A	\$ N/A	\$ N/A
Contributions as a percentage of covered-employee payroll	26.53%	24.26%	20.74%	18.68%	17.11%	15.49%	N/A	N/A	N/A	N/A

Notes to Schedule

Valuation date: July 1, 2017

Measurement date: June 30, 2019

Actuarially determined contribution rates are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal
Amortization method	Level dollar
Remaining amortization period	Closed 21 years for 2013 base; open 20 years for subsequent years' changes in the Unfunded Accrued Liability
Asset valuation method	5-year smoothed market
Inflation	2.75%
Salary increases	Ranges from 0.0% to 7.0%, based on age
Investment rate of return	7.50%
Retirement age - City and Public Utility Employees	Earlier of either (1) Age 55 with 25 years of service, (2) Age 60 with 5 years of service, or (3) 34 years of service
Retirement age - Board of Education Employees	Earlier of either (1) Age 55 with 25 years of service, or (2) Age 60 with 5 years of service
Retirement age - Police Officers and Firefighters	Either (1) 20 years of service if hired prior to 7/1/2013 or (2) 25 years of service if hired on or after 7/1/2013
Mortality - City, Public Utilities, Board of Education Employees	
Actives, Retirees and Terminated Vested	RP-2014 adjusted to 2006 total data set projected to valuation date with scale MP-2017.
Mortality - Police Officers and Firefighters	
Actives, Retirees and Terminated Vested	RP-2014 adjusted to 2006 blue collar mortality table projected to valuation date with scale MP-2017.
Change in assumptions:	In 2017, the rate of return was changed from 7.75% to 7.50%, the rate of inflation from 3.00% to 2.75% and the mortality improvement table was changed from MP-16 to MP-17 to more closely reflect actual and anticipated experience.

**CITY OF NORWICH, CONNECTICUT
SCHEDULE OF INVESTMENT RETURNS
LAST SIX FISCAL YEARS - CITY EMPLOYEES***

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Annual money-weighted rate of return, net of investment expense	7.29%	7.40%	12.17%	-1.81%	2.98%	14.19%

*Note - This schedule is intended to show information for ten years. Additional information will be added as it becomes available.

CITY OF NORWICH, CONNECTICUT
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
LAST SIX FISCAL YEARS - VOLUNTEER FIRE**
(In Thousands)

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Total pension liability:						
Service cost	\$ 65	\$ 63	\$ 63	\$ 59	\$ 59	\$ 49
Interest	434	421	411	361	351	367
Differences between expected and actual experience		97		(230)		
Changes of benefit terms				706		
Changes of assumptions		(78)		144		
Benefit payments, including refunds of member contributions	(339)	(333)	(322)	(301)	(277)	(268)
Net change in total pension liability	160	170	152	739	133	148
Total pension liability - beginning	6,285	6,115	5,963	5,224	5,091	4,943
Total pension liability - ending	<u>6,445</u>	<u>6,285</u>	<u>6,115</u>	<u>5,963</u>	<u>5,224</u>	<u>5,091</u>
Plan fiduciary net position:						
Contributions - employer	365	373	373	351	333	309
Contributions - member	11	14	14	16	16	12
Net investment income (loss)	175	192	265	(9)	16	253
Benefit payments, including refunds of member contributions	(339)	(333)	(322)	(301)	(277)	(268)
Administrative expense	(1)	(9)	(2)	(9)	(4)	(11)
Net change in plan fiduciary net position	211	237	328	48	84	295
Plan fiduciary net position - beginning	2,795	2,558	2,230	2,182	2,098	1,803
Plan fiduciary net position - ending	<u>3,006</u>	<u>2,795</u>	<u>2,558</u>	<u>2,230</u>	<u>2,182</u>	<u>2,098</u>
Net Pension Liability - Ending	<u>\$ 3,439</u>	<u>\$ 3,490</u>	<u>\$ 3,557</u>	<u>\$ 3,733</u>	<u>\$ 3,042</u>	<u>\$ 2,993</u>
Plan fiduciary net position as a percentage of the total pension liability	46.64%	44.47%	41.83%	37.40%	41.77%	41.21%
Covered-employee payroll*	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net pension liability as a percentage of covered-employee payroll	N/A	N/A	N/A	N/A	N/A	N/A

* Covered payroll is not included in the above schedule as the persons covered are volunteers.

**Note - This schedule is intended to show information for ten years. Additional information will be added as it becomes available.

**CITY OF NORWICH, CONNECTICUT
SCHEDULE OF EMPLOYER CONTRIBUTIONS - VOLUNTEER FIRE
LAST TEN FISCAL YEARS**

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Actuarially determined contribution	\$ 365	\$ 373	\$ 373	\$ 374	\$ 304	\$ 309	\$ 309	\$ 255	\$ 255	\$ 255
Contributions in relation to the actuarially determined contribution	365	373	373	351	333	309	310	281	250	250
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 23</u>	<u>\$ (29)</u>	<u>\$ -</u>	<u>\$ (1)</u>	<u>\$ (26)</u>	<u>\$ 5</u>	<u>\$ 5</u>
Covered-employee payroll*	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions as a percentage of covered-employee payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

* Covered-employee payroll is not included in the above schedule as the persons covered are volunteers.

Notes to Schedule

Valuation date: January 1, 2018

Measurement date: June 30, 2019

Actuarially determined contribution rates are calculated as of January 1, one and a half years prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal
Amortization method	Level dollar
Remaining amortization period	Closed 21 years for initial base; open 20 years for subsequent bases
Asset valuation method	Market value of assets
Inflation	2.75%
Investment rate of return	7.00%
Retirement age	Hired before January 1, 2015: Age 55 with 20 years of Credited Service. Hired on or after January 1, 2015: Age 55 with 25 years of Credited Service.
Mortality	RP-2014 Mortality Table adjusted to 2006 Blue Collar Mortality Table projected to valuation date with Scale MP-2017.
Change in assumptions:	In 2018, rates of mortality were adjusted to use the latest published pension mortality projection scale released by the Society of Actuaries.

**CITY OF NORWICH, CONNECTICUT
 SCHEDULE OF INVESTMENT RETURNS
 LAST SIX FISCAL YEARS - VOLUNTEER FIRE***

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Annual money-weighted rate of return, net of investment expense	6.06%	7.25%	10.91%	-0.37%	0.70%	15.89%

*Note - This schedule is intended to show information for ten years. Additional information will be added as it becomes available.

CITY OF NORWICH, CONNECTICUT
SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
LAST FIVE FISCAL YEARS - TEACHERS RETIREMENT PLAN*
(In Thousands)

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
City's proportion of the net pension liability (asset)	0.00%	0.00%	0.00%	0.00%	0.00%
City's proportionate share of the net pension liability (asset)	\$ -	\$ -	\$ -	\$ -	\$ -
State's proportionate share of the net pension liability (asset) associated with the City	<u>63,248</u>	<u>76,431</u>	<u>80,635</u>	<u>57,271</u>	<u>52,936</u>
Total	<u>\$ 63,248</u>	<u>\$ 76,431</u>	<u>\$ 80,635</u>	<u>\$ 57,271</u>	<u>\$ 52,936</u>
City's covered payroll	\$ 24,148	\$ 22,652	\$ 24,204	\$ 24,594	\$ 28,303
City's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	0.00%	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total pension liability (asset)	57.69%	55.93%	52.26%	59.50%	61.51%

Notes to Schedule

Changes in benefit terms	Beginning January 1, 2018, member contributions increased from 6% to 7% of salary.
Changes of assumptions	During 2016, rates of withdrawal, disability, retirement, mortality and assumed rates of salary increase were adjusted to more closely reflect actual and anticipated experience. These assumptions were recommended as part of the Experience Study for the System for the five-year period ended June 30, 2015.
Actuarial cost method	Entry age
Amortization method	Level percent of salary, closed
Single equivalent amortization period	17.6 years
Asset valuation method	4-year smoothed market
Investment rate of return	8.00%, net of investment related expense

*Note - This schedule is intended to show information for ten years. Additional information will be added as it becomes available.

CITY OF NORWICH, CONNECTICUT
SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS
LAST FOUR FISCAL YEARS - OPEB*
(In Thousands)

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Total OPEB liability:				
Service cost	\$ 1,644	\$ 1,699	\$ 1,658	\$ 1,610
Interest	4,437	4,687	4,552	4,416
Change of benefit terms		(645)		
Differences between expected and actual experience		(951)	138	1,010
Changes of assumptions		(2,129)		
Benefit payments	<u>(3,175)</u>	<u>(4,572)</u>	<u>(4,624)</u>	<u>(5,164)</u>
Net change in total OPEB liability	2,906	(1,911)	1,724	1,872
Total OPEB liability - beginning	<u>59,094</u>	<u>61,005</u>	<u>59,281</u>	<u>57,409</u>
Total OPEB liability - ending	<u>62,000</u>	<u>59,094</u>	<u>61,005</u>	<u>59,281</u>
Plan fiduciary net position:				
Contributions - employer	5,240	5,548	5,492	5,566
Contributions - member	15	200	177	291
Net investment income (loss)	1,534	1,035	1,420	(562)
Benefit payments, including refunds of member contributions	(3,175)	(4,572)	(4,624)	(5,164)
Administrative expense	<u>(10)</u>	<u>(22)</u>	<u>(2)</u>	<u>(20)</u>
Net change in plan fiduciary net position	3,604	2,189	2,463	111
Plan fiduciary net position - beginning	<u>18,349</u>	<u>16,160</u>	<u>13,697</u>	<u>13,586</u>
Plan fiduciary net position - ending	<u>21,953</u>	<u>18,349</u>	<u>16,160</u>	<u>13,697</u>
Net OPEB Liability - Ending	<u>\$ 40,047</u>	<u>\$ 40,745</u>	<u>\$ 44,845</u>	<u>\$ 45,584</u>
Plan fiduciary net position as a percentage of the total OPEB liability	35.41%	31.05%	26.49%	23.11%
Covered-employee payroll	\$ 65,850	\$ 63,623	\$ 59,548	\$ 57,814
Net OPEB liability as a percentage of covered-employee payroll	60.82%	64.04%	75.31%	78.85%

*Note - This schedule is intended to show information for ten years. Additional information will be added as it becomes available.

**CITY OF NORWICH, CONNECTICUT
SCHEDULE OF EMPLOYER CONTRIBUTIONS
LAST TEN FISCAL YEARS - OPEB
(In Thousands)**

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Actuarially determined contribution (1)	\$ 5,485	\$ 5,542	\$ 5,492	\$ 5,566	\$ 5,431	\$ 6,030	\$ 5,907	\$ 6,184	\$ 6,065	\$ 5,352
Contributions in relation to the actuarially determined contribution	5,240	5,548	5,492	5,566	5,446	6,040	5,592	6,114	5,251	3,690
Contribution Deficiency (Excess)	\$ 245	\$ (6)	\$ -	\$ -	\$ (15)	\$ (10)	\$ 315	\$ 70	\$ 814	\$ 1,662
Covered-employee payroll	\$ 65,850	\$ 63,623	\$ 59,548	\$ 57,814	\$ 56,130	\$ N/A				
Contributions as a percentage of covered-employee payroll	7.96%	8.72%	9.22%	9.63%	9.70%	N/A	N/A	N/A	N/A	N/A

(1) Actuarial Determined Contributions prior to fiscal year ended June 30, 2017 is based on the Annual Required Contribution (ARC) calculated in accordance with GASB No. 45.

Notes to Schedule

Valuation date: July 1, 2017
Measurement date: June 30, 2019
Actuarially determined contribution rates are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal
Amortization method	Level percent of level dollar
Amortization period	Closed 25 years for initial 2013 base; open 20 years for subsequent years' changes in the Unfunded Accrued Liability
Asset valuation method	Market value
Inflation	2.75%
Healthcare cost trend rates	2.0% for 2017, 7.25% for 2018, decreasing .5% per year, to an ultimate rate of 4.75% for 2023 and later
Salary increases	Varies by age, service and employee group
Investment rate of return	7.50%
Retirement age - City and Public Utilities Employees	Age 55 with 25 years of service or age 60 with 5 years of service
Retirement age - Board of Education Employees	Hired prior to 7/1/2004 and age 55 with 25 years of service or age 60 with 5 years of service. 20 years of service required for medical coverage subsidy.
Retirement age - Police Officers and Firefighters	Hired prior to 7/1/2013 and 20 years of service and eligible for unreduced pension or hired on or after 7/1/2013 and 25 years of service and eligible for unreduced pension
Mortality - City, Public Utilities and BOE	RP-2014 adjusted to 2006 Total Dataset Mortality table, projected to valuation date with scale MP-2016.
Mortality - Police Officers and Firefighters	RP-2014 adjusted to 2006 Blue Collar Mortality table, projected to valuation date with scale MP-2016.
Changes in assumptions:	In 2017, rates of mortality, interest, withdrawal, retirement, disability, inflation, assumed rates of salary increases, medical trend, morbidity, and percentage of active employees eligible at retirement who continue with medical coverage were adjusted to more closely reflect actual and anticipated experience.

**CITY OF NORWICH, CONNECTICUT
SCHEDULE OF INVESTMENT RETURNS
LAST THREE FISCAL YEARS - OPEB***

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Annual money-weighted rate of return, net of investment expense	7.82%	6.19%	9.18%

*Note - This schedule is intended to show information for ten years. Additional information will be added as it becomes available.

CITY OF NORWICH, CONNECTICUT
SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
LAST TWO FISCAL YEARS - TEACHERS RETIREMENT PLAN*
(In Thousands)

	<u>2019</u>	<u>2018</u>
City's proportion of the net OPEB liability (asset)	0.00%	0.00%
City's proportionate share of the net OPEB liability (asset)	\$ -	\$ -
State's proportionate share of the net OPEB liability (asset) associated with the City	<u>12,644</u>	<u>19,672</u>
Total	<u>\$ 12,644</u>	<u>\$ 19,672</u>
City's covered payroll	\$ 24,148	\$ 22,652
City's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	0.00%	0.00%
Plan fiduciary net position as a percentage of the total OPEB liability (asset)	1.49%	1.79%

Notes to Schedule

Changes in benefit terms	Effective July 1, 2018, Medicare Advantage Plan was added to available options, changed the base plan to the Medicare Advantage Plan for the purposes of determining retiree subsidies and/or cost sharing amounts, and introduced a two-year waiting period for re-enrollment in a System-sponsored Plan for those who cancel their coverage or choose not to enroll after the effective date.
Changes of assumptions	<p>The expected rate of return on assets was changed from 2.75% to 3.00% to better reflect the anticipated returns on cash and other high quality short-term fixed income investments.</p> <p>Based on the procedure described in GASB 75, the discount rate used to measure Plan obligations for financial accounting purposes as of June 30, 2018 was updated to equal the Municipal Bond Index Rate as of June 30, 2018. The System selected the 3.87% discount rate used to measure the Total OPEB Liability as of the June 30, 2018 measurement date</p> <p>Expected annual per capita claims costs were updated to better reflect anticipated medical and prescription drug claim experience both before and after the plan change that became effective on July 1, 2018.</p> <p>The assumed age-related annual percentage increases in expected annual per capita health care claim costs were updated to better reflect the expected differences between the Medicare Supplement and Medicare Advantage Plan amounts as part of the plan change that became effective on July 1, 2018.</p> <p>Long-term health care cost trend rates were updated to better reflect the anticipated impact of changes in medical inflation, utilization, leverage in the plan design, improvements in technology, and fees and charges on expected claims and retiree contributions in future periods.</p> <p>The percentage of retired members who are not currently participating in the Plan, but are expected to elect coverage for themselves and their spouses under a System-sponsored health care plan option in the future, was updated to better reflect anticipated plan experience.</p> <p>The percentages of participating retirees who are expected to enroll in the Medicare Supplement Plan and the Medicare Advantage Plan options, as well as the portion who are expected to migrate to the Medicare Advantage Plan over the next several years, were updated to better reflect anticipated plan experience after the plan change that became effective on July 1, 2018.</p> <p>The post-disability mortality table was updated to extend the period of projected mortality improvements from 2017 to 2020. This change was made to better reflect anticipated post-disablement plan experience.</p> <p>The percentages of deferred, vested members who will become ineligible for future health care benefits because they are expected to withdraw their contributions from the System was updated to better reflect anticipated plan experience.</p>
Actuarial cost method	Entry age
Amortization method	Level percent of salary, closed
Remaining amortization period	30 years, open
Asset valuation method	Market value of assets
Investment rate of return	4.25%, net of investment related expense including price inflation

*Note - This schedule is intended to show information for ten years. Additional information will be added as it becomes available.

Appendix B-1

Form of Opinion of Bond Counsel – The Series A Bonds

(This page intentionally left blank)

October 28, 2020

City of Norwich
City Hall
100 Broadway
Norwich, Connecticut 06360

We have acted as Bond Counsel to the City of Norwich, Connecticut (the “City”) in connection with the issuance by the City of its \$1,205,000 General Obligation Bonds, Issue of 2020, Series A, dated October 28, 2020 (the “Bonds”). In such capacity, we have examined a record of proceedings of the City authorizing the Bonds, a Tax Compliance Agreement of the City dated October 28, 2020 (the “Agreement”), such law and such other proceedings, certifications, and documents as we have deemed necessary to render this opinion.

As to questions of fact material to our opinion we have relied upon the certified proceedings and other certifications of public officials furnished to us without undertaking to verify the same by independent investigation.

We are of the opinion that when the Bonds are duly certified by U.S. Bank National Association, they will be valid and legally binding general obligations of the City payable as to both principal and interest from ad valorem taxes which may be levied on all taxable property subject to taxation by the City without limitation as to rate or amount except as to classified property such as certified forest lands taxable at a limited rate and dwelling houses of qualified elderly persons of low income or of qualified disabled persons taxable at limited amounts pursuant to Connecticut statutes. We are further of the opinion that the Agreement is a valid and binding agreement of the City and was duly authorized by the City.

The rights of the holders of the Bonds and the enforceability thereof may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors’ rights generally and by equitable principles, whether considered at law or in equity.

The Internal Revenue Code of 1986, as amended (the “Code”), establishes certain requirements that must be satisfied at and subsequent to the issuance and delivery of the Bonds in order that interest on the Bonds be excluded from gross income under Section 103 of the Code. In the Agreement, the City has made covenants and representations designed to assure compliance with such requirements of the Code. The City has covenanted in the Agreement that it will at all times comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Bonds to ensure that interest on the Bonds shall be excluded from gross income for federal income tax purposes retroactive to the date of issuance of the Bonds, including covenants regarding, among other matters, the use, expenditure and investment of the proceeds of the Bonds.

In rendering the below opinions regarding the federal treatment of interest on the Bonds, we have relied upon and assumed (i) the material accuracy of the representations, statements of intention and reasonable expectations, and certifications of fact contained in the Agreement, and (ii) continuing compliance by the City with the covenants set forth in the Agreement as to such tax matters.

We are of the opinion that, under existing law, interest on the Bonds (a) is excluded from gross income for federal income tax purposes, and (b) such interest is not treated as an item of tax preference for purposes of calculating the federal alternative minimum tax. Although we have rendered an opinion that interest on the Bonds is excluded from gross income for federal income tax purposes, federal income tax liability may otherwise be affected by the ownership or disposition of the Bonds. We express no opinion regarding other federal income tax consequences caused by ownership or disposition of, or receipt of interest on the Bonds.

We are further of the opinion that, under existing statutes, interest on the Bonds is excluded from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates and is excluded from amounts on which the net Connecticut minimum tax is based in the case of individuals, trusts and estates required to pay the federal alternative minimum tax. We express no opinion regarding other State income tax consequences caused by ownership or disposition of, or receipt of interest on the Bonds.

The Bonds have been designated by the City to be and are qualified tax-exempt obligations of the City under Section 265(b)(3) of the Code.

We express no opinion herein regarding the accuracy, adequacy, or completeness of the Official Statement dated October 14, 2020 and other offering material relating to the Bonds.

We have not undertaken to advise whether any events after the date of issuance of the Bonds, including the adoption of federal tax legislation, may affect the tax status of interest on the Bonds.

Respectfully,

PULLMAN & COMLEY, LLC

Appendix B-2

Form of Opinion of Bond Counsel – The Series B Bonds

(This page intentionally left blank)

October 28, 2020

City of Norwich
City Hall
100 Broadway
Norwich, Connecticut 06360

We have acted as Bond Counsel to the City of Norwich, Connecticut (the “City”) in connection with the issuance by the City of its \$15,920,000 General Obligation Refunding Bonds (Federally Taxable), Issue of 2020, Series B, dated October 28, 2020 (the “Bonds”). In such capacity, we have examined a record of proceedings of the City authorizing the Bonds, such law and such other proceedings, certifications, and documents as we have deemed necessary to render this opinion.

As to questions of fact material to our opinion we have relied upon the certified proceedings and other certifications of public officials furnished to us without undertaking to verify the same by independent investigation.

We are of the opinion that when the Bonds are duly certified by U.S. Bank National Association, they will be valid and legally binding general obligations of the City payable as to both principal and interest from ad valorem taxes which may be levied on all taxable property subject to taxation by the City without limitation as to rate or amount except as to classified property such as certified forest lands taxable at a limited rate and dwelling houses of qualified elderly persons of low income or of qualified disabled persons taxable at limited amounts pursuant to Connecticut statutes.

The rights of the holders of the Bonds and the enforceability thereof may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors’ rights generally and by equitable principles, whether considered at law or in equity.

We are of the opinion that, under existing law, interest on the Bonds is included in gross income for federal income tax purposes pursuant to the Internal Revenue Code of 1986, as amended.

We are further of the opinion that, under existing statutes, interest on the Bonds is excluded from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates; and is excluded from amounts on which the net Connecticut minimum tax is based in the case of individuals, trusts and estates required to pay the Federal alternative minimum tax. We express no opinion regarding other State income tax consequences caused by the ownership or disposition of, or receipt of interest on the Bonds.

We express no opinion herein regarding the accuracy, adequacy, or completeness of the Official Statement dated October 14, 2020 and other offering material relating to the Bonds.

Although we have rendered an opinion that interest on the Bonds is excluded from gross income for state income tax purposes, state income tax liability may otherwise be affected by the ownership or disposition of the Bonds. We express no opinion regarding any tax consequence caused by ownership or disposition of, or receipt of interest income on, the Bonds not specifically described herein.

Respectfully,

PULLMAN & COMLEY, LLC

Appendix C-1

Form of Continuing Disclosure Agreement – The Series A Bonds

(This page intentionally left blank)

**CONTINUING DISCLOSURE AGREEMENT FOR BONDS
BY THE CITY OF NORWICH, CONNECTICUT**

**In Connection With The Issuance and Sale of
City of Norwich, Connecticut
\$1,205,000 General Obligation Bonds, Issue of 2020, Series A**

Dated October 28, 2020

WHEREAS, the City of Norwich, Connecticut (the “Issuer”) has heretofore authorized the issuance of \$1,205,000 in aggregate principal amount of its General Obligation Bonds, Issue of 2020, Series A (the “Bonds”) to be dated October 28, 2020 and to mature in the principal amounts and on the dates set forth in the Issuer’s Official Statement describing the Bonds (the “Official Statement”); and

WHEREAS, the Issuer acknowledges that an underwriter may not purchase or sell the Bonds unless it has reasonably determined that the Issuer has undertaken in a written agreement for the benefit of the beneficial owners of the Bonds to provide certain continuing disclosure information as required by Securities and Exchange Commission Rule 15c2-12(b)(5) as amended from time to time (the “Rule”), and the Issuer desires to assist the underwriter of the Bonds in complying with the Rule; and

WHEREAS, the Issuer is authorized pursuant to Connecticut General Statutes §3-20e enacted by the Connecticut General Assembly to make representations and agreements for the benefit of the beneficial owners of the Bonds to meet the requirements of the Rule; and

WHEREAS, in order to assist the underwriter of the Bonds in complying with the Rule, this Continuing Disclosure Agreement is to be made, executed and delivered in connection with the issuance of the Bonds, all for the benefit of the beneficial owners of the Bonds, as they may be from time to time;

NOW, THEREFORE, THE ISSUER HEREBY REPRESENTS, COVENANTS AND AGREES AS FOLLOWS:

Section 1. Definitions. In addition to the terms defined above, the following capitalized terms shall have the meanings ascribed thereto:

“Annual Report” shall mean any Annual Report provided by the Issuer pursuant to, and as described in, Sections 2 and 3 of this Continuing Disclosure Agreement.

“Fiscal Year End” shall mean the last day of the Issuer’s fiscal year, currently June 30.

“Listed Events” shall mean any of the events listed in Section 4 of this Continuing Disclosure Agreement.

“MSRB” shall mean the Municipal Securities Rulemaking Board established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934, as amended, or any successor thereto.

Section 2. Annual Reports.

(a) The Issuer shall provide or cause to be provided to the MSRB, in accordance with the provisions of the Rule and of this Continuing Disclosure Agreement, the following annual financial information and operating data regarding the Issuer:

(i) Audited financial statements as of and for the year ending on its Fiscal Year End for the general fund, capital projects funds and special revenue funds, prepared in accordance with generally accepted accounting principles, as promulgated by the Governmental Accounting Standards Board from time to time or mandated state statutory principles as in effect from time to time; and

(ii) Financial information and operating data as of and for the year ending on its Fiscal Year End of the following type to the extent not included in the audited financial statements described in (i) above:

(A) the amounts of the gross and net taxable grand list;

(B) a listing of the ten largest taxpayers on the grand list, together with each such taxpayer's taxable valuation thereon;

(C) the percentage and amount of the annual property tax levy collected and uncollected;

(D) a schedule of the annual debt service on outstanding long-term bonded indebtedness;

(E) a calculation of the net direct debt, total direct debt, and total overall net debt (reflecting overlapping and underlying debt);

(F) the total direct debt and total overall net debt of the Issuer per capita;

(G) the ratios of total direct debt and total overall net debt of the Issuer to the Issuer's net taxable grand list;

(H) a statement of statutory debt limitations and debt margins; and

(I) the funding status of the Issuer's pension benefit obligations.

(b) The above-referenced information is expected to be provided by the filing of and cross reference to the Issuer's audited financial statements. The information may be provided in whole or in part by cross-reference to other documents provided to the MSRB, including official statements of the Issuer which will be available from the MSRB or filed with the SEC. The information will be provided in an electronic format and accompanied by identifying information as prescribed by the MSRB.

(c) Subject to the requirements of Section 8 hereof, the Issuer reserves the right to modify from time to time the specific types of information or data provided or the format of the

presentation of such information or data, to the extent necessary or appropriate; provided that the Issuer agrees that any such modification will be done in a manner consistent with the Rule. The Issuer also reserves the right to modify the preparation and presentation of financial statements described herein as may be required to conform with changes in Connecticut law applicable to municipalities or any changes in generally accepted accounting principles, as promulgated by the Governmental Accounting Standards Board from time to time.

Section 3. Timing. The Issuer shall provide the information and data referenced in Section 2(a) not later than eight months after each Fiscal Year End subsequent to the date of issuance of the Bonds, provided, however, that if such financial information and data for the Fiscal Year End preceding the date of issuance of the Bonds is not contained in the Final Official Statement for the Bonds or has not otherwise been previously provided, the Issuer shall provide such information and data no later than eight months after the close of such preceding Fiscal Year End. The Issuer agrees that if audited information is not available eight months after the close of any Fiscal Year End, it shall submit unaudited information by such time and will submit audited information when available.

Section 4. Event Notices.

(a) The Issuer agrees to provide or cause to be provided to the MSRB, within ten (10) business days of the occurrence of any of the following events with respect to the Bonds, notice of the occurrence of such event:

- (i) principal and interest payment delinquencies;
- (ii) non-payment related defaults, if material;
- (iii) unscheduled draws on debt service reserves reflecting financial difficulties;
- (iv) unscheduled draws on credit enhancements reflecting financial difficulties;
- (v) substitution of credit or liquidity providers, or their failure to perform;
- (vi) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB), or other material notices or determinations with respect to the tax status of the Bonds, or other events affecting the tax status of the Bonds;
- (vii) modification to rights of security holders, if material;
- (viii) bond calls, if material, and tender offers;
- (ix) defeasances;
- (x) release, substitution or sale of property securing repayment of the securities, if material;
- (xi) rating changes;
- (xii) bankruptcy, insolvency, receivership or similar event of the Issuer;

(xiii) the consummation of a merger, consolidation, acquisition involving the Issuer, other than the ordinary course of business, or the sale of all or substantially all the assets of the Issuer, or the entry into a definitive agreement to engage in such a transaction, or a termination of such an agreement, other than in accordance with its terms, if material;

(xiv) the appointment of a successor or additional trustee, or the change in the name of the trustee;

(xv) Incurrence of a financial obligation of the obligated person, if material, or agreement to covenants, events of default, remedies, priority right, or other similar terms of a financial obligation of the obligated person, any of which affect security holders, if material; and

(xvi) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the obligated person, any of which reflect financial difficulties.

Note to clauses (a)(xv) and (a)(xvi): For purposes of the events identified in clauses(a)(xv) and (xvi), the term “financial obligation” means a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term “financial obligation” shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

Section 5. Notice of Failure. The Issuer agrees to provide or cause to be provided, in a timely manner, to the MSRB, notice of any failure by the Issuer to provide the annual financial information described in Section 2(a) of this Continuing Disclosure Agreement on or before the date set forth in Section 3 hereof.

Section 6. Termination of Reporting Obligation. The Issuer’s obligations under this Continuing Disclosure Agreement shall terminate upon the defeasance, prior redemption or payment in full of all of the Bonds.

Section 7. Agent. The Issuer may, from time to time, appoint or engage an agent to assist it in carrying out its obligations under this Continuing Disclosure Agreement, and may discharge any such agent, with or without appointing a successor agent.

Section 8. Amendment; Waiver. Notwithstanding any other provision of this Continuing Disclosure Agreement, the Issuer may amend this Continuing Disclosure Agreement, and any provision of this Continuing Disclosure Agreement may be waived, if such amendment or waiver is made in connection with a change in circumstances that arises from a change in legal requirements, a change in law, or a change in the identity, nature or status of the Issuer, and is supported by an opinion of counsel expert in federal securities laws, to the effect that (i) such amendment or waiver would not materially adversely affect the beneficial owners of the Bonds and (ii) the Continuing Disclosure Agreement as so amended would have complied with the requirements of the Rule as of the date of the Continuing Disclosure Agreement, taking in account any amendments or interpretations of the Rule as well as any changes in circumstances. A copy of any such amendment will be filed in a timely manner with the MSRB. The annual financial information provided on the first date following adoption of any such amendment will explain, in narrative form, the reasons for the amendment and the impact of the change in the type of operating or financial information provided.

Section 9. Additional Information. Nothing in this Continuing Disclosure Agreement shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Continuing Disclosure Agreement or any other means of communications, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Continuing Disclosure Agreement. If the Issuer chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Continuing Disclosure Agreement, the Issuer shall have no obligation under this Continuing Disclosure Agreement to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

Section 10. Indemnification. The Issuer agrees to indemnify and save its officials, officers and employees harmless against any loss, expense and liabilities which they may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorney's fees) of defending against any claim of liability hereunder, but excluding any such liabilities due to any such person's malicious, wanton, or willful act. The obligations of the Issuer under this Section shall survive, notwithstanding that such person may no longer be serving in such capacity.

Section 11. Enforceability. The Issuer agrees that its undertaking pursuant to the Rule set forth in this Continuing Disclosure Agreement is intended to be for the benefit of and enforceable by the beneficial owners of the Bonds. In the event the Issuer shall fail to perform its duties hereunder, the Issuer shall have the option to cure such failure after its receipt of written notice from any beneficial owner of the Bonds of such failure. In the event the Issuer does not cure such failure, the right of any beneficial owner of the Bonds to enforce the provisions of this undertaking shall be limited to a right to obtain specific enforcement of the Issuer's obligations hereunder. No monetary damages shall arise or be payable hereunder nor shall any failure to comply with this Continuing Disclosure Agreement constitute default of the Issuer with respect to the Bonds.

Section 12. Governing Law. This Continuing Disclosure Agreement shall be governed by the laws of the State of Connecticut.

Section 13. Method of Filing. To the extent filings are required to be made to the MSRB under this Continuing Disclosure Agreement, the Issuer shall transmit such filings or notices in an electronic format to the continuing disclosure service portal provided through MSRB's EMMA as provided at <http://emma.msrb.org/> or any similar system that is acceptable to the SEC.

IN WITNESS WHEREOF, the Issuer has caused this Continuing Disclosure Agreement to be executed in its name by its undersigned officers, duly authorized, all as of the date first above written.

CITY OF NORWICH, CONNECTICUT

By: _____
John L. Salomone, City Manager

By: _____
Joshua A. Pothier, Comptroller

(This page intentionally left blank)

Appendix C-2

Form of Continuing Disclosure Agreement – The Series B Bonds

{This page intentionally left blank}

**CONTINUING DISCLOSURE AGREEMENT FOR BONDS
BY THE CITY OF NORWICH, CONNECTICUT**

**In Connection With The Issuance and Sale of
City of Norwich, Connecticut
\$15,920,000 General Obligation Refunding Bonds (Federally Taxable), Issue of 2020, Series B**

Dated October 28, 2020

WHEREAS, the City of Norwich, Connecticut (the “Issuer”) has heretofore authorized the issuance of \$15,920,000 in aggregate principal amount of its General Obligation Refunding Bonds (Federally Taxable), Issue of 2020, Series B (the “Bonds”) to be dated October 28, 2020 and to mature in the principal amounts and on the dates set forth in the Issuer’s Official Statement describing the Bonds (the “Official Statement”); and

WHEREAS, the Issuer acknowledges that an underwriter may not purchase or sell the Bonds unless it has reasonably determined that the Issuer has undertaken in a written agreement for the benefit of the beneficial owners of the Bonds to provide certain continuing disclosure information as required by Securities and Exchange Commission Rule 15c2-12(b)(5) as amended from time to time (the “Rule”), and the Issuer desires to assist the underwriter of the Bonds in complying with the Rule; and

WHEREAS, the Issuer is authorized pursuant to Connecticut General Statutes §3-20e enacted by the Connecticut General Assembly to make representations and agreements for the benefit of the beneficial owners of the Bonds to meet the requirements of the Rule; and

WHEREAS, in order to assist the underwriter of the Bonds in complying with the Rule, this Continuing Disclosure Agreement is to be made, executed and delivered in connection with the issuance of the Bonds, all for the benefit of the beneficial owners of the Bonds, as they may be from time to time;

NOW, THEREFORE, THE ISSUER HEREBY REPRESENTS, COVENANTS AND AGREES AS FOLLOWS:

Section 1. Definitions. In addition to the terms defined above, the following capitalized terms shall have the meanings ascribed thereto:

“Annual Report” shall mean any Annual Report provided by the Issuer pursuant to, and as described in, Sections 2 and 3 of this Continuing Disclosure Agreement.

“Fiscal Year End” shall mean the last day of the Issuer’s fiscal year, currently June 30.

“Listed Events” shall mean any of the events listed in Section 4 of this Continuing Disclosure Agreement.

“MSRB” shall mean the Municipal Securities Rulemaking Board established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934, as amended, or any successor thereto.

Section 2. Annual Reports.

(a) The Issuer shall provide or cause to be provided to the MSRB, in accordance with the provisions of the Rule and of this Continuing Disclosure Agreement, the following annual financial information and operating data regarding the Issuer:

(i) Audited financial statements as of and for the year ending on its Fiscal Year End for the general fund, capital projects funds and special revenue funds, prepared in accordance with generally accepted accounting principles, as promulgated by the Governmental Accounting Standards Board from time to time or mandated state statutory principles as in effect from time to time; and

(ii) Financial information and operating data as of and for the year ending on its Fiscal Year End of the following type to the extent not included in the audited financial statements described in (i) above:

(A) the amounts of the gross and net taxable grand list;

(B) a listing of the ten largest taxpayers on the grand list, together with each such taxpayer's taxable valuation thereon;

(C) the percentage and amount of the annual property tax levy collected and uncollected;

(D) a schedule of the annual debt service on outstanding long-term bonded indebtedness;

(E) a calculation of the net direct debt, total direct debt, and total overall net debt (reflecting overlapping and underlying debt);

(F) the total direct debt and total overall net debt of the Issuer per capita;

(G) the ratios of total direct debt and total overall net debt of the Issuer to the Issuer's net taxable grand list;

(H) a statement of statutory debt limitations and debt margins; and

(I) the funding status of the Issuer's pension benefit obligations.

(b) The above-referenced information is expected to be provided by the filing of and cross reference to the Issuer's audited financial statements. The information may be provided in whole or in part by cross-reference to other documents provided to the MSRB, including official statements of the Issuer which will be available from the MSRB or filed with the SEC. The information will be provided in an electronic format and accompanied by identifying information as prescribed by the MSRB.

(c) Subject to the requirements of Section 8 hereof, the Issuer reserves the right to modify from time to time the specific types of information or data provided or the format of the presentation of such information or data, to the extent necessary or appropriate; provided that the Issuer agrees that any such modification will be done in a manner consistent with the Rule. The Issuer also reserves the right to modify the preparation and presentation of financial statements described herein as may be required to conform with changes in Connecticut law applicable to municipalities or any changes in generally accepted accounting principles, as promulgated by the Governmental Accounting Standards Board from time to time.

Section 3. Timing. The Issuer shall provide the information and data referenced in Section 2(a) not later than eight months after each Fiscal Year End subsequent to the date of issuance of the Bonds, provided, however, that if such financial information and data for the Fiscal Year End preceding the date of issuance of the Bonds is not contained in the Final Official Statement for the Bonds or has not otherwise been previously provided, the Issuer shall provide such information and data no later than eight months after the close of such preceding Fiscal Year End. The Issuer agrees that if audited information is not available eight months after the close of any Fiscal Year End, it shall submit unaudited information by such time and will submit audited information when available.

Section 4. Event Notices.

(a) The Issuer agrees to provide or cause to be provided to the MSRB, within ten (10) business days of the occurrence of any of the following events with respect to the Bonds, notice of the occurrence of such event:

- (i) principal and interest payment delinquencies;
- (ii) non-payment related defaults, if material;
- (iii) unscheduled draws on debt service reserves reflecting financial difficulties;
- (iv) unscheduled draws on credit enhancements reflecting financial difficulties;
- (v) substitution of credit or liquidity providers, or their failure to perform;
- (vi) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB), or other material notices or determinations with respect to the tax status of the Bonds, or other events affecting the tax status of the Bonds;
- (vii) modification to rights of security holders, if material;
- (viii) bond calls, if material, and tender offers;
- (ix) defeasances;
- (x) release, substitution or sale of property securing repayment of the securities, if material;
- (xi) rating changes;

(xii) bankruptcy, insolvency, receivership or similar event of the Issuer;

(xiii) the consummation of a merger, consolidation, acquisition involving the Issuer, other than the ordinary course of business, or the sale of all or substantially all the assets of the Issuer, or the entry into a definitive agreement to engage in such a transaction, or a termination of such an agreement, other than in accordance with its terms, if material;

(xiv) the appointment of a successor or additional trustee, or the change in the name of the trustee;

(xv) Incurrence of a financial obligation of the obligated person, if material, or agreement to covenants, events of default, remedies, priority right, or other similar terms of a financial obligation of the obligated person, any of which affect security holders, if material; and

(xvi) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the obligated person, any of which reflect financial difficulties.

Note to clauses (a)(xv) and (a)(xvi): For purposes of the events identified in clauses(a)(xv) and (xvi), the term “financial obligation” means a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term “financial obligation” shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

Section 5. Notice of Failure. The Issuer agrees to provide or cause to be provided, in a timely manner, to the MSRB, notice of any failure by the Issuer to provide the annual financial information described in Section 2(a) of this Continuing Disclosure Agreement on or before the date set forth in Section 3 hereof.

Section 6. Termination of Reporting Obligation. The Issuer’s obligations under this Continuing Disclosure Agreement shall terminate upon the defeasance, prior redemption or payment in full of all of the Bonds.

Section 7. Agent. The Issuer may, from time to time, appoint or engage an agent to assist it in carrying out its obligations under this Continuing Disclosure Agreement, and may discharge any such agent, with or without appointing a successor agent.

Section 8. Amendment; Waiver. Notwithstanding any other provision of this Continuing Disclosure Agreement, the Issuer may amend this Continuing Disclosure Agreement, and any provision of this Continuing Disclosure Agreement may be waived, if such amendment or waiver is made in connection with a change in circumstances that arises from a change in legal requirements, a change in law, or a change in the identity, nature or status of the Issuer, and is supported by an opinion of counsel expert in federal securities laws, to the effect that (i) such amendment or waiver would not materially adversely affect the beneficial owners of the Bonds and (ii) the Continuing Disclosure Agreement as so amended would have complied with the requirements of the Rule as of the date of the Continuing Disclosure Agreement, taking in account any amendments or interpretations of the Rule as well as any changes in circumstances. A copy of any such amendment will be filed in a timely manner with the MSRB. The annual financial information provided on the first date following adoption of any such

amendment will explain, in narrative form, the reasons for the amendment and the impact of the change in the type of operating or financial information provided.

Section 9. Additional Information. Nothing in this Continuing Disclosure Agreement shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Continuing Disclosure Agreement or any other means of communications, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Continuing Disclosure Agreement. If the Issuer chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Continuing Disclosure Agreement, the Issuer shall have no obligation under this Continuing Disclosure Agreement to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

Section 10. Indemnification. The Issuer agrees to indemnify and save its officials, officers and employees harmless against any loss, expense and liabilities which they may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorney's fees) of defending against any claim of liability hereunder, but excluding any such liabilities due to any such person's malicious, wanton, or willful act. The obligations of the Issuer under this Section shall survive, notwithstanding that such person may no longer be serving in such capacity.

Section 11. Enforceability. The Issuer agrees that its undertaking pursuant to the Rule set forth in this Continuing Disclosure Agreement is intended to be for the benefit of and enforceable by the beneficial owners of the Bonds. In the event the Issuer shall fail to perform its duties hereunder, the Issuer shall have the option to cure such failure after its receipt of written notice from any beneficial owner of the Bonds of such failure. In the event the Issuer does not cure such failure, the right of any beneficial owner of the Bonds to enforce the provisions of this undertaking shall be limited to a right to obtain specific enforcement of the Issuer's obligations hereunder. No monetary damages shall arise or be payable hereunder nor shall any failure to comply with this Continuing Disclosure Agreement constitute default of the Issuer with respect to the Bonds.

Section 12. Governing Law. This Continuing Disclosure Agreement shall be governed by the laws of the State of Connecticut.

Section 13. Method of Filing. To the extent filings are required to be made to the MSRB under this Continuing Disclosure Agreement, the Issuer shall transmit such filings or notices in an electronic format to the continuing disclosure service portal provided through MSRB's EMMA as provided at <http://emma.msrb.org/> or any similar system that is acceptable to the SEC.

IN WITNESS WHEREOF, the Issuer has caused this Continuing Disclosure Agreement to be executed in its name by its undersigned officers, duly authorized, all as of the date first above written.

CITY OF NORWICH, CONNECTICUT

By: _____
John L. Salomone, City Manager

By: _____
Joshua A. Pothier, Comptroller

(This page intentionally left blank)